

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 24, 2012

\$39,360,000⁽¹⁾
Lane County School District No. 4J
(Eugene Public Schools)
Lane and Linn Counties, Oregon
General Obligation Refunding Bonds, Series 2012

DATED: October 17, 2012 (estimated "Date of Delivery")

DUE: June 15, as shown on the inside cover

PURPOSE— The \$39,360,000⁽¹⁾ General Obligation Refunding Bonds, Series 2012 (the "Bonds") are being issued by the Lane County School District No. 4J in Lane and Linn Counties, Oregon (the "District"). The Bonds are being issued to refinance certain outstanding maturities of the Series 2003 and 2005 General Obligation Bonds that financed capital construction and improvements, and to pay the costs of issuance of the Bonds. See "Purpose and Use of Proceeds" herein.

MOODY'S RATING—"Aa1," enhanced; "Aa2," underlying. See "Oregon School Bond Guaranty" and "Ratings" herein.

NOT BANK QUALIFIED— The District has NOT designated the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended (the "Code").

BOOK-ENTRY ONLY SYSTEM— The Bonds will be issued, executed and delivered in fully registered form under a book-entry only system and registered in the name of Cede & Co., as owner and nominee for The Depository Trust Company ("DTC"). DTC will act as initial securities depository for the Bonds. Individual purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased.

PRINCIPAL AND INTEREST PAYMENTS—Interest on the Bonds will be paid on December 15, 2012 and semiannually thereafter on June 15 and December 15 of each year to the maturity or earlier redemption of the Bonds. Principal of and interest on the Bonds will be payable by the District's Paying Agent, initially Wells Fargo Bank, National Association, to DTC which, in turn, will remit such principal and interest to the DTC participants for subsequent disbursement to the beneficial owners of the Bonds at the address appearing upon the registration books on the last business day (the "Record Date") of the month preceding a payment date.

MATURITY SCHEDULE—SEE INSIDE COVER

REDEMPTION— The Bonds are subject to redemption prior to their stated maturities as further described herein.

SECURITY— The Bonds are general obligations of the District. The full faith and credit and taxing powers of the District are pledged to the successive owners of each of the Bonds (the "Bondowners") for the punctual payment of such obligations, when due. The District covenants with the Bondowners to levy annually a direct ad valorem tax upon all of the taxable property within the District without limitation as to rate or amount, and outside of the limitations of sections 11 and 11b, Article XI of the Oregon Constitution, after taking into consideration discounts taken and delinquencies that may occur in the payment of such taxes, and any other funds available to pay interest accruing and the principal maturing on the Bonds promptly when and as they become due. The Bonds do not constitute a debt or indebtedness of Lane and Linn Counties, the State of Oregon, or any political subdivision thereof other than the District.

Payment of the principal of and interest on the Bonds when due is guaranteed by the full faith and credit of the
State of Oregon

under the provisions of the Oregon School Bond Guaranty Act. See "Oregon School Bond Guaranty" within.

TAX MATTERS— *In the opinion of Mersereau Shannon LLP, Bond Counsel to the District ("Bond Counsel"), assuming compliance with certain covenants of the District, interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes under existing law. Interest on the Bonds is not an item of tax preference for purposes of either individual or corporate alternative minimum tax. Interest on the Bonds may be indirectly subject to corporate alternative minimum tax and certain other taxes imposed on certain corporations. See "Tax Matters" herein for a discussion of the opinion of Bond Counsel. In the opinion of Bond Counsel, interest on the Bonds is exempt from Oregon personal income tax under existing law.*

DELIVERY—The Bonds are offered for sale to the original purchaser subject to the final approving legal opinion of Bond Counsel. It is expected that the Bonds will be available for delivery to the Paying Agent for Fast Automated Securities Transfer on behalf of DTC, on or about the Date of Delivery.

(1) Preliminary, subject to change.

This cover page contains certain information for quick reference only. It is not a summary of the issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.



Lane County School District No. 4J

(Eugene Public Schools)

Lane and Linn Counties, Oregon

General Obligation Refunding Bonds, Series 2012

DATED: Date of Delivery

DUE: June 15, as shown below

MATURITY SCHEDULE —

Due June 15	Amounts ⁽¹⁾	Interest Rates	Yields	CUSIP®	Due June 15	Amounts ⁽¹⁾	Interest Rates	Yields	CUSIP®
2013	\$ 5,000				2020	\$ 3,300,000			
2014	2,560,000				2021	3,575,000			
2015	365,000				2022	3,895,000			
2016	2,535,000				2023	4,240,000			
2017	2,770,000				2024	4,675,000			
2018	3,020,000				2025	5,155,000			
2019	3,265,000								

(1) Preliminary, subject to change.

Certain statements contained in this Official Statement do not reflect historical facts, but are forecasts and “forward-looking statements.” No assurance can be given that the future results discussed herein will be achieved, and actual results may differ materially from the forecasts described herein. In this respect, words such as “estimated,” “projected,” “anticipate,” “expect,” “intend,” “plan,” “believe” and similar expressions are intended to identify forward-looking statements. All projections, assumptions and other forward-looking statements are expressly qualified in the entirety by the cautionary statements set forth in this Official Statement.

Certain information contained herein has been obtained from the District and other sources which are believed to be reliable, but the accuracy or completeness of such information is not guaranteed and such information is not to be construed to be a representation of the District or Seattle-Northwest Securities Corporation (the “Financial Advisor”). Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the parties referred to above since the date hereof.

The CUSIP® numbers herein are provided by CUSIP Global Services (CGS), which is managed on behalf of the American Bankers Association by Standard and Poor’s, a division of The McGraw-Hill Companies, Inc. CUSIP is a registered trademark of the American Bankers Association. CUSIP numbers are provided for convenience of reference only. CUSIP numbers are subject to change. Neither the District nor the Financial Advisor take any responsibility for the accuracy of such CUSIP numbers.

Web addresses contained in this Official Statement are inactive textual references, not hyperlinks, and any websites, by such reference, are not incorporated herein.

No dealer, broker, salesman or other person has been authorized by the District or the Financial Advisor to give information or to make any representations with respect to the Bonds, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The prices at which the Bonds are offered to the public by the Purchaser (and the yields resulting therefrom) may vary from the initial public offering prices appearing on this inside cover page hereof. In addition, the Purchaser may allow concessions or discounts from such initial public offering prices to dealers and others. In connection with the offering of the Bonds, the Purchaser may effect transactions that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

This Official Statement has been “deemed final” by the District, pursuant to Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, except for information which is permitted to be excluded from this Official Statement under said rule 15c2-12.

Lane County School District No. 4J
200 North Monroe Street
Eugene, Oregon 97402
541-790-7700

Board of Directors

Jennifer Geller
Mary Walston
Beth Gerot
Alicia Hays
Anne Marie Levis
Craig Smith
Jim Torrey

Chair
Vice-Chair
Director
Director
Director
Director
Director

School Administrative Staff

Dr. Shelon Berman
Dr. Simone Sangster
Caroline Passerotti

Superintendent
CFO, Director of Support Services
Associate Director of Finance

Bond Counsel

Mersereau Shannon LLP
Portland, Oregon
(503) 226-6400

Financial Advisor

Seattle-Northwest Securities Corporation
Portland, Oregon
(503) 275-8300

Paying Agent

Wells Fargo Bank, National Association
Portland, Oregon
(503) 886-1366

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OFFICIAL NOTICE OF SALE

**LANE COUNTY SCHOOL DISTRICT NO. 4J
(EUGENE PUBLIC SCHOOLS)
LANE AND LINN COUNTIES, OREGON
\$39,360,000 ⁽¹⁾
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2012**

NOTICE IS HEREBY GIVEN that bids will be received on behalf of the Lane County School District No. 4J (Eugene Public Schools), Lane and Linn Counties, Oregon (the "District") for the purchase of the above-captioned General Obligation Refunding Bonds, Series 2012 (the "Bonds") on:

October 2, 2012 until 9:00 a.m. (Prevailing Pacific Time)

Bids must be submitted electronically through *PARITY* as described herein.

SECURITY: The Bonds are general obligations of the District. The full faith and credit of the District is pledged to the successive owners of each of the Bonds for the punctual payment of such Bonds, when due. The District covenants with the Bondowners to levy annually a direct ad valorem tax upon all of the taxable property within the District in an amount without limitation as to rate or amount, and outside of the limitations of Sections 11 and 11b, Article XI of the Oregon Constitution, after taking into consideration discounts taken and delinquencies that may occur in the payment of such taxes and any other funds available, to pay interest accruing and the principal maturing on the Bonds promptly when and as they become due.

CREDIT ENHANCEMENT: Payment of the principal of and interest on the Bonds when due is guaranteed by the full faith and credit of the State of Oregon under the provisions of the Oregon School Bond Guaranty Act.

RATINGS: the District has received an underlying rating on the Bonds of "Aa2" and an enhanced rating of "Aa1" based on its participation in the Oregon School Bond Guaranty Program from Moody's Investors Service, and will pay the cost thereof.

INTEREST PAYMENTS AND MATURITY: Interest on the Bonds is payable semiannually on June 15 and December 15 of each year until maturity, commencing December 15, 2012. The Bonds will be dated with their date of delivery, will be issued in the aggregate principal amount of \$39,360,000⁽¹⁾, and will mature on June 15 of the following dates in the following amounts, subject to adjustment as provided below:

Due June 15		Due June 15	
	Amounts⁽¹⁾		Amounts⁽¹⁾
2013	\$ 5,000	2020	\$ 3,300,000
2014	2,560,000	2021	3,575,000
2015	365,000	2022	3,895,000
2016	2,535,000	2023	4,240,000
2017	2,770,000	2024	4,675,000
2018	3,020,000	2025	5,155,000
2019	3,265,000		

ADJUSTMENT OF PAR AMOUNT AND MATURITIES: The Bonds will be awarded based on the maturity schedule above. However, the District reserves the right to increase or decrease the total principal amount of the Bonds by an amount not to exceed fifteen percent (15.00%) of the total following the opening of the bids. The District also reserves the right to increase or decrease the par amount of any maturity by the

(1) Preliminary, subject to change.

greater of fifteen percent (15.00%) of the par amount of that maturity or \$300,000 in order to properly size the issue and adjust debt service. Notice of any adjustment will be given to the winning bidder after bid opening. The purchaser's spread will be preserved at the same percentage as bid.

RIGHT TO CANCEL, CHANGE TIMING AND TERMS OF SALE: The District reserves the right to change the date, timing or terms under which the Bonds are offered for sale, or to cancel the sale based on market conditions, by placing a notice of the changes on i-Deal Prospectus and on Thomson Muni News on Thomson Municipal Market Monitor (www.tm3.com).

OPTIONAL REDEMPTION: The Bonds maturing in years 2013 through 2022, inclusive, are not subject to optional redemption prior to maturity. The Bonds maturing on June 15, 2023 and on any date thereafter are subject to redemption at the option of the District prior to their stated maturity dates at any time on or after June 15, 2022, as a whole or in part, and if in part, with maturities to be selected by the District at a price of par, plus accrued interest, if any, to the date of redemption. Any Bonds subject to optional redemption shall be called in the manner set forth in the Escrow Agreement executed in relation to the Bonds. See "DESCRIPTION OF THE BONDS-Redemption Provisions" in the Preliminary Official Statement for a summary of such terms.

TERM BONDS: Bidders may designate two or more consecutive maturities of the Bonds, with identical interest rates, as Term Bonds. Each Term Bonds will mature on the final maturity date of its consecutive maturities, in an aggregate principal amount equal to the sum of the principal amounts of its consecutive maturities. Term Bonds will be subject to mandatory redemption at par and in accordance with operational procedures then in effect for The Depository Trust Company ("DTC"), New York, New York, in the amounts and on the dates which would have been consecutive maturities. See "DESCRIPTION OF THE BONDS - Redemption Provisions" in the Preliminary Official Statement for a summary of such terms. If no Term Bonds are designated in the winning bid, the Bonds will mature serially as provided in this Official Notice of Sale.

BIDDING CONSTRAINTS: All bids will be subject to the terms and conditions of this Official Notice of Sale. All bids for the Bonds must comply with the following conditions: (1) the interest rate must be a multiple of 1/8 or 1/20th of one percent; (2) the Bonds must bear interest from their date to their stated maturity date at the interest rate specified in the bid; (3) all Bonds maturing on the same date must bear the same rate of interest; (4) bids must be for a purchase price of not less than ninety-nine percent (99.00%) and not more than one hundred and eighteen percent (118.00%) of the principal amount of the Bonds; and (5) the reoffering prices for each maturity cannot be less than ninety-nine percent (99.00%) of the principal amount of such maturity; (6) the maximum true interest cost shall be 3.0%; and (7) no bid will be considered that does not offer to purchase all of the Bonds.

BIDS: Bids must be submitted via **PARITY**. Bids must be received by the **PARITY** system not later than the date and time indicated in the first paragraph of this Official Notice of Sale. For further information about submitting a bid using **PARITY**, potential bidders may contact Mary Macpherson, Seattle-Northwest Securities Corporation (the "Financial Advisor") at Telephone: (503) 275-8307 or **PARITY** at Telephone: (212) 849-5021. To the extent any instructions or directions set forth in **PARITY** conflict with this Official Notice of Sale, the terms of this Official Notice of Sale shall control. Bidders electing to submit bids through **PARITY** must obtain access to the **PARITY** system and bear all risks associated with using that system, including errors and delays in receipt of bids.

BEST BID: Unless all bids are rejected, the Bonds will be awarded to the responsible bidder submitting the bid which results in the lowest true interest cost based on the submitted bid to the District. True interest cost will be determined by doubling the semiannual interest rate necessary to discount the debt service on the Bonds to October 17, 2012 (the estimated closing date of the Bonds), and the price bid for the Bonds. Each bidder is requested to supply the total interest cost and the true interest cost that the District will pay on the Bonds if the bid is accepted. The purchaser must pay accrued interest, computed on a 360-day basis, from the date of the Bonds to their date of delivery.

GOOD FAITH DEPOSIT: The winning bidder will be required to provide a good faith deposit in the amount of \$400,000 in immediately available funds wired to the District not later than 2:00 p.m. (Prevailing Pacific Time) on October 2, 2012. The District or the District's Financial Advisor will provide the wire information immediately upon the award of bids.

The good faith deposit will be held by the District to secure the District from any loss resulting from the failure of the bidder to comply with the terms of its bid, and will be forfeited to the District as liquidated damages if the bidder to whom the Bonds are awarded withdraws its bid or fails to complete its purchase of the Bonds in accordance with this Official Notice of Sale and its bid.

Interest earnings on the good faith deposit will be the property of the District, and will not be credited against the purchase price of the Bonds. The successful bidder shall pay the balance of the purchase price of the Bonds at closing, in funds immediately available to the District on the date and at the time of closing.

RIGHT OF REJECTION: the District reserves the right to reject any or all bids, and to waive any irregularities.

BOOK ENTRY ONLY: The Bonds will be issued in registered, book-entry only form through DTC. Bonds will be available in denominations of \$5,000, or integral multiples. Unless the book-entry-only system is discontinued, Bonds principal and interest payments will be made by the District to DTC through the District's Escrow Agent. DTC will be responsible for making payments to beneficial owners of Bonds.

AUTHORIZATION AND PURPOSE: The Bonds are being issued pursuant to Resolution No. 2 (the "Resolution") adopted by the District's Board of Directors (the "Board") on September 5, 2012. Such execution and delivery of the Bonds does not require a vote of the people.

REOFFERING PRICES: The successful bidder shall provide the Financial Advisor with the reoffering prices and yields within 1 hour after award of the bid. The reoffering prices and yields so provided will be printed on the inside cover of the final official statement. In addition, the winning bidder must provide an Issue Price Certificate, substantially as shown below under "**FORM OF ISSUE PRICE CERTIFICATE**" and satisfactory to Bond Counsel, not later than two business days prior to the closing of the Bonds, containing information reasonably requested by the District and Special Counsel that will enable the District to determine the "issue price" (within the meaning of Treasury Regulations Section 1.148-1) for each maturity of the Bonds. If the successful bidder fails to provide the reoffering prices and yields, or the certificate required by this Notice of Sale, the District may cancel the sale of the Bonds and retain the successful bidder's good faith deposit as liquidated damages.

LEGAL OPINION: The approving opinion of Mersereau Shannon LLP, Bond Counsel, of Portland, Oregon, will be provided at no cost to the purchaser.

TAX-EXEMPT STATUS: In the opinion of Bond Counsel, under existing law and conditioned on the District complying with certain covenants relating to the tax-exempt status of the Bonds, interest on the Bonds is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however interest on the Bonds is included in adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations, as provided in greater detail in the preliminary official statement for the Bonds. In the opinion of Bond Counsel, interest on the Bonds is exempt from Oregon personal income tax under existing law.

NOT BANK QUALIFIED: The District has not designated the Bonds as a "qualified tax-exempt bonds" under Section 265(b)(3) of the Code.

DELIVERY: It is expected that delivery of the Bonds will be made to the Paying Agent under DTC's Fast Automated Securities Transfer (FAST) program, without cost to the bidder. Delivery of the Bonds will be made on or about October 17, 2012.

PRELIMINARY OFFICIAL STATEMENT AND ADDITIONAL INFORMATION: The preliminary official statement for the Bonds is available in electronic form from i-Deal Prospectus. For information on electronic delivery, please call the i-Deal Prospectus at (212) 849-5024 or contact the Financial Advisor. Requests for additional information about this sale should also be directed to the Financial Advisor.

COMPLIANCE WITH SEC RULES: The District agrees to provide the successful bidder with a sufficient number of copies of the official statement in a form “deemed final” by the District to enable the successful bidder to satisfy its responsibilities under the SEC rules at the expense of the District, and such additional copies as the successful bidder may request at the expense of the bidder, not later than the seventh business day following the date on which bids are due. Bidders should expect that the official statements will not be available prior to the seventh business day following the date on which bids are due, and should not issue confirmations which request payment prior to that date. This provision will constitute a contract with the successful bidder upon acceptance of its bid by the District, in compliance with Section 240.15c2-12(b)(3) in Chapter II of Title 17 of the Code of Federal Regulations.

CONTINUING DISCLOSURE: the District will undertake to provide continuing disclosure for the benefit of the Bond Owners in compliance with SEC Rule 15c2-12. The form of the undertaking is attached as Appendix D to the preliminary official statement.

CUSIP: CUSIP numbers will be imprinted upon all Bonds of this issue at the District’s expense. However, the CUSIP Service Bureau charge for the assignment of the numbers shall be paid by the purchaser. Failure to print, or improperly imprinted numbers will not constitute basis for the purchaser to refuse to accept delivery.

CLOSING CERTIFICATES: At the time of payment for the delivery of the Bonds, the District will furnish the successful bidder a certificate confirming that there is no material litigation pending that is not disclosed in the final official statement, and that the official statement does not contain any material misstatements or omissions.

- End of Official Notice of Sale -

FORM OF ISSUE PRICE CERTIFICATE

**Lane County School District No. 4J
Eugene Public Schools
Lane and Linn Counties, Oregon
General Obligation Refunding Bonds
Series 2012**

\$ _____

The undersigned, on behalf of _____, as purchaser of the Lane County School District No. 4J, Eugene Public Schools, Lane and Linn Counties, Oregon General Obligation Refunding Bonds, Series 2012 in the aggregate principal amount of \$_____, dated _____, 2012 (the "Bonds"), certify as follows:

1. The Bonds have been sold through a bona fide public offering of the Bonds; and

2. The final reoffering price to the public (excluding bond houses, brokers, and similar entities acting in the capacity of underwriters or wholesalers) of each maturity of the Bonds at which price a substantial amount (defined as at least 10%) of the Bonds of each maturity was sold, is as follows:

<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Reoffering Yield</u>	<u>CUSIP No.</u> _____
06/15/2013				
06/15/2014				
06/15/2015				
06/15/2016				
06/15/2017				
06/15/2018				
06/15/2019				
06/15/2020				
06/15/2021				
06/15/2022				
06/15/2023				
06/15/2024				
06/15/2025				

3. The net original issue premium generated in connection with the reoffering of the Bonds to the public in the amount of \$_____ resulted from market conditions at the time of pricing and was necessary in order to obtain the lowest true interest cost for the Bonds.

DATED this ____ day of _____, 2012.

By _____
Authorized Representative

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OFFICIAL STATEMENT
Lane County School District No. 4J
Lane and Linn Counties, Oregon

\$39,360,000⁽¹⁾
General Obligation Refunding Bonds, Series 2012

Lane County School District No. 4J in Lane and Linn Counties, Oregon (the "District"), a school district duly organized and existing under and by virtue of the laws of the State of Oregon (the "State") furnishes this Official Statement in connection with the offering of \$39,360,000⁽¹⁾ aggregate principal amount of General Obligation Refunding Bonds, Series 2012 (the "Bonds"), dated the Date of Delivery. This Official Statement, which includes the cover page, inside cover page, Notice of Sale, bid form and appendices, provides information concerning the District and the Bonds.

The information set forth herein has been obtained from the District and other sources that are believed to be reliable. Seattle-Northwest Securities Corporation, financial advisor to the District (the "Financial Advisor") has relied on the District with respect to the accuracy and sufficiency of such information and such information is not to be construed as a representation, warranty or guarantee by the Financial Advisor. So far as any statement herein includes matters of opinion, or estimates of future expenses and income, whether or not expressly so stated, they are intended merely as such and not as representations of fact.

Description of the Bonds

Principal Amount, Date, Interest Rates and Maturities

The Bonds will be issued in the aggregate principal amount posted on the cover of this Official Statement and will be dated and bear interest from the Date of Delivery. The Bonds will mature on the dates and in the principal amounts set forth on the inside cover of this Official Statement. Interest on the Bonds is payable semiannually on June 15 and December 15 of each year, commencing December 15, 2012, until the maturity or earlier redemption of the Bonds and will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Paying Agent and Registration Features

Paying Agent. The principal of and interest on the Bonds will be payable by Wells Fargo Bank, National Association (the "Paying Agent" and "Bond Registrar") to the Depository Trust Company ("DTC"), which, in turn, is obligated to remit such principal and interest to its participants ("DTC Participants") for subsequent disbursement to the persons in whose names such Bonds are registered (the "Beneficial Owners") of the Bonds, as further described in Appendix C attached hereto.

Book-Entry System. The Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co. as owner and as nominee for DTC. DTC will act as securities depository for the Bonds. Individual purchases and sales of the Bonds may be made in book-entry form only in minimum denominations of \$5,000 within a single maturity and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Bonds. See "Appendix C - Book Entry Only System" for additional information.

Procedure in the Event of Revisions of Book-Entry Transfer System. If DTC resigns as the securities depository and the District is unable to retain a qualified successor to DTC, or the District has determined that it is in the best interest of the District not to continue the book-entry system of transfer or that interests of the Beneficial Owners of the Bonds might be adversely affected if the book-entry system of transfer is continued, the District will cause the Paying Agent to authenticate and deliver to the Beneficial Owners of the Bonds or their

(1) Preliminary, subject to change.

nominees, replacement Bonds in fully registered form, in the denomination of \$5,000 or any integral multiple thereof within a maturity. Thereafter, the principal of the Bonds will be payable upon due presentment and surrender thereof at the principal office of the Bond Registrar; interest on the Bonds will be delivered to the persons in whose names such Bonds are registered, at the address appearing upon the registration books on the last business day of the month preceding a payment date (the "Record Date"), and the Bonds will be transferable as provided in the Resolution (as defined herein).

Redemption Provisions

Optional Redemption. The Bonds maturing in years 2013 through 2022, inclusive, are not subject to optional redemption prior to maturity. The Bonds maturing on June 15, 2023 and on any date thereafter are subject to redemption at the option of the District prior to their stated maturity dates at any time on or after June 15, 2022, as a whole or in part, and if in part, with maturities to be selected by the District at a price of par, plus accrued interest, if any, to the date of redemption. A Term Bond subject to optional redemption and redeemed in part will have the principal amount within the respective mandatory redemption dates selected by the District.

For as long as the Bonds are in book-entry only form, if fewer than all of the Bonds of a maturity are called for redemption, the selection of Bonds within a maturity to be redeemed shall be made by DTC in accordance with its operational procedures then in effect. See Appendix C attached hereto. If the Bonds are no longer held in book-entry only form, then the Paying Agent would select Bonds for redemption by lot.

Notice of Redemption (Book-Entry). So long as the Bonds are in book-entry only form, the Paying Agent shall notify DTC of an early redemption no fewer than 20 calendar days nor more than 60 calendar days prior to the date fixed for redemption, and shall provide such information as required by a letter of representation submitted to DTC in connection with the issuance of the Bonds. The District reserves the right to rescind any redemption notice as allowed in the Resolution.

Conditional Notice. Any notice of optional redemption to the Bond Registrar or to the Bondowners may state that the optional redemption is conditional upon receipt by the Bond Registrar of moneys sufficient to pay the redemption price of such Bonds or upon the satisfaction of any other condition, and/or that such notice may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such redemption price if any such condition so specified is not satisfied or if any such other event occurs. Notice of such rescission or of the failure of any such condition shall be given by the Registrar to affected Bondowners of Bonds as promptly as practicable upon the failure of such condition or the occurrence of such other event.

Authorization for Issuance

Under and in accordance with State laws and provisions, specifically Oregon Revised Statutes ("ORS") Chapter 287A, the Bonds are being issued pursuant to Resolution No. 2 (the "Resolution") adopted by the District's Board of Directors (the "Board") on September 5, 2012. The Bonds may be issued without voter approval.

The District previously issued its General Obligation Refunding Bonds, Series 2003, dated February 1, 2003, in the original aggregate principal amount of \$17,630,000 (the "Series 2003 Advance Refunding Bonds") pursuant to a resolution adopted by the District's Board on November 20, 2002. The Series 2003 Bonds were issued to refund portions of the Series 1994 and Series 2000 Bonds, and to pay costs of issuance of the Series 2003 Bonds. The District also previously issued its General Obligation Bonds, Series 2005 dated August 25, 2005, in the original aggregate principal amount of \$46,000,000 (the "Series 2005 Bonds") pursuant to a resolution adopted by the District's Board on June 15, 2005. The Series 2005 Bonds were issued to expand and improve the District's facilities, and to pay costs of issuance of the Series 2005 Bonds.

A portion of the proceeds of the Bonds will be used to refund a portion of the Series 2003 and 2005 Bonds (the "Refunded Bonds") and to pay the costs of issuance of the Bonds. The advance refunding of the Series 2005 Bonds is contingent upon the District's receipt of actual, cumulative debt service savings of not less than the amount required under Oregon law and advance refunding plan approval by the State Treasurer.

Extended Maturity. ORS 287A.360(4) and 287A.365(4) allow the District to issue refunding bonds with a maturity date that does not exceed by more than six months (1) maturity limits established by the electors for the Refunded Bonds, and (2) a maturity limit imposed by a provision of a constitution, charter or statute that approved the Refunded Bonds, if the provision imposing the limit is in effect when the refunding bonds are issued.

Purpose and Use of Proceeds

Purpose

The Bonds are being issued so that the District can obtain a benefit of a savings in total debt service requirements.

Refunding Procedure

A portion of the proceeds of the Bonds will be used to provide funds to establish an irrevocable trust escrow pursuant to an escrow deposit agreement (the "Escrow Deposit Agreement") between the District and Wells Fargo Bank, National Association, as escrow agent thereunder (the "Escrow Agent") to refund the Refunded Bonds, as shown below:

Refunded Bonds

Series	Total Amount Outstanding	Refunded Maturities	Amount Refunded	Call Date	Call Price ⁽¹⁾
2003	\$ 5,785,000	2014-2019	\$ 3,520,000	01/01/13	100%
2005	41,440,000	2016-2025	36,365,000	02/01/15	100%
Series 2003			Series 2005		
Refunded Maturities	Amount Refunded	CUSIP 515300	Refunded Maturities	Amount Refunded	CUSIP 515300
1/1/2014	\$ 2,365,000	LZ2	2/1/2016	\$ 2,165,000	MP3
1/1/2015	215,000	MA6	2/1/2017	2,435,000	MQ1
1/1/2016	220,000	MB4	2/1/2018	2,725,000	MR9
1/1/2017	230,000	MC2	2/1/2019	3,030,000	MS7
1/1/2018	240,000	MD0	2/1/2020	3,360,000	MT5
1/1/2019	250,000	ME8	2/1/2021	3,715,000	MU2
			2/1/2022	4,095,000	MV0
			2/1/2023	4,505,000	MW8
			2/1/2024	4,935,000	MX6
			2/1/2025	5,400,000	MY4

(1) Call price is expressed as a percentage of the principal amount.

From the proceeds of the Bonds, and with other monies available, the District will purchase certain direct United States government obligations (referred to herein as "Government Obligations"). These Government Obligations will be deposited in the custody of the Escrow Agent. The maturing principal of the Government Obligations, interest earned thereon, and necessary cash balance, if any, will provide funds sufficient to pay interest on the Refunded Bonds beginning January 1, 2013 and redeem all remaining principal on the call dates shown in the preceding table.

The Government Obligations, interest earned thereon, and necessary cash balance, if any, will irrevocably be pledged to and held in trust for the benefit of the Owners of the Refunded Bonds by the Escrow Agent, pursuant to the Escrow Deposit Agreement.

Verification of Mathematical Calculations

Grant Thornton LLP, a firm of independent public accountants (the "Verification Agent"), will deliver to the District, on or before the Date of Delivery, its verification report indicating that it has verified, in accordance with attestation standards established by the American Institute of Certified Public Accountants, the mathematical accuracy of (a) the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the Government Obligations, to pay, when due, the maturing principal of, interest on and related call premium requirements of the Refunded Bonds and (b) the mathematical computations of yield used by Bond Counsel to support its opinion that interest on the Bonds will be excluded from gross income for federal income tax purposes.

The verification performed by the Verification Agent will be solely based upon data, information and documents provided to the Verification Agent by the District and its representatives. The Verification Agent has restricted its procedures to recalculating the computations provided by the District and its representatives and has not evaluated or examined the assumptions or information used in the computations.

Sources and Uses of Funds

The proceeds of the Bonds are estimated to be applied as follows:

Estimated Sources and Uses of Funds

Sources of Funds⁽¹⁾	
Par Amount of Bonds	\$ 39,360,000 ⁽²⁾
Original Issue Premium/(Discount)	
Total Sources of Funds	<u>\$</u>
Uses of Funds⁽¹⁾	
Escrow Requirements	\$
Underwriting and Issuance Costs	
Total Uses of Funds	<u>\$</u>

(1) Amounts will be provided in the final Official Statement.

(2) Preliminary, subject to change.

Security for the Bonds

General

The Bonds are general obligations of the District. The full faith and credit of the District are pledged to the successive owners of each of the Bonds (the "Owners" or "Bondowners") for the punctual payment of such obligations, when due. The District covenants with the Bondowners to levy annually a direct ad valorem tax upon all of the taxable property within the District in an amount without limitation as to rate or amount, and outside of the limitations of sections 11 and 11b, Article XI of the Oregon Constitution, after taking into consideration discounts taken and delinquencies that may occur in the payment of such taxes, and any other funds available to pay interest accruing and the principal maturing on the Bonds promptly when and as they become due. The taxes, when collected, are required to be applied solely for the purpose of payment of principal and interest on the Bonds and for no other purpose until the Bonds have been fully paid, satisfied and discharged.

The District may, subject to applicable laws, apply other funds available to make payments with respect to the Bonds and thereby reduce the amount of future tax levies for such purpose.

The Bonds do not constitute a debt or indebtedness of Lane and Linn Counties (the "Counties"), the State, or any political subdivision thereof other than the District.

Oregon School Bond Guaranty

Guaranty Provisions. Article XI-K of the Constitution of the State of Oregon allows the State to guarantee the general obligation bonded indebtedness of school districts, education service districts, and community college districts (generally “school district” or “school districts”) in order to secure lower interest costs on general obligation bonds of such districts. Payment of the principal of and interest on the Bonds when due is guaranteed by the full faith and credit of the State under the provisions of the Oregon School Bond Guaranty Act – Oregon Revised Statutes (ORS) 328.321 to 328.356 (the “Act”). As provided for in Section 328.326(1)(a) of the Act:

The State Treasurer may, by issuing a certificate of qualification to a school district, pledge the full faith and credit and taxing power of the state to guarantee full and timely payment of the principal of, either at the stated maturity or by advancement of maturity pursuant to a mandatory sinking fund payment, and interest on school bonds as such payments shall become due, except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration.

The Act further provides that (i) the guaranty of the State does not extend to the payment of any redemption premium due on any bonds guaranteed under the Guaranty Act and (ii) any bond guaranteed by the State under the Act that is refunded no longer has the benefit of the guaranty from and after the date on which that bond is considered to be paid.

Guaranty Procedures

Regularly Scheduled Debt Service Payments. Each school district with outstanding, unpaid bonds guaranteed under the Act shall transfer moneys sufficient for the scheduled debt service payment to its paying agent at least 15 days before any principal or interest payment date for the bonds. The paying agent may invest the moneys for the benefit of the school district until the payment date. A school district that is unable to transfer the scheduled debt service payment to the paying agent 15 days before the payment date shall immediately notify the paying agent and the State Treasurer. Such notification shall be made to the Office of the State Treasurer as prescribed in the Act. The Act further provides that if sufficient funds are not transferred to the paying agent as required above, the paying agent shall notify the State Treasurer of that failure at least 10 days before the scheduled debt service payment in the manner prescribed in the Act.

Monitoring. Beginning with bonds issued with the guaranty of the State on and after October 30, 2009, a school district with outstanding, unpaid bonds which are guaranteed under the Act, must enter into an agreement with a paying agent under which the paying agent provides the district with notice by January 15 of each year of any required debt service amounts (including any scheduled deposits to a sinking fund for the bonds) due during the following fiscal year. The paying agent must also notify the district of any debt service amounts (including any scheduled deposits to a sinking fund) that must be paid or deposited over the next two fiscal years. In addition, for bonds originally issued as tax credit bonds under the Internal Revenue Code and any bonds resulting from conversion of such bonds (“Qualified Bonds”), the district must provide written verification by May 1 of each year to its paying agent that it has made any required sinking fund deposits. The paying agent must notify the State Treasurer if it does not receive such verification. Further, the district must report to the State Treasurer, at least annually, the amount of moneys paid into its debt service fund to pay the Qualified Bonds and a calculation demonstrating that such deposits are projected to be sufficient to repay the Qualified Bonds in full when payment is due. If annual payments are not made to the debt service fund, the district must demonstrate that the current balance in the fund, plus any scheduled future deposits, will be sufficient to repay the Qualified Bonds when due.

Payment under the Guarantee. If sufficient moneys to pay the scheduled debt service payment have not been transferred to the paying agent, the State Treasurer shall, on or before the scheduled payment date, transfer sufficient moneys to the paying agent to make the scheduled debt service payment. If sufficient moneys of the

State are not on hand and available at the time the State is required to make a debt service payment under its guaranty on behalf of the school district, the State Treasurer may singly or in combination:

- Obtain from the Common School Fund or from any other State funds that qualify to make a loan under ORS 293.205 to 293.225, a loan sufficient to make the required payment;
- Borrow money, if economical and convenient, as authorized by ORS 286A.045;
- Issue State general obligation bonds as provided for in Article XI-K of the Constitution and the process for which is defined in the Act; and,
- With the approval of the Legislative Assembly, or the Emergency Board if emergency funds are lawfully available for making the required payment in the interim between sessions of the Legislative Assembly, pay moneys from the General Fund or any other funds lawfully available for the purpose or from emergency funds amounts sufficient to make the required payment.

Any payment of scheduled debt service payments by the State Treasurer on behalf of a school district (i) discharges the obligation of the issuing school district to its bondholders for the payment, and (ii) transfers the rights represented by the general obligation of the school district from the bondholders to the State. If one or more payments are made by the State Treasurer as provided for in the Act, the State Treasurer shall pursue recovery from the school district of all moneys necessary to reimburse the State. In seeking recovery, the State Treasurer may (i) intercept any payments from the General Fund, the State School Fund, the income of the Common School Fund and any other source of operating moneys provided by or through the State to the school district that issued the bonds that would otherwise be paid to the school district by the State, and (ii) apply any intercepted payments to reimburse the State for payments made pursuant to the State's guaranty until all obligations of the school district to the State arising from those payments, including any interest and penalties, are paid in full. The State has no obligation to the school district or to any person or entity to replace any moneys intercepted under the Act. The authority of the Treasurer to intercept payments under the Act has priority over all claims against money provided by the State to a school district, including a claim based on a funds diversion agreement under ORS 238.698. Additionally, in accordance with the Act, if the State Treasurer determines that it is necessary the State Treasurer shall pursue any legal action, including but not limited to mandamus, against the school district or school district board to compel the school district to (i) levy and provide property tax revenues to pay debt service on its bonds and other obligations when due, and (ii) meet its repayment obligations to the State. The Attorney General shall assist the State Treasurer in pursuing such rights of recovery under the Act.

At all times, the school district shall continue to be responsible for the payment of all debt service payments on its bonds. A school district that issued bonds for which the State makes all or part of a debt service payment shall be responsible for reimbursing all moneys drawn or paid by the State Treasurer on its behalf. In addition the school district shall pay interest to the State on all moneys paid by the State from the date the moneys were drawn to the date they are repaid at a rate to be determined by the State Treasurer, in the State Treasurer's discretion, to be sufficient to cover the costs of funds to the State plus the costs of administration of the guaranty obligation and of collection of reimbursement.

Guaranty Limit. Under Article XI-K of the State Constitution, the amount of debt that the State may incur in honoring its guaranty of school bonds may not exceed, at any one time, one-half of one percent of the real market value (RMV) of all taxable property in the State. The State of Oregon has not issued bonds to provide money to satisfy its guaranty of school bonds participating in the program and does not anticipate the need to issue bonds for this purpose in the future.

As of August 8, 2012 the State had guaranteed the following (not including this bond issue or those issues guaranteed between the date identified above and the date of this issue) under the Guaranty Act:

Number of school districts with Certificates of Qualification:	19
Number of bond issues guaranteed under the Guaranty Program:	290
Aggregate total principal amount outstanding of bonds guaranteed at:	\$3,291,232,744
Aggregate debt service amount outstanding of bond issues guaranteed at:	\$4,823,800,642

Guaranty Contact Person. As of the date of this Official Statement, requests for information regarding the Guaranty Program may be directed to:

Ted Wheeler, Oregon State Treasurer
Oregon School Bond Guaranty Program
Office of the State Treasurer
Debt Management Division
350 Winter Street NE, Suite 100
Salem, OR 97301-3896
Phone (503) 378-4930 – Fax (503) 378-2870

State of Oregon – Financial and Operating Information. The most recent Comprehensive Annual Financial Report (the “CAFR”) of the State, and its most recent Official Statement for its general obligation debt, are currently on file with the Electronic Municipal Market Access (“EMMA”), operated by the Municipal Securities Rulemaking Board (“MSRB”). The financial and operating information with respect to the State contained in the CAFR, and such OFFICIAL STATEMENT, are hereby included by reference in this OFFICIAL STATEMENT. Additionally, the CAFR and the most recent OFFICIAL STATEMENT for its general obligation debt are available upon request from the State’s contact person as indicated under Guaranty Contact Person above.

As of the date of this Official Statement, the outstanding general obligation bonds of the State are rated “AA+” by Fitch, “Aa1” by Moody’s Investors Service, and “AA+” by Standard & Poor’s Ratings Group.

State of Oregon – Continuing Disclosure. The State has executed a Master Disclosure Certificate (the “Certificate”) for the benefit of registered and beneficial holders of bonds guaranteed under the Guaranty Program and to assist Underwriters of such bonds in complying with paragraph (b)(5) of Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. § 240.15c2-12) (the “Rule”). The State, in accordance with the Certificate, will provide annually copies of its most recent CAFR of the State to the Municipal Securities Rulemaking Board through depositing such information with EMMA and to the state information depository, if any, located in the State of Oregon (the “SID”). In addition, the State will provide the MSRB, through EMMA, with any material event notices pertaining to the State of Oregon required under the Rule and pursuant to the Certificate.

Ratings

As noted on the cover page of this Official Statement, Moody’s Investors Service, has assigned its underlying rating of “Aa2” to the Bonds. The State Guaranty is rated “Aa1” by Moody’s Investors Service. The ratings will reflect only the views of each rating agency and an explanation of the significance of the ratings may be obtained from the rating agency. There is no assurance that the ratings will be retained for any given period of time or that the ratings will not be revised downward or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of the ratings will be likely to have an adverse effect on the market price of the Bonds.

Bonded Indebtedness

Debt Limitation

General Obligation Bonds. ORS 328.245 establishes a parameter of bonded indebtedness for school districts. Kindergarten through twelfth grade school districts may issue an aggregate principal amount up to 7.95 percent of the Real Market Value of all taxable properties within the district. **The Bonds are general obligation bonds and are subject to this debt limitation, as shown below:**

**Lane County School District No. 4J
General Obligation Debt Capacity**

Real Market Value (Fiscal Year 2012) ⁽¹⁾	\$ 22,338,321,599
Debt Capacity	
General Obligation Debt Capacity (7.95% of Real Market Value)	\$ 1,775,896,567
Less: Outstanding Debt Subject to Limit	(128,017,258) ⁽²⁾
Remaining General Obligation Debt Capacity	\$ 1,647,879,309
Percent of Capacity Issued	7.2%

- (1) The District's fiscal year commences July 1 and ends on June 30 of the following year (the "Fiscal Year"). *Source: Lane and Linn Counties Department of Assessment and Taxation.*
- (2) Represents voter-approved, unlimited-tax general obligations of the District, including the Bonds; debt outstanding as of sale date. *Source: Lane County School District No. 4J Audited Financial Reports for the Fiscal Year Ended June 30, 2011, and this issue. Preliminary, subject to change.*

Full Faith and Credit Obligations. School districts, education service districts, community colleges and local governments may pledge their full faith and credit for "limited tax bonded indebtedness" or "full faith and credit obligations." The Oregon Constitution and statutes do not limit the amount of limited tax bonded indebtedness that a school district may issue. Full faith and credit obligations can take the form of bonds, certificates of participation, notes or capital leases. Collection of property taxes to pay principal and interest on such limited-tax debt is subject to the limitations of Article XI, Sections 11 and 11b. **The Bonds are not limited-tax debt.**

Pension Bonds. ORS 238.694 authorizes school districts, education service districts, community colleges and local governments to issue full faith and credit obligations to pay pension liabilities without limitation as to principal amount. Pension bonds are not general obligations as defined under State law and the District is not authorized to levy additional taxes to make pension bond payments. **The Bonds are not pension bonds.**

Revenue Bonds. The District may issue revenue bonds for any public purpose, which are secured by revenues pursuant to ORS 287A.150. **The Bonds are not revenue bonds.**

Notes. Subject to any applicable limitations imposed by the Oregon Constitution or laws of the State or the resolution of an individual school district, ORS 287A.180 provides that the District may borrow money in anticipation of tax revenues or other monies and to provide interim financing ("notes"). **The Bonds are not notes.**

Outstanding Long-Term Debt

Governmental Activities	Date of Issue	Date of Maturity	Amount Issued	Amount Outstanding
<i>General Obligation Bonds:</i>				
Series 2002 Refunding Bonds	02/15/02	07/01/13	\$ 21,035,000	\$ 2,905,000
Series 2003 Refunding Bonds	02/01/03	01/01/13 ⁽²⁾	17,630,000	5,785,000
Less: Refunded Bonds				(3,520,000)
Series 2005 Bonds	08/25/05	02/01/15 ⁽²⁾	46,000,000	41,440,000
Less: Refunded Bonds				(36,365,000)
Series 2008 Refunding Bonds	09/10/08	07/01/17	47,295,000	43,615,000
Series 2011A Bonds	08/11/11	06/15/22	15,870,000	15,670,000
Series 2011B Bonds	08/11/11	06/15/26	15,000,000	15,000,000
Series 2011C Bonds	08/11/11	06/15/31	4,127,258	4,127,258
Series 2012 Refunding Bonds ⁽¹⁾	10/17/12	06/15/25	39,360,000	39,360,000
Total General Obligation Bonds				<u>128,017,258</u>
<i>Capital Lease Obligations:</i>				
Lease Purchase Agreements	Various	07/15/22 ⁽³⁾	\$ 6,215,502	<u>\$ 3,856,623</u>
<i>Pension Bonds:</i>				
Series 2004 Bonds	02/19/04	06/30/28	\$ 53,435,000	<u>\$ 50,940,000</u>
Total Full Faith and Credit Obligations				<u>50,940,000</u>
Total Governmental Activities Debt				<u>\$ 182,813,881</u>

(1) This issue. Preliminary, subject to change.

(2) Final maturity following redemption of the Refunded Bonds.

(3) Latest final maturity of the District's 11 outstanding lease purchase agreements.

Source: Lane County School District No. 4J Audited Financial Reports for the Fiscal Year Ended June 30, 2011.

**General Obligation Refunding Bonds
Projected Debt Service Requirements
(As of July 1, 2012)**

Fiscal Year	Outstanding Bonds		Less: Refunded Bonds ⁽¹⁾		2012 Bonds ⁽¹⁾		Total Debt Service ⁽¹⁾
	Principal	Interest	Principal	Interest	Principal	Interest	
2013	\$ 7,160,000	\$ 5,552,219	\$ 0	\$ 869,453	\$ 5,000	\$ 848,867	\$ 12,696,632
2014	11,245,000	5,166,600	2,365,000	1,738,906	2,560,000	1,283,900	16,151,594
2015	9,370,000	4,670,269	215,000	1,644,306	365,000	1,232,700	13,778,663
2016	12,490,000	4,159,713	2,385,000	1,635,438	2,535,000	1,225,400	16,389,675
2017	13,560,000	3,567,913	2,665,000	1,539,763	2,770,000	1,174,700	16,867,850
2018	16,715,000	2,915,938	2,965,000	1,432,588	3,020,000	1,119,300	19,372,650
2019	5,460,000	2,440,475	3,280,000	1,306,275	3,265,000	1,058,900	7,638,100
2020	5,780,000	2,235,050	3,360,000	1,166,250	3,300,000	993,600	7,782,400
2021	6,255,000	2,015,450	3,715,000	1,019,250	3,575,000	927,600	8,038,800
2022	6,755,000	1,772,075	4,095,000	852,075	3,895,000	820,350	8,295,350
2023	7,220,000	1,481,400	4,505,000	667,800	4,240,000	703,500	8,472,100
2024	4,935,000	1,170,075	4,935,000	465,075	4,675,000	491,500	5,871,500
2025	5,400,000	948,000	5,400,000	243,000	5,155,000	257,750	6,117,750
2026	0	705,000	0	0	0	0	705,000
2027	0	705,000	0	0	0	0	705,000
2028	15,000,000	705,000	0	0	0	0	15,705,000
2029	1,430,517	1,734,483	0	0	0	0	3,165,000
2030	1,375,140	1,879,860	0	0	0	0	3,255,000
2031	1,321,602	2,033,398	0	0	0	0	3,355,000
	<u>\$ 131,472,258</u>	<u>\$ 45,857,917</u>	<u>\$ 39,885,000</u>	<u>\$ 14,580,178</u>	<u>\$ 39,360,000</u>	<u>\$ 12,138,067</u>	<u>\$ 174,363,064</u>

(1) Principal and interest are provided for illustrative purposes only; amounts and structure are preliminary, subject to change.

**Summary of Overlapping Debt
(As of August 20, 2012)**

Overlapping Issuer Name	Real Market Value	Percent Overlapping	Gross Direct Debt ⁽¹⁾	Net Direct Debt ⁽²⁾
River Road Park & Rec District	\$ 581,898,316	98.10%	\$ 72,423,826	\$ 24,024,730
Coburg RFPD	438,991,667	92.75%	5,307,452	5,307,452
City of Eugene	17,228,493,227	83.10%	463,729	463,729
Lane ESD	37,576,216,617	49.16%	5,593	5,593
Lane County	37,674,942,446	49.00%	63,621,364	33,812,391
Lane Community College	38,194,316,658	48.37%	53,594,737	23,988,099
Willamalane Park & Recreation District	6,465,680,350	21.34%	3,758,374	3,758,374
City of Springfield	6,088,669,359	20.54%	510,121	510,121
Harrisburg RFPD 6	412,422,985	3.39%	800,381	0
			<u>\$ 200,485,577</u>	<u>\$ 91,870,489</u>

(1) Gross Direct Debt includes all unlimited (general obligation bonds) and limited (full faith and credit obligations) tax supported debt. Limited tax pension obligations are included.

(2) Net Debt is Gross Direct Debt less self-supporting limited and unlimited tax supported debt.

Source: Debt Management Division, The Office of the State Treasurer.

Debt Ratios

The following table presents information regarding the District's Direct Debt, including the effect of this refunding and the Bonds, and the estimated portion of the debt of overlapping taxing districts allocated to the District's property owners.

Debt Ratios

Real Market Value	\$ 22,338,321,599	
Estimated Population	152,428	
Per Capita Real Market Value	\$ 146,550	
	Gross Direct Debt⁽¹⁾	
Debt Information	Debt⁽¹⁾	Net Direct Debt⁽²⁾
District Direct Debt	\$ 182,813,881	\$ 182,813,881
Overlapping Direct Debt	200,485,577	91,870,489
Total Direct Debt	<u>\$ 383,299,458</u>	<u>\$ 274,684,370</u>
Bonded Debt Ratios		
District Direct Debt to Real Market Value	0.82%	0.82%
Total Direct Debt to Real Market Value	1.72%	1.23%
Per Capita District Direct Debt	\$ 1,199	\$ 1,199
Per Capita Total Direct Debt	\$ 2,515	\$ 1,802

(1) Gross Direct Debt includes all unlimited (general obligation bonds) and limited (full faith and credit obligations) tax supported debt.

(2) Net Debt is Gross Direct Debt less self-supporting limited and unlimited tax supported debt.

Sources: Debt Management Division, The Office of the State Treasurer as of August 20, 2012 and Lane County School District No. 4J Audited Financial Reports for the Fiscal Year Ended June 30, 2011.

Debt Payment Record

The District has promptly met principal and interest payments on outstanding bonds and other indebtedness in the past ten years when due. Additionally, no refunding bonds have been issued for the purpose of preventing an impending default.

Future Financings

Capital Projects. The district has authorized but unissued bonds in the amount of \$35,002,742 remaining from the \$70,000,000 authorization approved by District voters at the May 2011 election. The District plans to issue the balance of this authorization in calendar year 2013. The District does not anticipate issuing additional long-term debt within calendar year 2012.

Short-term Notes. The District does not anticipate issuing short-term debt within calendar year 2012.

Revenue Sources

The following section summarizes certain of the major revenue sources of the District.

Oregon School District Funding

Oregon school districts receive revenue from two primary sources: State aid and *ad valorem* property taxes. The following section summarizes certain of the major revenue sources of the District.

Property Taxes

Most local governments, school districts, education service districts and community college districts ("local governments") have permanent authority to levy property taxes for operations ("Permanent Rates") up to a maximum rate (the "Operating Tax Rate Limit"). Local governments that have never levied property taxes may request that the voters approve a new Operating Tax Rate Limit.

Local governments may not increase their Operating Tax Rate Limits; rather they may only request that voters approve limited term levies for operations or capital expenditures ("Local Option Levies") or levies to repay general obligation bonded indebtedness ("General Obligation Bond Levies").

Local Option Levies that fund operating expenses are limited to five years, and Local Option Levies that are dedicated to capital expenditures are limited to ten years. Local Option Levies for school districts are limited to the lesser of (i) \$1,000 per student, or (ii) 20 percent of a district's total state resources.

ORS 327.333 through 327.339 provides local option equalization grants to school districts with Local Option Levies that have a total assessed property value per student less than the total assessed property value per student of a designated target district. For the biennium commencing July 1, 2011, \$1,900,000 was appropriated from the State's General Fund to the Department of Education for the Local Option Equalization Grants Account. If the amount of money available is insufficient to make grant payments, the grant payments are to be proportionally reduced.

The District currently has a Local Option Levy for \$1.50 per 1,000 of assessed value which was renewed at the November 4, 2008 election. The five-year authority for the Local Option Levy expires after tax year 2014-15.

Local governments impose property taxes by certifying their levies to the county assessor of the county in which the local government is located. Property taxes ordinarily can only be levied once each Fiscal Year. The local government ordinarily must notify the county assessor of its levies by July 15.

Valuation of Property – Real Market Value. "Real Market Value" is the minimum amount in cash which could reasonably be expected by an informed seller acting without compulsion, from an informed buyer acting without compulsion, in an "arms-length" transaction during the period for which the property is taxed.

Property subject to taxation includes all privately owned real property (land, buildings and improvements) and personal property (machinery, office furniture and equipment) for non-residential taxpayers. There is no property tax on household furnishings (exempt since 1913), personal belongings, automobiles (exempt since 1920), crops, orchards, business inventories or intangible property such as stocks, bonds or bank accounts, except for centrally assessed utilities, for which intangible personal property is subject to taxation.

Property used for charitable, religious, fraternal and governmental purposes is exempt from taxation. Special assessments that provide a reduction in the taxable Real Market Value may be granted (upon application) for veterans' homesteads, farm and forest land, open space and historic buildings. The Real Market Value of specially assessed properties is often called the "Taxable Real Market Value" or "Measure 5 Real Market Value." The assessment roll, a listing of all taxable property, is prepared as of January 1 of each year.

Valuation of Property – Assessed Value. Property taxes are imposed on the assessed value of property. The assessed value of each parcel cannot exceed its Taxable Real Market Value, and ordinarily is less than its Taxable Real Market Value. The assessed value of property was initially established in 1997 as a result of a constitutional amendment. That amendment (now Article XI, Section 11, often called "Measure 50") assigned each property a value and limited increases in that assessed value to three percent per year, unless the property is improved, rezoned, subdivided, or ceases to qualify for exemption. When property is newly constructed or reassessed because it is improved, rezoned, subdivided, or ceases to qualify for exemption, it is assigned an assessed value that is comparable to the assessed value of similar property.

The Oregon Department of Revenue ("ODR") appraises and establishes values for utility property, forestland and most large industrial property for county tax rolls. It collects taxes on harvested timber for distribution to schools, county taxing districts, and State programs related to timber. Certain properties, such as utilities, are valued on the unitary valuation approach. Under the unitary valuation approach, the taxpaying entity's operating system is defined and a value is assigned for the operating unit using the market value approach (cost, market value and income appraisals). Values are then allocated to the entities' operations in Oregon, and then to each county the entity operates in and finally to site locations.

Generally speaking, industrial properties are valued using an income approach, but ODR may apply additions or retirements to the property value through a cost of materials approach. Under the income and cost of materials approaches, property values fluctuate from year-to-year.

Tax Rate Limitation – Measure 5. A tax rate limitation was established in 1990 as the result of a constitutional amendment. That amendment (now Article XI, Section 11b, often called "Measure 5") separates property taxes into two categories: one to fund the public school system (kindergarten through grade twelve school districts, education service districts and community college districts, collectively, "Education Taxes") and one to fund government operations other than the public school system ("General Government Taxes"). Education Taxes are limited to \$5 per \$1,000 and General Government taxes are limited to \$10 per \$1,000 of the Taxable Real Market Value of property (the "Measure 5 Limits"). If the taxes on a property exceed the Measure 5 Limit for Education or General Government, then tax rates are compressed to the Measure 5 Limit. Local Option Levy rates compress to zero before there is any compression of Permanent Rates. In Fiscal Year 2012, there was \$801,056.62 of compression of the District's Permanent Rate due to the tax rate limitation. This compression is taken into account in the State School Fund Distribution Formula described herein (see "State of Oregon Public School Funding – State School Fund"). In addition, there was \$8,031,720.57 of compression of the District's Local Option Levy.

Taxes imposed to pay the principal and interest on the following bonded indebtedness are not subject to Measure 5 Limits: (1) bonded indebtedness authorized by a specific provision of the Oregon Constitution; and (2) general obligation bonded indebtedness incurred for capital costs approved by the electors of the issuer and bonds issued to refund such bonds. **Property taxes imposed to pay the principal of and interest on the Bonds are not subject to the limitations of Article XI, Sections 11 and 11b.**

In 2007 the Oregon Supreme Court determined that taxes levied by general purpose governments (such as cities and counties) may be subject to the \$5 per \$1,000 limit if those taxes are used for educational services provided by public schools.

Property Tax Collections. Each county assessor is required to deliver the tax roll to the county tax collector in sufficient time to mail tax statements on or before October 25 each year. All tax levy revenues collected by a county for all taxing districts within the county are required to be placed in an unsegregated pool, and each taxing district shares in the pool in the same proportion as its levy bears to the total of all taxes levied by all taxing districts within the county. As a result, the tax collection record of each taxing district is a *pro-rata* share of the total tax collection record of all taxing districts within the county combined.

Under the partial payment schedule, taxes are payable in three equal installments on the 15th of November, February and May of the same Fiscal Year. The method of giving notice of taxes due, the county treasurer's account for the money collected, the division of the taxes among the various taxing districts, notices of delinquency, and collection procedures are all specified by detailed statutes. The lien for property taxes is prior to all other liens or encumbrances of any kind on real or personal property subject to taxation. By law, a county may not commence foreclosure of a tax lien on real property until three years have passed since the first delinquency.

A Senior Citizen Property Tax Deferral Program (1963) allows certain homeowners to defer taxes until death or sale of the home. A similar program is offered for Disability Tax Deferral (2001), which does not have an age limitation.

The following tables represent historical tax information for the District.

Taxable Property Values

LANE COUNTY					
Fiscal Year	Real Market Value ⁽¹⁾	Total Assessed Valuation	Urban Renewal Excess	AV Used to Calculate Rates ⁽²⁾	
2012	\$ 22,323,687,907	\$ 12,286,799,279	\$ 226,803,006	\$ 12,059,996,273	
2011	22,411,515,209	12,005,636,685	216,506,142	11,789,130,543	
2010	23,752,219,947	11,876,969,923	211,395,091	11,665,574,832	
2009	24,594,507,993	11,396,883,700	212,439,761	11,184,443,939	
2008	23,325,653,834	11,056,931,537	213,025,652	10,843,905,885	
2007	20,453,255,899	10,461,133,754	187,746,842	10,273,386,912	

LINN COUNTY					
Fiscal Year	Real Market Value ⁽¹⁾	Total Assessed Valuation	Urban Renewal Excess	AV Used to Calculate Rates ⁽²⁾	
2012	\$ 14,633,692	\$ 10,175,260	\$ -	\$ 10,175,260	
2011	15,534,729	9,716,833	-	9,716,833	
2010	17,382,530	9,296,096	-	9,296,096	
2009	18,153,180	8,980,935	-	8,980,935	
2008	14,620,600	8,688,817	-	8,688,817	
2007	12,878,180	8,431,748	-	8,431,748	

TOTAL EUGENE SCHOOL DISTRICT 4J					
Fiscal Year	Real Market Value ⁽¹⁾	Total Assessed Valuation	Urban Renewal Excess	AV Used to Calculate Rates ⁽²⁾	
2012	\$ 22,338,321,599	\$ 12,296,974,539	\$ 226,803,006	\$ 12,070,171,533	
2011	22,427,049,938	12,015,353,518	216,506,142	11,798,847,376	
2010	23,769,602,477	11,886,266,019	211,395,091	11,674,870,928	
2009	24,612,661,173	11,405,864,635	212,439,761	11,193,424,874	
2008	23,340,274,434	11,065,620,354	213,025,652	10,852,594,702	
2007	20,466,134,079	10,469,565,502	187,746,842	10,281,818,660	

- (1) Value represents the Real Market Value of taxable properties, including the reduction in Real Market Value of specially assessed properties such as farm and forestland. This value is also commonly referred to as the Measure 5 Real Market Value by county assessors.
- (2) Assessed value of property in the District on which the permanent rate is applied to derive *ad valorem* property taxes, excluding urban renewal and any other offsets.

Source: Lane and Linn Counties Department of Assessment and Taxation.

The following table presents the Fiscal Year 2012 tax rates for the District and other taxing jurisdictions within Lane and Linn Counties that overlap the District. The District's Operating Tax Rate Limit is \$4.7485 per \$1,000 of assessed property value. The Operating Tax Rate Limit was calculated in conjunction with the implementation of Measure 50 in 1997. The Permanent Rates shown in the following table are the rates that are actually applied to the assessed value of the taxing district. The Permanent Rates may be different from the Operating Tax Rate Limit of the taxing district due to the decision by the taxing district to levy less than its Operating Tax Rate Limit.

**Fiscal Year 2012 Representative Levy Rate
(Rates Per \$1,000 of Assessed Value)
Lane County**

General Government	Billing Rate	Bond Levy Rate	Local Option Rate⁽¹⁾	Consolidated Rate	Urban Renewal Portion of the Consolidated Rate⁽²⁾
City of Eugene	\$ 7.0058	\$ 1.1470	\$ 0.0000	\$ 8.1528	\$ 0.1147
Lane County	1.2793	0.1149	0.0000	1.3942	0.0210
Total General Government	8.2851	1.2619	0.0000	9.5470	0.1357
Education					
Lane Education Service District	0.2232	0.0000	0.0000	0.2232	0.0033
Lane Community College	0.6191	0.2591	0.0000	0.8782	0.0103
Lane County School District 4J (Eugene)	4.7485	1.2866	1.5000	7.5351	0.1095
Total Education	5.5908	1.5457	1.5000	8.6365	0.1231
Total Tax Rate	\$ 13.8759	\$ 2.8076	\$ 1.5000	\$ 18.1835	\$ 0.2588

NOTE: County assessors report levy rates by tax code. Levy rates apply to the assessed property value. Measure 5 Limits are based on the Taxable Real Market Value and are only reported in total dollar amount of compression, if any, for each taxing jurisdiction (see "Property Taxes - Tax Rate Limitation - Measure 5" herein).

- (1) Local Option Levies are voter-approved serial levies. They are limited by ORS 280.060 to five years for operations or ten years for capital construction. Local Option Levy rates compress to zero before there is any compression of district billing rates (see "Property Taxes - Tax Rate Limitation - Measure 5" herein).
- (2) A portion of a taxing district's consolidated rate is contributed to the Eugene Urban Renewal Downtown and Riverfront plans through tax increment financing.

Source: Lane County Department of Assessment and Taxation. Note that there are 45 tax codes in Lane County that overlap the District and Tax Code 400 has the highest property value of these tax codes. Total tax levies in the District range from \$10.0307 to \$24.0320 per \$1,000 of assessed property value.

**Fiscal Year 2012 Representative Levy Rate
(Rates Per \$1,000 of Assessed Value)
Linn County**

General Government	Billing Rate	Bond Levy Rate	Local Option Rate⁽¹⁾	Consolidated Rate
Linn County	\$ 1.2736	\$ 0.0000	\$ 2.7700	\$ 4.0436
Harrisburg Rural Fire Protection District	1.1299	0.0000	0.0000	1.1299
4H Extension District	0.0520	0.0000	0.0000	0.0520
Total General Government	2.4555	0.0000	2.7700	5.2255
Education				
Lane Education Service District	0.2232	0.0000	0.0000	0.2232
Lane Community College	0.6191	0.2591	0.0000	0.8782
Lane County School District 4J (Eugene)	4.7485	1.2866	1.5000	7.5351
Total Education	5.5908	1.5457	1.5000	8.6365
Total Tax Rate	\$ 8.0463	\$ 1.5457	\$ 4.2700	\$ 13.8620

NOTE: County assessors report levy rates by tax code. Levy rates apply to the assessed property value. Measure 5 Limits are based on the Taxable Real Market Value and are only reported in total dollar amount of compression, if any, for each taxing jurisdiction (see "Property Taxes – Tax Rate Limitation – Measure 5" herein).

- (1) Local Option Levies are voter-approved serial levies. They are limited by ORS 280.060 to five years for operations or ten years for capital construction. Local Option Levy rates compress to zero before there is any compression of district billing rates (see "Property Taxes – Tax Rate Limitation – Measure 5" herein).

Source: Linn County Department of Assessment and Taxation, Tax Code 4001.

Tax Collection Record⁽¹⁾

Lane County

Fiscal Year	Percent Collected as of Levy Year⁽²⁾	6/30/2012⁽³⁾
2012	96.72%	96.72%
2011	97.11%	98.10%
2010	96.65%	98.70%
2009	96.82%	99.65%
2008	97.17%	99.88%

Linn County

Fiscal Year	Percent Collected as of Levy Year⁽²⁾	6/30/2012⁽³⁾
2012	95.81%	95.81%
2011	95.53%	97.40%
2010	95.69%	98.62%
2009	95.27%	99.35%
2008	96.05%	99.87%

- (1) Percentage of total tax levy collection in Lane and Linn Counties. Pre-payment discounts are considered to be collected when outstanding taxes are calculated. The tax rates are before offsets.
- (2) The percentage of taxes collected in the "year of the levy" represents taxes collected in a single levy year, beginning July 1 and ending June 30.
- (3) The percentage of taxes shown in the column represents taxes collected cumulatively from July 1 of a given levy year through June 30, 2012.

Source: Lane and Linn Counties Department of Assessment and Taxation.

Major Taxpayers
(As of Fiscal Year 2012)
Lane County School District No. 4]

Taxpayer	Business/Service	Tax ⁽¹⁾	Assessed Value ⁽²⁾	Percent of Value
Valley River Center LLC	Retail/Commercial	\$ 1,755,745	\$ 104,445,512	0.85%
Comcast Corporation	Telecommunications	1,736,324	101,770,300	0.83%
Symantec Corporation	Computer Software	1,306,864	77,845,836	0.63%
PeaceHealth ⁽³⁾	Healthcare	1,198,216	526,588,286 ⁽⁴⁾	4.28%
Qwest Corporation	Telecommunications	1,072,618	68,750,500	0.56%
McKay Investment Company LLC	Investments	902,665	51,502,848	0.42%
Hynix Semiconductor MFG America Inc	Semiconductors	723,562	44,527,430	0.36%
Northwest Natural Gas Co.	Natural Gas Utility	686,126	44,323,100	0.36%
Chase Village LLC	Apartment Complex	625,448	34,396,437	0.28%
Molecular Probes Inc	Biotechnology	623,641	37,761,527	0.31%
Subtotal - ten of District's largest taxpayers			1,091,911,776	8.88%
All other District's taxpayers			11,205,062,763	91.12%
Total District			<u>\$ 12,296,974,539</u>	<u>100.00%</u>

Lane County

Taxpayer	Business/Service	Tax ⁽¹⁾	Assessed Value ⁽²⁾	Percent of Value
International Paper (IP Eat Three LLC)	Wood Products	\$ 3,700,874	\$ 221,301,298	0.83%
Comcast Corporation	Telecommunications	2,364,097	139,792,400	0.52%
Valley River Center LLC	Retail/Commercial	1,755,745	104,445,512	0.39%
Qwest Corporation	Telecommunications	1,739,530	115,530,400	0.43%
Northwest Natural Gas Co.	Natural Gas Utility	1,328,909	87,866,000	0.33%
Symantec Corporation	Computer Software	1,306,864	77,845,836	0.29%
PeaceHealth ⁽³⁾	Healthcare	1,231,237	531,238,672 ⁽⁴⁾	1.99%
Verizon Communication	Telecommunications	1,119,082	72,679,100	0.27%
Gateway Mall Partners	Retail/Commercial	1,054,684	61,378,057	0.23%
Weyerhaeuser Company	Wood Products	1,033,974	122,212,346	0.46%
Subtotal - ten of County's largest taxpayers			1,534,289,621	5.75%
All other County's taxpayers			25,154,836,985	94.25%
Total County			<u>\$ 26,689,126,606</u>	<u>100.00%</u>

(1) Tax amount is the total tax paid by the taxpayer within the boundaries of the District and County, respectively. This amount is distributed to individual local governments by the County. A breakdown of amounts paid to each individual local government is not available.

(2) Assessed value does not exclude offsets such as urban renewal and farm tax credits.

(3) PeaceHealth operates the Sacred Heart Medical Center at Riverbend in Springfield and Sacred Heart Medical Center University District in Eugene. PeaceHealth employs approximately 3,719 people in Lane County.

(4) PeaceHealth has a number of properties that are classified as charitable tax-exempt property.

Source: Lane County Department of Assessment and Taxation.

Linn County

Taxpayer	Business/Service	Tax ⁽¹⁾	Assessed Value ⁽²⁾	Percent of Value
Lowes HIW, Inc.	Building Materials	\$ 1,665,198	\$ 87,779,990	1.10%
Target Corporation	Distribution Center	1,315,731	76,459,190	0.95%
Pacificorp (Pacific Power)	Electrical Utility	1,251,492	88,197,000	1.10%
Wah Chang Albany Corporation	Metallurgy	1,084,036	73,584,830	0.92%
Fort James Operating Company	Paper Manufacturing	1,060,869	103,329,290	1.29%
Oregon Metallurgical Corporation	Metallurgy	975,708	56,837,970	0.71%
Northwest Natural Gas Co.	Natural Gas Utility	835,662	50,321,800	0.63%
International Paper (IP Eat Three LLC)	Paper Manufacturing	832,831	56,601,050	0.71%
Comcast Corporation	Telecommunications	819,793	44,049,700	0.55%
Weyerhaeuser Company	Paper Manufacturing	592,719	41,216,830	0.51%
Subtotal - ten of County's largest taxpayers			678,377,650	8.47%
All other County's taxpayers			7,328,966,674	91.53%
Total County			<u>\$ 8,007,344,324</u>	<u>100.00%</u>

(1) Tax amount is the total tax paid by the taxpayer within the boundaries of the District and County, respectively. This amount is distributed to individual local governments by the County. A breakdown of amounts paid to each individual local government is not available.

(2) Assessed value does not exclude offsets such as urban renewal and farm tax credits.

Source: Linn County Department of Assessment and Taxation.

State School Funding

One of the largest sources of revenue for school districts and education service districts is State aid appropriated through the Oregon Department of Education ("ODE"). ODE funding supports pre-kindergarten through 12th grade education including funding for operation for the State's 197 school districts and 20 education service districts through the State School Fund ("SSF"). The SSF consists primarily of State General Fund and Lottery Fund revenues.

State School Fund Formula. State aid is provided to school districts pursuant to a formula set by the Legislative Assembly. The objective of the formula is to provide equal funding for all school districts. Available State and local resources determine the actual amount of the allocation. Under the current formula, each student is given a factor as an enrolled student that is then adjusted differently for elementary school districts and high school districts, and subsequently adjusted to include additional factors such as English as a Second Language, Handicapped with an Individualized Education Plan, attending a remote small school, and Impoverished (the "ADMw"). The formula allocates revenues to districts based on the ADMw for each district.

The SSF grant (the "SSF Grant") to each school district is comprised of a general purpose grant, a facility grant, a transportation grant, a small school district supplement grant and a high cost disability grant, minus local revenues. Local revenues include tax offsets, local property taxes for school operations (specifically excluding taxes for voter approved general obligation bonds and, subject to certain limitations, amounts raised from Local Option Levies), Common School Fund, county school fund, Federal Forest Fees (as hereinafter defined) and State timber revenues, and money received in lieu of property taxes.

Under the SSF distribution formula for the general purpose grant, the total ADMw is multiplied by a statewide target grant (currently \$4,500). A factor of \$25 per year per student that a district's average teachers' experience exceeds the State average is added to (or subtracted from if below the State average) this calculation. The result is multiplied by a funding ratio to arrive at the State's general purpose grant.

The facility grant (\$12.5 million in the 2011-13 biennium) is distributed on a first-come, first-served basis to districts in the first year a new school facility is put into use. The grant equals a maximum of 8 percent of total construction costs of new school buildings, specifically excluding the cost of acquiring land, but including the addition of new structures to existing school buildings and pre-manufactured buildings if the new structures are used for instructing students. The transportation grant for each school district is between 70 percent and 90

percent of approved transportation costs, depending upon the ranking of the school district. Such ranking is based upon the approved transportation costs per ADMw. The high cost disability grant is equal to the approved costs of a resident pupil with disabilities for whom the approved costs to the school district of providing special education and related services exceed \$30,000.

School districts historically received 95.25 percent of the total SSF distribution and ESDs receive the remaining 4.75 percent. Senate Bill 250, approved June 24, 2011, increases the school district SSF distribution to 95.5 percent and reduces ESD distribution to 4.5 percent, effective July 1, 2011. Senate Bill 250 also allows school districts located within the Northwest Regional, Multnomah, Willamette or Baker County ESDs to withdraw from the ESD and receive 90 percent of the district's prorated share of State funds allocated to the ESD.

State Legislature

The State has a citizen legislature consisting of the Senate, whose 30 members are elected to serve four-year terms, and the House of Representatives, which has 60 members elected for two-year terms (the "Legislature" or "Legislative Assembly").

The Legislature convenes annually at the State Capitol in Salem, but sessions may not exceed 160 days in odd-numbered years and 35 days in even-numbered years. Five-day extensions are allowed by a two-thirds vote in each house. The Legislative Assembly convenes on the second Monday in January in odd-numbered years, and in February in even-numbered years.

State Budget

State K-12 Education Budget. SSF funding is set biennially in the State budget adopted by the Legislative Assembly in odd-numbered years (the "Legislatively Adopted Budget"). The State budget covers two fiscal years (a biennium) beginning July 1 of an odd-numbered year to June 30 of the next odd-numbered year, and sets funding for State agencies including ODE. The Legislative Assembly has the power to subsequently approve revisions to the Legislatively Adopted Budget. Such revised State budget is termed the "Legislatively Approved Budget."

The State Constitution requires the Legislative Assembly to balance the State's General Fund budget. The Department of Administrative Services Office of Economic Analysis (the "OEA") produces a forecast of projected revenues (a "Revenue Forecast") for the biennium generally each March, June (May in odd-numbered years), September and December.

Revenue Forecasts are based upon currently available information and upon a wide variety of assumptions. The actual results will be affected by future national and state economic activity and other events. If OEA's assumptions are not realized or if other events occur or fail to occur, the State's financial projections may not be achieved. Copies of the Revenue Forecasts are available from OEA at: www.oregon.gov/DAS/OEA.

If, over the course of a biennium, the forecasted revenues decline significantly from the May Revenue Forecast (the "Close of Session Forecast"), the Legislative Assembly may meet to rebalance the budget, the Governor may direct that expenditures be reduced or the Legislative Assembly may adjust the budget when it meets in its regular session at the end of the biennium.

2011-13 Biennium Revenue Forecasts. On May 22, 2012, the OEA released the June 2012 Revenue Forecast. The June 2012 Revenue Forecast for General Fund revenues for the 2011-13 biennium was \$13.82 billion, down \$190 million from the Close of Session forecast, but up \$115.5 million from the March 2012 Revenue Forecast. The revenue outlook is stronger than the March 2012 Revenue Forecast largely as a result of legislative actions taken during the February 2012 session which generated \$128 million in one-time funds.

State General Fund Forecast Summary
(\$ in Millions)

	2011-13 Biennium Revenue Forecast			June 2012 Forecast Change From	
	Close of Session	March 2012	June 2012	March 2012	Close of Session
Structural Revenues					
Personal Income Tax	\$ 12,193.6	\$ 11,969.2	\$ 11,919.9	\$ (49.3)	\$ (273.7)
Corporate Income Tax	894.2	812.6	814.5	2.0	(79.7)
All Other Revenues	944.2	944.6	1,098.5	153.9	154.3
Gross General Fund Revenues	14,032.0	13,726.5	13,832.9	106.4	(199.1)
Administrative Actions	(23.1)	(23.1)	(14.1)	9.0	9.0
Legislative Actions	0.0	0.0	0.0	0.0	0.0
Net Available Resources	\$ 14,008.9	\$ 13,703.3	\$ 13,818.8	\$ 115.5	\$ (190.0)

Source: Oregon Office of Economic Analysis, "Oregon Economic and Revenue Forecast, June 2012." May 22, 2012.

2011-13 Biennium State Budget. The Legislatively Adopted Budget for the 2011-13 biennium included \$57.8 billion total funds which represents a 7.1% decrease over the Legislatively Approved Budget for the 2009-11 biennium. The 2011-13 Legislatively Adopted Budget included \$14.6 billion in General Funds and Lottery Funds, \$28.8 billion Other Funds, and \$14.4 billion Federal Funds.

The Legislature approved an omnibus budget reconciliation in the 2012 legislative session to address changes in projected revenues and expenditures since the close of the 2011 session. The revisions to the 2011-13 Legislatively Adopted Budget included a net \$101 million increase in General Fund resources from transfers of Other Funds account balances and other actions.

State K-12 Education Funding

2011-13 Biennium State School Fund. The Legislatively Adopted Budget included \$5.77 billion for the SSF. Of that amount, \$61 million Federal Funds is related to the American Recovery and Reinvestment Act (ARRA). No new funding is available for the 2011-13 biennium from ARRA; this budget adjustment was included as a contingency if school and education service districts did not fully draw these resources prior to the close of the 2009-11 biennium. Excluding the \$61 million Federal Funds adjustment, the 2011-13 Legislatively Adopted Budget is less than one percent lower than the 2009-11 Legislatively Approved Budget.

Current and historical state funding levels are detailed in the following table.

**State K-12 Education Funding
(\$ in Millions)**

Biennium	Fiscal Year	Budget Appropriation
2011-13 ⁽¹⁾	2013	\$ 2,843
	2012	2,868
2009-11	2011	2,798
	2010	2,940
2007-09	2009	2,911
	2008	2,918
2005-07	2007	2,695
	2006	2,567
2003-05	2005	2,326
	2004	2,590

(1) Preliminary, subject to change. Does not include \$61 million of federal funding related to ARRA.

Source: Oregon Department of Education, School Finance Office: www.ode.state.or.us/search/results/?id=344.

Impact on the District. ODE provides SSF Grant estimates to each school district. Estimates are generally revised in July, October, February, March and May. The most recent ODE estimates for the District's SSF Grant for Fiscal Years 2012 and 2013 are shown in the following table.

Lane County School District No. 4J
Historical and Projected Weighted Average Daily Membership and State School Fund Grant
State School Fund Grant Apportionment

	2012	2013
Extended ADMw:		
Current Fiscal Year Estimated ADMw	19,008.4	18,779.5
Prior Fiscal Year Estimated ADMw	19,363.6	18,943.0
Extended ADMw (greater of Current Fiscal Year Estimated ADMw or Prior Fiscal Year Estimated ADMw)	19,363.6	18,943.0
Experience Adjustment:		
District Average Teacher Experience	12.32	12.32
State Average Teacher Experience	12.78	12.78
Experience Adjustment (District and State Teacher Experience Difference)	-0.46	-0.46
Local Revenue:		
Property Taxes	\$ 54,846,400	\$ 56,710,500
Federal Forest Fees	968,353	0
Common School Fund	1,656,564	1,596,780
County School Fund	237,300	200,000
State Managed Timber	0	0
In-lieu of Property Taxes	0	0
Revenue Adjustments	0	0
Local Revenue	\$ 57,708,617	\$ 58,507,280
Transportation Grant:		
Net Eligible Transportation Costs	\$ 6,888,313	\$ 6,870,501
Grant (70% of Net Eligible Transportation Costs)	\$ 4,821,819	\$ 4,809,351
General Purpose Grant:		
(Extended ADMw x [\$4,500 + (\$25 x Experience Adjust.)]) x Funding Ratio =	\$ 112,897,567	\$ 112,630,157
Total Formula Revenue:		
General Purpose Grant + Transportation Grant =	\$ 117,719,386	\$ 117,439,508
State School Fund Grant:		
Total Formula Revenue - Local Revenue =	\$ 60,010,769	\$ 58,932,228

Source: Oregon Department of Education, School Finance Office, Fiscal Year 2013 data as of July 6, 2012, and Fiscal Year 2012 data as of May 8, 2012.

School districts are required to file their annual audited financials with ODE within six months of the end of the fiscal year pursuant to ORS 327.137. Extensions may be granted by ODE for extenuating circumstances such as natural disasters. Any school district failing to file prior to the deadline and without an extension will not receive SSF payments until after the audit report has been filed. ODE will schedule the payment with the next regularly scheduled SSF payment date.

School districts that do not meet the rules and regulations of the State Board of Education (e.g., there must be at least 265 consecutive calendar days between the first and last instructional day of each school year) are classified as "non-standard." Under ORS 327.103, the Superintendent of Public Instruction may withhold portions of SSF monies otherwise allocated to any district that is non-standard before the beginning of the school year immediately following the date such district was found to be non-standard unless withholding of SSF monies would create an undue hardship or an extension has been granted by the Superintendent of Public Instruction. Such extension may not exceed 12 months. **The District has never been classified as "non-standard."**

State Reserve Funds

The 2007 Legislative Assembly created two budgetary reserve funds, the Rainy Day Fund and the Education Stability Fund. With the approval of three-fifths of each house, the Legislative Assembly may appropriate up to two-thirds of the money in the Rainy Day Fund or Education Stability Fund for use in any biennium if certain economic or revenue triggers occur. The June 2012 Forecast projects that at the end of the 2011-13 biennium the Rainy Day Fund and the Education Stability Fund will have ending fund balances of \$61.7 million and \$10.5 million, respectively.

Rainy Day Fund. The Rainy Day Fund may be drawn on for any General Fund purpose in the event of a downturn in State revenues. In September 2007 the State made an initial one-time deposit into the Rainy Day Fund of \$319.2 million from the corporate income tax credit (known as the “corporate kicker”). The Oregon Rainy Day Fund retains interest earnings in the fund. After the current biennium, the Rainy Day Fund is to receive biennial deposits from the ending General Fund balance in an amount equal to the lesser of (a) the actual General Fund ending balance for the preceding biennium or (b) one percent of the amount of General Fund appropriations for the preceding biennium. The amount deposited to the Rainy Day Fund is capped at 7.5 percent of General Fund revenues for a biennium.

Education Stability Fund. Under the Oregon Constitution, 18 percent of the net proceeds from the State Lottery must be deposited in the Education Stability Fund quarterly. The Education Stability Fund does not retain earnings in the fund. The amount in the Education Stability Fund may not exceed 5% of the amount that was collected as revenues in the State’s General Fund during the prior biennium.

Federal Funding

Oregon school districts receive federal funding for a variety of purposes. Such funding is generally restricted to specific purposes. The District reported receipt of \$ 22,142,062 of federal funds in Fiscal Year 2011. Of this amount, \$7,175,493 was reported in the District’s General Fund, \$ 11,781,111 in the Special Revenue Fund, and \$ 3,185,458 in the Other Governmental Funds Fund. The General Fund portion of federal funding comes from restricted revenue from the Federal government through the state as well as federal forest fees.

Federal Stimulus Funds. The State received funds under the American Recovery and Reinvestment Act of 2009 (“ARRA”). The updated 2009-11 Legislatively Approved Budget states that federal ARRA funds provided \$319.3 million for education, \$92.1 million for corrections, \$126.7 million for housing and community services and \$2.869 billion for health and human services, for a total of \$3.407 billion.

Federal Forest Fees. In 2000, Congress passed the Secure Rural Schools and Community Self-Determination Act (the “SRS Act”) to replace a previous revenue sharing program. The SRS Act provides funding from the federal government to 18 of Oregon’s 36 counties for schools, roads, and other purposes (“Federal Forest Fees”). The U.S. Congress extended the SRS Act through September 30, 2012.

The \$700 billion Emergency Economic Stabilization Act of 2008 contained a four-year reauthorization of the SRS Act. The reauthorization will provide declining annual payments. The first three years of payments will be calculated as a percentage of the amount received in federal fiscal year 2006 which ended September 30, 2007. A distribution formula will be applied in the final year of the payments which is not currently calculable.

Federal Fiscal Year ⁽¹⁾	SRS Payment as Percentage of Federal Fiscal Year 2006
2008-09	90%
2009-10	81%
2010-11	73%
2011-12	New formula applied, amount estimated between 40% and 50%

(1) Federal fiscal years are October 1 through September 30 (the "Federal Fiscal Year").

Source: H.R. 1424 Emergency Economic Stabilization Act of 2008.

Revenue losses from the discontinuation of the SRS Act will be spread across all school districts statewide as Federal Forest Fees are included in local revenue for calculation of SSF Grants (see "State of Oregon Public School Funding – State School Fund" herein).

Construction Excise Tax

School districts may levy a tax for capital improvements on new residential, commercial and industrial development ("Construction Excise Tax"). Affordable housing, public improvements, agricultural buildings, hospitals, private schools, and religious facilities are exempted from the Construction Excise Tax. The Construction Excise Tax is limited to: (i) \$1.05 per square foot on residential construction and (ii) 53¢ per square foot on non-residential construction up to the lesser of \$26,400 per building permit or \$26,400 per structure. The tax rate limits are adjusted annually by the Oregon Department of Revenue for changes in construction costs. The Construction Excise Tax is not subject to voter approval.

Revenue generated through a Construction Excise Tax can be used to acquire land, construct, reconstruct or improve school facilities, acquire or install equipment, furnishings or other tangible property, pay for architectural, engineering, legal or other costs related to capital improvements, any expenditure for assets that have a useful life of more than one year, or the payment of obligations and related costs of issuance that are issued to finance or refinance capital improvements.

The District. The District does not have a construction excise tax.

The District

Public School Districts

Under Oregon law (ORS Chapter 332), the District is responsible for educating children residing within the boundaries of the District. The District discharges this responsibility by building, operating, and maintaining school facilities; developing and maintaining approved educational programs and courses of study, including vocational programs and programs for handicapped students, in accordance with State standards; and carrying out programs for transportation and feeding of pupils in accordance with District, State, and federal programs.

Under Oregon law, local school districts are subject to supervision by the State. The State Board of Education, a group of seven persons appointed by the Governor, establishes standards for educational programs and facilities, adopts rules of general governance, and prescribes courses of study. The administrative functions of the State Board of Education are handled through the Department of Education, whose executive head is the Deputy Superintendent of Public Instruction. The Deputy Superintendent is appointed by the Governor, who serves as the Superintendent of Public Instruction.

Senate Bill 909 approved by the Legislature in the 2011 legislative session created the Oregon Education Investment Board ("OEIB"), which is chaired by the Governor. The Governor appointed 12 educators and community members to serve on the OEIB. The OEIB appointed Dr. Rudy Crew to serve as Chief Education Officer to help oversee the integrated public education system from pre-kindergarten through college and

career readiness. Senate Bill 1581 approved by the Legislature in the 2012 legislative session requires the OEIB to enter into achievement compacts with every K-12 school district, education service district, community college, the university system and individual university, and Oregon Health Sciences University. The District approved its achievement compact on June 20, 2012.

General Description

The District was formed in 1854. It is located in Lane and Linn Counties and includes most of the City of Eugene, portions of the City of Springfield, and portions of the City of Coburg and unincorporated areas of the Counties within its boundaries.

The District serves more than 16,000 students in 18 elementary schools, two K-8 schools, seven middle schools, four high schools, two alternative education options, four public charter schools, an international high school program on multiple campuses, and a life skills program.

Historical and projected enrollments are shown in the following table:

Historical and Projected Enrollment

Fiscal Year	Average Daily Membership(w)⁽¹⁾	Enrollment⁽²⁾	Teaching Staff⁽³⁾	Student to Teacher Ratio
2013 ⁽⁴⁾	18,779.5	15,841	817.2	20.2
2012	19,008.4	16,247	824.8	19.7
2011	19,363.6	16,743	922.5	18.2
2010	19,572.4	16,833	962.9	17.5
2009	19,694.1	17,108	976.4	17.5
2008	19,915.8	17,302	969.4	17.8

(1) Weighted Average Daily Membership is the enrollment figure, adjusted for part-time students and students with special needs, that is used to allocate revenues appropriated by the State to school districts.

(2) Enrollment is the number of students attending classes.

(3) Full-time equivalent licensed employees. Includes classroom, music, physical education, special education teachers, librarians, counselors, and nurses and teachers on special assignment.

(4) Preliminary, subject to change.

Source: Lane County School District No. 4J.

The 2011 Legislature approved two bills which may affect future enrollment within the District. Senate Bill 248 revises kindergarten requirements. Currently, school districts are required to offer free half-day kindergarten and can charge tuition if they choose to offer full-day kindergarten. Beginning July 1, 2015, school districts may choose to offer free full-day kindergarten and receive a full 1.0 ADMw for kindergarten students for purposes of the SSF formula. No additional funds have been identified to pay for the cost of providing full-day kindergarten. At this time, the District cannot predict the impact, if any, this bill will have on enrollment or District funding.

House Bill 3681 creates an open enrollment process which allows students to attend a school district in which they do not reside without the consent of their home school district. Beginning with fiscal year 2012-13, a district's school board will decide how many, if any, non-resident students will be allowed to enroll for the school year. The open enrollment process sunsets on July 1, 2017. At this time, the District cannot determine what impact, if any, this bill will have on enrollment or District funding. The District's Board elected to allow enrollment of students that are not resident in the District.

Staff

As of June 2012, the District had 1,067 full-time employees and 736 part-time employees.

Bargaining Units

Bargaining Unit	No. of Employees	Contract Expires
Eugene Education Assn.	822 (licensed)	June 30, 2013
Oregon School Employees Assn.	876 (classified)	Sept. 30, 2014

Source: Lane County School District No. 4J.

The Board of Directors

The policies of the District are established by an elected seven-member Board. The current members of the Board are:

Board of Directors

Name	Position	Occupation	Service Began	Term Expires
Jennifer Geller	Chair	Instructor, Univ. of Oregon	July 1, 2009	June 30, 2013
Mary Walston	Vice-Chair	Resource Dev. Manager	Sept. 30, 2009	June 30, 2015
Beth Gerot	Director	Business Owner	Jan. 20, 1999	June 30, 2013
Alicia Hays	Chair	Dept. Director, Lane County	Jan. 8, 2007	June 30, 2015
Anne Marie Levis	Director	President, marketing firm	July 1, 2009	June 30, 2013
Craig Smith	Director	Attorney	July 1, 1995	June 30, 2015
Jim Torrey	Director	Consultant	July 1, 2007	June 30, 2015

Source: Lane County School District No. 4J.

Key Administrative Officials

The day-to-day affairs of the District are managed by a professional administrative staff which includes the following principal officials:

Dr. Sheldon Berman, Superintendent. Dr. Berman was named to his position on March 16, 2011 and started at the District on July 1, 2011. Prior to joining the District, Dr. Berman served as Superintendent of Jefferson County Public Schools in Louisville, Kentucky, since 2007 where he oversaw more than 150 schools serving nearly 100,000 students.

For the preceding 14 years, he was Superintendent of the Hudson Public Schools, a district of 3,000 students outside Boston, Massachusetts. During his time in Hudson, Dr. Berman helped guide a school system with poor academic performance to become a statewide model for instruction innovation and excellence. He was named the Massachusetts Superintendent of the Year in 2002.

Dr. Berman began his career as a social studies teacher. He was the coordinator and then president of Teachers for Social Responsibility, a national center for teaching about conflict and social responsibility located in Cambridge, Massachusetts. Dr. Berman earned a Bachelor of Arts Degree from the University of Wisconsin, a Master's in Education from the University of Maine, and a Master's in Education and a Doctorate in Education from the Harvard Graduate School of Education.

Dr. Simone Sangster, CFO, Director of Support Services. Simone Sangster was appointed to serve as the CFO/Director of Support Services in December 2011. She was previously Assistant Superintendent of Financial Services and School Support at the Bellevue School District between 2009 and 2011. She holds a Bachelor's of Commerce from University of New South Wales, Australia, and holds a Master Degree and a Doctorate in Education from the Harvard University Graduate School of Education. Dr. Sangster worked for KPMG, an international public accounting firm, for over ten years before focusing her work on non-profit organizations and school districts. She has worked on school district resource use in several U.S. school districts through her work for Education Resource Strategies, a non-profit consultancy focused on use of school

district resources. Dr. Sangster has taught school district financial management classes at Harvard University and for certain school districts.

Caroline Passerotti, Associate Director of Finance. Ms. Passerotti was appointed to her current position in 2011 after having served as Financial Analysis and Budget Manager since 2006 and Financial Management Analyst since 1989. Throughout her tenure with the District, she has worked closely with the District's capital improvement program. Since 1992, Ms. Passerotti has participated in twelve general obligation bond sales, including three advance refunding bonds, and monitored the use of bond proceeds for the District. She presently heads the District's financial analysis and budget team which prepares the annual budget and develops the five-year financial forecast, oversees the Nutrition Services Program and Warehouse operations, and provides administrative oversight to the charter school program. She has also provided financial and administrative support for three successful local option tax elections. Ms. Passerotti was employed as a senior analyst for Industrial Indemnity Financial Corporation from 1986 to 1989. She received a B.A. from Rhodes College and an M.B.A. in finance from Emory University. She is involved in cultural arts and professional organizations.

Financial Factors

Financial Reporting and Accounting Policies

The District's basic financial statements were prepared in conformity with generally accepted accounting principles ("GAAP") as prescribed by the Governmental Accounting Standards Board ("GASB").

Additional information on the District's accounting methods is available in the District's audited financial statements. A copy of the District's audited financial report for Fiscal Year 2011 is attached hereto as Appendix B.

Auditing

Each Oregon municipal corporation must obtain an audit and examination of its funds and account groups at least once each year pursuant to the Oregon Municipal Audit Law, ORS 297.405-297.555. Municipalities having annual expenditures of less than \$500,000, with the exception of counties and school districts, are exempt from this requirement. All Oregon counties and school districts, regardless of amount of annual expenditures, must obtain an audit annually. The required audit may be performed by the State Division of Audits or by independent public accountants certified by the State as capable of auditing municipal corporations. School districts are required to file their audit annually with ODE within six months of the end of the fiscal year pursuant to ORS 327.137. See "Revenue Sources - State K-12 Education Funding" herein.

The District audits for the Fiscal Years 2007 through 2011 ("District Audited Financial Statements") were performed by Grove, Mueller & Swank, P.C., CPAs, Salem, Oregon (the "Auditor"). The audit report for Fiscal Year 2011 indicates the financial statements, in all material respects, fairly present the District's financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information and the respective changes in financial position and the cash flows, where applicable, in conformance with accounting principles generally accepted in the United States of America. The District has contracted with the Auditor audit its financial statements for Fiscal Year 2012. The audit review began in July 2012. The Auditor was not requested to review this Official Statement.

Future financial statements may be obtained from the Electronic Municipal Market Access system, a free, centralized repository located at: www.emma.msrb.org.

Summaries of the District's Net Assets and Changes in Net Assets follow:

Statement of Net Assets
(Fiscal Years - \$ in thousands)

Assets	2007⁽¹⁾	2008	2009	2010⁽²⁾	2011
Current and other assets	\$ 114,081	\$ 103,288	\$ 89,591	\$ 80,966	\$ 73,287
Property taxes receivable	3,866	4,444	7,060	5,724	5,529
Pension assets	51,065	48,634	46,202	43,770	41,339
Capital assets	148,961	149,666	151,192	147,912	143,036
Total Assets	<u>317,973</u>	<u>306,032</u>	<u>294,045</u>	<u>278,372</u>	<u>263,191</u>
Liabilities					
Accrued and other liabilities	26,683	28,450	23,374	21,910	24,865
Long-term debt	208,400	202,814	196,641	183,630	173,021
Total Liabilities	<u>235,083</u>	<u>231,264</u>	<u>220,015</u>	<u>205,540</u>	<u>197,886</u>
Net Assets					
Invested in capital assets, net of related debt	14,772	15,988	17,581	20,444	23,742
Restricted	4,033	2,934	2,790	1,045	0
Unrestricted	64,085	55,846	53,659	51,343	41,563
Total Net Assets	<u>\$ 82,890</u>	<u>\$ 74,768</u>	<u>\$ 74,030</u>	<u>\$ 72,832</u>	<u>\$ 65,305</u>

(1) As restated in the Fiscal Year 2008 audit.

(2) As restated in the Fiscal Year 2011 audit.

NOTE: The Net Assets presents information on all the District's assets and liabilities with the difference between the two reported as net assets.

Source: District Audited Financial Statements.

Statement of Revenues, Expenses and Changes in Net Assets
(Fiscal Years - \$ in thousands)

Revenues	2007⁽¹⁾	2008	2009	2010⁽²⁾	2011
Program Revenues:					
Charges for services	\$ 8,878	\$ 8,055	\$ 8,623	\$ 8,935	\$ 8,856
Operating grants and contributions	34,482	32,428	37,504	38,031	35,474
Capital grants and contributions	502	435	2,678	657	486
General Revenues:					
Property taxes	75,244	76,571	82,545	83,267	80,181
State school fund - general support	68,077	66,811	62,865	55,264	55,599
Other federal, state and local sources	8,428	3,024	2,825	5,338	3,282
Earnings on investments	5,166	4,650	2,035	621	481
Total Revenues	<u>200,777</u>	<u>191,974</u>	<u>199,075</u>	<u>192,113</u>	<u>184,359</u>
Expenses					
Classroom services	132,393	143,356	143,336	140,730	137,227
Building support services	23,094	25,395	24,325	25,179	25,925
Central support services	11,162	16,896	16,621	16,638	16,437
Nutrition services	4,946	5,424	5,157	5,091	5,009
Interest on long-term debt	9,179	9,025	10,374	7,680	7,288
Total Expenses	<u>180,774</u>	<u>200,096</u>	<u>199,813</u>	<u>195,318</u>	<u>191,886</u>
Change in net assets	20,003	(8,122)	(738)	(3,205)	(7,527)
Net assets - July 1	<u>62,887</u>	<u>82,890</u>	<u>74,768</u>	<u>76,037</u>	<u>72,832</u>
Total Net Assets	<u><u>\$ 82,890</u></u>	<u><u>\$ 74,768</u></u>	<u><u>\$ 74,030</u></u>	<u><u>\$ 72,832</u></u>	<u><u>\$ 65,305</u></u>

(1) As restated in the Fiscal Year 2008 audit.

(2) As restated in the Fiscal Year 2011 audit.

NOTE: The Statement of Revenues, Expenses and Changes in Net Assets presents information showing how the District's net assets changed during a given Fiscal Year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Revenues and expenses are reported in this statement for some items that will result in cash flows in future periods, such as uncollected taxes and earned, but unused, vacation leave.

Source: District Audited Financial Statements.

A five-year summary of the District's General Fund Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance follows.

General Fund Balance Sheet
(Fiscal Years)

Assets	2007	2008	2009	2010	2011
Equity in pooled cash and investments	\$ 28,366,662	\$ 27,455,535	\$ 22,602,962	\$ 20,785,633	\$ 19,669,439
Receivables					
Property taxes	3,192,564	3,688,896	5,822,654	4,709,161	4,561,467
Accounts and other receivables	4,364,542	1,772,558	2,745,141	1,473,463	2,021,800
Due from other funds	706,921	2,683,374	2,897,889	2,653,831	2,007,270
Inventories	158,270	175,605	125,352	184,411	226,905
Total Assets	<u>\$ 36,788,959</u>	<u>\$ 35,775,968</u>	<u>\$ 34,193,998</u>	<u>\$ 29,806,499</u>	<u>\$ 28,486,881</u>
Liabilities, Equity and Other Credits					
Liabilities:					
Accounts and interest payable	\$ 3,441,672	\$ 4,098,548	\$ 2,080,304	\$ 2,425,133	\$ 2,869,849
Accrued payroll and related charges	9,291,558	10,853,963	11,264,785	10,211,462	10,546,007
Due to other funds	246,290	374,354	1,313,340	593,201	110,829
Deferred revenue	2,907,494	3,322,451	5,442,894	4,385,107	4,189,455
Unearned revenue	56,338	73,064	102,002	66,512	2,783,511
Total Liabilities:	<u>15,943,352</u>	<u>18,722,380</u>	<u>20,203,325</u>	<u>17,681,415</u>	<u>20,499,651</u>
Fund balance:					
Nonspendable for inventory	0	0	0	0	226,905
Committed for minimum fund balance	0	0	0	0	6,794,000
Unreserved	20,845,607	17,053,588	13,990,673	12,125,084	966,325
Total Fund Equity	<u>20,845,607</u>	<u>17,053,588</u>	<u>13,990,673</u>	<u>12,125,084</u>	<u>7,987,230</u>
Total Liabilities and Fund Equity	<u>\$ 36,788,959</u>	<u>\$ 35,775,968</u>	<u>\$ 34,193,998</u>	<u>\$ 29,806,499</u>	<u>\$ 28,486,881</u>

Source: District Audited Financial Statements.

General Fund Statement of Revenues, Expenditures and Changes in Fund Balances
(Fiscal Years)

Revenues	2007	2008	2009	2010	2011
Local sources	\$ 64,885,372	\$ 68,826,963	\$ 69,551,373	\$ 72,423,504	\$ 69,248,362
Intermediate sources	445,910	159,545	244,349	213,036	261,882
State sources	71,272,070	75,498,265	72,241,776	61,650,887	61,328,223
Federal sources	2,785,726	2,911,292	5,949,385	6,910,860	7,175,493
Total Revenues	139,389,078	147,396,065	147,986,883	141,198,287	138,013,960
Expenditures					
Instruction	77,907,501	89,952,412	91,146,427	87,251,931	85,933,321
Support services	49,223,465	57,180,514	57,738,291	54,721,788	54,713,267
Community services	343,424	324,674	245,691	285,213	467,108
Debt Service	23,500	322,597	209,379	88,639	63,894
Capital outlay	177,541	0	28,321	53,226	0
Total Expenditures	127,675,431	147,780,197	149,368,109	142,400,797	141,177,590
Revenues over (under) expenditures	11,713,647	(384,132)	(1,381,226)	(1,202,510)	(3,163,630)
Other Financing Sources (Uses)					
Transfers in	3,818,000	1,319,351	976,634	968,000	1,874,060
Transfers out	(5,551,078)	(5,298,514)	(2,811,453)	(1,631,079)	(2,848,284)
Capital leases	49,694	571,276	153,130	0	0
Total Other Financing Sources (Uses)	(1,683,384)	(3,407,887)	(1,681,689)	(663,079)	(974,224)
Net changes in fund balances	10,030,263	(3,792,019)	(3,062,915)	(1,865,589)	(4,137,854)
Fund balance at beginning of year	10,815,344	20,845,607	17,053,588	13,990,673	12,125,084
Ending fund balance	<u>\$ 20,845,607</u>	<u>\$ 17,053,588</u>	<u>\$ 13,990,673</u>	<u>\$ 12,125,084</u>	<u>\$ 7,987,230</u>

Source: District Audited Financial Statements.

Budgetary Process

The District prepares an annual budget in accordance with Oregon Local Budget Law (ORS Chapter 294) which establishes standard procedures for all budget functions for Oregon local governments. Under the applicable provisions, there must be public participation in the budget process and the adopted budget must be balanced.

The District's administrative staff evaluates the budget requests of the various departments of the District to determine the funding levels of the operating programs. The budget is presented to the public through public hearings held by a budget committee consisting of Board members and lay members. After giving due consideration to the input received from the citizens, the Board of Directors adopts the budget, authorizes the levying of taxes and sets appropriations. The budget must be adopted no later than June 30 of each Fiscal Year.

The budget may be amended during the applicable Fiscal Year through the adoption of a supplemental budget. Supplemental budgets may be adopted by the Board pursuant to ORS 294.480.

General Fund Adopted Budget
(Fiscal Years - \$ in thousands)

Resources	2012	2013
Current taxes	\$ 62,973	\$ 63,919
Other local	5,611	5,503
County	168	306
State	64,387	61,205
Federal	1,365	179
Fund Transfers	1,376	4,488
Beginning Fund Balance	6,382	7,670
Total Resources	\$ 142,262	\$ 143,270
Expenditures		
Instruction	\$ 80,310	\$ 82,723
Support services	53,131	53,442
Enterprise and community services	192	321
Facility acquisition and construction	1	1
Fund transfers	920	608
Other uses	1	1
Contingency	4,389	2,730
Unappropriated balance	3,318	3,444
Total Expenditures	\$ 142,262	\$ 143,270

Source: District Adopted Fiscal Year 2013 Budget.

Investments

ORS 294.035 authorizes Oregon municipalities to invest in obligations, ranging from U.S. Treasury obligations and Agency securities to municipal obligations, bankers' acceptances, commercial paper, certificates of deposit, corporate debt and guaranteed investment contracts, all subject to certain size and maturity limitations. No municipality may have investments with maturities in excess of 18 months without adopting a written investment policy which has been reviewed and approved by the Oregon Short Term Fund Board. ORS 294.052 authorizes Oregon municipalities to invest proceeds of bonds or certificates of participation and amounts held in a fund or account for such bonds or certificates of participation under investment agreements if the agreements: (i) produce a guaranteed rate of return; (ii) are fully collateralized by direct obligations of, or obligations guaranteed by, the United States; and (iii) require that the collateral be held by the municipality, an agent of the municipality or a third-party safekeeping agent.

Municipalities are also authorized to invest approximately \$42.8 million (adjusted for inflation) in the Local Government Investment Pool of the Oregon Short-Term Fund, which is managed by the State Treasurer's office. Such investments are managed in accordance with the "prudent person rule" (ORS 293.726) and administrative regulations of the State Treasurer which may change from time to time. Eligible investments presently include all of those listed above, as well as repurchase agreements and reverse repurchase agreements. A listing of investments held by the Oregon Short-Term Fund is available on the Oregon State Treasury website under "Other OSTF Reports - OSTF Detailed Monthly Reports" at www.ost.state.or.us/about/boards/OSTF/About.htm.

Pension System

General. The District participates in a retirement pension benefit program under the State of Oregon Public Employees Retirement System ("PERS" or the "System"). After six full months of employment, all District employees are required to participate in PERS.

T1/T2 Pension Programs. Employees hired before August 29, 2003 participate in the “Tier 1” and “Tier 2” pension programs (the “T1/T2 Pension Programs”). The benefits provided through the T1/T2 Pension Programs are based primarily on a defined benefit model and provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and their beneficiaries. Different benefit structures apply to participants depending on their date of hire. Effective January 1, 2004, T1/T2 Pension Program participant contributions fund individual retirement accounts under the separate defined contribution program described below.

OPSRP. Employees hired on or after August 29, 2003 participate in the Oregon Public Service Retirement Plan (“OPSRP”) unless membership was previously established in the T1/T2 Pension Programs. OPSRP is a hybrid defined contribution/defined benefit pension plan with two components. Employer contributions fund the defined benefit program and employee contributions fund individual retirement accounts under the separate defined contribution program.

Actuarial Valuation. Oregon statutes require an actuarial valuation of the System at least once every two years. Based on the biennial actuarial valuation as of December 31 of odd-numbered years the Public Employees Retirement Board (“PERB”) establishes the contribution rates that employers will pay to fund the T1/T2 Pension Programs, OPSRP and the PERS-sponsored Retirement Health Insurance Account program (“RHIA”) described herein. Actuarial valuations are performed annually as of December 31 of each year, with the valuations as of December 31 of even-numbered years (such as 2010) used for advisory purposes only and valuations as of December 31 of odd-number years (such as 2009) used to set payroll contribution rates. Actuarial valuations are performed for the entire System (the “System Valuation”), and for each participating employer, including the District (the “District Valuation”). Valuations are released nine to eleven months after the valuation date. PERS’ current actuary is Milliman, Inc. which replaced the prior actuary, Mercer (US), Inc. in January 2012.

Valuation Date	Release Date	Rates Effective
December 31, 2008	November 2009	Advisory only
December 31, 2009	October 2010	July 1, 2011 – June 30, 2013
December 31, 2010	November 2011	Advisory only

The 2010 System Valuation released on November 10, 2011 indicated that the funded status of the System increased from approximately 86 percent at December 31, 2009 to 87 percent at December 31, 2010.

Employer Assets, Liabilities, and Unfunded Actuarial Liabilities. An employer’s unfunded actuarial liability (“UAL”) is the excess of the actuarially determined present value of the employer’s benefit obligations to employees over the existing actuarially determined assets available to pay those benefits.

District UAL. For the T1/T2 Pension Programs, the District is pooled with other kindergarten through grade 12 public school district and education service district public employers (the “School District Pool”). The District’s portion of the School District Pool’s assets and liabilities is based on the District’s proportionate share of the School District Pool’s pooled payroll (the “District Allocated T1/T2 UAL”). Changes in the District’s relative growth in payroll will cause the District Allocated T1/T2 UAL to shift. The District Allocated T1/T2 UAL may increase if other pool participants fail to pay their full employer contributions.

OPSRP’s assets and liabilities are pooled on a program-wide basis. These assets and liabilities are not tracked or calculated on an employer basis. The District’s allocated share of OPSRP’s assets and liabilities is based on the District’s proportionate share of OPSRP’s pooled payroll (the “District Allocated OPSRP UAL”). Changes in the District’s relative growth in payroll will cause the District Allocated OPSRP UAL to shift.

Pension Bonds and Side Accounts. In February 2004 the District issued pension bonds to make a \$51,065,407 lump-sum payment to PERS. The payment was deposited in an account for the District (the “District’s Side Account”) that is used to finance all or a portion of the District Allocated T1/T2 UAL and District Allocated OPSRP UAL, reducing the District’s contribution rates, although debt service payments are also due on the pension bonds.

The District's net unfunded pension UAL is the total of the District Allocated T1/T2 UAL, District Allocated OPSRP UAL, and District Side Account. The District's net unfunded pension UAL as of the 2009 Valuation and 2010 Valuation is shown in the following table.

Lane County School District No. 4J Net Unfunded Pension UAL

	2009 Valuation	2010 Valuation
Allocated pooled T1/T2 UAL	\$ 187,414,599	\$ 176,418,376
Allocated pooled OPSRP UAL	959,660	1,108,642
District Side Account	<u>(45,471,403)</u>	<u>(46,402,309)</u>
Net unfunded pension actuarial accrued liability	<u>\$ 142,902,856</u>	<u>\$ 131,124,709</u>

Source: 2009 District Valuation and 2010 District Valuation.

The funded status of PERS and of the District as reported by the PERS actuary, will change over time depending on a variety of factors, including the market performance of the securities in which the OPERF is invested, future changes in compensation and benefits of covered employees, demographic characteristics of members and methodologies and assumptions used by the actuary in estimating the assets and liabilities of PERS.

Significant actuarial assumptions and methods used in the valuations included: (a) Projected Unit Credit actuarial cost method, (b) asset valuation method based on market value, (c) rate of return on the investment of present and future assets of 8%, (d) payroll growth rate of 3.75%, (e) consumer price inflation of 2.75% per year, and (f) UAL amortization method of a level percentage of payroll over 21 years (fixed) for the T1/T2 Pension Programs and 16 years (fixed) for OPSRP.

Employer Contribution Rates. Employer contribution rates are calculated as a percent of covered payroll. The rates are based on the current and projected cost of benefits and the anticipated level of funding available from the OPERF, including anticipated investment performance of the fund. Contribution rates are subject to future adjustment based on factors such as the result of subsequent actuarial valuations, litigation, decisions by the PERS Board and changes in benefits resulting from legislative modifications. Pursuant to ORS 238.225 all employers participating in PERS are required to make their contribution to PERS based on the employer contribution rates set by the PERS Board. Employees are required to contribute 6 percent of their annual salary to the respective programs. Employers are allowed to pay the employees' contribution in addition to the required employers' contribution. The District has elected to make the employee contribution for all employees except the Superintendent.

Contribution Rate Collar. In January 2010 the PERS Board adopted a revised implementation of the rate collar limiting increases in employer contribution rates from biennium to biennium (the "Rate Collar"). Under normal conditions, the Rate Collar is the greater of 3 percent of payroll or 20 percent of the current base rate. If the funded status of the School District Pool is below 80 percent, the Rate Collar increases by 0.3 percent for every percentage point under the 80 percent funded level until it reaches 6 percent at the 70 percent funded level. The 2009 System Valuation found that the School District Pool was 74 percent funded, resulting in a Rate Collar of 4.8 percent. The Rate Collar limits increases in employer contribution rates before rate reductions from side accounts are deducted, and does not cover charges associated with RHIA and RHIPA.

District Contribution Rates. The District's current contribution rates are based on the 2009 Valuation and are effective July 1, 2011 to June 30, 2013. The following table shows the District's current contribution rates (2009 Valuation) and the advisory only rates released in the most recent valuation (2010 Valuation):

Lane County School District No. 4J Pension Contribution Rates

	<u>2009 Valuation</u>			<u>2010 Valuation</u>		
	T1/T2	OPSRP General	OPSRP P&F	T1/T2	OPSRP General	OPSRP P&F
Normal cost rate	7.55%	6.13%	8.84%	7.72%	6.08%	8.82%
T1/T2 UAL rate	11.26	11.26	11.26	15.35	15.35	15.35
OPSRP UAL rate	0.08	0.08	0.08	0.10	0.10	0.10
Side account rate relief	(3.97)	(3.97)	(3.97)	(4.28)	(4.28)	(4.28)
Retiree Healthcare rate (RHIA) ⁽¹⁾	0.59	0.50	0.50	0.66	0.56	0.56
Total net contribution rate	<u>15.51%</u>	<u>14.00%</u>	<u>16.71%</u>	<u>19.55%</u>	<u>17.81%</u>	<u>20.55%</u>

(1) Contribution rates to fund RHIA benefits are included in the total District employer contribution rate, but are not a pension cost. See "Other Postemployment Benefits – Retirement Health Insurance Account" below.

Source: 2009 District Valuation and 2010 District Valuation.

Other Postemployment Benefits

Retirement Health Insurance Account. PERS retirees who receive benefits through the Tier 1 and Tier 2 plans and are enrolled in certain PERS administered health insurance programs, may receive a subsidy towards the payment of health insurance premiums. Under ORS 238.420, retirees may receive a subsidy for Medicare supplemental health insurance of up to \$60 per month towards the cost of their health insurance premium under the RHIA plan. The RHIA program's assets and liabilities are pooled on a system-wide basis and are not tracked or calculated on an employer basis. According to the 2010 System Valuation, this program had a UAL of approximately \$314.8 million. The District's allocated share of the RHIA program's assets and liabilities is based on the District's proportionate share of the program's pooled payroll. According to the 2010 District Valuation, the District's allocated share of the RHIA program's UAL was \$3,212,503.

GASB 45. GASB 45 requires the District to determine the extent of its liabilities for post-employment benefits and record the liability in its financial statements on an actuarial basis. This includes the requirement under ORS 243.303 of offering the same healthcare benefits for current District employees to all retirees and their dependents until such time as the retirees are eligible for Medicare. GASB 45 refers to this as an "implicit subsidy" and requires that the corresponding liability be determined and reported. The District implemented this pronouncement for the fiscal year ended June 30, 2008.

As of July 1, 2010, the most recent actuarial valuation date, for the period ended June 30, 2011; the District's actuarial accrued liability for benefits was \$31,414,082, and the actuarial value of assets was \$0 resulting in an unfunded actuarial accrued liability of \$31,414,082. The covered payroll is \$84,493,731.

See Notes to Basic Financial Statements of the District's audited financial statements for Fiscal Year 2011, attached hereto as Appendix B, for more information.

Risk Management

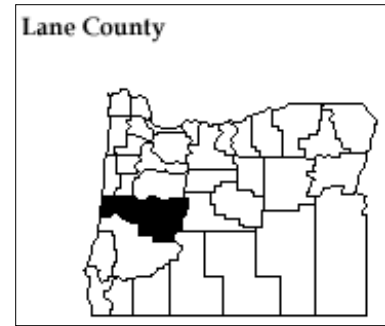
The District is exposed to various risks of loss. A description of the risks is provided in the District's audited financial statements. The audited financial statement for Fiscal Year 2011 is attached hereto as Appendix B.

Demographic Information

General

The District is located primarily in Lane County (99.93% of RMV), with small portions in Linn County (0.07% of RMV). The District's boundaries include portions of the City of Eugene, City of Springfield and City of Coburg (the "Cities"). The largest city in the District is the City of Eugene, with a 2011 estimated population of 157,010.

The Eugene-Springfield metropolitan area is the regional center for industry, service and trade, as well as for cultural, academic and recreational activities in the central part of western Oregon.



Historical data have been collected from generally accepted standard sources, usually from public bodies. This statement bases information on the Lane County and the Cities.

Population

The following table shows the historic population for the State, Lane County and the Cities:

Population					
July 1 ⁽¹⁾	State of Oregon	Lane County	City of Eugene	City of Springfield	City of Coburg
2011	3,857,625	353,155	157,010	59,695	1,045
2010	3,837,300	352,010	157,100	58,575	1,040
2009	3,823,465	347,690	157,100	58,085	1,080
2008	3,791,075	345,880	154,620	58,005	1,075
2007	3,745,455	343,140	153,690	57,320	1,070
2006	3,690,505	339,740	148,595	57,065	1,075
2005	3,631,440	336,085	146,160	55,855	1,070
2004	3,582,600	333,350	144,640	55,350	1,050
2003	3,541,500	329,400	143,910	54,720	1,050
April 1 ⁽²⁾					
2010	3,831,074	351,715	156,185	59,403	1,035
2000	3,421,399	322,977	137,893	52,864	969
1990	2,842,321	282,912	112,733	44,664	763

(1) Source: Center for Population Research and Census, Portland State University.

(2) Source: U.S. Census Count on April 1.

Economic Overview

The economy of Lane County consists of higher education, agriculture, health care, high technology, forest products, recreation, and tourism. Lumber and wood products are the largest single component of manufacturing in the County. Major agricultural commodities produced in the region include farm forest products, dairy products, cattle, tall fescue, nursery crops, hazelnuts and hay.

The number of acres harvested and gross farm sales in Lane County are as follows:

**Lane County
Harvested Acreage and Gross Farm Sales**

Year	Harvested Acreage	Gross Farm Sales (\$ in thousands)		
		Crop Sales	Animal Products Sales	Total Gross Farm Sales
2011	71,951	\$ 88,969	\$ 36,039	\$ 125,008
2010	70,487	81,265	31,236	112,501
2009	72,219	86,851	28,368	115,219
2008	72,124	108,442	31,380	139,822
2007	72,155	107,020	31,984	139,004
2006	72,800	101,402	32,325	133,727

**Top Commodities in
Lane County (2011)**

Rank	Commodity	Sales
1	Dairy Products	\$ 12,397,000
2	Cattle	11,597,000
3	Farm Forest Products	9,400,000
4	Nursery Crops	7,470,000
5	Other Hay	7,425,000

Source: Oregon State University Extension Service's Oregon Agriculture Information Network, Harvested Acreage Summary Report, Gross Farm Sales Reports, Commodity Report; March 14, 2012.

Income. Historic personal income and per capita income levels for the County and the State are shown below:

**Lane County and State of Oregon
Total Personal and Per Capita Income**

Year	Lane County				State of Oregon			
	Personal Income (\$000 Omitted)	Dividends, Interest, Rent (\$000 Omitted)	Per Capita Income	Per Capita Dividends, Interest, Rent	Personal Income (\$000 Omitted)	Dividends, Interest, Rent (\$000 Omitted)	Per Capita Income	Per Capita Dividends, Interest, Rent
2011	N/A	N/A	N/A	N/A	\$ 146,778,178	\$ 27,671,779	\$ 37,909	\$7,147
2010	\$ 11,709,176	\$ 2,408,775	\$ 33,277	\$ 6,846	139,395,112	26,031,153	36,317	6,782
2009	11,476,972	2,351,200	32,712	6,701	138,453,340	28,181,017	36,191	7,366
2008	12,014,865	2,804,859	34,508	8,056	139,306,268	29,341,456	36,824	7,756
2007	11,406,108	2,557,251	33,076	7,416	133,821,268	27,217,289	35,849	7,291
2006	11,005,242	2,514,237	32,375	7,396	127,403,090	25,405,934	34,644	6,908

Source: U.S. Department of Commerce, Bureau of Economic Analysis, April 25, 2012.

Employment. Non-farm employment within the County is described in the following tables:

**Lane County
Labor Force Summary ⁽¹⁾
(by place of residence)**

	2007	2008	2009	2010	2011	2012 ⁽²⁾	<u>2011 Change from</u>			
							2007	2008	2009	2010
Civilian Labor Force	181,730	184,007	182,368	182,580	181,845	176,662	115	-2,162	-523	-735
Unemployment	9,395	12,119	21,761	19,552	17,361	16,010	7,966	5,242	-4,400	-2,191
Percent of Labor Force	5.2%	6.6%	11.9%	10.7%	9.5%	9.1%	xx	xx	xx	xx
Total Employment	172,335	171,888	160,607	163,028	164,484	160,652	-7,851	-7,404	3,877	1,456

Non-Agricultural Wage & Salary Employment ⁽³⁾

	2007	2008	2009	2010	2011	2012 ⁽²⁾	<u>2011 Change from</u>			
							2007	2008	2009	2010
Total Nonfarm Payroll Employment	156,200	154,800	142,100	140,800	139,900	138,500	-16,300	-14,900	-2,200	-900
Total Private	127,000	124,400	111,600	110,300	109,600	111,500	-17,400	-14,800	-2,000	-700
Natural resources and mining	1,000	900	700	700	700	800	-300	-200	0	0
Construction	8,100	7,400	5,700	5,400	5,100	5,000	-3,000	-2,300	-600	-300
Manufacturing	19,800	17,700	12,600	12,200	12,000	11,800	-7,800	-5,700	-600	-200
Trade, transportation, and utilities	29,300	28,800	26,600	26,400	26,000	27,000	-3,300	-2,800	-600	-400
Information	3,900	3,900	3,500	3,500	3,300	3,300	-600	-600	-200	-200
Financial activities	8,400	8,100	7,600	7,400	7,300	7,100	-1,100	-800	-300	-100
Professional and business services	16,100	15,900	14,000	14,100	14,300	14,100	-1,800	-1,600	300	200
Educational and health services	20,400	21,500	21,900	21,800	21,900	22,300	1,500	400	0	100
Leisure and hospitality	14,800	15,100	14,100	14,000	14,100	15,200	-700	-1,000	0	100
Other services	5,200	5,200	4,900	4,800	4,900	4,900	-300	-300	0	100
Government	29,100	30,400	30,500	30,600	30,300	27,000	1,200	-100	-200	-300

- (1) Civilian labor force includes employed and unemployed individuals 16 years and older by place of residence. Employed includes nonfarm payroll employment, self-employed, unpaid family workers, domestics, agriculture and labor disputants. Data are adjusted for multiple job-holding and commuting.
- (2) Data for the month of July 2012, preliminary subject to change.
- (3) Nonfarm payroll data are based on the 1987 Standard Industrial Classification manual. The data are by place of work. Persons working multiple jobs are counted more than once. The data excludes the self-employed, volunteers, unpaid family workers, and domestics.

Source: State of Oregon Employment Department, August 2012.

**Major Employers in the District
(2012)**

Company	Service	Location	No. Employees
University of Oregon	Higher Education	Eugene	6,600
Sacred Heart/PeaceHealth	Medical services / hospital	Eugene	3,719
McKenzie-Willamette Medical Center	Medical services / hospital	Springfield	2,100
Eugene School District	Education	Eugene	1,803
U.S. Government	Government	County-wide	1,600
Lane Community College	Higher Education	Eugene	1,540
City of Eugene	Government	Eugene	1,440
The Papé Group, Inc.	Construction and mining machinery	Eugene	1,440
Lane County	Government	County-wide	1,405
PW Eagle, Inc.	Plastic Pipe manufacturing	Eugene	1,087
States Industries, Inc.	Hardwood veneer and plywood	Eugene	885
PSC Scanning / Datalogic Scanning	Magnetic ink recognition devices	Eugene	788
Farwest Steel Corporation	Fabricated structural metal	Eugene	665
Pinnacle Healthcare, Inc.	Nursing care facility	Springfield	605
Pacificsource Health Plans	Accident and health insurance carriers	Springfield	590
Timber Products Co. Limited	Plywood, softwood	Springfield	584
Arclin USA LLC	Plastic materials and resin	Springfield	537
S Butler Rosboro Corporation	Electrical lamps	Springfield	500
Eugene Water & Electric Board	Utility	Eugene	460
Register Guard	Newspaper publisher	Eugene	450

Source: Hoover's business database; Oregon Employment Department; May 2012. Note: Number of employees is total head count and may include full-time, part-time and temporary employees.

Building Permits. Residential building permits are an indicator of growth within a region. The number and valuation of new single-family and multi-family residential building permits in the City of Eugene and City of Springfield are listed below:

**Residential Building Permits
City of Eugene**

Year	<u>New Single Family</u>		<u>New Multi Family</u>			<u>Total</u>	
	Number	Construction Cost	Number	Units	Construction Cost	Construction Cost	
2012 ⁽¹⁾	61	\$ 14,453,764	26	129	\$ 11,762,108	\$	26,215,872
2011	112	23,472,743	29	315	24,087,802		47,560,545
2010	168	35,405,988	12	70	8,604,519		44,010,507
2009	114	20,588,505	22	186	13,714,180		34,302,685
2008	181	35,686,204	12	89	11,765,131		47,451,335
2007	297	57,909,326	30	258	22,050,164		79,959,490

City of Springfield

Year	<u>New Single Family</u>		<u>New Multi Family</u>			<u>Total</u>	
	Number	Construction Cost	Number	Units	Construction Cost	Construction Cost	
2012 ⁽¹⁾	52	\$ 9,717,404	2	4	\$ 387,320	\$	10,104,724
2011	65	11,839,488	1	2	193,660		12,033,148
2010	108	20,655,015	1	16	1,302,911		21,957,926
2009	90	17,216,949	0	0	0		17,216,949
2008	102	19,639,659	6	65	5,600,009		25,239,668
2007	170	41,503,400	18	95	9,491,985		50,995,385

(1) Permits issued as of July 1, 2012.

Source: U.S. Census Bureau, August 2012.

Higher Education. There are four private colleges, one public university, and a community college in Lane County. The University of Oregon is a public university offering bachelor and master degree programs; Lane Community College is a public community college offering associate degrees and technical programs; Northwest Christian College, Eugene Bible College, Pioneer Pacific College and Linfield College are all private Colleges which offer bachelor's degree programs.

Healthcare. Healthcare services are available at the Sacred Heart Medical Center University District in Eugene, Sacred Heart Medical Center at RiverBend, and McKenzie-Willamette Medical Center in nearby Springfield. Sacred Heart Medical Center at RiverBend is the only Level II trauma center in Lane County. Key services include a Neonatal Intensive Care Unit, the Oregon Heart & Vascular Institute and Oregon Rehabilitation Center.

Transportation. Mahlon Sweet Field (Eugene Airport), a municipally-owned airport, is located in Eugene and is served by United, Horizon Air, Delta Airlines, and Allegiant, offering scheduled non-stop direct flights to San Francisco, Oakland, Los Angeles, Los Vegas, Salt Lake City, Denver, Phoenix, Seattle and Portland.

Amtrak provides passenger rail service to the area. Southern Pacific and Burlington Northern provide freight rail services to all points in the country. Greyhound-Trailways Bus Line offers nationwide service to all points.

The Initiative and Referendum Process

Article IV, Section 1 of the Oregon Constitution reserves to the people of the State the initiative power to amend the State Constitution or to enact legislation by placing measures on the statewide general election ballot for consideration by the voters. Oregon law therefore permits any registered Oregon voter to file a proposed initiative with the Oregon Secretary of State's office without payment of fees or other burdensome

requirements. Consequently, a large number of initiative measures are submitted to the Oregon Secretary of State's office, and a much smaller number of petitions obtain sufficient signatures to be placed on the ballot.

Because many proposed statewide initiative measures are submitted to the Oregon Secretary of State's office that do not qualify for the ballot, the District does not formally or systematically monitor the impact of those measures or estimate their financial effect prior to the time the measures qualify for the ballot. The District also does not formally or systematically monitor efforts to qualify measures for the ballot that would initiate new provisions for, or amend, the District's charter and ordinances. Consequently, the District does not ordinarily disclose information about proposed initiative measures that have not qualified for the ballot.

Pursuant to ORS 250.125, a five-member Committee composed of the Secretary of State, the State Treasurer, the Director of the Department of Revenue, the Director of the Department of Administrative Services, and a local government representative must prepare an estimate of the direct financial impact of each measure ("Financial Estimate Statements") to be printed in the voters' pamphlet and on the ballot.

Initiative Process

To place a proposed statewide initiative on a general election ballot, the proponents must submit to the Secretary of State initiative petitions signed by the number of qualified voters equal to a specified percentage of the total number of votes cast for all candidates for governor at the gubernatorial election at which a governor was elected for a term of four years next preceding the filing of the petition with the Secretary of State. For the 2012 general election, the requirement is eight percent (116,284 signatures) for a constitutional amendment measure and six percent (87,213 signatures) for a statutory initiative. The last day for submitting signed initiative petitions for the 2012 general election is July 6, 2012. Any elector may sign an initiative petition for any measure on which the elector is entitled to vote. Statewide initiatives may only be filed for general elections in even-numbered years. The next general election for which statewide initiative petitions may be filed will be in November 2012.

A statewide initiative petition must be submitted to the Secretary of State not less than four months prior to the general election at which the proposed measure is to be voted upon. As a practical matter, proponents of an initiative have approximately two years in which to gather the necessary number of signatures. State law permits persons circulating initiative petitions to pay money to persons obtaining signatures for the petition. Once an initiative measure has gathered a sufficient number of signatures and qualified for placement on the ballot, the State is required to prepare a formal estimate of the measure's financial impact. Typically, this estimate is limited to an evaluation of the direct dollar impact.

Historical Initiative Petitions. Historically, a larger number of initiative measures have qualified for the ballot than have been approved by the electors. According to the Elections Division of the Secretary of State, the total number of initiative petitions that qualified for the ballot and the numbers that passed in recent general elections are as follows:

Historical Initiative Petitions

Number of Year of General Election	Number of Initiatives that Qualified	Initiatives that were Approved
2002	7	3
2004	6	2
2006	10	3
2008	8	0
2010	4	2

NOTE: The Secretary of State posts a listing of initiatives on its web site: www.sos.state.or.us.

Source: Elections Division, Oregon Secretary of State, Initiative, Referendum and Referral Log, Elections Division.

On July 27, 2012 the Secretary of State announced final initiative signature results for the November 6, 2012 election. Seven initiatives and two referrals have qualified for the November 6, 2012 election ballot. The initiatives that may have a fiscal impact on the District or on the State's general fund (which could have an impact on the District) are shown in the following table. The District cannot estimate at this time what such impact would be, if any.

Initiative Measures on the November 2012 Ballot

Ballot Measure	Description
79	Amends Constitution: Prohibits real estate transfer taxes, fees, other assessments, except those operative on December 31, 2009. The measure would prohibit the State from imposing taxes, fees, or assessments on the transfer of any interest in real property. Local governments are already prohibited from imposing fees of this type.
84	Phases out existing inheritance taxes on large estates and all taxes on intra-family property transfers. Inheritance taxes would be reduced 25% each year beginning in 2013 and with elimination of the tax in 2016. Taxes on the sale or transfer of property from one family member to another would be phased out and eliminated by January 1, 2016.
85	Amends Constitution: Allocates corporate income/excise tax "kicker" refund to additionally fund K through 12 public education. The financial impact of this measure is indeterminate because it is affected by unknown future events. The "corporate kicker" would be retained in the General Fund instead of being returned to corporate income and excise taxpayers. The Legislature has full discretion over how it allocates General Fund moneys, including the total amount allocated to K through 12 public education.

Source: Elections Division, Oregon Secretary of State, Initiative, Referendum and Referral Log, Elections Division.

Legal Matters and Litigation

Legal Matters

Legal matters incident to the authorization, issuance and sale of Bonds are subject to the approving legal opinion of Bond Counsel, substantially in the form attached hereto as Appendix A. Bond Counsel has reviewed this document only to confirm that the portions of it describing the Bonds and the authority to issue them conform to the Bonds and the applicable laws under which they are issued.

Litigation

There is no litigation pending questioning the validity of the Bonds nor the power and authority of the District to issue the Bonds. There is no litigation pending which would materially affect the finances of the District or affect the District's ability to meet debt service requirements on the Bonds.

Under the Oregon law local public bodies, such as the District, are subject to the following limits on liability. The State of Oregon is subject to different limits.

Personal Injury and Death Claim. The liability of a local public body and its officers, employees and agents acting within the scope of their employment or duties, to any *single claimant* for covered personal injury or death claims (and not property claims) arising out of a single accident or occurrence may not exceed \$500,000, for causes of action arising on or after July 1, 2009, and before July 1, 2010. From July 1, 2010 through June 30, 2015, this cap increases incrementally to \$666,700. The liability limits to *all claimants* for covered personal injury or death claims (and not property claims) arising from a single accident or occurrence increase from \$1 million,

for causes of action arising on or after July 1, 2009, and before July 1, 2010, incrementally to \$1,333,300, for causes of action arising on or after July 1, 2014, and before July 1, 2015.

For causes of action arising on or after July 1, 2015, the liability limits for both a single claimant and all claimants will be adjusted based on a determination by a State Court Administrator of the percentage increase or decrease in the cost of living for the previous calendar year as provided in the statutory formula. The adjustment may not exceed 3% for any year.

Property Damage or Destruction Claim. The liability of a public body and its officers, employees and agents acting within the scope of their employment or duties, for covered claims for damage and destruction of property that arise from causes of action arising on or after July 1, 2009 are as follows: (a) \$100,000, adjusted as described below, to any single claimant, and (b) \$500,000, adjusted as described below, to all claimants.

Beginning in 2010, these liability limits shall be adjusted based on a determination by a State Court Administrator of the percentage increase or decrease in the cost of living for the previous calendar year as provided in the statutory formula. The adjustment may not exceed 3% for any year.

Tax Matters

Tax Exemption

The Internal Revenue Code of 1986, as amended (the “Code”), imposes certain requirements that must be met subsequent to the execution and delivery of the Bonds in order for interest on the Bonds to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the issue date of the Bonds. These requirements include limitations on the use of proceeds of the Bonds, limitations on the investment of proceeds of the Bonds prior to expenditure, a requirement that excess arbitrage earned on the investment of proceeds of the Bonds be rebated on a periodic basis to the United States under certain circumstances and certain other matters. The District has covenanted to comply with all applicable requirements (the “Tax Covenants.”)

In the opinion of Mersereau Shannon LLP, Bond Counsel, under existing law and assuming compliance by the District with certain tax covenants described herein, interest on the Bonds is excluded from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of determining the federal alternative minimum tax imposed on individuals and corporations; however, interest on the Bonds is included in adjusted current earnings for the purpose of computing the federal alternative minimum tax imposed on certain corporations.

Bond Counsel’s opinion is subject to the condition that the District comply with the Tax Covenants and, in addition, will rely on representations by the District and its advisors with respect to matters solely within the knowledge of the District and its advisors, which Bond Counsel has not independently verified. If the District fails to comply with the Tax Covenants or if the foregoing representations are determined to be inaccurate or incomplete, interest on the Bonds could be included in gross income for federal tax purposes retroactively to the date of issuance of the Bonds, regardless of the date on which the event causing taxability occurs.

Bond Counsel expresses no opinion on any other federal, state or local tax consequences of acquiring, carrying, owning or disposing of the Bonds, Bond Counsel has not undertaken to advise in the future whether any events after the date of execution and delivery of the Bonds may affect the tax status of the Bonds.

Although Bond Counsel has rendered an opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers including, without limitation, financial institutions, property and casualty insurance companies, certain S corporations, recipients of Social Security and Railroad Retirement benefits, foreign corporations subject to the branch profits tax, life insurance companies and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Bonds. Bond Counsel does not

express any opinion regarding such collateral tax consequences. Prospective purchasers of the Bonds should consult their tax advisors with respect to all possible collateral consequences and as to the treatment of interest on the Bonds under the tax laws of any state other than Oregon.

Bond Counsel's opinion is not a guarantee of result and is not binding on the Internal Revenue Service ("IRS"); rather, the opinion represents Bond Counsel's legal judgment based on its review of existing law and in reliance on the representations made to Bond Counsel and the District's compliance with its covenants. Bond Counsel cannot predict whether the IRS will commence an audit of the Bonds. The commencement of an audit could adversely affect the market value and liquidity of the bonds, regardless of the ultimate outcome.

[Premium]

An amount equal to the excess of the purchase price of a Bond over its stated redemption price at maturity constitutes premium on that Bond. A purchaser of a Bond must amortize any premium over that Bond's term using constant yield principals, based on the Bond's yield to maturity. As premium is amortized, the purchaser's basis in the Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the purchaser. This will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Bond prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed. Purchasers of Bonds at a premium, whether at the time of initial issuance or subsequent thereto, should consult with their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and the state and local tax consequences of owning such Bonds.]

[Original Issue Discount]

The initial public offering price of certain Bonds (the "Original Issue Discount Bonds"), may be less than the stated redemption price at maturity. In such case, the difference between (i) the stated amount payable at the maturity of an Original Issue Discount Bond and (ii) the initial public offering price of that Original Issue Discount Bond constitutes original issue discount with respect to that Original Issue Discount Bond in the hands of the owner who purchased that Original Issue Discount Bond at the initial public offering price in the initial public offering of the Bonds. The initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to an Original Issue Discount Bond equal to that portion of the amount of the original issue discount allocable to the period that such Original Issue Discount Bond continues to be owned by the initial owner.

In the event of the redemption, sale or other taxable disposition of an Original Issue Discount Bond prior to its stated maturity, however, the amount realized by the initial owner in excess of the basis of the Original Issue Discount Bond in the hands of its initial owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Bond was held by the initial owner) is includable in gross income. Purchasers of Original Issue Discount Bonds should consult their tax advisors regarding the determination and treatment of original issue discount for federal income tax purposes and the state and local tax consequences of owning Original Issue Discount Bonds.]

Oregon State Tax Exemption

In the opinion of Bond Counsel, interest on the Bonds is exempt from Oregon personal income tax imposed under existing law.

Not Qualified Tax-Exempt Obligations

The District has not designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

Future and Proposed Federal Legislation

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation, alter or amend the current federal and state tax status of the Bonds, adversely affect the marketability or market value of the Bonds or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of the

interest on the Bonds. For example, on September 12, 2011, the Obama Administration announced a legislative proposal entitled the American Jobs Act of 2011. If enacted, the Jobs Bill could adversely impact the marketability and market value of the Bonds and prevent certain bondholders (depending on the financial and tax circumstances of the particular bondholder) from realizing the full benefit of the tax exemption of interest on the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. Other proposals have been made that could significantly reduce the benefit or otherwise affect the exclusion from gross income of interest on obligations like the Bonds. The introduction or enactment of any such proposals, clarification of the Code or court decisions may also affect the market price for or marketability of the Bonds. It cannot be predicted whether any regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Continuing Disclosure

The Securities and Exchange Commission Rule 15c2-12 (the "Rule") requires at least annual disclosure of current financial information and timely disclosure of certain events with respect to the Bonds. Pursuant to the Rule, the District has agreed to provide audited financial information and certain financial information or operating data at least annually, and timely notice of certain events (collectively, "Continuing Disclosure") to the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access system (so long as such method of disclosure continues to be approved by the Securities and Exchange Commission for such purposes).

Prior Undertakings. The District has entered into prior undertakings to provide Continuing Disclosure Filings for its General Obligation Bonds issued in 2002, 2003, 2005, 2008 and 2011 and the Oregon School Boards Association Limited Tax Pension Obligations, Series 2004. Prior to July 1, 2009, Continuing Disclosure filings were required to be made with four nationally recognized municipal securities information repositories ("NRMSIRs"). Beginning July 1, 2009, Continuing Disclosure is required to be filed with the MSRB's Electronic Municipal Market Access system. All of the District's undertaking require its annual Continuing Disclosure filing within 270 days of the end of the Fiscal Year (March 27).

Compliance with Prior Undertakings. The District made its Fiscal Year 2011 filings on January 10, 2012, before the March 27th deadline. The District missed its Fiscal Year 2010 filing deadline of March 27 by 72 days. For Fiscal Years 2008 and 2009 the District missed its March 27 filing deadlines, but subsequently filed on June 8, 2011. The District failed to file in Fiscal Year 2007 and subsequently filed on August 29, 2012.

The District has implemented new procedures to maintain compliance in the future. A copy of the form of the District's Continuing Disclosure Certificate for the Bonds is attached hereto as Appendix D.

Financial Advisor

In connection with the authorization and issuance of the Bonds, the District has retained Seattle-Northwest Securities Corporation, Portland, Oregon, as its financial advisor (the "Financial Advisor"). The Financial Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for, the accuracy, completeness, or fairness of the information contained in this Official Statement.

Official Statement

The District has executed a “deemed final” letter that deems final the Official Statement as of its date pursuant to Securities and Exchange Commission Rule 15c2-12 (except for the omission of the following information: offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, credit enhancement, if any, ratings, insurance, and other terms of the securities depending on such matters). The District has also confirmed that the information in this Official Statement, except for matters relating to DTC, the State School Bond Guaranty, the Paying Agent, and the statement regarding the Purchaser in the italicized paragraph on the page immediately preceding the table of contents does not contain any untrue statement of a material fact or omit any statement or information which is necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Purchaser of the Bonds

The Bonds are being purchased by _____ at a price of \$_____ and will be reoffered at a price of \$_____. The purchaser of the Bonds may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) and others at prices lower than the initial offering prices corresponding to the yields set forth on page ii of the Official Statement, and such initial offering prices may be changed from time to time by such purchaser. After the initial public offering, the public offering prices may be varied from time to time.

In connection with the offering of the Bonds, the purchaser of the Bonds may overallocate or effect transactions which stabilize or maintain the market price of the Bonds at levels above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued or recommenced at any time.

Certificate with Respect to Official Statement

At the time of the original delivery of and payment for the Bonds, the District will deliver a certificate of its authorized representative addressed to the Purchaser to the effect that she has examined the Official Statement and the financial and other data concerning the District contained herein and that to the best of her knowledge and belief, (i) the Official Statement, both as of its date and as of the date of delivery of the Bonds, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and (ii) between the date of the Official Statement and the date of delivery of the Bonds there has been no material adverse change in the affairs (financial or other), financial condition or results of operations of the District except as set forth in or contemplated by the Official Statement.

The information assembled herein is not to be construed as a contract with Owners of the Bonds.

Appendix A

Form of Bond Counsel Opinion

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(TO BE PLACED ON MERSEREAU SHANNON LLP LETTERHEAD)

_____, 2012

Lane County School District No. 4J (Eugene Public Schools)
200 N. Monroe Street
Eugene, Oregon 97402

Re: Lane County School District No. 4J (Eugene Public Schools), Lane and Linn Counties, Oregon, General Obligation Refunding Bonds, Series 2012 - \$_____

We have acted as bond counsel in connection with the issuance by Lane County School District No. 4J, Eugene Public Schools, Lane and Linn Counties, Oregon (the "District") of \$_____ General Obligation Refunding Bonds, Series 2012 dated _____, 2012 (the "Bonds"). The Bonds are issued pursuant to the applicable provisions of Oregon Revised Statutes Chapters 287A and 328 and a Resolution of the District (the "Resolution") adopted by the Board of Directors on September 5, 2012.

We have examined the law and a duly certified transcript of proceedings relating to the issuance and sale of the Bonds and such other documents as we deem necessary to render this opinion.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of any offering material relating to the Bonds, and we express no opinion relating thereto.

As to questions of fact material to our opinion, we have relied upon the certified proceedings of the District and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation. We have also relied on the covenants of the District to comply with certain requirements of the Internal Revenue Code of 1986, as amended, with respect to the investment and use of proceeds of the Bonds.

Based upon the foregoing, we are of the opinion, as of the date hereof and under existing law, as follows:

1. The Bonds have been legally authorized and issued under and pursuant to the Constitution and Statutes of the State of Oregon and the Resolution.

2. The Bonds and the Resolution have been properly authorized, executed and delivered by the District and constitute valid binding obligations of the District enforceable in accordance with their terms.

3. The Bonds are a valid, legally binding full faith and credit general obligation of the District payable from ad valorem taxes which may be levied without limitation as to rate or amount upon all of the taxable property within the geographical boundaries of the District. The District is required by law to include in its annual tax levy the principal and interest maturing on the Bonds to the extent that sufficient funds are not provided from other sources.

4. Assuming compliance with applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code"), the interest on the Bonds, *including any original issue discount properly allocable to the owner of the Bonds*, is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. *Any original issue premium properly allocable to the owner of the Bonds may not be deducted from federal gross income, but must be amortized actuarially on a constant interest rate basis over the term of such Bond, and the federal tax basis of such Bond will be decreased over its term by the amount of such amortized premium.* The opinions set forth in the preceding sentences are subject to the condition that the District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The District has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds.

5. The interest on the Bonds, *including any original issue discount properly allocable to the owner of the Bonds*, is exempt from present State of Oregon personal income taxes.

Except as stated herein, we express no opinion regarding other federal, state or local tax consequences arising with respect to ownership of the Bonds or other matters not expressly included in items 1-5 above. The owners of the Bonds should be aware that the ownership of a tax-exempt obligation may result in collateral tax consequences and each owner is advised to consult with its own tax advisor regarding such consequences.

It is to be understood that the rights of the owners of the Bonds and the enforceability thereof are subject to (i) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, (ii) the application of equitable principles and to the exercise of judicial discretion in appropriate cases, (iii) common law and statutes affecting the enforceability of contractual obligations generally, and (iv) principles of public policy concerning, affecting or limiting the enforcement of rights or remedies against governmental entities such as the District.

Our opinions are limited to matters of current Oregon law and applicable federal law, and we assume no responsibility for the applicability or effect of laws of other jurisdictions.

Respectfully submitted,

MERSEREAU SHANNON LLP

Appendix B

Financial Statements

The District's Auditor has not performed any further review of the District's financial statements since the date of the audit contained herein. The Auditor was not requested to review this Official Statement and has not completed any additional auditing review procedures subsequent to the issuance of its report on the 2011 Fiscal Year.

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Prepared by: Financial Services Department

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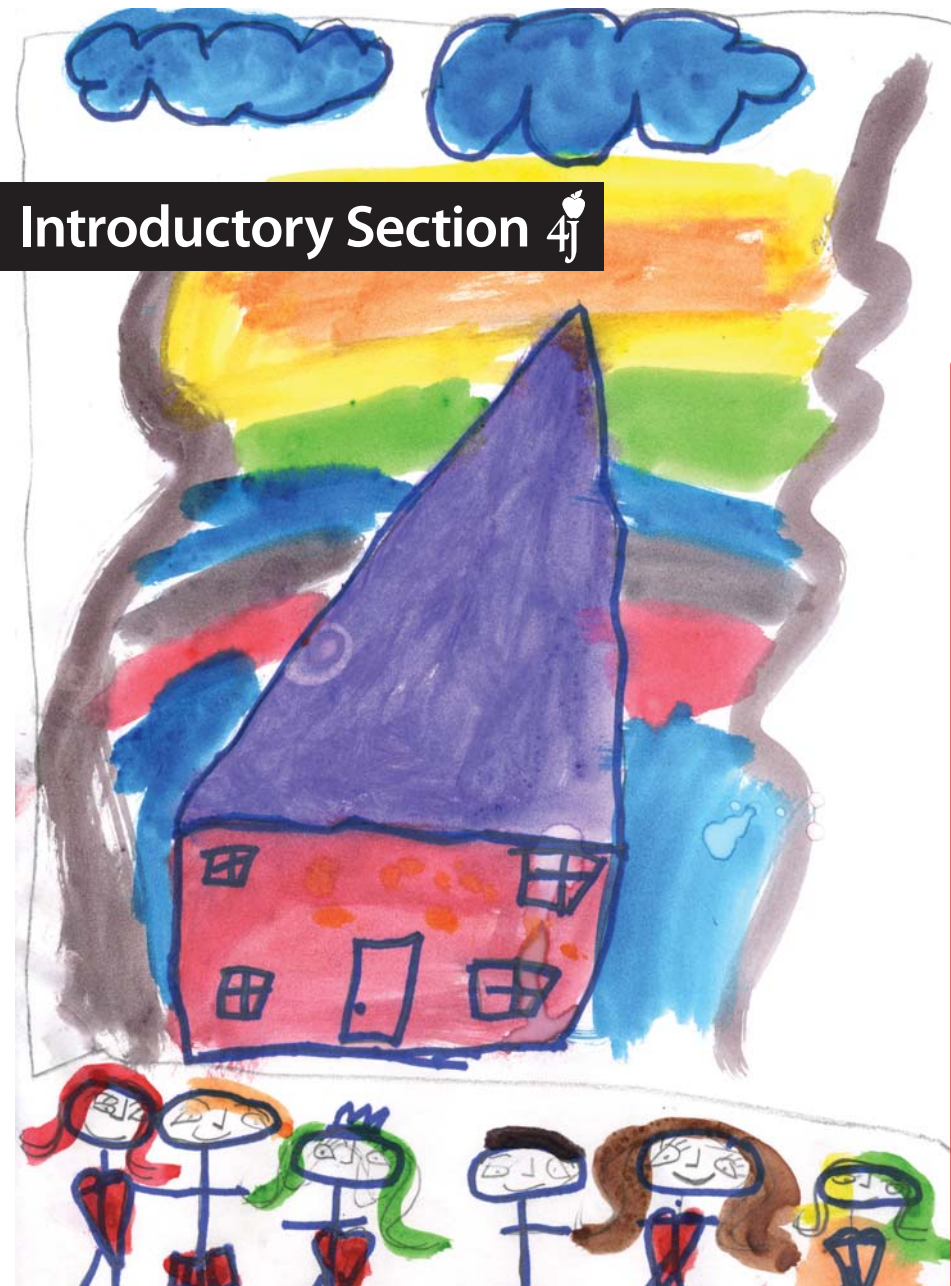
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Introductory Section 4j



School District 4J
Eugene Public Schools
200 North Monroe Street
Eugene, OR 97402-4295

December 27, 2011

To the Board of Directors and Residents of
Lane County School District No. 4J
Eugene, Oregon

The Comprehensive Annual Financial Report of Lane County School District No. 4J for the fiscal year ended June 30, 2011 is hereby submitted. State law requires that every general purpose government publish a complete set of audited financial statements within six months of the close of each fiscal year. This report is published to fulfill that requirement for the fiscal year ended June 30, 2011 and consists of management's representations concerning the finances of the District.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that was established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. We believe the enclosed data is accurate in all material aspects and is reported in accordance with generally accepted accounting principles designed to present fairly the financial position and results of operations of the various funds of the District and the District as a whole. All disclosures have been included that are necessary for the reader to gain an understanding of the District's financial activities.

The District's financial statements were audited by Grove, Mueller & Swank, P.C., a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2011 are free from material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based on the audit that there was a reasonable basis for rendering an unqualified opinion that the District's basic financial statements for the fiscal year ended June 30, 2011 are fairly presented, in all material respects, in conformity with GAAP. The independent auditor's report is located at the front of the financial section of this report.

In addition to meeting the requirements set forth in Oregon statutes, the audit also was designed to meet the requirements of the Federal Single Audit Act and related OMB Circular A-133. These standards require the independent auditor to report not only on the fair presentation of the basic financial statements, but also on the internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The results of the District's single audit for the fiscal year ended June 30, 2011 indicated no

To the Board of Directors and Residents of
Lane County School District No. 4J

material weaknesses in internal control and no significant violations of applicable laws and regulations. The independent auditor's reports related specifically to the Single Audit and OMB Circular A-133 are included in the Audit Comments section.

Generally accepted accounting principles require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A immediately follows the independent auditor's report on the financial statements.

DISTRICT PROFILE

Lane County School District No. 4J, also known as Eugene Public Schools, is a financially independent, special-purpose municipal corporation exercising financial accountability for all public education within its boundaries. The District is primarily located in Lane County, with a small portion extending north into Linn County. Formed in 1854, the District encompasses approximately 155 square miles in western Oregon at the southern end of the Willamette Valley, 110 miles south of Portland. The District is governed by a seven member Board of Directors. Voters residing within District boundaries elect members to four-year overlapping terms. The duties of the Board include setting policy; approving expenditures and contracts; appointing the Superintendent; and hiring, terminating and approving resignations of all certified and administrative staff members. The Board also constitutes one-half of the Budget Committee and appoints the seven citizen members. As required by accounting principles generally accepted in the United States of America, all significant activities and organizations have been included in the financial statements.

During the 2010-11 school year, the District was responsible for educating nearly 16,500 students in kindergarten through grade 12. Eighteen neighborhood schools, a K-8 school, five alternative programs, and two District sponsored charter schools comprise the District's elementary program. Each school reflects the uniqueness of its students, staff, and community. One neighborhood school, the alternative programs, the K-8 school, and charter schools reflect particular visions and education philosophies and have such emphases as language and culture immersion, arts, and technology.

The secondary program (grades 6-12) consists of seven neighborhood middle schools and three language immersion programs. In addition, there are four regional high schools, three alternative high schools, an international high school program that offers classes on three high school campuses and is accredited by the International Baccalaureate program, and an environmental science program. One regional high school houses three small schools with distinctive academic offerings.

The K-8 school, one alternative program, and two charter schools that serve elementary students also provide middle school education. A third charter school serves grades 7-12. Additionally, school and business partnerships exchange facilities and services for career training or other educational benefits and support. The average age of the District's school buildings is fifty years.

The three District sponsored charter schools – The Village School, Ridgeline Montessori Public Charter School, and Network Charter School – are not considered component units of the District. Therefore, information regarding these charter schools is not presented within our financial

To the Board of Directors and Residents of
Lane County School District No. 4J

statements. Each charter school issues their own publicly available financial report that includes financial statements and required supplementary information.

ECONOMIC CONDITION

Eugene is the second largest city in Oregon and is the seat of Lane County government. The City of Eugene, together with the City of Springfield, comprises the State's third largest metropolitan area. The area serves as the regional center for industry, service and trade, as well as for cultural, academic, and recreational activities in the central part of western Oregon. Eugene is the site of the University of Oregon, the State's liberal arts and research institution. Other facilities for higher education include Lane Community College and Northwest Christian University.

In the past ten years, the District's and City of Eugene's population has increased 9.5% and 11.2%, respectively. While modest population growth continues to be experienced by the City of Eugene and the State, the District's enrollment in regular programs is expected to continue a slow decline over the next several years. This decline is mainly due to demographic changes in the community.

The Oregon Employment Department reported that Oregon's seasonally adjusted unemployment rate was 9.6% in September 2011, which is .5% higher than the national rate. The Oregon rate was below 10% for the past six months, since March, when it fell to 9.9%. The recent low point for Oregon's rate was in May 2011, when it reached 9.3%. Prior to May 2011, the rate had generally declined since reaching a recent high of 11.6% in both May and June 2009. In addition, the Eugene-Springfield metropolitan statistical area (MSA) unemployment rate as of September 2011 was 9.6%, the same as the State. Following state trends, the regional economy is slowly improving, but more slowly than initially anticipated.

Lane County's current industry employment mix is very similar to the statewide industry mix, suggesting similar activity relative to employment growth. Lumber and wood products remain the largest single component of manufacturing, although it has seen a 35% decline in employment between 2001 and 2010. Meanwhile, the manufacturing base has grown more diverse, with manufacture of transportation equipment and the high technology items replacing many of the jobs lost in lumber and wood products. With the presence of the University of Oregon and a Federal courthouse, government employment helps add stability to Lane County's economy.

FINANCIAL INFORMATION

The Board is required by State law to adopt a final budget no later than by the close of the preceding fiscal year. The annual budget serves as the foundation for the District's financial planning and control. The budget is prepared by fund, major program (e.g., instruction, supporting services), and type of expenditure (e.g., salaries, employee benefits). Management may transfer resources within a major program category. The Board of Directors can, by resolution, transfer appropriations between existing appropriation categories. The Board may also amend the budget after public notice and a public hearing.

Financial management policies adopted by the Board include guidance on resource planning and allocation, accounting and financial practices, revenue, capital improvements, intergovernmental

To the Board of Directors and Residents of
Lane County School District No. 4J

revenue, and debt and investment management. The accounting and financial practices policies provide financial planning guidance regarding reserves. Reserve funds allow a more stable service system by budgeting resources to offset cyclical variations in revenues and expenditures. For the General Fund, the contingency target is 2% of the operating budget and the ending fund balance target is 5% of annual operating revenues.

Long-term financial planning guidance is provided in the resource planning and allocation policies. Following that guidance, the District, each year prepares a comprehensive financial forecast estimating all revenues and expenditures for the following five years. The forecast, published in January 2011 and updated in the spring, is a planning tool that provides the basis for the upcoming year's budget as well as longer-term resource allocation strategies. The result of the spring changes is higher projected annual operating deficits in all forecast years.

In August 2010 the District embarked on a seven-month sustainable budget development process that included many opportunities for public input and stakeholder feedback. The key outcome of the process was board direction to maintain a prudent level of reserves, minimize the use of one-time funds for ongoing expenses, optimize the use of short-term resources to improve student achievement, and increase operational efficiencies while reducing long-term capital needs by 2014-15. In February 2011 the board approved sustainable budget strategies which included staff, services, and supply reductions; increased revenues; school closures; use of reserves; and compensation reductions.

LOCAL SUPPORT

Almost two decades ago, a tax limitation measure limited all educational agencies to a maximum of \$5 property tax revenue per \$1,000 assessed value and shifted the responsibility for the funding of schools from the local community to the State of Oregon. Subsequent property tax limitation measures cut property taxes; imposed a permanent tax rate of \$4.75 per \$1,000 assessed for the District operating levy; prohibited the use of bonded debt to fund equipment and routine capital repairs, and required 50% voter participation for bond approval except on general election dates. Beginning in 1999, the legislature allowed districts to seek approval of local option levies within certain limits. Revenue from these levies is outside the State School Fund Formula. In November 2008, voters approved a measure that limited the 50% voter participation requirement to March and September elections.

Local support for the District continues during these uncertain economic times. The District's voters have approved local funding measures by substantial margins. Since 1992, District voters have approved by substantial margins five general obligation bond levies and three local option levies. In May 2000, voters approved a five-year local option levy to assist with operations with a 63.7% "yes" vote. The levy was renewed for an additional five years in November 2004, and again in November 2008 with a "yes" vote of 63.7%. This renewal levy extends through 2014-15.

In May 2011, voters approved a \$70 million general obligation bond with a 63.2% "yes" vote. Proceeds will be spent for capital systems replacements and improvements, additions and remodels to schools, building improvements and repairs paid from the general fund, technology infrastructure upgrades, and instructional systems support. This bond represents the second phase of a 24 year long-term facilities plan adopted by the board in 2002. The first phase was funded with a \$116

To the Board of Directors and Residents of
Lane County School District No. 4J

million bond which consolidated four elementary schools into two new buildings and replaced two middle schools. It passed with a 67.4% "yes" vote.

AWARDS and ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Lane County School District No. 4J for its comprehensive annual financial report for the year ended June 30, 2010. This was the 24th consecutive year that the District has received this prestigious award. In order to be awarded a Certificate of Achievement, the District published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.


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

In addition to the recognition for the annual report, the District received GFOA's Distinguished Budget Presentation Award for its 2011 Budget Document. The District has received this award every year since 1992-93. This award recognizes that the District has published a document that meets program criteria as a policy document, operations guide, financial plan, and communications device.

We believe these awards are representative of the District's continuing efforts to achieve excellence in the performance of public service and financial reporting.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire financial services department staff. We appreciate and thank all the staff who assisted and contributed to the preparation of this report. Credit must also be given to the School Board and Budget Committee for their interest and support in maintaining the highest standards of professionalism in the management of Lane County School District 4J's finances.

Sincerely,


Dr. Sheldon Berman
Superintendent


Dr. Simone Sangster
Chief Financial Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to
Lane County School District 4J
Oregon

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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




Linda C. Danson
President

Jeffrey R. Enen
Executive Director

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
LISTING OF PRINCIPAL OFFICIALS
YEAR ENDED JUNE 30, 2011

BOARD OF DIRECTORS

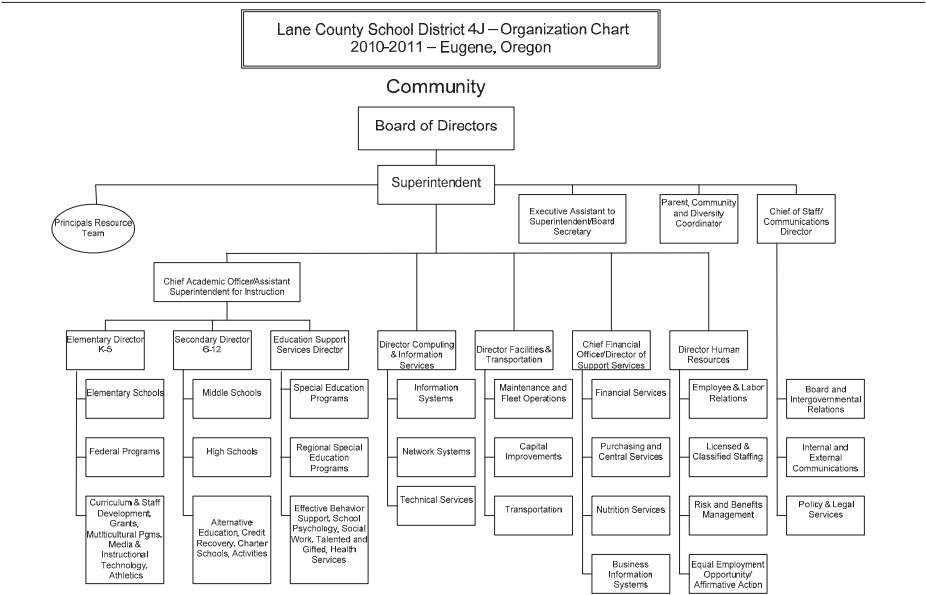
	<u>Term Expires</u>
Craig Smith, Chair 2611 Suncrest Avenue Eugene, Oregon 97405	June 30, 2011
Alicia Hays, Vice Chair 274 Regal Court Eugene, Oregon 97401	June 30, 2011
Jennifer Geller 2069 Olive Street Eugene, Oregon 97405	June 30, 2013
Beth Gerot 1270 River Road Eugene, Oregon 97404	June 30, 2013
Anne Marie Levis 32543 Mt. Baldy Lane Eugene, Oregon 97405	June 30, 2013
Jim Torrey 3393 Arlington Avenue Eugene, Oregon 97408	June 30, 2011
Mary Walston 245 Sunnyside Drive Eugene, Oregon 97404	June 30, 2011

ADMINISTRATION

Administration Office 200 North Monroe Street Eugene, Oregon 97402	Superintendent and Clerk Deputy Clerk Deputy Clerk Deputy Clerk
George Russell Barbara Bellamy Susan Fahey Carl Hermanns	

LEGAL COUNSEL

Luvaas Cobb, P.C.





Financial Section

Financial Section 4

INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

School Board
Lane County School District No. 4J
Lane County, Oregon
Eugene, Oregon

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lane County School District No. 4J, Lane County, Oregon (the District) as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund and the federal, state and local programs fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.


In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2011, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

As described in the notes to the financial statements, during the year ended June 30, 2011, the District adopted the provisions of Governmental Accounting Standards Board Statement (GASBS) No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and GASBS No. 61, *The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34*.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A) (pages 3 through 11), and the schedule of funding progress for other postemployment benefits (page 50) 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 MD&A and schedule of funding progress for other postemployment benefits in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lane County School District No. 4J's financial statements as a whole. The introductory section, other supplementary information and statistical sections, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole. The introductory and statistical sections and other financial schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

By: 
Charles A. Swank, A Shareholder
December 27, 2011

LANE COUNTY SCHOOL DISTRICT 4J
Management's Discussion and Analysis
June 30, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Lane County School District 4J (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our Transmittal Letter, which can be found on pages i-v of this report. This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements.

Financial Highlights

- In the government-wide statements, the assets of the District exceeded its liabilities at June 30, 2011 by \$65.3 million (net assets). Of this amount, \$23.7 million represents the District's investment in capital assets net of related debt and \$41.6 million is unrestricted and available to meet the District's ongoing obligations.
- The District's total net assets decreased by \$7.5 million for the fiscal year, a 10.3% decrease from the prior year.
- In the government-wide statements, the total cost of all the District's programs was \$191.9 million for the fiscal year, a decrease of \$3.4 million from the prior year.
- The District's governmental funds combined ending fund balance of \$36.5 million represents a decrease of \$12.0 million from the prior year. Approximately \$1.0 million is unassigned and available to meet the obligations of the District. The remaining fund balances are either nonspendable, restricted, or committed: \$6.8 million to maintain the General Fund minimum fund balance, \$10.5 million for debt service, \$7.2 million for capital equipment, \$6.9 million for use on capital projects, and the balance of \$4.1 million for other purposes.
- At the end of the fiscal year, the total General Fund balance of \$8.0 million was 5.8% of the General Fund revenues. The fund balance decreased by \$4.1 million due to the planned drawdown of reserves to support District operations as part of a short-term budget reduction strategy.

Overview of the Financial Statements

This Management's Discussion and Analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

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

Statement of Net Assets. The *statement of net assets* presents information on all of the assets and liabilities of the District as of the date on the statement. Net assets are those remaining after the liabilities have been paid off 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.

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

In the government-wide financial statements, the District's activities are shown in one category as *governmental activities*. All of the District's basic functions are shown here, such as regular and special education instruction, administration, transportation, child nutrition services, and facilities operations and maintenance. These activities are primarily financed through property taxes, Oregon's State School Fund, and other intergovernmental revenues.

The government-wide financial statements can be found on pages 12 and 13 of this report.

Fund Financial Statements

The *fund financial statements* provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and proprietary funds. To be considered a major fund, the fund must meet two criteria. Assets, liabilities, revenue, or expenses must be at least 10% of all governmental funds and at least 5% of all governmental funds plus any enterprise funds.

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

Since the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances are reconciled to the government-wide Statement of Net Assets and Activities.

The District maintains seven individual governmental funds, five of which are considered major funds. 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, the Debt Service Fund, the Capital Projects Fund, the Capital Equipment Fund, and the Federal, State and Local Programs Fund, all of which are considered to be major funds. Data from the other two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided as Supplemental Information. One fund that was previously classified as a nonmajor governmental fund has been reclassified as a proprietary fund type. Additionally, the District adopts an annual appropriated budget for all funds as required by Oregon budget law. Budgetary comparison statements/schedules have been provided to demonstrate compliance elsewhere in this report.

The basic governmental fund financial statements can be found on pages 14-17 of the report.

Proprietary funds. The District maintains one proprietary fund type, which is *internal service funds*. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses its internal service funds to account for risk management insurance and other postemployment retirement benefits. Since these services benefit governmental, rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

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

The basic proprietary fund financial statements can be found on pages 20-22 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23-49 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain *Required Supplementary Information* including budget to actual presentations for required major funds.

Government-wide Financial Analysis

Statement of Net Assets. As noted earlier, net assets may serve as a useful indicator of a government's financial position over time. In the case of the District, assets exceeded liabilities by \$65.3 million at June 30, 2011.

The change from 2010 reflects a \$7.7 million decrease in cash and other assets as the District drew down reserves to support operations and to complete District replacement and/or renovation projects. Capital assets, which consist of the District's land, buildings, building improvements, site improvements, construction in progress, vehicles, and equipment, represent 54.3% of total assets. Capital asset activity reflected capitalization of completed building improvements and other capital assets of \$5.2 million offset by depreciation and disposals for a net effect of a \$4.9 million decrease from 2010.

The District's largest liability (87.4%) is for the repayment of long-term debt (general obligation bonds, limited pension bonds, net OPEB obligations, and capital leases). Additional liabilities, representing 12.6% of the District's total liabilities, consist of payables on accounts, salaries and benefits, interest charges, and unearned revenue.

A large portion of the District's net assets (36.4%) reflects its investment in capital assets (land, construction in progress, buildings and improvements, vehicles and equipment net of accumulated depreciation) less any related debts used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students and other District residents; consequently these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources (generally, property taxes), since the capital assets themselves cannot be used to liquidate these liabilities. The remaining net assets are unrestricted and available for use according to the Board's goals and objectives.

Condensed Statement of Net Assets (in thousands)			
	Governmental Activities		Total Change
	June 30, 2011	June 30, 2010	2010 to 2011
Cash and other assets	\$ 73,287	\$ 80,966	\$ (7,679)
Property taxes receivable	5,529	5,724	(195)
Pension assets	41,339	43,770	(2,431)
Capital assets	143,036	147,912	(4,876)
Total assets	263,191	278,372	(15,181)
Accrued and other liabilities	24,865	21,910	2,955
Long-term debt	173,021	183,630 ⁽¹⁾	(10,609)
Total liabilities	197,886	205,540	(7,654)
Net assets:			
Invested in capital assets, net of related debt	23,742	20,444	3,298
Restricted	-	1,045	(1,045)
Unrestricted	41,563	51,343 ⁽¹⁾	(9,780)
Total net assets	\$ 65,305	\$ 72,832 ⁽¹⁾	\$ (7,527)

⁽¹⁾ As restated

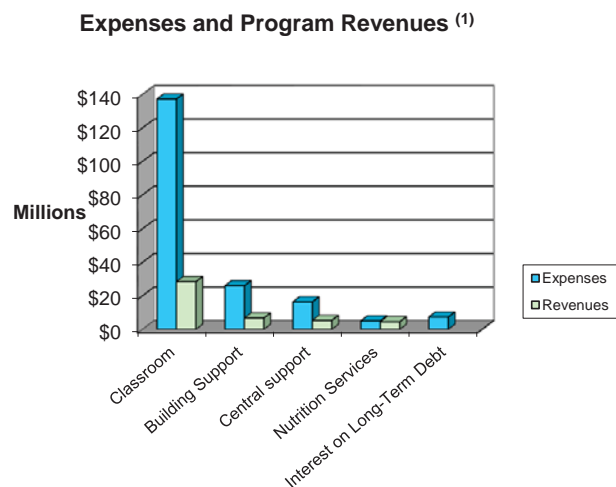
Governmental Activities. During the 2010-11 fiscal year, the District's net assets decreased by about \$7.5 million as opposed to a decrease of \$2.9 million in 2009-10. The key elements in this change are the following:

- Program revenues decreased by \$2.8 million mainly due to a decrease in operating grants and contributions.
- General revenues decreased by \$4.9 million due in part to lower property tax revenue and reductions from federal and local revenue.
- Classroom services expenses decreased \$3.5 million due in part to reductions in staffing as a result of an increased student to staff ratio, furlough days, and declining enrollment.

- Interest earnings on investments decreased by \$0.1 million due to lower earnings rates and reserve levels.
- Interest on long-term debt decreased \$0.4 million as the District principal on debt service declined.

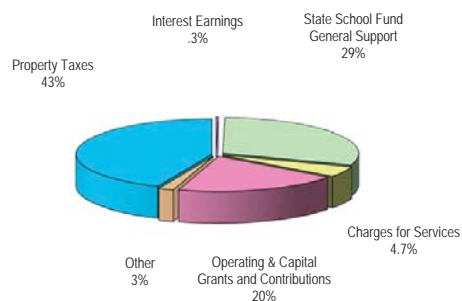
Changes in Net Assets (in thousands)			
	Governmental Activities		Total Change
	Year Ended June 30		
	2011	2010	2010 to 2011
Revenues:			
Program revenues:			
Charges for services	\$ 8,856	\$ 8,935	\$ (79)
Operating grants and contributions	35,474	38,031	(2,557)
Capital grants and contributions	486	657	(171)
Program revenues total:	44,816	47,623	(2,807)
General revenues:			
Property taxes	80,181	83,267	(3,086)
State school fund - general support	55,599	55,264	335
Other federal and local sources	3,282	5,338	(2,056)
Earnings on investments	481	621	(140)
General revenues total:	139,543	144,490	(4,947)
Total revenues	184,359	192,113	(7,754)
Expenses:			
Classroom services	137,227	140,730	(3,503)
Building support services	25,925	25,179	746
Central support services	16,437	16,638 ⁽¹⁾	(201)
Nutrition services	5,009	5,091	(82)
Interest on long-term debt	7,288	7,680	(392)
Total expenses	191,886	195,318	(3,432)
Change in net assets	(7,527)	(3,205)	(4,322)
Net assets - beginning	72,832	76,037 ⁽¹⁾	(3,205)
Net assets - ending	\$ 65,305	\$ 72,832 ⁽¹⁾	\$ (7,527)

⁽¹⁾ As restated



(1) The majority of District revenue is from property taxes and State School Funding which are not presented here.

Revenues by Source - Governmental Activities



Financial Analysis of the District's Funds

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

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

To further enhance this analysis, the District implemented GASB Statement No. 54 for the fiscal year ended June 30, 2011. GASB Statement No. 54 requires an analysis and breakdown of ending fund balance for governmental fund types among five new fund balance categories. For more information on the details behind each fund balance category see note F on pages 27 and 28 of this report.

At June 30, 2011, the District's governmental funds reported *combined ending fund balances* of \$36.5 million, a decrease of \$12.0 million in comparison with the prior year. Approximately \$35.5 million (97.4%) of the ending fund balances constitutes *nonspendable, restricted or committed ending fund balance*, which is constrained to specific purposes, and \$1.0 million (2.6%) of the ending fund balances are unassigned to meet the District's ongoing obligations. Information relative to the major governmental funds is as follows:

General Fund. The General Fund is the chief operating fund of the District. As of June 30, 2011, the nonspendable fund balance is approximately \$0.2 million, consisting of inventories. Committed fund balance is \$6.8 million to maintain minimum fund balance in accordance with Board policy and unassigned fund balance is \$1.0 million. As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund revenues. At the end of the fiscal year, the General Fund balance was 5.8% of total General Fund revenues. The fund balance decreased by \$4.1 million due to planned drawdown of reserves to support District operations as part of a short-term budget reduction strategy.

Debt Service Fund. The Debt Service Fund has a total fund balance of \$10.5 million which is approximately a decrease of \$0.8 million from 2010, all of which is restricted for the payment of debt service.

Federal, State, and Local Programs Fund. The Federal, State, and Local Programs Fund's assets and liabilities are equal as revenue was either accrued or deferred based on eligible grant expenditures.

Capital Projects Fund. The Capital Projects Fund has a fund balance of \$6.9 million which is a \$5.5 million decrease from 2010. Capital expenditures reflect costs incurred as part of the Long Range Facilities Plan. All of the Capital Projects Fund balance is committed for capital improvements and repairs.

Capital Equipment Fund. The Capital Equipment Fund has a fund balance of \$7.2 million which is a \$1.5 million decrease from 2010. All of the Capital Equipment fund is committed for replacement and purchase of capital equipment and building remodeling.

Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets includes land, buildings and improvements, site improvements, vehicles and equipment, and construction in progress. As of June 30, 2011, the District had over \$143.0 million invested in capital assets, net of depreciation, as shown in the following table:

Capital Assets (Net of Depreciation) (in thousands)			
	June 30, 2011	June 30, 2010	Total Change 2010 to 2011
Land	\$ 1,621	\$ 1,621	\$ -
Buildings & Improvements	134,177	138,765	(4,588)
Vehicles & Equipment	6,041	5,902	139
Construction in Progress	1,197	1,624	(427)
Total	<u>\$ 143,036</u>	<u>\$ 147,912</u>	<u>\$ (4,876)</u>

During the year, the District's investment in capital assets decreased because depreciation exceeded current year additions. Additional information on the District's capital assets can be found in note E on pages 36-37 of this report.

Long-term debt. At the end of the current fiscal year, the District had total bonded debt outstanding of \$173.0 million consisting of general obligation and limited pension bond debt, including unamortized premiums, early termination benefits, net OPEB obligations, and capital leases.

The District maintains an underlying "Aa3" rating from Moody's for general obligation debt. State statutes limit the amount of general obligation debt a governmental entity may issue to 7.95% of its total assessed valuation. The current debt limitation for the District is \$1.5 billion, which is significantly in excess of the District's outstanding general obligation debt.

Additional information on the District's long-term debt can be found in note H, on pages 39-42 of this report.

Economic Factors and Next Year's Budget

Resources supporting District General Fund operations primarily reflect local and state revenues, with additional income representing federal, county, and other sources. The largest segment, which includes state funding and local property taxes, is determined by the State School Fund formula. The majority of funding provided by the State to the District is based on the District's average daily membership of students. Total student enrollment in 2010-11 declined from 2009-10. Downward enrollment trends are projected to continue in future years, following declines in elementary enrollment.

State School Fund Grant revenue accounted for 31.9% of the District's total governmental fund revenue and 42.5% of the District's General Fund revenue for the year ended June 30, 2011. Resources calculated into the State School Funding formula, including federal stimulus support, amounted to 66.8% of total governmental fund revenues and 88.9% of General Fund revenues. Federal stimulus funding distributed through the American Recovery and Reinvestment Act (ARRA) ended in 2010-2011 with a small amount of carryover for 2011-12.

The 2011-12 proposed budget was developed as the national and state continued their struggle to emerge from the Great Recession. Oregon's recovery from recessions typically lags the nation, and the slow national turnaround is expected to be similar in Oregon. The 2011-12 budget was based on a K-

12 State funding level of \$5.7 billion, which is about 9% lower than the legislatively approved 2007-09 K-12 funding level. To address a projected 2011-12 operating deficit of over \$21 million, the District board conducted a seven-month sustainable budget process during the 2010-11 fiscal year. As a result, the proposed budget contained budget strategies which included staff, services, and supply reductions; increased revenue; the closure of four schools; use of reserves; and compensation reductions for all employee groups.

On June 22, 2011, the board adopted the budget for the District for fiscal year 2011-12. The adopted budget for the General Fund for the year ending June 30, 2012 is \$134.6 million, 5.2% below the 2010-11 adopted budget of \$142.0 million. The 2010-11 and 2009-10 budgets were down 1.3% and 9.2% from the prior year, respectively.

The School Board has set policy that states that the District will target 2% of its annual operating budget as contingency and 5% of annual operating revenues as ending fund balance. The 2011-12 adopted budget included a 2% operating contingency and a projected ending fund balance (including underspending) of 4%.

The District's Budget Committee and School Board considered all of these factors in the preparation of the District's budget for the 2011-12 fiscal year.

Requests for Information

This financial report is designed to present the user (citizens, taxpayers, investors, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Mary Nickelson-Hill, CPA, Financial Operations and Reporting Manager, at 200 North Monroe, Eugene, Oregon 97402.

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
STATEMENT OF NET ASSETS - GOVERNMENTAL ACTIVITIES
JUNE 30, 2011

BASIC FINANCIAL STATEMENTS

ASSETS		
Cash and investments	\$	66,608,066
Receivables:		
Property taxes		5,529,082
Accounts and other receivables		6,344,496
Inventories		334,898
Prepaid PERS unfunded actuarial liability		41,338,663
Capital assets not being depreciated		
Land and construction in progress		2,817,824
Capital assets, net of accumulated depreciation		
Athletic field improvements		4,200,523
Buildings and improvements		129,976,855
Machinery and equipment		1,634,783
Vehicles		4,405,945
TOTAL ASSETS		263,191,135
LIABILITIES		
Accounts payable		4,227,805
Accrued payroll and related charges		12,082,028
Accrued interest		2,460,764
Unearned revenue		6,094,356
Long-term debt		
Due within one year		12,927,957
Due in more than one year		160,092,755
TOTAL LIABILITIES		197,885,665
NET ASSETS		
Invested in capital assets, net of related debt		23,742,183
Unrestricted		41,563,287
TOTAL NET ASSETS	\$	65,305,470

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

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES
YEAR ENDED JUNE 30, 2011

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
GOVERNMENTAL ACTIVITIES					
Direct classroom services					
Regular instruction	\$ 68,213,481	\$ 163,097	\$ 6,199,063	\$ -	\$ (61,851,321)
Special programs	31,049,610	295,336	10,953,630	-	(19,800,644)
Total direct classroom services	99,263,091	458,433	17,152,693	-	(81,651,965)
Classroom support services					
Extra-curricular activities	6,865,932	475,901	4,866,026	-	(1,524,005)
Student support	10,061,735	-	1,318,802	-	(8,742,933)
Libraries, curriculum and staff development	7,383,178	-	3,459,470	-	(3,923,708)
School administration	12,519,186	-	15,569	-	(12,503,617)
Community services	1,133,431	-	617,273	-	(516,158)
Total classroom support services	37,963,462	475,901	10,277,140	-	(27,210,421)
Building support services					
Facilities operation and maintenance	14,355,067	1,051,850	23,644	26,869	(13,252,704)
Student transportation	6,554,478	167,365	4,674,092	458,917	(1,254,104)
Computing and information services	4,573,349	242,077	51,845	-	(4,279,427)
Warehouse and purchasing	442,440	-	-	-	(442,440)
Total building support services	25,925,334	1,461,292	4,749,581	485,786	(19,228,675)
Central support services					
Executive administration	875,254	-	-	-	(875,254)
Financial services	1,524,798	-	-	-	(1,524,798)
Human resources/employee insurance benefits	6,847,567	5,284,580	-	-	(1,562,987)
District retirement	6,682,136	-	-	-	(6,682,136)
Communications and intergovernmental relations	507,099	-	-	-	(507,099)
Total central support services	16,436,854	5,284,580	-	-	(11,152,274)
Nutrition services	5,009,082	1,176,124	3,294,144	-	(538,814)
Interest on long-term liabilities	7,288,427	-	-	-	(7,288,427)
Total school district	<u>\$ 191,886,250</u>	<u>\$ 8,856,330</u>	<u>\$ 35,473,558</u>	<u>\$ 485,786</u>	(147,070,576)
General revenues:					
Property taxes levied for:					
General purposes					
Debt service					
Federal aid not restricted to specific purposes					
State aid not restricted to specific purposes					
Earnings on investments					
Other local revenue					
Total general revenues					
Change in net assets					
Net assets - beginning					
Net assets - ending					

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

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	General Fund	Debt Service Fund	Capital Projects Fund
ASSETS			
Equity in pooled cash and investments	\$ 19,669,439	\$ -	\$ 7,693,745
Cash and investments	-	10,392,715	-
Receivables			
Property taxes	4,561,467	967,615	-
Accounts and other receivables	2,021,800	11,774	59,565
Due from other funds	2,007,270	34,598	-
Inventories	226,905	-	-
Total Assets	\$ 28,486,881	\$ 11,406,702	\$ 7,753,310
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts and interest payable	\$ 2,869,849	\$ -	\$ 810,391
Accrued payroll and related charges	10,546,007	-	-
Due to other funds	110,829	-	-
Deferred revenue	4,189,455	881,976	-
Unearned revenue	2,783,511	-	-
Total Liabilities	20,499,651	881,976	810,391
Fund balances			
Nonspendable for:			
Inventory	226,905	-	-
Restricted for:			
Debt service	-	10,524,726	-
Committed for:			
Capital projects	-	-	6,942,919
Capital equipment	-	-	-
Nutrition services	-	-	-
Student body	-	-	-
Minimum fund balance	6,794,000	-	-
Unassigned	966,325	-	-
Total Fund Balances	7,987,230	10,524,726	6,942,919
Total Liabilities and Fund Balances	\$ 28,486,881	\$ 11,406,702	\$ 7,753,310

Projects Capital Equipment Fund	Special Revenue Fund Federal, State and Local Programs Fund	Other Governmental Funds	Total Governmental Funds
\$ 7,324,245	\$ -	\$ -	\$ 34,687,429
-	-	3,684,988	14,077,703
-	-	-	5,529,082
344	3,845,275	240,780	6,179,538
-	-	76,231	2,118,099
-	-	107,993	334,898
\$ 7,324,589	\$ 3,845,275	\$ 4,109,992	\$ 62,926,749
\$ 111,188	\$ 193,950	\$ 242,427	\$ 4,227,805
-	-	-	10,546,007
-	2,007,270	-	2,118,099
-	-	-	5,071,431
-	1,644,055	-	4,427,566
111,188	3,845,275	242,427	26,390,908
-	-	107,993	334,898
-	-	-	10,524,726
-	-	-	6,942,919
7,213,401	-	-	7,213,401
-	-	74,584	74,584
-	-	3,684,988	3,684,988
-	-	-	6,794,000
-	-	-	966,325
7,213,401	-	3,867,565	36,535,841
\$ 7,324,589	\$ 3,845,275	\$ 4,109,992	\$ 62,926,749

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

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
STATEMENT OF NET ASSETS
JUNE 30, 2011

Total Governmental Fund Balances (page 14)	\$ 36,535,841
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$292,537,928 and the accumulated depreciation is \$149,501,998.	143,035,930
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Pension assets are not financial resources in governmental funds, but are reported in the Statement of Net Assets.	41,338,663
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The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Assets.	12,789,944
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Property tax revenue is recognized in the net assets of governmental activities when the taxes are levied, however in the governmental fund statements it is recognized when available to be used for current year operations. Taxes not collected within 60 days of the end of the year are not considered available to pay for current year operations and therefore not reported as revenue in the governmental funds.	5,071,431
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Interest on long-term debt is accrued and reported as a liability in the Statement of Net Assets while in the governmental funds it is recorded as an expenditure when due.	(2,460,764)
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Vested compensated absences are reported when earned as a liability in the Statement of Net Assets while in the governmental funds only the unpaid balance of reimbursable unused leave is reported as a liability.	(860,424)
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Long-term liabilities not payable in the current period are not reported as liabilities in the governmental funds. These liabilities at year end consist of:

Limited pension obligation bonds	\$ 51,765,000	
Bonds payable	114,804,886	
Capital leases payable	3,575,265	
Total long-term liabilities		(170,145,151)

Total Net Assets (page 12)	<u>\$ 65,305,470</u>
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The accompanying notes are an integral part of the financial statements.

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

	General Fund	Debt Service Fund	Capital Capital Projects Fund	Projects Capital Equipment Fund	Special Revenue Fund Federal, State and Local Programs Fund	Other Governmental Funds	Totals
REVENUES							
Local sources	\$ 69,248,362	\$ 18,388,928	\$ 663,774	\$ 36,985	\$ 3,032,454	\$ 6,243,580	\$ 97,614,083
Intermediate sources	261,882	-	-	-	-	-	261,882
State sources	61,328,223	-	2,046	458,917	1,800,665	65,347	63,655,198
Federal sources	7,175,493	-	-	-	11,781,111	3,185,458	22,142,062
Total Revenues	138,013,960	18,388,928	665,820	495,902	16,614,230	9,494,385	183,673,225
EXPENDITURES							
Current							
Instruction	85,933,321	-	-	1,553,861	10,403,009	4,940,926	102,831,117
Supporting services	54,713,267	-	1,634,132	389,363	5,524,837	58,130	62,319,729
Community services	467,108	-	-	-	573,864	4,822,750	5,863,722
Facilities acquisition and construction	-	-	-	-	47,017	-	47,017
Debt service							
Principal	60,782	11,005,000	-	670,680	-	45,266	11,781,728
Interest	3,112	8,183,927	-	113,464	-	5,126	8,305,629
Capital outlay	-	-	3,983,370	1,314,471	65,503	-	5,363,344
Total Expenditures	141,177,590	19,188,927	5,617,502	4,041,839	16,614,230	9,872,198	196,512,286
REVENUES OVER (UNDER) EXPENDITURES	(3,163,630)	(799,999)	(4,951,682)	(3,545,937)	-	(377,813)	(12,839,061)
OTHER FINANCING SOURCES (USES)							
Transfers in	1,874,060	-	-	1,986,520	-	258,368	4,118,948
Transfers out	(2,848,284)	-	(500,000)	(1,045,300)	-	-	(4,393,584)
Capital leases	-	-	-	1,128,750	-	-	1,128,750
Sale of capital assets	-	-	-	17,500	-	-	17,500
Total Other Financing Sources (Uses)	(974,224)	-	(500,000)	2,087,470	-	258,368	871,614
NET CHANGE IN FUND BALANCES	(4,137,854)	(799,999)	(5,451,682)	(1,458,467)	-	(119,445)	(11,967,447)
FUND BALANCES, Beginning of year	12,125,084	11,324,725	12,394,601	8,671,868	-	3,987,010 ⁽¹⁾	48,503,288
FUND BALANCES, End of year	\$ 7,987,230	\$ 10,524,726	\$ 6,942,919	\$ 7,213,401	\$ -	\$ 3,867,565	\$ 36,535,841

⁽¹⁾ As restated

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

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

Net change in fund balances - total governmental funds (page 16) \$ (11,967,447)

Amounts reported for governmental activities in the Statement of Activities (page 13) are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimate useful lives and reported as depreciation expense. This is the amount by which current year's depreciation (\$10,228,094) exceeded capitalized expenditures (\$5,363,344). (4,864,750)

In the Statement of Activities, the gain or loss on sale or disposition of capital assets is reported. However, in the governmental funds the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of capital assets that are sold or disposed. (11,086)

Long-term debt proceeds are reported as other financing sources in governmental funds, thereby increasing fund balances. In the Statement of Net Assets, however, issuing long-term debt increases liabilities and has no effect on net assets. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Assets.

Capital lease proceeds	\$ (1,128,750)	
Debt principal repaid	<u>11,781,728</u>	
Total long-term liabilities		10,652,978

In the governmental funds, interest on long-term debt is recorded as interest expense when due, whereas in the Statement of Activities it is accrued. 224,203

Amortization of pension assets increases expense in the Statement of Activities but does not require the use of current financial resources and therefore does not affect the fund balance in the governmental funds. (2,431,686)

Amortization of bond issuance premiums reduce interest expense in the Statement of Activities but does not require the use of current financial resources and therefore does not affect the fund balance in the governmental funds. 792,998

Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the Statement of Activities property taxes are recognized as revenue when levied. (249,961)

Vested compensated absences are accrued when earned in the Statement of Activities while in the governmental funds they are recorded when paid. This year, the amount paid of \$894,287 exceeded the amount earned of \$860,424. 33,863

The change in net assets of the internal service funds are not included in the governmental funds but are reported in the Statement of Activities. 294,807

Change in net assets of governmental activities (page 13) \$ (7,526,081)

FUND FINANCIAL STATEMENTS

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND – This fund accounts for the financial operations of the District that are not accounted for in any other fund. Principal sources of revenue are state school funding and property taxes. Primary expenditures are salaries for educational and support staff.

This fund accounts for all general operating revenues and expenditures by the District.

FEDERAL, STATE AND LOCAL PROGRAMS FUND – This fund accounts for resources and expenditures from federal, state and local grant programs.

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

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Variance with Final Budget	Actual		GAAP Basis
				Budget Basis	Adjustments	
REVENUES						
Local sources	\$ 70,149,000	\$ 70,320,060	\$ (1,071,698)	\$ 69,248,362	\$ -	\$ 69,248,362
Intermediate sources	130,000	130,000	131,882	261,882	-	261,882
State sources	60,862,000	61,731,467	(403,244)	61,328,223	-	61,328,223
Federal sources	4,038,000	4,038,000	3,137,493	7,175,493	-	7,175,493
Total Revenues	135,179,000	136,219,527	1,794,433	138,013,960	-	138,013,960
EXPENDITURES						
Current						
Instruction	84,593,506	86,848,199	850,984	85,997,215	(63,894)	85,933,321
Supporting services	55,873,752	55,552,877	839,610	54,713,267	-	54,713,267
Community services	215,748	564,508	97,400	467,108	-	467,108
Facilities acquisition and construction	1,000	1,000	1,000	-	-	-
Operating contingency	3,413,000	1,826,900	1,826,900	-	-	-
Debt service	1,000	1,000	1,000	-	63,894	63,894
Total Expenditures	144,098,006	144,794,484	3,616,894	141,177,590	-	141,177,590
REVENUES OVER (UNDER)						
EXPENDITURES	(8,919,006)	(8,574,957)	5,411,327	(3,163,630)	-	(3,163,630)
OTHER FINANCING SOURCES (USES)						
Transfers in	901,760	2,138,060	(264,000)	1,874,060	-	1,874,060
Transfers out	(1,291,254)	(2,871,603)	23,319	(2,848,284)	-	(2,848,284)
Total Other Financing Sources (Uses)	(389,494)	(733,543)	(240,681)	(974,224)	-	(974,224)
NET CHANGE IN FUND BALANCE	(9,308,500)	(9,308,500)	5,170,646	(4,137,854)	-	(4,137,854)
FUND BALANCE, Beginning of year	13,221,000	13,221,000	(1,095,916)	12,125,084	-	12,125,084
FUND BALANCE, End of year	\$ 3,912,500	\$ 3,912,500	\$ 4,074,730	\$ 7,987,230	\$ -	\$ 7,987,230

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

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - FEDERAL, STATE AND LOCAL PROGRAMS FUND
YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Variance with Final Budget	Actual		GAAP Basis
				Budget Basis	Adjustments	
REVENUES						
Local sources	\$ 3,881,001	\$ 4,056,026	\$ (1,023,572)	\$ 3,032,454	\$ -	\$ 3,032,454
State sources	1,473,840	1,508,448	292,217	1,800,665	-	1,800,665
Federal sources	13,846,301	14,176,233	(2,395,122)	11,781,111	-	11,781,111
Total Revenues	19,201,142	19,740,707	(3,126,477)	16,614,230	-	16,614,230
EXPENDITURES						
Current						
Instruction	12,813,412	12,990,070	2,579,761	10,410,309	(7,300)	10,403,009
Supporting services	5,643,348	5,861,973	337,136	5,524,837	-	5,524,837
Community services	690,624	732,030	99,963	632,067	(58,203)	573,864
Facilities acquisition and construction	53,758	156,634	109,617	47,017	-	47,017
Capital outlay	-	-	-	-	65,503	65,503
Total Expenditures	19,201,142	19,740,707	3,126,477	16,614,230	-	16,614,230
REVENUES OVER (UNDER)						
EXPENDITURES	-	-	-	-	-	-
FUND BALANCE, Beginning of year	-	-	-	-	-	-
FUND BALANCE, End of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
STATEMENT OF NET ASSETS - GOVERNMENTAL ACTIVITIES
PROPRIETARY FUNDS - INTERNAL SERVICE FUNDS
JUNE 30, 2011

FUND FINANCIAL STATEMENTS

PROPRIETARY FUNDS

INTERNAL SERVICE FUNDS - Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

ASSETS

Current assets:	
Equity in pooled cash and investments	\$ 17,842,934
Accounts and other receivables	<u>164,958</u>
Total Assets	<u>18,007,892</u>

LIABILITIES

Current liabilities:	
Accrued payroll and related charges	675,597
Unearned revenue	1,666,790
Long-term liabilities:	
Due in more than one year	<u>2,875,561</u>
Total Liabilities	<u>5,217,948</u>

NET ASSETS

Unrestricted	<u>12,789,944</u>
Total Net Assets	<u>\$ 12,789,944</u>

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

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS -
GOVERNMENTAL ACTIVITIES
PROPRIETARY FUNDS - INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2011

OPERATING REVENUES	
Interfund charges for services	\$ 36,036,076
Other reimbursements	<u>20,394</u>
Total Operating Revenues	36,056,470
OPERATING EXPENSES	<u>36,073,071</u>
OPERATING LOSS	(16,601)
NONOPERATING REVENUES	
Interest income	<u>36,772</u>
INCOME BEFORE TRANSFERS	20,171
TRANSFERS	
Transfers in	632,946
Transfers out	<u>(358,310)</u>
Total Transfers	<u>274,636</u>
CHANGE IN NET ASSETS	294,807
TOTAL NET ASSETS, Beginning of year	<u>12,495,137 ⁽¹⁾</u>
TOTAL NET ASSETS, End of year	<u><u>\$ 12,789,944</u></u>

⁽¹⁾ As restated

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

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
STATEMENT OF CASH FLOWS - GOVERNMENTAL ACTIVITIES
PROPRIETARY FUNDS - INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2011

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 20,394
Receipts from interfund services provided	36,089,061
Payments to suppliers	(31,342,725)
Payments to employees	(596,635)
Payments to retirees	<u>(3,414,242)</u>
Net Cash Provided (Used) by Operating Activities	755,853
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers in from other funds	632,946
Transfers out to other funds	<u>(358,310)</u>
Net Cash Provided (Used) by Noncapital Financing Activities	274,636
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>36,772</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,067,261
CASH AND CASH EQUIVALENTS, Beginning of year	<u>16,775,673 ⁽¹⁾</u>
CASH AND CASH EQUIVALENTS, End of year	<u><u>\$ 17,842,934</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating loss	\$ (16,601)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Increase in accounts and other receivables	(146,810)
Decrease in accrued payroll and related charges	(116,739)
Increase in accrued postemployment benefits payable	836,208
Increase in unearned revenue	<u>199,795</u>
Total adjustments	<u>772,454</u>
Net cash used by operating activities	<u><u>\$ 755,853</u></u>

⁽¹⁾ As restated

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

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Lane County School District No. 4J (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting financial reporting principles. The District's significant accounting policies are described below.

A. Reporting Entity

Lane County School District No. 4J is a municipal corporation governed by an elected seven-member Board of Directors. Administrative officials are approved by the Board. The daily operation of the District is under the supervision of the Superintendent. As required by generally accepted accounting principles, all activities of the District have been included in these financial statements.

The District has granted charters to three public charter schools, Ridgeline Montessori Public Charter School, The Village School, and Network Charter School. These public charter schools are legally separate, tax-exempt organizations governed by their own board of directors, and their financial statements may be obtained from their administrative offices.

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

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the District. For the most part, eliminations have been made from the government-wide financial statements to minimize the double-counting of internal activities. For example, indirect expense allocations charged to individual funds have been eliminated in the statement of activities. Interfund services provided and used are not eliminated in the process of consolidation.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Depreciation expense for capital assets that can specifically be identified with a function are included in its direct expenses. Depreciation expense for "shared" capital assets (for example, a school building is used primarily for instruction, school administration, operation and maintenance of facilities, and school lunch services) are ratably included in the direct expenses of the appropriate functions. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include 1) charges for goods and services provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental funds and the proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus

NOTES TO THE FINANCIAL STATEMENTS

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Property taxes, interest revenue and charges for services associated with the current fiscal period are all considered to be susceptible to accrual.

The District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District except for those required to be accounted for in other funds.

The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt and pension debt of governmental funds.

The *Capital Projects Fund* accounts for resources accumulated and payments made for the acquisition and improvement of sites, construction and remodel of facilities.

The *Capital Equipment Fund* accounts for funds reserved for use in replacement and purchase of capital equipment and remodeling.

The *Federal, State and Local Programs Fund* accounts for resources acquired and payments made for federal, state and local grants.

Additionally, the District reports the following fund type:

Internal Service Funds (Proprietary Funds) account for the insurance services and postemployment benefits provided to the other funds of the District.

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

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's internal service funds are charges to other funds for insurance and postemployment retirement benefits. Operating expenses for the internal service funds include insurance premiums, salaries and benefits, supplies, materials, administrative expenses, and postemployment benefits. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reporting amounts of certain assets, liabilities, revenues and expenses as of, and for the year ended, June 30, 2011. Actual results may differ from such estimates.

E. Assets and Liabilities

1. Cash and Investments

Oregon Revised Statutes and District policy authorize school districts to invest in obligations of the U.S. Treasury, agencies and instrumentalities of the United States, commercial paper, banker's acceptances guaranteed by a qualified financial institution, repurchase agreements, interest-bearing bonds of any city, county, port, or school district in Oregon (subject to specific standards), and the state local government investment pool, among others.

Investments are carried at amortized cost, which approximates fair value. During the year, the District's investments have included obligations of the U.S. Treasury, its agencies and instrumentalities, deposits in financial institutions, and the State Treasurer's investment pool, all of which are authorized by Oregon law. For purposes of the statement of cash flows, the balance of equity in pooled cash and investments is considered to be cash or a cash equivalent (investments purchased with an original maturity of three months or less).

The District is required by Oregon law to insure its deposits with financial institutions through federal depository insurance funds coverage or participation in institution collateral pools that insure public deposits.

The State Treasurer of the State of Oregon maintains the Oregon Short-term Fund, of which the Local Government Investment Pool (LGIP) is part. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon Statutes, the investment funds are invested as a prudent investor would do, exercising reasonable care, skill and caution. The Oregon Short-term Fund is the LGIP for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of Federal arbitrage regulations. The investments are regulated by the Oregon Short-term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). At June 30, 2011, the fair value of the position in the Oregon State Treasurer's Short-term Investment Pool was equal to 100.00% of the value of the pool shares. The investment in the Oregon

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Short-term Fund is not subject to risk evaluation. Separate financial statements for the Oregon Short-term Fund are available from the Oregon State Treasurer.

2. Interfund Receivables and Payables and Transfers

The receipt and payment of monies through one central checking account, as well as transfers between funds, result in interfund payables and receivables until cash is transferred from one fund to the other. These amounts represent current assets and liabilities and are reported as due to or due from other funds.

3. Property Taxes Receivable

Ad valorem property taxes are levied on all taxable property as of July 1. Property taxes become a lien on July 1 for personal and real property. Collection dates are November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

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

4. Inventories

School operating supplies, gasoline and diesel, food, cafeteria supplies and grocery scrip are stated at average cost. Commodities received from the United States Department of Agriculture (USDA) are stated at values assigned by the USDA. Inventory items are charged as expenditures at the time of withdrawal from inventory (consumption method). Accordingly, inventories are considered a resource available for expenditure and included in the fund balance of the applicable funds.

5. Pension Assets

The District also reports a PERS asset which represents the District's unamortized balance of the prepaid unfunded actuarial liability at June 30, 2011. The pension asset is equal to payments made from the issuance of pension bonds less accumulated amortization calculated on the straight-line method over the life of the pension obligation bonds.

6. Capital Assets

Capital assets, which include grounds and improvements, buildings, construction in progress, equipment and vehicles are reported in the government-wide financial statements. The District defines capital assets as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets that are purchased or constructed are recorded at historical cost where historical records are available or estimated historical cost where no historical records exist. Donated capital assets are recorded at estimated fair market value at the date of donation.

Maintenance and equipment replacements of a routine nature and repairs that do not add to the value of the asset or materially extend assets lives are charged to expenditures as incurred and not capitalized.

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

Improvements, buildings, equipment and vehicles of the District are depreciated using the straight-line method over the following estimated lives:

Assets	Years
Buildings	60
Portable buildings, building improvements	20
Site improvements	15
Trucks, trailers, miscellaneous vehicles	15
Custodial, grounds equipment	15
School buses, passenger cars, vans and pickups	10
Miscellaneous equipment	10
Computer equipment	5

At the inception of a lease, an expenditure and an other financing source are recognized at the net present value of future minimum lease payments in the governmental fund from which lease payments will be made. Subsequent lease payments are recorded as expenditures in the appropriate governmental fund on the due date.

7. Long-term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Repayments of capital lease obligations are recorded in the Capital Equipment Fund. Payments of postemployment benefit obligations are recorded in the Postemployment Benefits Fund.

F. Governmental Fund Balances

In the year ended June 30, 2011, the District adopted GASB Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions. In the governmental financial statements, fund balances are reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund type fund balances are classified as follows:

Nonspendable – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact. Resources in nonspendable form include inventories, prepaids and deposits, and assets held for resale.

Restricted – Amounts that can be spent only for specific purposes when the constraints placed on the use of these resources are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts that can be used only for specific purposes determined by a formal action of the School Board. The School Board can modify or rescind the commitment at any time through taking a similar formal action.

Assigned – Amounts that are constrained by the District's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent is expressed when the School Board approves which resources should be "reserved" during the adoption of the annual budget. The District's Chief Financial Officer uses that information to determine whether those resources should be classified as assigned or unassigned for presentation in the District's Annual Financial Report.

Unassigned – All amounts not included in other spendable classifications. This residual classification represents fund balance that has not been restricted, committed, or assigned within the General Fund. This classification is also used to report any negative fund balance amounts in other governmental funds.

In governmental funds, the District's plan is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications – committed and then assigned fund balances before using unassigned fund balances.

The Board has approved a policy to commit a portion of the ensuing year's budget as a minimum fund balance in the general fund.

G. Grant Revenue

Unreimbursed grant expenditures due from grantor agencies are reflected in the governmental fund financial statements as receivables and revenues. Cash received from grantor agencies in excess of related grant expenditures is recorded as deferred revenue in the balance sheet. USDA commodity inventory is recorded at the assigned value and is recognized as revenue and expenditures when used.

H. Retirement Plans

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

The District also offers its employees a tax deferred annuity plan established pursuant to Section 403(b) or the Internal Revenue Code.

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Other Postemployment Benefits

The District currently maintains an early retirement program which provides for payments of stipends to qualified employees. In addition, the District employees who elect retirement are entitled to participate in the District's group medical insurance plan as provided by Oregon Revised Statutes.

J. Compensated Absences

Compensated absences for vacation pay are reported in the governmental fund types only if they have matured. Accumulated sick pay does not vest and is, therefore, recorded when leave is taken.

K. Risk Management

The District self-insures for fleet physical damage, and fleet liability is insured after the District pays a \$25,000 deductible per occurrence. Both general commercial liability and property damage are insured after the District pays a \$150,000 deductible per occurrence.

The District self-insures for unemployment.

L. Restatement of Early Retirement Stipend Benefits Payable

The early retirement stipend benefits payable, previously reported under GASB Statement No. 45, are restated under GASB Statement No. 27 as a result of a new actuarial valuation dated July 1, 2010. This results in a decrease of stipend benefits payable at June 30, 2010 of \$1,726,592.

M. Restatement of Beginning Fund Balances

The District has restated its June 30, 2010 fund balances. The following discloses the restatement of fund balance as of the beginning of the fiscal year.

	Other Governmental Funds	Internal Services Funds
Fund balances, July 1, 2010, as previously reported	\$ 9,263,768	\$ 9,257,732
Restatement	(5,276,758)	5,276,758
Fund balances, July 1, 2010, as restated	<u>\$ 3,987,010</u>	<u>\$ 14,534,490</u>

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Reclassification of Beginning Fund Balances

As a result of the implementation of GASB Statement No. 54 the District has reclassified the July 1, 2010 fund balances to reflect the retrospective classification of fund balances to the categories introduced by the Statement. The following discloses the reclassification of fund balances as of the beginning of the fiscal year:

	General Fund	Debt Service Fund	Capital Projects Fund	Capital Equipment Fund	Other Governmental Funds	Total
Fund balance at July 1, 2010, as previously reported:						
Reserved for:						
Debt Service	\$ -	\$ 11,324,725	\$ -	\$ -	\$ -	\$ 11,324,725
Capital Projects	-	-	1,426,517	-	-	1,426,517
Unreserved, reported in:						
General Fund	12,125,084	-	-	-	-	12,125,084
Capital projects fund	-	-	10,968,084	-	-	10,968,084
Special revenue funds	-	-	-	8,671,868	3,987,010	12,658,878
Total Fund Balances	<u>\$ 12,125,084</u>	<u>\$ 11,324,725</u>	<u>\$ 12,394,601</u>	<u>\$ 8,671,868</u>	<u>\$ 3,987,010</u>	<u>\$ 48,503,288</u>
Fund balance at July 1, 2010, as reclassified:						
Nonspendable	\$ 184,411	\$ -	\$ -	\$ -	\$ 84,059	\$ 268,470
Restricted	-	11,324,725	1,426,517	-	-	12,751,242
Committed	6,901,000	-	10,968,084	8,671,868	3,902,951	30,443,903
Unassigned	<u>5,039,673</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,039,673</u>
Total Fund Balances	<u>\$ 12,125,084</u>	<u>\$ 11,324,725</u>	<u>\$ 12,394,601</u>	<u>\$ 8,671,868</u>	<u>\$ 3,987,010</u>	<u>\$ 48,503,288</u>

O. Subsequent Events

The date to which events occurring after June 30, 2011, the date of the most recent statement of net assets, have been evaluated for possible adjustment to the financial statements or disclosure is December 27, 2011, which is the date on which the financial statements were available.

The District is involved in various claims and legal matters relating to its operations which have all been tended to, and are either being adjusted by the District's liability carrier, or are being defended by attorneys retained by the District or the District's liability carrier. The status of these matters is uncertain at this time. Any potential loss is also uncertain.

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2011

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgeting and Appropriations

A budget is prepared annually for the governmental and proprietary funds in accordance with legal requirements set forth under Oregon Local Budget Law. All funds are budgeted on the modified accrual basis of accounting.

Expenditures are controlled by appropriations adopted by resolution of the Board of Directors. The legal level of appropriations is at the major program category level (Instruction, Supporting Services, Community Services, Facilities Acquisition and Construction, Debt Service and Operating Contingency) and lapses at the end of each fiscal year. The Board of Directors can, by resolution, transfer appropriations between existing appropriation categories and increase appropriations to allow expenditure of unexpected revenues during the year. Management can transfer appropriations within a major program category. During the year ended June 30, 2011, additional appropriations totaling \$2,276,827 were made to allow expenditure of unexpected revenues. Final budget amounts include the original budget and approved increases and transfers.

B. Budgetary Basis Accounting

The District accounts for certain transactions on a budgetary basis which differs from GAAP basis. A description of the principal differences between the budgetary basis and GAAP in recording and reporting transactions follows:

USDA Commodity Inventory	USDA commodity inventory is recorded at cost when received and the assigned value is recognized as revenue and expenditures when used.	Revenue is recognized for the difference in cost and assigned value when commodities are received.
Properties acquired by long-term financing such as from capital leases or installment contracts	Only the current year's payment is recorded as a capital outlay expenditure of the fund in which payments are budgeted.	The net present value of the total stream of payments is recorded in the fund from which payments will be made as an expenditure in the year of acquisition with a corresponding offset to other financing sources. Subsequent payments on the obligations are recorded as debt service expenditures.
Classification of expenditures by character	The character of expenditures (current expenditures, capital outlay, debt service) is reported at the object level. Budgets and appropriations are made for each major function.	Expenditures are classified and reported by character (current expenditures, capital outlay and debt service) within the financial statements.
Insurance recoveries	Insurance proceeds are recorded as other revenue from local sources.	Insurance proceeds are recorded as other financing sources.

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2011

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The District maintains a cash and investment pool that is available for use by all funds, except the Student Body Fund. Each fund's portion of this pool is displayed on the governmental balance sheet as "equity in pooled cash and investments." The deposits and investments of the Student Body Fund are held separately from those of other District funds and are displayed as "cash and investments." Cash and investments are comprised of the following at June 30, 2011:

	Carrying Amount	
Deposits	\$ 36,122,815	
Investments	30,485,251	
	<u>\$ 66,608,066</u>	
Equity in Pooled Cash and Investments-Governmental Funds, Balance Sheet	\$ 34,687,429	
Cash and Investments-Governmental Funds, Balance Sheet	14,077,703	
Equity in Pooled Cash and Investments-Internal Service Fund, Statement of Net Assets	17,842,934	
	<u>\$ 66,608,066</u>	

	Carrying Amount	Bank Balance
Deposits		
Pooled demand deposits	\$ 29,605,737	\$ 29,922,321
Capital projects fund demand deposits	2,519	2,519
Special revenue funds demand and savings deposits	3,684,988	3,904,806
Debt service	2,829,571	2,824,375
Total Deposits	<u>\$ 36,122,815</u>	<u>\$ 36,654,021</u>

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to the District. The District's deposits with financial institutions are insured up to \$250,000 per institution by the Federal Deposit Insurance Corporation (FDIC). To provide additional security required and authorized by Oregon Revised Statutes (ORS), Chapter 295, deposits above insurance limits are covered by collateral held in a multiple financial institution collateral pool administered by the Oregon State Treasurer. At year-end, bank balances of \$1,026,395 were insured by FDIC. Funds not covered by FDIC insurance are covered by the Oregon State Treasury Collateral Pool. At year-end, the District's net carrying amount of deposits was \$36,122,815 and the bank balance was \$36,654,021.

Investments

As of June 30, 2011, the District held the following investments and maturities:

	Carrying Amount	Weighted Average Maturity in Years	% of Investment Portfolio
Local Government Investment Pool	<u>\$ 30,485,251</u>	0.003	100.00%

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2011

III. DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash and Investments (continued)

With the exception of pass-through funds, the maximum amount of pool investments to be placed in the Local Government Investment Pool is limited by Oregon Statute, which increases semi-annually proportionately to the Portland Consumer Price Index. The limit was \$43,889,508 at June 30, 2011. The limit can be temporarily exceeded for ten business days and does not apply to either pass-through funds or to funds invested on behalf of another governmental unit.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District minimizes custodial credit risk by limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business. All of the investments, except for the investment in the Local Government Investment Pool which is not evidenced by securities, are held in safekeeping by the financial institution counterparty in the financial institution's general customer account name. As of June 30, 2011 the District had not finalized a policy addressing custodial credit risk.

Credit Risk

State of Oregon statutes restrict the types of investments in which the District may invest. Authorized investments include obligations of the United States Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, time certificates of deposit, certain commercial paper, and the State of Oregon Treasurer's Local Government Investment Pool. While the District was in compliance with the aforementioned State of Oregon statutes a formal policy addressing credit risk had not been finalized as of June 30, 2011.

The Local Government Investment Pool is not rated for credit risk.

Interest Rate Risk

The District minimizes interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by structuring the investment portfolio so that securities mature to meet the cash requirement for ongoing operations, thereby avoiding the need to sell securities in the open market, and investing operating funds primarily in shorter-term securities, liquid asset funds, money market funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements. As of June 30, 2011 the District had not finalized a policy addressing interest rate risk.

Concentration of Credit Risk

The District minimizes concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. As of June 30, 2011 the District had not finalized a policy addressing concentration of credit risk. Total District investments with a single institution are limited to 1% of that institution's total assets and specific investment types shall not exceed the percentages of the total investment portfolio as indicated below:

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2011

III. DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash and Investments (continued)

<u>Investment Type</u>	<u>Maximum % of Portfolio</u>	<u>% of Portfolio</u>
U.S. Treasury Bills, Notes, Bonds	100%	0%
Federal Agency Bonds and Discount Notes	75%	0%
State of Oregon Local Government Investment Pool	100%	100%
Repurchase Agreements		
5 day maximum	25%	0%
30 day maximum	25%	0%
Bank Liabilities, including Banker's Acceptances and Certificates of Deposit	25%	0%
Commercial Paper	35%	0%

Foreign Currency Risk

The District is not authorized to purchase investments which have this type of risk.

B. Accounts and Other Receivables

Accounts and other receivables consist primarily of claims for reimbursement of costs under various federal and state grant programs and interest on investments.

C. Interfund Receivables, Payables and Transfers

The composition of due to/due from balances as of June 30, 2011 is as follows:

	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>
General Fund	\$ 110,829	\$ 2,007,270
Debt Service Fund	-	34,598
Federal, State and Local Programs Fund	2,007,270	-
Other Governmental Funds	-	76,231
Total	<u>\$ 2,118,099</u>	<u>\$ 2,118,099</u>

Interfund receivables and payables arise during normal processing of receipts and disbursements for all funds through a single checking account and do not represent interfund loans.

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2011

III. DETAILED NOTES ON ALL FUNDS (Continued)

C. Interfund Receivables, Payables and Transfers (continued)

The interfund transfers during the year ended June 30, 2011 are as follows:

	<u>Transfer in</u>	<u>Transfer out</u>
General Fund	\$ 1,874,060	\$ 2,848,284
Capital Projects Fund	-	500,000
Capital Equipment Fund	1,986,520	1,045,300
Other Governmental Funds	258,368	-
Internal Service Funds	<u>632,946</u>	<u>358,310</u>
Total	<u>\$ 4,751,894</u>	<u>\$ 4,751,894</u>

Transfers from the General Fund are for Capital Equipment Fund purchases of equipment, support of the Nutrition Services operations, and risk management operations. Transfers from the Capital Projects Fund are to support general operations. Transfers from the Capital Equipment Fund are to general operations. Transfers from the Internal Service Fund are from employee group insurance reserves for on-going compensation increases for classified staff.

D. Inventories

Inventory balances at June 30, 2011 are as follows:

General Fund	
Instructional supplies and materials	\$ 145,569
Gasoline and diesel	<u>81,336</u>
Total General Fund	<u>226,905</u>
Other Governmental Funds	
Nutrition Services	
Value of commodities on hand from the U.S. Department of Agriculture	106,406
Student Body - Grocery scrip	<u>1,587</u>
Total Other Governmental Funds	<u>107,993</u>
Total Inventories	<u>\$ 334,898</u>

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2011

III. DETAILED NOTES ON ALL FUNDS (Continued)

E. Capital Assets

At June 30, 1985, all District-owned assets were inventoried by the District and were restated at estimated historical cost (the assets restated were primarily real estate and equipment purchased prior to April 30, 1958). Assets purchased after June 30, 1985 are recorded at cost. The District's capitalization level is \$5,000.

Included in capital assets are assets leased under capital lease agreements. The principal amount outstanding on these lease agreements as of June 30, 2011 is \$3,528,428.

Capital asset activity for the year ended June 30, 2011 was as follows:

	<i>Balance June 30, 2010</i>	<i>Increases</i>	<i>Decreases</i>	<i>Balance June 30, 2011</i>
Capital assets not being depreciated:				
Land	\$ 1,621,220	\$ -	\$ -	\$ 1,621,220
Construction in progress	1,624,297	1,196,604	(1,624,297)	1,196,604
<i>Total capital assets not being depreciated</i>	<u>3,245,517</u>	<u>1,196,604</u>	<u>(1,624,297)</u>	<u>2,817,824</u>
Capital assets being depreciated:				
Athletic field improvements	10,304,241	340,909	-	10,645,150
Buildings and improvements	256,706,722	4,070,154	-	260,776,876
Equipment	7,393,994	201,522	(141,846)	7,453,670
Vehicles	10,091,473	1,178,451	(425,516)	10,844,408
<i>Total capital assets being depreciated</i>	<u>284,496,430</u>	<u>5,791,036</u>	<u>(567,362)</u>	<u>289,720,104</u>
Accumulated depreciation for:				
Athletic field improvements	(5,746,311)	(698,316)	-	(6,444,627)
Buildings and improvements	(122,499,870)	(8,300,150)	-	(130,800,020)
Equipment	(5,418,330)	(531,317)	130,760	(5,818,887)
Vehicles	(6,165,669)	(698,311)	425,516	(6,438,464)
<i>Total accumulated depreciation</i>	<u>(139,830,180)</u>	<u>(10,228,094)</u>	<u>556,276</u>	<u>(149,501,998)</u>
<i>Total capital assets being depreciated, net</i>	<u>144,666,250</u>	<u>(4,437,058)</u>	<u>(11,086)</u>	<u>140,218,106</u>
<i>Governmental activities capital assets, net</i>	<u>\$ 147,911,767</u>	<u>\$ (3,240,454)</u>	<u>\$ (1,635,383)</u>	<u>\$ 143,035,930</u>

This schedule presents only the capital asset balances related to governmental funds.

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2011

III. DETAILED NOTES ON ALL FUNDS (Continued)

E. Capital Assets (Continued)

Depreciation expense was charged to functions of the governmental activities of the District as follows:

Direct classroom services	
Regular instruction	\$ 5,027,527
Special programs	<u>1,187,032</u>
<i>Total direct classroom services</i>	<u>6,214,559</u>
Classroom support services	
Extra-curricular activities	173,601
Student support	622,450
Libraries, curriculum and staff development	304,073
School administration	923,361
Community services	<u>108,605</u>
<i>Total classroom support services</i>	<u>2,132,090</u>
Building support services	
Facilities operation and maintenance	333,440
Student transportation	612,942
Computing and information services	227,385
Warehouse and purchasing	<u>63,589</u>
<i>Total building support services</i>	<u>1,237,356</u>
Central support services	
Executive administration	31,987
Financial services	100,705
Human resources/employee insurance benefits	92,155
Communications and intergovernmental relations	<u>18,604</u>
<i>Total central support services</i>	<u>243,451</u>
Nutrition services	<u>400,638</u>
<i>Total depreciation expense, governmental activities</i>	<u>\$ 10,228,094</u>

Construction Commitments

The District has active construction projects as of June 30, 2011. As of the end of the fiscal year, the District's commitments with contractors include costs to date of \$1,196,604 and expected costs to complete of \$63,863.

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2011

III. DETAILED NOTES ON ALL FUNDS (Continued)

F. Capital Leases

The District has entered into lease agreements as lessee for financing the acquisition of buses for student transportation and computer equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The leased buses total \$5,816,996, with accumulated depreciation of \$2,325,861 and a net book value of \$3,491,135 as of June 30, 2011. The leased computers, totaling \$126,452, are individually below the District's capitalization level and therefore are expensed rather than depreciated.

Obligations of the District's governmental activities under capital leases at June 30, 2011, were as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 817,958	\$ 114,313	\$ 932,271
2013	783,528	93,102	876,630
2014	645,381	66,096	711,477
2015	550,402	45,071	595,473
2016	448,595	27,925	476,520
2017	168,337	14,228	182,565
2018	104,137	7,137	111,274
2019	56,927	2,590	59,517
Total lease payments	<u>\$ 3,575,265</u>	<u>\$ 370,462</u>	<u>\$ 3,945,727</u>

G. Deferred and Unearned Revenue

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Deferred Revenue</u>	<u>Unearned Revenue</u>
Delinquent property taxes receivable, General Fund	\$ 4,189,455	\$ -
Delinquent property taxes receivable, Debt Service Fund	881,976	-
Grant drawdowns prior to meeting all eligibility requirements	-	1,644,055
Other unearned revenue, General Fund	-	2,783,511
Total deferred/unearned revenue for governmental funds	<u>\$ 5,071,431</u>	<u>\$ 4,427,566</u>

The Statement of Net Assets reports unearned revenue of \$4,427,566 reported in the governmental funds, and \$1,666,790 reported in the proprietary funds for a total of \$6,094,356.

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2011

III. DETAILED NOTES ON ALL FUNDS (Continued)

H. Long-term Debt

The following is a summary of long-term debt transactions of governmental activities during the year ended June 30, 2011:

	<u>Principal Issued</u>	<u>Balance June 30, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2011</u>	<u>Amounts Due in One Year</u>
General obligation bonds:						
2008 Series Refunding	\$ 47,295,000	\$ 46,740,000	\$ -	\$ (1,340,000)	\$ 45,400,000	\$ 1,785,000
2005 Series	46,000,000	43,795,000	-	(1,085,000)	42,710,000	1,270,000
2003 Series Refunding	17,630,000	10,060,000	-	(2,095,000)	7,965,000	2,180,000
2002 Series	70,000,000	9,800,000	-	(3,160,000)	6,640,000	3,265,000
2002 Series Refunding	21,035,000	11,300,000	-	(2,680,000)	8,620,000	2,785,000
Total G.O. bonds	201,960,000	121,695,000	-	(10,360,000)	111,335,000	11,285,000
2004 Pension bonds	53,435,000	52,410,000	-	(645,000)	51,765,000	825,000
Total bonds	255,395,000	174,105,000	-	(11,005,000)	163,100,000	12,110,000
Issuance premiums:						
2008 Series Refunding	-	3,239,740	-	(551,942)	2,687,798	-
2005 Series	-	656,053	-	(66,443)	589,610	-
2003 Series Refunding	-	32,801	-	(10,408)	22,393	-
2002 Series	-	176,533	-	(97,245)	79,288	-
2002 Series Refunding	-	157,757	-	(66,960)	90,797	-
Total issuance premiums	-	4,262,884	-	(792,998)	3,469,886	-
Total bonds payable	255,395,000	178,367,884	-	(11,797,998)	166,569,886	12,110,000
Early termination stipend benefits	-	- ⁽¹⁾	828,304	(753,196)	75,108	-
Net OPEB obligation	-	2,039,353	4,779,734	(4,018,634)	2,800,453	-
Capital lease obligations	3,950,996	3,223,243	1,128,750	(776,728)	3,575,265	817,957
Total	<u>\$ 259,345,996</u>	<u>\$ 183,630,480</u>	<u>\$ 6,736,788</u>	<u>\$ (17,346,556)</u>	<u>\$ 173,020,712</u>	<u>\$ 12,927,957</u>

⁽¹⁾ As restated

The general obligation bonds will be paid from general property tax revenues from the Debt Service Fund. The repayment of the pension bonds will be funded by a reduction in the Oregon Public Employees Retirement System (OPERS) rate charged against covered District payroll as a result of paying off a portion of the unfunded actuarial liability. The early termination stipend benefits and the net OPEB obligation will be paid from revenues in the Postemployment Benefits Fund generated by charges to other funds. The capital lease obligations for computers and computer related equipment will be paid from the General Fund, Student Body Fund and Capital Equipment Fund. The capital lease obligations for transportation equipment will be paid from the state transportation grant from the Capital Equipment Fund.

General obligation bonds have been issued for capital projects. Pension bonds have been issued to reduce the rate charged the District for OPERS. Capital leases have been issued to finance equipment.

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2011

III. DETAILED NOTES ON ALL FUNDS (Continued)

H. Long-term Debt (Continued)

General obligation bonds - 2008 Refunding Series, future payments due in annual installments of \$555,000 to \$11,680,000 plus interest, paid semi-annually at 4.0% to 5.0% through July 1, 2017.	\$ 45,400,000
General obligation bonds - 2005 Series, future payments due in annual installments of \$1,270,000 to \$5,400,000 plus interest, paid semi-annually at 4.0% to 5.0% through February 1, 2025.	42,710,000
General obligation bonds - 2003 Refunding Series, future payments due in annual installments of \$215,000 to \$2,365,000 plus interest, paid semi-annually at 3.75% to 4.5% through January 1, 2019.	7,965,000
General obligation bonds - 2002 Series, future payments due in annual installments of \$3,265,000 to \$3,375,000 plus interest, paid semi-annually at 5.0% through July 1, 2012.	6,640,000
General obligation bonds - 2002 Refunding Series, future payments due in annual installments of \$2,785,000 to \$2,930,000 plus interest, paid semi-annually at 5.0% to 5.25% through July 1, 2013.	8,620,000
Pension obligation bonds - 2004 Series, future payments due in annual installments of \$825,000 to \$6,220,000 plus interest, paid semi-annually at 4.588% to 5.528% through June 30, 2028.	51,765,000
Issuance premiums - 2008 Refunding bond, amortized semi-annually through July 1, 2017.	2,687,798
Issuance premiums - 2005 Series bond, amortized semi-annually through February 1, 2025.	589,610
Issuance premiums - 2003 Refunding bond, amortized semi-annually through January 1, 2019.	22,393
Issuance premiums - 2002 Series bond, amortized semi-annually through July 1, 2012.	79,288
Issuance premiums - 2002 Refunding bond, amortized semi-annually through July 1, 2013.	90,797
Stipend benefits for participants in the District's postemployment benefit program.	75,108
Net other postemployment benefit (OPEB) obligation.	2,800,453
Capital lease obligations - total of minimum lease payments for all capital leases, through July 15, 2018.	3,575,265
Total	\$ 173,020,712

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2011

III. DETAILED NOTES ON ALL FUNDS (Continued)

H. Long-term Debt (Continued)

Total debt service expenditures (excluding postemployment benefits) for the year ended June 30, 2011 consist of the following:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Debt Service Fund			
General obligation refunding bonds - 2008	\$ 1,340,000	\$ 2,098,850	\$ 3,438,850
General obligation serial bonds - 2005	1,085,000	1,966,338	3,051,338
General obligation refunding bonds - 2003	2,095,000	394,981	2,489,981
General obligation serial bonds - 2002	3,160,000	411,000	3,571,000
General obligation refunding bonds - 2002	<u>2,680,000</u>	<u>494,587</u>	<u>3,174,587</u>
Subtotal	10,360,000	5,365,756	15,725,756
Pension obligation serial bonds - 2004	<u>645,000</u>	<u>2,818,171</u>	<u>3,463,171</u>
Total Debt Service Fund	11,005,000	8,183,927	19,188,927
General Fund			
Capital lease payments	60,782	3,112	63,894
Student Body Fund			
Capital lease payments	45,266	5,126	50,392
Capital Equipment Fund			
Capital lease payments	<u>670,680</u>	<u>113,464</u>	<u>784,144</u>
Total of All Funds	\$ 11,781,728	\$ 8,305,629	\$ 20,087,357

No interest costs were capitalized during the year.

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2011

III. DETAILED NOTES ON ALL FUNDS (Continued)

H. Long-term Debt (Continued)

Year Ending June 30	Bonds - 2008 Refunding		Bonds - 2005 Series		Bonds - 2004 Pension		Bonds - 2003 Refunding	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 1,785,000	\$ 2,051,975	\$ 1,270,000	\$ 1,912,088	\$ 825,000	\$ 2,789,791	\$2,180,000	\$ 316,419
2013	-	2,025,200	1,470,000	1,848,587	1,015,000	2,751,940	2,265,000	234,669
2014	3,700,000	1,963,087	1,685,000	1,775,088	1,225,000	2,703,494	2,365,000	144,069
2015	7,235,000	1,733,663	1,920,000	1,690,837	1,450,000	2,644,779	215,000	49,469
2016	10,105,000	1,327,975	2,165,000	1,594,838	1,695,000	2,573,396	220,000	40,600
2017	10,895,000	831,850	2,435,000	1,508,237	1,960,000	2,488,256	230,000	31,525
2018	11,680,000	287,050	2,725,000	1,410,838	2,250,000	2,387,845	240,000	21,750
2019	-	-	3,030,000	1,295,025	2,565,000	2,270,328	250,000	11,250
2020	-	-	3,360,000	1,166,250	2,905,000	2,133,793	-	-
2021	-	-	3,715,000	1,019,250	3,275,000	1,977,707	-	-
2022	-	-	4,095,000	852,075	3,680,000	1,800,104	-	-
2023	-	-	4,505,000	667,800	4,110,000	1,598,698	-	-
2024	-	-	4,935,000	465,075	4,580,000	1,371,497	-	-
2025	-	-	5,400,000	243,000	5,085,000	1,118,314	-	-
2026	-	-	-	-	5,630,000	837,216	-	-
2027	-	-	-	-	6,220,000	525,989	-	-
2028	-	-	-	-	3,295,000	182,148	-	-
Total	\$ 45,400,000	\$ 10,220,800	\$ 42,710,000	\$ 17,448,988	\$ 51,765,000	\$ 32,155,295	\$ 7,965,000	\$ 849,751

				Total		
Bonds - 2002 Series		Bonds - 2002 Refunding		Require-ments	Principal	Interest
Principal	Interest	Principal	Interest			
\$ 3,265,000	\$ 250,375	\$ 2,785,000	\$ 368,637	\$ 19,799,285	\$ 12,110,000	\$ 7,689,285
3,375,000	84,375	2,930,000	225,762	18,225,533	11,055,000	7,170,533
-	-	2,905,000	76,256	18,541,994	11,880,000	6,661,994
-	-	-	-	16,938,748	10,820,000	6,118,748
-	-	-	-	19,721,809	14,185,000	5,536,809
-	-	-	-	20,379,868	15,520,000	4,859,868
-	-	-	-	21,002,483	16,895,000	4,107,483
-	-	-	-	9,421,603	5,845,000	3,576,603
-	-	-	-	9,565,043	6,265,000	3,300,043
-	-	-	-	9,986,957	6,990,000	2,996,957
-	-	-	-	10,427,179	7,775,000	2,652,179
-	-	-	-	10,881,498	8,615,000	2,266,498
-	-	-	-	11,351,572	9,515,000	1,836,572
-	-	-	-	11,846,314	10,485,000	1,361,314
-	-	-	-	6,467,216	5,630,000	837,216
-	-	-	-	6,745,989	6,220,000	525,989
-	-	-	-	3,477,148	3,295,000	182,148
\$ 6,640,000	\$ 334,750	\$ 8,620,000	\$ 670,655	\$ 224,780,239	\$ 163,100,000	\$ 61,680,239

Deceased General Obligation Bonds

In prior years, the District defeased general obligation bonds outstanding by placing the proceeds of new bonds in irrevocable trust to provide for all future debt service payments on the old obligations. Accordingly, the trust account assets and the liabilities for the defeased obligations are not included in the District's basic financial statements. At June 30, 2011, \$48,990,000 of general obligation bonds are considered defeased.

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2011

IV. OTHER INFORMATION

A. Pension Plan

Plan Description - The District contributes to two pension plans administered by the Oregon Public Employees Retirement System (PERS). The Oregon Public Employees Retirement fund (OPERF) applies to the District's contribution for qualifying employees who were hired before August 29, 2003, and is a cost sharing multiple-employer defined benefit pension plan. The Oregon Public Service Retirement Plan (OPSRP) is a hybrid successor plan to the OPERF and consists of two programs:

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 go into the Individual Account Program (IAP), the defined contribution portion of the plan. PERS members retain their existing PERS accounts, but any future member contributions are deposited into the member's IAP, not the member's PERS account.

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

Funding Policy - Members of PERS are required to contribute 6.00% of their salary covered under the plan, which is invested in the OPSRP Individual Account Program. The District is required by ORS 238.225 to contribute at an actuarially determined rate for the qualifying employees under the OPERF plan, and a general service rate for the qualifying employees under the OPSRP plan. The OPERF and OPSRP rates the District paid for the year ended June 30, 2011 were 12.55% and 13.23% respectively. The contribution requirements for plan members are established ORS Chapter 238 and may be amended by an act of the Oregon Legislature.

Annual Pension Cost - Current law permits employers to pay employee contributions to the Oregon Public Employees Retirement Fund, which the District has elected to contribute. Total payroll was \$89,608,424 and covered payroll was \$84,493,731 for the year ended June 30, 2011. The amount contributed by the District for the years ended June 30, 2011, 2010 and 2009, which included the District's required amount and the employee's was \$15,757,860, \$15,307,409, and \$20,535,189 which equaled the required contributions for the years.

B. Other Postemployment Benefits

Early Termination - Stipend Benefits

Plan Description - The Board of Directors, through contract negotiations, previously authorized the District to offer early termination benefits as an incentive for employees to retire early. The program covers all licensed and administrative personnel of the District, who must be hired prior to the plan phase out date of July 1, 1998 or July 1, 1996, respectively. To be eligible, retirees must have ten years consecutive employment with the District and meet certain PERS requirements.

Qualifying employees are eligible to receive up to \$450 per month until age 62. Administrative employees retiring before age 58 may also be eligible for a stipend benefit in a reduced, prorated

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2011

IV. OTHER INFORMATION (Continued)

B. Other Postemployment Benefits (Continued)

amount. Payments are made up to a maximum of seven years, but in no event past age 62. This pension-type benefit is required to be valued under GASB Statement No. 27. The District does not issue a stand-alone report for this plan. The activities of the program are reported in the Postemployment Benefits Fund. Additional funds were transferred to the Postemployment Benefits Fund to allow smoothing of General Fund retirement expenditures.

Funding Policy - There is no obligation on the part of the District to fund these benefits in advance. The District provides payments in accordance with current employee contracts primarily on a pay-as-you-go basis.

Contributions - Expenditures are recorded in the internal service fund as the termination benefits are paid. The present value of future termination benefits is recorded in the Statement of Net Assets. At June 30, 2011 the District was providing early termination benefits to 169 employees. During the year ended June 30, 2011 internal service fund expenditures related to termination benefits totaled \$753,196.

Annual Pension Cost and Net Pension Obligation - The District's annual pension cost (expense) is calculated on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance within the parameters of GASB Statement No. 27. The ARC is equal to the Normal Cost (the value of benefits expect to be earned in the year) plus an amortization of the unfunded liability. The amortization period can be as long as 30 years. The following table shows the components of the net pension obligation at the end of the year:

	2011
Annual required contribution	\$ 828,304
Interest on net pension obligation	-
Adjustment to annual required contribution	-
Annual pension cost	828,304
Contributions made	(753,196)
Increase in net pension obligation	75,108
Net pension obligation - beginning of year	-
Net pension obligation - end of year	\$ 75,108
Percentage contributed	90.9%

The District's annual pension cost, the contribution, the percentage of annual pension cost contributed to the plan, and the net pension obligation for 2011 were as follows:

Fiscal Year Ended June 30	Annual Pension Cost	Contribution Made	Percentage Contributed	Net Pension Obligation
2011	\$ 828,304	\$ 753,196	90.9%	\$ 75,108

Actuarial Methods and Assumptions - The projected unit credit actuarial cost method was used to determine contribution levels for the stipend benefits. Contribution levels are comprised of two components: normal cost and amortization payments. Under this method, the expected accrued benefit of each participant at benefit commencement (reflecting future expected increases in salaries and

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2011

IV. OTHER INFORMATION (Continued)

B. Other Postemployment Benefits (Continued)

medical premiums) is allocated in equal proportion over the participant's years of service from hire to expected retirement. The normal cost is the present value of benefits expected to accrue in the current year.

The present value of benefits accrued as of the valuation date is called the accrued liability. The difference between the accrued liability and the actuarial value of plan assets is called the unfunded accrued liability. The unfunded accrued liability is being amortized as a level percentage of payroll, over an open period of 4 years for stipend benefits, over an open period of 6 years for explicit medical and life insurance benefits, and over an open period of 20 years for implicit medical benefits.

In the July 1, 2010 valuation, the projected unit credit actuarial cost method was used. The assumptions included a discount rate of 4.5 percent. They also assume premium increase rate would be 9.0 percent for the current year, grading down to an annual rate of 5.0 percent after 20 years which is consistent with expectations for long-term health care cost inflation. The demographic assumptions, such as mortality rates, disability incidence rates, retirement rates, and withdrawal rates, are the same as those used by Oregon PERS for School Districts.

Funded Status and Funding Progress – As of July 1, 2010, the most recent actuarial valuation date, for the period ended June 30, 2011; the District's actuarial accrued liability for benefits was \$2,924,088, and the actuarial value of assets was \$0 resulting in an unfunded actuarial accrued liability of \$2,924,088. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, present information about the actuarial value of plan assets relative to the actuarial liability for benefits.

Postemployment Medical and Life Insurance

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

The District's postemployment healthcare plan was established in accordance with Oregon Revised Statutes (ORS) 243.303. ORS stipulate that for the purpose of establishing healthcare premiums, the rate must be based on all plan members, including both active employees and retirees.

Plan Description – The District administers a single-employer defined benefit healthcare plan per the requirements of collective bargaining agreements. The plan provides postemployment healthcare insurance for eligible retirees and their spouses through the District's group health insurance plans, which cover both active and retired participants. Benefit provisions are established through negotiations between the District and representatives of collective bargaining units. The District's postemployment medical plan does not issue a publically available financial report.

The District may pay all or a portion of a retiree's medical premium until Medicare eligibility. Retirees may not convert the benefit into an in-lieu payment to secure coverage under independent plans. This explicit benefit is required to be valued under GASB Statement No. 45. In addition to the explicit medical benefits for certain retirees, continued medical coverage is offered to the District's eligible retirees and their spouses and dependents until Medicare eligibility. The active premium rate (whether paid by the

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2011

IV. OTHER INFORMATION (Continued)

B. Other Postemployment Benefits (Continued)

District or by the retiree) still applies. However, in some cases the premium itself does not represent the full cost of covering these retirees (since they are older than the active population, retirees can be expected to generate higher medical claims and therefore higher premiums for the active population). This additional cost is called the implicit subsidy, and is also required to be valued under GASB Statement No. 45. District-paid life insurance benefits are provided to eligible Administrative employees at retirement, until age 65. This benefit is required to be valued under GASB Statement No. 45. At June 30, 2011, there were 405 retirees that were receiving the postemployment healthcare benefit.

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

Funding Policy – There is no obligation on the part of the District to fund these benefits in advance. The District provides payments in accordance with current employee contracts primarily on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost (expense) is calculated on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance within the parameters of GASB Statement No. 45. The ARC is equal to the Normal Cost (the value of benefits expect to be earned in the year) plus an amortization of the unfunded liability. The amortization period can be as long as 30 years. The following table shows the components of the net OPEB obligation at the end of the year:

	2011
Annual required contribution	\$ 4,918,248
Interest on net OPEB obligation	91,770
Adjustment to annual required contribution	(230,284)
Annual OPEB cost	4,779,734
Contributions made	(4,018,634)
Increase in net OPEB obligation	761,100
Net OPEB obligation - beginning of year	2,039,353
Net OPEB obligation - end of year	\$ 2,800,453
Percentage contributed	84.1%

The District's annual OPEB cost, the contribution, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008 - 2011 were as follows:

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2011

IV. OTHER INFORMATION (Continued)

B. Other Postemployment Benefits (Continued)

Fiscal Year Ended June 30	Annual OPEB Cost	Contribution Made	Percentage Contributed	Net OPEB Obligation
2008	\$ 4,584,512	\$ 4,288,068	93.5%	\$ 1,986,578
2009	4,409,452	4,365,357	99.0%	2,039,353
2010 ⁽¹⁾	4,409,452	4,365,357	99.0%	2,039,353
2011	4,779,734	4,018,634	84.1%	2,800,453

⁽¹⁾ District Estimate

Actuarial Methods and Assumptions – The projected unit credit actuarial cost method was used to determine contribution levels for the stipend benefits. Contribution levels are comprised of two components: normal cost and amortization payments. Under this method, the expected accrued benefit of each participant at benefit commencement (reflecting future expected increases in salaries and medical premiums) is allocated in equal proportion over the participant's years of service from hire to expected retirement. The normal cost is the present value of benefits expected to accrue in the current year.

The present value of benefits accrued as of the valuation date is called the accrued liability. The difference between the accrued liability and the actuarial value of plan assets is called the unfunded accrued liability. The unfunded accrued liability is being amortized as a level percentage of payroll, over an open period of 4 years for stipend benefits, over an open period of 6 years for explicit medical and life insurance benefits, and over an open period of 20 years for implicit medical benefits.

In the July 1, 2010 valuation, the projected unit credit actuarial cost method was used. The assumptions included a discount rate of 4.5 percent. They also assume premium increase rate would be 9.0 percent for the current year, grading down to an annual rate of 5.0 percent after 20 years which is consistent with expectations for long-term health care cost inflation. The demographic assumptions, such as mortality rates, disability incidence rates, retirement rates, and withdrawal rates, are the same as those used by Oregon PERS for School Districts.

Funded Status and Funding Progress – As of July 1, 2010, the most recent actuarial valuation date, for the period ended June 30, 2011, the District's actuarial accrued liability for benefits was \$31,414,082, and the actuarial value of assets was \$0 resulting in an unfunded actuarial accrued liability of \$31,414,082. The covered payroll is \$84,493,731. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Retirement Health Insurance Account

Plan Description – As a member of Oregon Public Employees Retirement System (OPERS) the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by the OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance for eligible retirees. A comprehensive annual financial report of the funds administered by the OPERS may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700.

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2011

IV. OTHER INFORMATION (Continued)

B. Other Postemployment Benefits (Continued)

Funding Policy – Participating school districts are contractually required to contribute at a rate assessed each year by the OPERS, currently 0.26% of annual covered OPERF payroll. The OPERS Board of Trustees sets the rates based on the annual required contribution (ARC) of the employers, an account actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an outgoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed 30 years. The District's contributions to RHIA for the years ended June 30, 2011, 2010, and 2009 were \$219,684, \$230,802, and \$232,268, which equaled the required contributions each year.

C. Risk Management

The Insurance Reserve Fund, an internal service fund, reflects the expected liability for unemployment claims and long-term disability claims, as well as current accounts payable for medical and dental, workers' compensation and other insurance premiums.

The District fully insures for its unemployment claims. The liability includes estimates for incurred, but not reported (IBNR) claims. IBNR claims are those that are incurred through the end of the fiscal year, but not reported until after that date.

The District's long-term disability plan is a premium only plan and has covered all claims incurred after September 1996. There are no liabilities for claims, only the current accounts payable for the premiums.

The District's workers' compensation and medical insurance are premium only plans. There are no liabilities for claims, only the current accounts payable for the premiums.

The District self-insures for fleet physical damage, and fleet liability is insured after the District pays a \$25,000 deductible per occurrence. General commercial and fleet liability, as well as property damage, is insured after the District pays a \$150,000 deductible per occurrence.

There have been no reductions in insurance coverage from the prior year and no settlements exceeding insurance coverage for the past three years.

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2011

IV. OTHER INFORMATION (Continued)

C. Risk Management (Continued)

	<u>Unemployment</u>
Liability, June 30, 2009	\$ 288,786
Claims incurred	882,284
Claims paid	(262,531)
Reduction of accrual	<u>(571,625)</u>
Liability, June 30, 2010	336,914
Claims incurred	1,536,388
Claims paid	(283,136)
Reduction of accrual	<u>(1,078,690)</u>
Liability, June 30, 2011	<u>\$ 511,476</u>

Liabilities recorded in the Insurance Reserve Fund at June 30, 2011 are as follows:

Accrued Liabilities	
Unemployment	\$ 511,476
Insurance Premiums Payable	
Deferred medical	1,666,790
Other	<u>164,121</u>
Total	<u>\$ 2,342,387</u>

REQUIRED SUPPLEMENTARY INFORMATION

D. Claims and Litigation

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

Management has represented that there are no contingent liabilities that require disclosure or recognition in accordance with FASB Statement No. 5 and/or GASB Statement No. 10. Such contingent liabilities would include, but would not be confined to: notes or accounts receivable which have been discounted; pending suits; proceedings, hearings, or negotiations possibly involving retroactive adjustments; unsatisfied judgments or claims; taxes in dispute; endorsements or guarantees; and options.

E. New Pronouncements

GASB Statement No. 63 "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" issued June 2011 will be effective for the District beginning with its fiscal year June 30, 2013. The Statement establishes guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position.

The District will implement new GASB pronouncements in the fiscal year no later than the required effective date. Management has not yet determined if the above GASB pronouncement will have a significant financial impact to the District or in issuing its financial statements.

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2011

Other Postemployment Benefit Obligation

Early Termination – Stipend Benefits
The schedule of Funding Progress under GASB Statement No. 27 is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
07/01/10	\$ -	\$ 2,924,088	\$ 2,924,088	0%	TBD	TBD

Medical and Life Insurance Benefits
The schedule of Funding Progress under GASB Statement No. 45 is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
07/01/07	\$ -	\$ 35,828,398	\$ 35,828,398	0%	\$ 88,770,108	40.4%
07/01/10	-	31,414,082	31,414,082	0%	84,493,731	37.2%

COMBINING STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS - These funds account for revenue and expenditures of specific projects and the District's nutrition services program. Included are the following:

Nutrition Services Fund - Accounts for revenue and expenditures of the District's food programs. Principal revenue sources are cash sales of food and subsidies under the National School Lunch Act.

Student Body Fund - Accounts for fund raising and student fees designated for co-curricular activities and projects.

PROPRIETARY FUNDS

INTERNAL SERVICE FUNDS – Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

Insurance Reserve Fund – Accounts for the majority of the District's insurance functions, including employee benefit plans and property and liability insurance. The fund is financed primarily by interfund charges and interest earnings.

Postemployment Benefits Fund – Accounts for receipt and disbursement of postemployment benefits.

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

	Special Revenue Funds		
	Nutrition Services	Student Body	Total
ASSETS			
Cash and investments	\$ -	\$ 3,684,988	\$ 3,684,988
Receivables			
Accounts and other receivables	240,780	-	240,780
Due from other funds	76,231	-	76,231
Inventories	106,406	1,587	107,993
Total Assets	\$ 423,417	\$ 3,686,575	\$ 4,109,992
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 242,427	\$ -	\$ 242,427
Fund balances			
Nonspendable	106,406	1,587	107,993
Committed	74,584	3,684,988	3,759,572
Total Fund Balances	180,990	3,686,575	3,867,565
Total Liabilities and Fund Balances	\$ 423,417	\$ 3,686,575	\$ 4,109,992

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

	Special Revenue Funds		
	Nutrition Services	Student Body	Totals
REVENUES			
Local sources	\$ 1,406,877	\$ 4,836,703	\$ 6,243,580
State sources	65,347	-	65,347
Federal sources	3,185,458	-	3,185,458
Total Revenues	4,657,682	4,836,703	9,494,385
EXPENDITURES			
Current			
Instruction	-	4,940,926	4,940,926
Supporting services	58,130	-	58,130
Community services	4,822,750	-	4,822,750
Debt service			
Principal	-	45,266	45,266
Interest	-	5,126	5,126
Total Expenditures	4,880,880	4,991,318	9,872,198
REVENUES OVER (UNDER) EXPENDITURES	(223,198)	(154,615)	(377,813)
OTHER FINANCING SOURCES			
Transfers in	258,368	-	258,368
NET CHANGE IN FUND BALANCES	35,170	(154,615)	(119,445)
FUND BALANCES, Beginning of year	145,820	3,841,190	3,987,010 ⁽¹⁾
FUND BALANCES, End of year	\$ 180,990	\$ 3,686,575	\$ 3,867,565

⁽¹⁾ As restated

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
COMBINING STATEMENT OF NET ASSETS
ALL INTERNAL SERVICE FUNDS
JUNE 30, 2011

	<i>Insurance Reserve Fund</i>	<i>Postemployment Benefits Fund</i>	<i>Total</i>
ASSETS			
Current assets:			
Equity in pooled cash and investments	\$ 12,566,176	\$ 5,276,758	\$ 17,842,934
Accounts and other receivables	164,958	-	164,958
Total Assets	12,731,134	5,276,758	18,007,892
LIABILITIES			
Current liabilities:			
Accrued payroll and related charges	675,597	-	675,597
Unearned revenue	1,666,790	-	1,666,790
Long term liabilities:			
Due in more than one year	-	2,875,561	2,875,561
Total Liabilities	2,342,387	2,875,561	5,217,948
NET ASSETS			
Unrestricted	10,388,747	2,401,197	12,789,944
Total Net Assets	\$ 10,388,747	\$ 2,401,197	\$ 12,789,944

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
ALL INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2011

	<i>Insurance Reserve Fund</i>	<i>Postemployment Benefits Fund</i>	<i>Totals</i>
OPERATING REVENUES			
Interfund charges for services	\$ 32,621,834	\$ 3,414,242	\$ 36,036,076
Other reimbursements	20,394	-	20,394
Total Operating Revenues	32,642,228	3,414,242	36,056,470
OPERATING EXPENSES	31,822,621	4,250,450	36,073,071
OPERATING INCOME	819,607	(836,208)	(16,601)
NONOPERATING REVENUES			
Interest income	36,772	-	36,772
INCOME BEFORE TRANSFERS	856,379	(836,208)	20,171
TRANSFERS			
Transfers in	632,946	-	632,946
Transfers out	(358,310)	-	(358,310)
Total Transfers	274,636	-	274,636
CHANGE IN NET ASSETS	1,131,015	(836,208)	294,807
TOTAL NET ASSETS, Beginning of year	9,257,732	3,237,405	12,495,137
TOTAL NET ASSETS, End of year	\$ 10,388,747	\$ 2,401,197	\$ 12,789,944

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
COMBINING STATEMENT OF CASH FLOWS
ALL INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2011

	<i>Insurance Reserve Fund</i>	<i>Postemployment Benefits Fund</i>	<i>Totals</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 20,394	\$ -	\$ 20,394
Receipts from interfund services provided	32,674,819	3,414,242	36,089,061
Payments to suppliers	(31,342,725)	-	(31,342,725)
Payments to employees	(596,635)	-	(596,635)
Payments to retirees	-	(3,414,242)	(3,414,242)
<i>Net Cash Provided by Operating Activities</i>	<i>755,853</i>	<i>-</i>	<i>755,853</i>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in from other funds	632,946	-	632,946
Transfers out to other funds	(358,310)	-	(358,310)
<i>Net Cash Provided by Noncapital Financing Activities</i>	<i>274,636</i>	<i>-</i>	<i>274,636</i>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	36,772	-	36,772
<i>Net Increase in Cash and Cash Equivalents</i>	<i>1,067,261</i>	<i>-</i>	<i>1,067,261</i>
CASH AND CASH EQUIVALENTS, Beginning of year	11,498,915	5,276,758	16,775,673
CASH AND CASH EQUIVALENTS, End of year	\$ 12,566,176	\$ 5,276,758	\$ 17,842,934
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 819,607	\$ (836,208)	\$ (16,601)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Increase in accounts and other receivables	(146,810)	-	(146,810)
Decrease in accrued payroll and related charges	(116,739)	-	(116,739)
Increase in accrued postemployment benefits payable	-	836,208	836,208
Increase in unearned revenue	199,795	-	199,795
Total adjustments	(63,754)	836,208	772,454
<i>Net cash provided (used) by operating activities</i>	<i>\$ 755,853</i>	<i>\$ -</i>	<i>\$ 755,853</i>

**SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES
AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL**

MAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUND – The Debt Service Fund is used to account for payment of principal and interest on general obligation and pension bonds.

CAPITAL PROJECTS FUND – This fund is used to account for the acquisition or construction of major capital improvements.

CAPITAL EQUIPMENT FUND – This fund accounts for funds reserved for use in replacement and purchase of capital equipment and remodeling.

NONMAJOR SPECIAL REVENUE FUNDS

Nutrition Services Fund – Accounts for revenue and expenditures of the District's food programs. Principal revenue sources are cash sales of food and subsidies under the National School Lunch Act.

Student Body Fund – Accounts for fund raising and student fees earmarked for co-curricular activities and projects.

PROPRIETARY FUNDS

INTERNAL SERVICE FUNDS – Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

Insurance Reserve Fund – Accounts for the majority of the District's insurance functions, including employee benefit plans and property and liability insurance. The fund is financed primarily by interfund charges and interest earnings.

Postemployment Benefits Fund – Accounts for receipt and disbursement of postemployment benefits.

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2011

	<i>Original and Final Budget</i>	<i>Variance with Final Budget</i>	<i>Budget Basis</i>	<i>Actual Adjustments</i>	<i>GAAP Basis</i>
REVENUES					
Local sources	\$ 18,600,516	\$ (211,588)	\$ 18,388,928	\$ -	\$ 18,388,928
EXPENDITURES					
Debt service	19,188,928	1	19,188,927	-	19,188,927
REVENUES OVER (UNDER)					
EXPENDITURES	(588,412)	(211,587)	(799,999)	-	(799,999)
FUND BALANCE,					
Beginning of year	11,288,664	36,061	11,324,725	-	11,324,725
FUND BALANCE,					
End of year	<u>\$ 10,700,252</u>	<u>\$ (175,526)</u>	<u>\$ 10,524,726</u>	<u>\$ -</u>	<u>\$ 10,524,726</u>

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2011

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Variance with Final Budget</i>	<i>Budget Basis</i>	<i>Actual Adjustments</i>	<i>GAAP Basis</i>
REVENUES						
Local sources	\$ 660,000	\$ 660,000	\$ 3,774	\$ 663,774	\$ -	\$ 663,774
State sources	-	-	2,046	2,046	-	2,046
Total Revenues	660,000	660,000	5,820	665,820	-	665,820
EXPENDITURES						
Current						
Instruction	1,000	1,000	1,000	-	-	-
Supporting services	1,899,535	2,099,535	441,051	1,658,484	(24,352)	1,634,132
Community services	1,000	1,000	1,000	-	-	-
Facilities acquisition and construction	6,108,151	5,742,151	1,783,133	3,959,018	(3,959,018)	-
Capital outlay	-	-	-	-	3,983,370	3,983,370
Total Expenditures	8,009,686	7,843,686	2,226,184	5,617,502	-	5,617,502
REVENUES OVER (UNDER)						
EXPENDITURES	(7,349,686)	(7,183,686)	2,232,004	(4,951,682)	-	(4,951,682)
OTHER FINANCING SOURCES (USES)						
Transfers out	(500,000)	(666,000)	166,000	(500,000)	-	(500,000)
NET CHANGE IN FUND BALANCE	(7,849,686)	(7,849,686)	2,398,004	(5,451,682)	-	(5,451,682)
FUND BALANCE, Beginning of year	10,713,887	10,713,887	1,680,714	12,394,601	-	12,394,601
FUND BALANCE, End of year	<u>\$ 2,864,201</u>	<u>\$ 2,864,201</u>	<u>\$ 4,078,718</u>	<u>\$ 6,942,919</u>	<u>\$ -</u>	<u>\$ 6,942,919</u>

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - CAPITAL EQUIPMENT FUND
YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Variance with Final Budget	Actual		GAAP Basis
				Budget Basis	Adjustments	
REVENUES						
Local sources	\$ 10,000	\$ 10,000	\$ 26,985	\$ 36,985	\$ -	\$ 36,985
State sources	468,000	468,000	(9,083)	458,917	-	458,917
Total Revenues	478,000	478,000	17,902	495,902	-	495,902
EXPENDITURES						
Current						
Instruction	4,233,879	3,505,501	1,806,309	1,699,192	(145,331)	1,553,861
Supporting services	3,316,292	3,316,292	2,758,709	557,583	(168,220)	389,363
Community services	1,000	1,000	1,000	-	-	-
Debt service						
Principal	816,099	816,099	279,096	537,003	133,677	670,680
Interest	112,731	112,731	10,920	101,811	11,653	113,464
Operating contingency	1,660,170	1,343,248	1,343,248	-	-	-
Capital outlay	-	-	-	-	1,314,471	1,314,471
Total Expenditures	10,140,171	9,094,871	6,199,282	2,895,589	1,146,250	4,041,839
REVENUES OVER (UNDER)						
EXPENDITURES	(9,662,171)	(8,616,871)	6,217,184	(2,399,687)	(1,146,250)	(3,545,937)
OTHER FINANCING SOURCES (USES)						
Transfers in	481,171	481,171	1,505,349	1,986,520	-	1,986,520
Transfers out	(72,000)	(1,117,300)	72,000	(1,045,300)	-	(1,045,300)
Capital leases	-	-	-	-	1,128,750	1,128,750
Sale of capital assets	-	-	-	-	17,500	17,500
Total Other Financing Sources	409,171	(636,129)	1,577,349	941,220	1,146,250	2,087,470
NET CHANGE IN FUND BALANCE	(9,253,000)	(9,253,000)	7,794,533	(1,458,467)	-	(1,458,467)
FUND BALANCE, Beginning of year	9,253,000	9,253,000	(581,132)	8,671,868	-	8,671,868
FUND BALANCE, End of year	\$ -	\$ -	\$ 7,213,401	\$ 7,213,401	\$ -	\$ 7,213,401

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - SPECIAL REVENUE FUNDS (NUTRITION SERVICES)
YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Variance with Final Budget	Actual		GAAP Basis
				Budget Basis	Adjustments	
REVENUES						
Local sources	\$ 1,792,931	\$ 1,792,931	\$ (386,054)	\$ 1,406,877	\$ -	\$ 1,406,877
State sources	57,937	57,937	7,410	65,347	-	65,347
Federal sources	3,412,498	3,412,498	(262,210)	3,150,288	35,170	3,185,458
Total Revenues	5,263,366	5,263,366	(640,854)	4,622,512	35,170	4,657,682
EXPENDITURES						
Current						
Supporting services	63,983	78,983	20,853	58,130	-	58,130
Community services	5,329,466	5,314,466	491,716	4,822,750	-	4,822,750
Operating contingency	132,000	132,000	132,000	-	-	-
Total Expenditures	5,525,449	5,525,449	644,569	4,880,880	-	4,880,880
REVENUES OVER (UNDER)						
EXPENDITURES	(262,083)	(262,083)	3,715	(258,368)	35,170	(223,198)
OTHER FINANCING SOURCES						
Transfers in	262,083	262,083	3,715	258,368	-	258,368
NET CHANGE IN FUND BALANCE	-	-	-	-	35,170	35,170
FUND BALANCE, Beginning of year	67,446	67,446	7,138	74,584	71,236	145,820
FUND BALANCE, End of year	\$ 67,446	\$ 67,446	\$ 7,138	\$ 74,584	\$ 106,406	\$ 180,990

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - SPECIAL REVENUE FUNDS (STUDENT BODY)
YEAR ENDED JUNE 30, 2011

	Original and Final Budget	Variance with Final Budget	Actual		GAAP Basis
			Budget Basis	Adjustments	
REVENUES					
Local sources	\$ 5,700,000	\$ (863,297)	\$ 4,836,703	\$ -	\$ 4,836,703
EXPENDITURES					
Current					
Instruction	6,520,000	1,528,682	4,991,318	(50,392)	4,940,926
Debt service					
Principal	-	-	-	45,266	45,266
Interest	-	-	-	5,126	5,126
Operating contingency	500,000	500,000	-	-	-
Total Expenditures	7,020,000	2,028,682	4,991,318	-	4,991,318
REVENUES OVER (UNDER) EXPENDITURES	(1,320,000)	1,165,385	(154,615)	-	(154,615)
FUND BALANCE, Beginning of year	3,800,000	41,190	3,841,190	-	3,841,190
FUND BALANCE, End of year	\$ 2,480,000	\$ 1,206,575	\$ 3,686,575	\$ -	\$ 3,686,575

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - INTERNAL SERVICE FUND (INSURANCE RESERVE FUND)
YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Variance with Final Budget	Budget Basis	Actual Adjustments	GAAP Basis
REVENUES						
Local sources	\$39,070,435	\$ 39,070,435	\$ (6,411,829)	\$ 32,658,606	\$ -	\$ 32,658,606
State sources	-	-	20,394	20,394	-	20,394
Total Revenues	39,070,435	39,070,435	(6,391,435)	32,679,000	-	32,679,000
EXPENSES						
Current						
Instruction	1,000	1,000	1,000	-	-	-
Supporting services	40,013,281	39,988,281	8,165,660	31,822,621	-	31,822,621
Community services	1,000	1,000	1,000	-	-	-
Facilities acquisition and construction	1,000	1,000	1,000	-	-	-
Operating contingency	600,000	600,000	600,000	-	-	-
Total Expenses	40,616,281	40,591,281	8,768,660	31,822,621	-	31,822,621
REVENUES OVER (UNDER) EXPENSES	(1,545,846)	(1,520,846)	2,377,225	856,379	-	856,379
OTHER FINANCING SOURCES (USES)						
Transfers in	580,000	580,000	52,946	632,946	-	632,946
Transfers out	(360,760)	(385,760)	27,450	(358,310)	-	(358,310)
Total Other Financing Sources (Uses)	219,240	194,240	80,396	274,636	-	274,636
NET CHANGE IN FUND BALANCE	(1,326,606)	(1,326,606)	2,457,621	1,131,015	-	1,131,015
FUND BALANCE, Beginning of year	9,070,435	9,070,435	187,297	9,257,732	-	9,257,732
FUND BALANCE, End of year	\$ 7,743,829	\$ 7,743,829	\$ 2,644,918	\$ 10,388,747	\$ -	\$ 10,388,747

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - INTERNAL SERVICE FUND (POSTEMPLOYMENT BENEFITS FUND)
YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Variance with Final Budget</u>	<u>Budget Basis</u>	<u>Actual Adjustments</u>	<u>GAAP Basis</u>
REVENUES						
Local sources	\$ 2,800,000	\$ 2,800,000	\$ 614,242	\$ 3,414,242	\$ -	\$ 3,414,242
EXPENDITURES						
Current						
Supporting services	3,337,688	3,537,688	123,446	3,414,242	836,208	4,250,450
Operating contingency	<u>4,263,222</u>	<u>4,063,222</u>	<u>4,063,222</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>7,600,910</u>	<u>7,600,910</u>	<u>4,186,668</u>	<u>3,414,242</u>	<u>836,208</u>	<u>4,250,450</u>
REVENUES OVER (UNDER)						
EXPENDITURES	(4,800,910)	(4,800,910)	4,800,910	-	(836,208)	(836,208)
OTHER FINANCING SOURCES (USES)						
Transfers out	<u>(1,000)</u>	<u>(1,000)</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(4,801,910)	(4,801,910)	4,801,910	-	(836,208)	(836,208)
FUND BALANCE, Beginning of year	<u>6,278,474</u>	<u>6,278,474</u>	<u>(1,001,716)</u>	<u>5,276,758</u>	<u>(2,039,353)</u>	<u>3,237,405</u>
FUND BALANCE, End of year	<u>\$ 1,476,564</u>	<u>\$ 1,476,564</u>	<u>\$ 3,800,194</u>	<u>\$ 5,276,758</u>	<u>\$ (2,875,561)</u>	<u>\$ 2,401,197</u>

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

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULES BY SOURCE¹
JUNE 30, 2011 AND 2010

	2011	2010
Governmental funds capital assets:		
Land	\$ 1,621,220	\$ 1,621,220
Construction in progress	1,196,604	1,624,297
Athletic field improvements	10,645,150	10,304,241
Buildings and improvements	260,776,876	256,706,722
Equipment	7,453,670	7,393,994
Vehicles	10,844,408	10,091,473
Total governmental funds capital assets	<u>\$ 292,537,928</u>	<u>\$ 287,741,947</u>
Investment in governmental funds capital assets by source:		
General fund	\$ 5,315,376	\$ 5,642,750
Capital projects fund		
Equipment	2,037,358	2,037,358
Construction in progress	1,196,604	1,624,297
Athletic field improvements	10,628,962	10,288,053
Building improvements since 1993	216,453,046	212,382,892
Federal, state and local funds		
Equipment	647,801	704,347
Athletic field improvements	16,188	16,188
Buildings and improvements	19,561	19,561
Vehicles	86,142	86,142
Capital equipment fund	10,053,583	8,857,052
Internal service fund	139,853	139,853
Nutrition services fund	17,965	17,965
Subtotal	<u>246,612,439</u>	<u>241,816,458</u>
Land, buildings and improvements prior to 1993 ²	<u>45,925,489</u>	<u>45,925,489</u>
Total governmental funds capital assets	<u>\$ 292,537,928</u>	<u>\$ 287,741,947</u>

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¹This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Capital assets purchased by the internal service fund as presented above, were subsequently transferred for use in governmental activities. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

²Historical information for the source of these capital assets is not available.

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY¹
JUNE 30, 2011

	Land	Athletic Field Improvements	Buildings and Improvements	Equipment	Vehicles	Construction in Progress	Total
Direct classroom services							
Regular instruction	\$ 750,548	\$ -	145,606,796	\$ 362,797	\$ -	\$ 1,196,604	\$ 147,916,745
Special programs	177,614	-	34,457,659	135,790	-	-	34,771,063
Total direct classroom services	928,162	-	180,064,455	498,587	-	1,196,604	182,687,808
Classroom support services							
Extra-curricular activities	25,741	10,645,150	4,993,864	66,985	-	-	15,731,740
Counselors, nurses and student support	67,838	-	15,627,665	68,172	-	-	15,763,675
Libraries, curriculum and staff development	23,333	-	6,558,183	131,907	-	-	6,713,423
School administration	132,383	-	25,682,727	444,951	-	-	26,260,061
Community services	5,884	-	1,161,016	619,889	-	-	1,786,789
Total classroom support services	255,179	10,645,150	54,023,455	1,331,904	-	-	66,255,688
Building support services							
Facilities operation and maintenance	205,225	-	5,943,680	2,791,917	1,587,952	-	10,528,774
Student transportation	165,100	-	2,309,597	91,226	8,859,733	-	11,425,656
Computing and information services	3,675	-	2,150,757	2,639,504	53,019	-	4,846,955
Warehouse and purchasing	1,492	-	873,240	-	343,704	-	1,218,436
Total building support services	375,492	-	11,277,274	5,522,647	10,844,408	-	28,019,821
Central support services							
Executive administration	931	-	545,407	21,293	-	-	567,631
Financial services	2,984	-	1,746,480	34,544	-	-	1,784,008
Human resources	2,743	-	1,605,350	17,415	-	-	1,625,508
Communications and intergovernmental relations	560	-	327,832	9,315	-	-	337,707
Total central support services	7,218	-	4,225,069	82,567	-	-	4,314,854
Nutrition Services	55,169	-	11,186,623	17,965	-	-	11,259,757
Total governmental funds capital assets	\$ 1,621,220	\$ 10,645,150	\$ 260,776,876	\$ 7,453,670	\$ 10,844,408	\$ 1,196,604	\$ 292,537,928

¹This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Capital assets purchased by the internal service fund are included as governmental activities in the statement of net assets.

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
COMPUTATION OF DISTRICT PROPERTY TAX LEVY
YEARS ENDED JUNE 30, 2011 AND 2010

A property tax is levied annually on all assessed real and personal property in the District. The property tax is used to balance the General Fund budget, after taking into consideration revenues from other sources, and to provide funds to make the annual payments of principal and interest on the District's bonded indebtedness. After adjusting the amount of this levy for tax offsets, special assessments and the Measure 5 legal reduction in tax rates funded by the State of Oregon, the balance of the tax requirement is entered on the Lane County tax rolls as the District tax. The computation of the District tax for 2011 and 2010 follows:

	2011			2010		
	General Fund		Debt Service Fund	General Fund		Debt Service Fund
	Permanent	Local Option		Permanent	Local Option	
Tax Rate	\$ 4.75	\$ 1.50	\$ 1.30	\$ 4.75	\$ 1.50	\$ 1.39
Amount tax rate will raise	56,026,827	17,921,149	15,487,068	55,438,125	17,729,276	16,379,395
Rounding gain (loss)	1,008	706	1,380	1,417	859	1,671
Measure 5 compression loss	(644,982)	(6,029,940)	-	(531,480)	(3,561,345)	-
Taxes imposed for District	<u>\$ 55,382,853</u>	<u>\$ 11,891,915</u>	<u>\$ 15,488,448</u>	<u>\$ 54,908,062</u>	<u>\$ 14,168,790</u>	<u>\$ 16,381,066</u>
District tax rate per \$1,000 of TAV ⁽¹⁾	<u>\$ 4.69</u>	<u>\$ 1.01</u>	<u>\$ 1.30</u>	<u>\$ 4.70</u>	<u>\$ 1.21</u>	<u>\$ 1.39</u>

⁽¹⁾ Lane County Taxable Assessed Value (TAV):
2011 \$11,789,130,543
2010 \$11,665,574,832

OTHER FINANCIAL SCHEDULES

These schedules provide supplemental data relating to grant programs, property tax levies, bond and bond interest transactions, and supplemental information required by the State Department of Education.

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS
YEAR ENDED JUNE 30, 2011

	Current Levy and Taxes July 1, 2011	Tax Collections	Discounts and Adjustments	Taxes Receivable June 30, 2011		
				Total	General Fund	Debt Service Fund
2010-2011	\$ 82,763,217	\$ 77,973,739	\$ 2,283,221	\$ 2,506,257	\$ 2,058,404	\$ 447,853
2009-2010	3,017,106	1,537,793	126,054	1,353,259	1,097,595	255,664
2008-2009	1,268,459	483,137	86,456	698,866	570,579	128,287
2007-2008	564,751	281,567	25,529	257,655	213,811	43,844
2006-2007	210,103	119,443	9,296	81,364	64,069	17,295
2005-2006	66,094	4,271	7,668	54,155	43,633	10,522
2004-2005	50,348	3,216	2,760	44,372	37,353	7,019
Prior	546,694	9,715	3,825	533,154	476,023	57,131
Totals	\$ 88,486,772	\$ 80,412,881	\$ 2,544,809	\$ 5,529,082	\$ 4,561,467	\$ 967,615

SUMMARY OF PROPERTY TAX REVENUE

Tax collection shown above	\$ 80,412,881
Decrease in taxes available to meet current demands, net	55,488
Interest on tax collection	345,538
Assessment of additional taxes and penalties, Lane County	237,212
Payments in lieu of tax and other adjustments	(204,501)
Total Tax Revenue (Budgetary Basis)	\$ 80,846,618

GENERAL FUND
DEBT SERVICE FUND

Total
\$ 65,721,797
15,124,821
\$ 80,846,618

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
DEBT INFORMATION
YEAR ENDED JUNE 30, 2011

	Date Issued	Maturity Date	Principal Issued	Principal Outstanding
SECURED BY THE FULL FAITH & CREDIT OF THE DISTRICT				
2002 Refunding	2/15/02	7/1/13	\$ 21,035,000	\$ 8,620,000
2002 School Improvement	11/1/02	7/1/12	70,000,000	6,640,000
2003 Refunding	2/1/03	1/1/19	17,630,000	7,965,000
2005 School Improvement	8/25/05	2/1/25	46,000,000	42,710,000
2008 Refunding	9/23/08	7/1/17	47,295,000	45,400,000
Total General Obligation Bonds			201,960,000	111,335,000
Pension Bonds	2/19/04	6/30/28	53,435,000	51,765,000
Total GO and Pension Bonds			255,395,000	163,100,000
LEASE PURCHASE AGREEMENTS AND LONG-TERM CONTRACTS				
Capital Lease (Koch Financial)	1/2/03	7/15/12	1,350,352	310,515
Capital Lease (Bank of America)	7/29/05	7/29/15	406,115	218,966
Capital Lease (Bank of America)	3/17/06	8/1/15	66,142	35,599
Capital Lease (Bank of America)	9/8/06	7/28/16	581,013	373,848
Capital Lease (SunTrust)	6/13/07	7/15/17	310,575	230,748
Capital Lease (SunTrust)	7/25/07	7/25/17	104,667	78,025
Capital Lease (Apple Computer)	12/20/07	7/15/11	33,786	33,786
Capital Lease (SunTrust)	9/30/08	7/15/18	472,302	391,770
Capital Lease (SunTrust)	11/21/08	7/15/13	523,800	322,074
Capital Lease (Apple Computer)	7/5/09	7/5/11	92,666	13,051
Capital Lease (Traxis Financial)	4/26/10	7/26/14	552,470	438,133
Banc of America Leasing & Capital	2/9/11	7/12/15	1,128,750	1,128,750
Total Lease Purchase Agreements and Long-term Contracts			5,622,638	3,575,265
Total Gross Direct and Net Direct Debt			\$ 261,017,638	\$ 166,675,265

Source: Lane County School District 4J

SHORT-TERM BORROWING

The District currently has no short-term debt.

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
DEBT INFORMATION (Continued)
YEAR ENDED JUNE 30, 2011

FUTURE DEBT PLANS

In May 2011, voters authorized the issuance of general obligation bonds totaling \$70 million. The bonds are expected to be issued in two increments of \$35 million each, with August 2011 being the first issuance.

DEBT MANAGEMENT

The District has never defaulted on a debt obligation. The District has not used bond proceeds for operational purposes.

DEBT SUMMARY

Short-term debt	\$ -
Gross property-tax backed debt ⁽¹⁾	<u>111,335,000</u>
Net property-tax backed debt ⁽²⁾	\$ 111,335,000
Net overlapping debt	<u>79,880,619</u>
Total net property-tax backed plus overlapping debt	<u>\$ 191,215,619</u>

PER CAPITA RATIOS

		<u>Amount per Capita</u>	<u>Percentage</u>
2010-11 estimated District population	152,428		
2010-11 real market value	\$ 22,427,049,938	\$ 147,132	
Gross and net property-tax backed debt	\$ 111,335,000	\$ 730	0.50%
Net overlapping debt	<u>79,880,619</u>	<u>524</u>	<u>0.36%</u>
Total net direct plus overlapping debt	<u>\$ 191,215,619</u>	<u>\$ 1,254</u>	<u>0.85%</u>

⁽¹⁾ Gross property-tax backed debt includes all Unlimited-tax General Obligation and Limited-tax General Obligation bonds.

⁽²⁾ Net property-tax backed debt is gross property-tax backed debt less Self-supporting Unlimited-tax General Obligation and Self-supporting Limited-tax General Obligation debt, of which the District has none.

Sources: Debt Management Division, Oregon State Treasury; School District 4J

DEBT LIMITATION

ORS 328.245 limits the general obligation debt which an Oregon school district may have outstanding at any time to an amount calculated by multiplying the number of grades, kindergarten through eighth, for which the district operates schools by a factor of .0055 of the real market value, and the number of grades, nine through twelve, for which the district operates schools by a factor of .0075. The District's aggregate percentage debt limitation is therefore 7.95 percent of the real market value of the District. This is calculated as follows:

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

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
DEBT INFORMATION (Continued)
YEAR ENDED JUNE 30, 2011

DEBT CAPACITY

The limitation on general obligation indebtedness for the District is calculated by multiplying the Real Market Value of taxable property by the allowable percent, as calculated above. The following table shows the general obligation debt capacity of the District.

Real Market Value (2010-11)	\$ 22,427,049,938
General obligation debt capacity (7.95% of Real Market Value)	1,782,950,470
Outstanding obligations subject to limit	111,335,000
Less: Amount available in debt service funds	<u>10,524,726</u>
Remaining debt capacity	<u>\$ 1,682,140,196</u>
Percent of general obligation debt capacity issued	6.24%

LEVY ELECTION HISTORY

<u>Date</u>	<u>Type of Election</u>	<u>Amount Requested</u>	<u>Votes</u>			<u>Percent Passed (Failed)</u>
			<u>Yes</u>	<u>No</u>	<u>Margin</u>	
11/02/92	G.O. Bond	\$ 73,400,000	38,717	27,939	10,778	58.1%
11/08/94	G.O. Bond	6,000,000	28,378	22,632	5,746	55.6
11/03/98	G.O. Bond	12,200,000	32,294	16,824	15,470	65.7
05/16/00	Local Option	27,100,000*	28,449	16,229	12,220	63.7
05/21/02	G.O. Bond	116,000,000	26,248	12,681	13,567	67.4
11/02/04	Local Option	31,250,000**	53,674	20,845	32,829	72.0
11/04/08	Local Option	80,140,000***	49,568	28,297	21,271	63.7
05/17/11	G.O. Bond	70,000,000	27,162	15,838	11,324	63.2

* Estimated. Voters authorized a Local Option Levy of \$1.50 per \$1,000 of assessed value, that was levied for five years from 2000-2001 through 2004-2005.

** Estimated. Voters authorized a Local Option Levy of \$1.50 per \$1,000 of assessed value, that was levied for five years from 2005-2006 through 2009-2010.

*** Estimated. Voters authorized a Local Option Levy of \$1.50 per \$1,000 of assessed value, to be levied for five years beginning in 2010-2011.

Source: School District No. 4J; Lane County Elections Department

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
SUMMARY OF 2010-11 AND 2011-12 ADOPTED GENERAL FUND BUDGETS
YEAR ENDED JUNE 30, 2011

	2010-11 Budget	2011-12 Budget
	(in thousands)	
RESOURCES		
State School Funding		
Property taxes	\$ 52,661	\$ 52,570
Property taxes, prior years	1,822	1,909
State School Fund	61,290	62,857
Other SSF revenues	3,505	2,825
Local option property tax	12,264	10,839
Transfers	902	1,376
Other sources	3,637	3,504
Total Revenues	136,081	135,880
Beginning net working capital	13,221	6,382
Total Budget Resources	\$ 149,302	\$ 142,262
REQUIREMENTS		
Salaries	\$ 76,984	\$ 69,690
Benefits	45,233	46,521
Services	14,129	13,249
Supplies	3,585	3,322
Equipment	54	55
Other	1,991	1,718
Contingency	3,413	4,389
Total Expenditures	145,389	138,944
Unappropriated balance	3,913	3,318
Total Requirements	\$ 149,302	\$ 142,262

Source: Lane County School District 4J

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
SUMMARY SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS - ALL SCHOOLS
YEAR ENDED JUNE 30, 2011

	Cash Balances June 30, 2010	Cash Receipts	Cash Disbursements	Cash Balances June 30, 2011
HIGH SCHOOLS				
Churchill	\$ 283,702	\$ 518,480	\$ 534,967	\$ 267,215
Community Living Program	6,774	55,332	49,340	12,766
Life Skills Network	9,055	12,192	12,473	8,774
North Eugene	309,945	528,564	568,062	270,447
Opportunity Center	20,242	4,516	8,051	16,707
SEHS-PC	41,090	36,323	38,509	38,904
SEHS-Scrip	6,214	18,020	18,114	6,120
Sheldon	519,696	1,101,928	1,116,074	505,550
South Eugene	499,542	1,139,381	1,022,088	616,835
Total High Schools	1,696,260	3,414,736	3,367,678	1,743,318
MIDDLE SCHOOLS				
Cal Young	30,413	110,016	86,300	54,129
Colin Kelly	60,961	69,222	77,297	52,886
Kennedy	41,323	75,618	56,852	60,089
Madison	86,029	74,649	48,333	112,345
Monroe	107,459	74,747	53,633	128,573
Monroe PTP	1,127	3,284	3,792	619
Roosevelt	65,415	111,325	76,458	100,282
Roosevelt PG	48,644	86,254	78,675	56,223
Spencer Butte	68,875	118,226	61,878	125,223
Total Middle Schools	510,246	723,341	543,218	690,369
K-8 SCHOOLS				
Arts and Technolog Academy at Jefferson	21,448	34,988	17,621	38,815
ELEMENTARY SCHOOLS				
Adams	11,442	7,882	8,703	10,621
Awbrey Park	40,733	24,923	23,964	41,692
Bertha Holt	122,778	23,335	10,181	135,932
Bertha Holt PAHS	42,201	62,336	36,823	67,714
Camas Ridge	142,177	120,433	82,435	180,175
Cesar Chavez	3,003	21,665	22,290	2,378
Coburg	18,361	8,710	12,984	14,087
Corridor	18,786	27,698	24,126	22,358
Corridor PTO	48,680	72,769	59,737	61,712
Crest Drive	5,059	73,154	63,239	14,974
Edgewood	(7,421)	51,469	15,950	28,098
Edgewood PGA	81,110	44,057	47,114	78,053
Edison	36,577	109,137	59,810	85,904
Fox Hollow	39,040	21,561	26,476	34,125
Fox Hollow PGA	96,519	79,272	60,145	115,646
Gilham	50,513	18,978	16,793	52,698
Gilham PG	50,788	24,048	25,625	49,206
Howard	13,788	23,364	19,068	18,084
McCornack	11,705	36,448	26,258	21,895
McCornack PTO	7,759	20,092	24,986	2,865
Meadowlark	32,627	9,402	13,608	28,421
Meadowlark PTO	37,441	22,625	11,596	48,470
Parker	66,690	50,662	42,013	75,339
Parker Community Organization	94,414	25,332	64,416	55,330
River Road	15,975	9,388	5,492	19,871
Spring Creek	21,896	18,551	18,169	22,278
Twin Oaks	31,330	14,590	8,413	37,507
Willagillespie	82,456	76,441	72,402	86,495
Yujin Gakuen	16,056	15,375	11,055	20,376
Total Elementary Schools	1,232,478	1,113,697	913,871	1,432,304
Total All Schools	\$ 3,460,432	\$ 5,286,762	\$ 4,842,388	\$ 3,904,806

LANE COUNTY SCHOOL DISTRICT NO. 4J, Eugene, Oregon
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011

	Pass Through Entity Identifying Number	Federal CFDA Number	Original Program or Grant Amount	Current Year's Revenues and Expenditures
Direct Programs				
U.S. Department of Education				
Indian Education 2009-2010	S060A09110	84.060A	\$ 264,897	\$ 22,404
Indian Education 2010-2011	S060A101100	84.060A	274,558	220,015
Churchill High School Smaller Learning Community	S215L060138	84.215L	280,278	164,040
Mentoring Program	Q184B070528	84.184B	216,603	21,781
Alcohol Abuse Reduction	Q184A090006	84.184A	449,211	406,665
Carol M. White Physical Education Program 2009-2010	Q215F090921	84.215F	278,421	260,382
Total U.S. Department of Education				1,095,287
Bureau of Land Management				
McGowan Creek Project (BLM)	N/A	15.227	10,000	1,842
Total Direct Programs				1,097,129
Passed Through Oregon State Department of Education				
Title I				
Title I Disadvantaged 2009-2010	12510	84.010	3,056,606	618,586
Title I Disadvantaged 2010-2011	12511	84.010	3,125,257	2,038,318
Title I D Formula 2009-2010	16470	84.010	57,189	10,117
Title I D Formula 2010-2011	19536	84.010	45,792	40,190
ARRA - Title I-D - Formula	16908	84.389	28,620	25,131
ARRA - Title I-A - Formula	15644	84.389	2,174,751	1,315,396
Total Title I, Part A Cluster				4,047,738
Long Term Care & Treatment 2010-2011	8647-A2	84.013	7,361	8,669
Career & Technical Education				
Carl Perkins Voc Ed 2009-2010	15332	84.048	140,996	2,828
Carl Perkins Voc Ed 2009-2010	15332	84.243	17,406	350
Carl Perkins Voc Ed 2010-2011	19145	84.048	141,905	136,751
Carl Perkins Voc Ed 2010-2011	19145	84.243	16,764	16,902
Applied Academic Research and Development Project	21141	84.048	6,300	6,201
Title II A				
Title II A/Class Size Reduction 2009-2010	16736	84.367	804,908	200,673
Title II A/Class Size Reduction 2010-2011	19608	84.367	785,297	398,606
Title II D				
Title II-D-Enhancing Education Thru Technology 2009-2012	17388	84.318	261,675	94,366
Title II-D-Enhancing Education Thru Technology 2009-2010	16325	84.318	26,866	5,247
ARRA - Title IID - Enhancing Education Through Technology	18353	84.386	267,782	90,794
Total Educational Technology State Grants Cluster				190,407
Title III				
Title III English Language Acquisition 2009-2010	16221	84.365	62,622	16,783
Title III English Language Acquisition 2010-2011	20166	84.365	55,616	41,802
Title IV				
Title IV Safe & Drug Free Schools 2009-2010	17043	84.186	56,334	9,069
Title IV Safe & Drug Free Schools - Parent Training Services	23623	84.186	4,400	4,400
Title V				
Charter Schools Title V-B Planning - Competitive (Knowledge)	19237	84.282	56,000	32,570
Charter Schools Title V-B Planning - Competitive (Technology)	19243	84.282	56,000	44,134
Homeless Children and Youth				
ARRA McKinney Homeless - Formula	15514	84.387	41,354	15,480
McKinney Homeless Educ. 2009-2010 (passed thru Lane ESD)	N/A	84.196	11,482	9,146
McKinney Homeless Educ. 2010-2011 (passed thru Lane ESD)	N/A	84.196	11,482	9,665
Total of Education of Homeless Children and Youth Cluster				34,291
Total of Career/Technical & Title Programs				5,192,174
Special Education and Rehabilitation Services				
IDEA 2010-2011	20285	84.027	3,183,938	2,629,933
Positive Behavior Support 2009-10	N/A	84.027	5,000	3,132
SPR&I 2010-11 Grant Award	19955	84.027	9,125	9,125
IDEA Enhancement Grant 2009-2010	18498	84.027	12,360	12,731
Long Term Care & Treatment 2010-2011	8647-A2	84.027	10,446	10,493
Extended Assessment 2009-10	18267	84.027	8,100	8,100

See Notes to Schedule of Expenditures of Federal Awards.

LANE COUNTY SCHOOL DISTRICT NO. 4J, Eugene, Oregon
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011

	Pass Through Entity Identifying Number	Federal CFDA Number	Original Program or Grant Amount	Current Year's Revenues and Expenditures
Special Education and Rehabilitation Services (continued)				
Rgnl Deaf & Hard of Hearing 2010-2011 (Lane ESD)	N/A	84.027	\$ 345,836	\$ 345,836
Rgnl Vision Impaired 2010-2011 (Lane ESD)	N/A	84.027	347,059	347,059
Rgnl Orthopedic Impaired 2010-2011 (Lane ESD)	N/A	84.027	75,158	75,158
Juvenile Detention Education Program (JDEP) 2009-11	8622	84.027	11,763	4,847
ARRA - IDEA Part B, Section 611 - Formula	15182	84.391	3,665,341	905,217
ARRA - LTCT - IDEA Part B, 611 - Formula	15946	84.391	11,644	5,504
Juvenile Detention Education Program ARRA 2009-11	8622	84.391	6,610	3,189
ARRA - Regionals - IDEA Part B, 611 (Passed thru Lane ESD)	N/A	84.391	168,020	50,230
IDEA Part B, Section 619 2009-10	21780	84.173	60,880	15,513
Total Special Education Cluster (IDEA)				4,426,067
21st Century Community Learning Centers				
After Sch Comm Ed 21st Ctry - Title IV 2009-10	18703	84.287	220,162	220,162
21st Ctry Comm Learning Ctrs 2010-2011	19319	84.287	500,981	500,981
Total 21st Century Learning Centers				721,143
Ed Jobs - ARRA 10-11	20776	84.410	3,321,326	3,321,326
Total U.S. Department of Education Passed Through Oregon Dept. of Education				13,660,710
Passed Through Oregon Department of Transportation				
U.S. Department of Transportation				
Student Traffic Safety Program (ODOT) 2009-2010	HU-09/10-10-13	20.205	62,592	17,842
Student Traffic Safety Program (ODOT) 2010-2011	27097	20.205	75,000	45,920
Total Highway Planning and Construction Cluster				63,762
Passed Through Lane County, Oregon				
U.S. Department of Health and Human Services				
Family Resource Ctr 2009-2011 (Lane County CCF)	N/A	93.556	22,848	13,976
Family Resource Ctr 2009-2011 (Lane County CCF)	N/A	93.667	21,420	13,102
Total of U.S. Department of Health & Human Services passed through Lane County, Oregon				27,078
Passed through Oregon Employment Department - Child Care Division				
Opportunity Center Teen Parent (Employment Dept.) 2010-2011	11-062	93.575	4,500	3,726
Churchill HS Teen Parent (Employment Dept.) - 2010-2011	10-053	93.575	26,000	23,545
Passed through Oregon Department of Education				
Quality Improvement 10-11	19217	93.575	10,000	8,730
Total Child Care and Development Block Grant Cluster				36,001
Passed through University of Oregon				
Department of Education				
Cites Grant 2000-2001	N/A	84.324M	3,600	1,946
National Science Foundation				
Strategic Integ. of Science and Math 2010-2011 (UO)	206291A	47.076	20,930	19,756
Passed through Oregon State University				
Department of Education				
Title IIB Math Sci Partnership 2010-2011	N/A	84.366	49,530	31,468
Passed Through State Board of Education on behalf of U of O				
National Science Foundation				
NSF - Strategic Integration of Mathematics and Science 2010-11	206291C	47.076	57,500	37,087
Passed through Lane Workforce Partnership				
U.S. Department of Labor				
Workforce Investment Act 2011 (Lane Wkfc)	20403	17.259	54,263	49,183
Total WIA Cluster (DOL Passed thru Lane Workforce Partnership)				49,183
Passed through South Lane School District				
Kennedy Carson Conservation Corps Program	L10AC16353	15.234	24,763	17,687
Passed through Lane Education Service District				
Postschool Achievement Through Higher Skills (PATHS)	N/A	84.324B	6,000	2,232
U.S. Department of Energy				
ARRA State Energy Program - Lighting Upgrades	SEP 10-1104/1105	81.041	38,470	26,869
ARRA State Energy Program - HVAC Measures	SEP 10-1081	81.041	17,615	4,404
Bus Engine Block Heater Controls	SEP 10-1082	81.041	45,000	627
Total U.S. Dept. of Energy Passed Through Oregon State Department of Energy				31,900
Total of Pass Through Funds				318,100

See Notes to Schedule of Expenditures of Federal Awards.

LANE COUNTY SCHOOL DISTRICT NO. 4J, Eugene, Oregon
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011

	Pass Through Entity Identifying Number	Federal CFDA Number	Original Program or Grant Amount	Current Year's Revenues and Expenditures
U.S. Department of Agriculture				
National School Breakfast Program	N/A	10.553	\$ 704,217	\$ 661,130
National School Lunch Program	N/A	10.555	2,282,790	2,083,095
National School Summer Food	N/A	10.559	35,715	35,715
Total Child Nutrition Cluster				2,779,940
National School Child & Adult Care	N/A	10.558	166,507	88,524
Fresh Fruit & Vegetable Program - Chavez Elementary	19776	10.582	4,523	1,884
Fresh Fruit & Vegetable Program - Chavez Elementary	20644	10.582	22,825	22,673
Fresh Fruit & Vegetable Program - River Road Elementary	19850	10.582	3,587	938
Fresh Fruit & Vegetable Program - River Road Elementary	20669	10.582	19,191	17,365
Total U.S. Dept. of Agriculture Passed Through Oregon State Dept. of Education				2,911,324
U.S. Department of Agriculture				
Forest Fees	N/A	10.666	2,020,047	2,020,047
Total of Schools and Roads Cluster				2,020,047
State Fiscal Stabilization Fund				
State Fiscal Stabilization Fund	20988	84.394	1,883,148	1,834,027
SFSF-ARRA-YCEP-JDEP	16973;18717;21185	84.394	10,344	10,344
Total State Fiscal Stabilization Fund Cluster				1,844,371
				\$ 21,851,681
Reconciliation of Federal Expenditures to Federal Revenue				
Federal revenue reported above				\$ 21,851,681
Federal revenue not required to be reported in this Schedule of Expenditures of Federal Awards				290,381
Total revenue received from Federal sources				\$ 22,142,062

See Notes to Schedule of Expenditures of Federal Awards.
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LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011

PURPOSE OF THE SCHEDULE

The accompanying schedule of expenditures of federal awards (the "Schedule") is a supplementary schedule to the Lane County School District No. 4J, Eugene, Oregon's financial statements and is presented for purposes of additional analysis. Because the Schedule presents only a selected portion of the activities of Lane County School District No. 4J, it is not intended to and does not present either the financial position, changes in fund balances, or the operating funds' revenues, expenditures and changes in fund balances for Lane County School District No. 4J, Eugene, Oregon.

SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."

Federal Financial Assistance

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

Major Programs

The Single Audit Act Amendments of 1996 and OMB Circular A-133 establish criteria to be used in defining major federal financial assistance programs. Major programs for the Lane County School District No. 4J, Eugene, Oregon are those programs selected for testing by the auditor using a risk-assessment model, as well as certain minimum expenditure requirements, as outlined in OMB Circular A-133. Programs with similar requirements may be grouped into a cluster for testing purposes.

Reporting Entity

The reporting entity is fully described in notes to the financial statements. Additionally, the Schedule includes all federal programs administered by the Lane County School District No. 4J, Eugene, Oregon for the year ended June 30, 2011.

Revenue and Expenditure Recognition

The receipt and expenditure of federal awards are accounted for under the modified accrual basis of accounting. Revenues are recorded as received in cash or on the accrual basis where measurable and available. Expenditures are recorded when the liability is incurred.

BUDGETARY COMPARISON SCHEDULES

Pursuant to the provisions of Oregon Revised Statute 297.465, Oregon Administrative Rule #162-010-0130, *Minimum Standards for Audits of Oregon Municipal Corporations*, requires an individual schedule of revenues, expenditures/expenses, and changes in fund balances/net assets, budget and actual be displayed for each fund where legally adopted budgets are required.

In accordance with GASB Statement No. 34, the District's General Fund and any major special revenue fund (the Federal, State and Local Programs Fund) are presented as Basic Financial Statements. However, the level of detail provided in those statements is insufficient for state reporting purposes. Therefore, greater detail for the General Fund and the Federal, State and Local Programs Fund is presented in the following pages as supplemental information in addition to the budgetary comparisons of all other funds with legally adopted budgets.

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(BUDGETARY BASIS) - BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2011

Code	Function	Actual	Budget	Variance
LOCAL REVENUE				
1111	Taxes - current year's levy	\$ 52,299,987	\$ 52,701,000	\$ (401,013)
1112	Taxes - prior years' levies	1,411,946	1,522,000	(110,054)
1120	Local option levy	11,675,104	12,264,000	(588,896)
1190	Penalties and interest on taxes	280,666	200,000	80,666
1200	Local governmental units	54,094	60,000	(5,906)
1310	Regular day school tuition	210,163	183,000	27,163
1411	Transportation fees from individuals	-	20,000	(20,000)
1500	Earnings on investments	318,373	320,000	(1,627)
1700	Cocurricular activities income	640,851	613,000	27,851
1800	Community service income	133,299	90,000	43,299
1910	Rentals	368,989	366,000	2,989
1940	Services provided other Local Education agencies	9,762	10,800	(1,038)
1980	Fees charged to grants	535,536	600,000	(64,464)
1990	Refunds and miscellaneous	1,309,592	1,370,260	(60,668)
1000	<i>Total Local Revenue</i>	69,248,362	70,320,060	(1,071,698)
INTERMEDIATE REVENUE				
2101	County school fund	253,942	110,000	143,942
2900	Revenue for/on behalf of the District	7,940	20,000	(12,060)
2000	<i>Total Intermediate Revenue</i>	261,882	130,000	131,882
STATE REVENUE				
3101	State school fund (except 3102 and 3106)	58,592,724	59,234,467	(641,743)
3103	Common school fund	1,602,589	1,384,000	218,589
3199	Other unrestricted grants-in-aid	652,801	1,078,000	(425,199)
3299	Other restricted grants-in-aid	433,788	-	433,788
3900	Revenue for/on behalf of the District	46,321	35,000	11,321
3000	<i>Total State Revenue</i>	61,328,223	61,731,467	(403,244)
REVENUE FROM FEDERAL SOURCES				
4500	Restricted revenue from the Federal government through the state	5,155,352	1,847,000	3,308,352
4700	Grants-in-aid from the Federal government through other intermediate agencies	-	180,000	(180,000)
4801	Federal forest fees	2,020,047	2,011,000	9,047
4900	Other revenue from federal sources	94	-	94
4000	<i>Total Federal Revenue</i>	7,175,493	4,038,000	3,137,493
	<i>Total Revenue</i>	138,013,960	136,219,527	1,794,433
OTHER SOURCES				
5200	Transfer from other funds	1,874,060	2,138,060	(264,000)
5400	<i>FUND BALANCES, Beginning</i>	12,125,084	13,221,000	(1,095,916)
6000	TOTAL RESOURCES	\$ 152,013,104	\$ 151,578,587	\$ 434,517

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
(BUDGETARY BASIS) - BUDGET AND ACTUAL - GENERAL FUND (Continued)
YEAR ENDED JUNE 30, 2011

		100	200	300	400
Code	Function	Salaries	Employee Benefits	Purchased Services	Supplies & Materials
INSTRUCTION					
1100	Regular programs				
1111	Elementary (curricular)	\$ 11,585,779	\$ 6,510,125	\$ 22,372	\$ 427,188
1112	Intermediate programs	5,473,547	2,945,337	9,679	182,739
1113	Elementary extracurricular	25,114	9,044	-	-
1121	Middle/JHS (curricular)	8,832,043	4,722,189	27,408	332,243
1122	Cocurricular - Middle/JHS	164,236	42,450	-	2,685
1131	High school (curricular)	14,129,706	6,845,006	112,760	306,527
1132	Cocurricular - High School	1,493,510	410,719	200,449	75,835
1200	Special programs				
1210	Talented and gifted	84,864	30,592	506	35
1220	Restrictive programs for students with disabilities	2,479,860	1,776,284	298,826	12,289
1250	Less restrictive programs for students with disabilities	4,622,121	2,750,865	87,671	319
1260	Treatment and habilitation	17,633	7,465	99	1,855
1271	Remediation	55,620	25,694	1,368	7,875
1280	Early intervention/other special programs	906,422	458,840	2,944,540	29,074
1288	Charter school flow through	-	-	2,697,231	-
1290	Other special programs	977,493	560,757	13,897	22,014
1400	Summer school programs	120,232	32,796	14,514	7,250
	Total Instruction	50,968,180	27,128,163	6,431,320	1,407,928
SUPPORTING SERVICES					
2100	Students				
2110	Attendance and social work	446,735	293,219	254,549	-
2120	Guidance services	1,343,623	712,507	9,742	19,489
2130	Health services	676,848	395,717	22,720	11,636
2140	Psychological services	786,674	381,920	-	9,978
2150	Speech pathology and audiology services	761,304	417,600	2,302	4,584
2160	Educational services	368,050	172,409	16	2,718
2190	Service area direction, students	705,323	331,398	252,516	12,194
2200	Instructional staff and educational media	2,291,290	1,096,519	320,923	208,493
2300	General administration				
2310	Board of education	-	-	163,482	510
2320	Executive administration	392,138	192,261	52,676	3,502
2400	School administration				
2410	Principals services	7,293,900	3,894,419	399,383	208,762
2500	Business				
2520	Fiscal services	850,977	448,680	77,433	26,414
2540	Operation and maintenance	4,845,543	3,165,818	3,135,345	1,181,114
2550	Student transportation	2,721,168	1,934,569	306,919	780,718
2570	Internal services	214,737	131,486	28,722	11,277
2600	Central				
2630	Information services	217,162	110,187	161,842	6,788
2640	Staff services	740,352	393,153	122,365	21,761
2660	Technology services	2,004,803	1,092,538	1,126,782	125,237
2700	District retirement	-	3,097,108	-	-
	Total Supporting Services	26,660,627	18,261,508	6,437,717	2,635,175
ENTERPRISE AND COMMUNITY SERVICES					
3320	Community recreation services	65,126	43,089	7,017	-
3500	Custody and care of children services	226,099	125,777	-	-
	Total Enterprise and Community Services	291,225	168,866	7,017	-
FACILITIES ACQUISITION AND CONSTRUCTION					
	Total Facilities Acquisition and Construction	-	-	-	-
DEBT SERVICE					
5100	Debt Service	-	-	-	-
OTHER USES					
5200	Interfund Transfers	-	-	-	-
6110	OPERATING CONTINGENCY	-	-	-	-
7000	ENDING BALANCE	-	-	-	-
8000	Total Expenditures and Ending Balance	\$ 77,920,032	\$ 45,558,537	\$ 12,876,054	\$ 4,043,103

500	600	700	Actual Fund Total	Appropriations	Variance
Capital Outlay	Other Objects	Transfers & Flow-through Payments			
\$ -	\$ -	\$ -	\$ 18,545,464		
-	-	-	8,611,302		
-	-	-	34,158		
-	140	-	13,914,023		
-	-	-	209,371		
-	13,501	-	21,407,500		
-	8,297	-	2,188,810		
-	-	-	115,997		
-	-	-	4,567,259		
-	-	-	7,460,976		
-	-	-	27,052		
-	-	-	90,557		
-	4,395	-	4,343,271		
-	-	35,262	2,732,493		
-	29	-	1,574,190		
-	-	-	174,792		
-	26,362	35,262	85,997,215	\$ 86,848,199	\$ 850,984
SUPPORTING SERVICES					
-	-	-	994,503		
-	-	-	2,085,361		
-	500	-	1,107,421		
-	-	-	1,178,572		
-	-	-	1,185,790		
-	225	-	543,418		
-	1,245	-	1,302,676		
-	4,715	-	3,921,940		
-	26,866	-	190,858		
-	6,259	-	646,836		
-	14,161	-	11,810,625		
-	4,470	-	1,407,974		
27,740	591,881	-	12,947,441		
-	25,963	-	5,769,337		
-	4,710	-	390,932		
-	1,632	-	497,611		
6,958	375	-	1,284,964		
-	540	-	4,349,900		
-	-	-	3,097,108		
34,698	683,542	-	54,713,267	55,552,877	839,610
ENTERPRISE AND COMMUNITY SERVICES					
-	-	-	115,232		
-	-	-	351,876		
-	-	-	467,108	564,508	97,400
FACILITIES ACQUISITION AND CONSTRUCTION					
-	-	-	-	1,000	1,000
DEBT SERVICE					
-	-	-	-	1,000	1,000
OTHER USES					
-	-	2,848,284	2,848,284	2,871,603	23,319
OPERATING CONTINGENCY					
-	-	-	-	1,826,900	1,826,900
-	-	7,987,230	7,987,230	3,912,500	(4,074,730)
\$ 34,698	\$ 709,904	\$ 10,870,776	\$ 152,013,104	\$ 151,578,587	\$ (434,517)

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(BUDGETARY BASIS) - BUDGET AND ACTUAL - DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2011

Code	Function	Actual	Budget	Variance
	LOCAL REVENUE			
1111	Taxes - current year's levy	\$ 14,626,400	\$ 14,574,516	\$ 51,884
1112	Taxes - prior years' levies	417,846	450,000	(32,154)
1190	Penalties and interest on taxes	80,575	50,000	30,575
1500	Earnings on investments	42,207	26,000	16,207
1900	Charges to other funds	3,221,900	3,500,000	(278,100)
1000	<i>Total Local Revenue</i>	18,388,928	18,600,516	(211,588)
5400	FUND BALANCES, Beginning	11,324,725	11,288,664	36,061
6000	TOTAL RESOURCES	<u>\$ 29,713,653</u>	<u>\$ 29,889,180</u>	<u>\$ (175,527)</u>

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LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
(BUDGETARY BASIS) - BUDGET AND ACTUAL - DEBT SERVICE FUND (Continued)
YEAR ENDED JUNE 30, 2011

Code	Function	100 Salaries	200 Employee Benefits	300 Purchased Services	400 Supplies & Materials
	DEBT SERVICE				
5100	Principal	\$ -	\$ -	\$ -	\$ -
5100	Interest	-	-	-	-
	<i>Total Debt Service</i>	-	-	-	-
7000	ENDING BALANCE	-	-	-	-
8000	<i>Total Expenditures and Ending Balance</i>	\$ -	\$ -	\$ -	\$ -

500 Capital Outlay	600 Other Objects	700 Transfers & Flow- through Payments	Actual Fund Total	Appropriations	Variance
\$ -	\$ 11,005,000	\$ -	\$ 11,005,000		
-	8,183,927	-	8,183,927		
-	19,188,927	-	19,188,927	\$ 19,188,928	1
-	-	10,524,726	10,524,726	10,700,252	175,526
\$ -	\$ 19,188,927	\$ 10,524,726	\$ 29,713,653	\$ 29,889,180	\$ 175,527

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(BUDGETARY BASIS) - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2011

Code	Function	Actual	Budget	Variance
	LOCAL REVENUE			
1200	Local governmental units other than District	\$ 538,068	\$ 530,000	\$ 8,068
1500	Earnings on investments	3,226	40,000	(36,774)
1990	Refunds and miscellaneous	122,480	90,000	32,480
1000	<i>Total Local Revenue</i>	663,774	660,000	3,774
	STATE REVENUE			
3299	Other restricted grants-in-aid	2,046	-	2,046
	<i>Total Revenue</i>	665,820	660,000	5,820
5400	FUND BALANCES, Beginning	12,394,601	10,713,887	1,680,714
6000	TOTAL RESOURCES	\$ 13,060,421	\$ 11,373,887	\$ 1,686,534

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LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
(BUDGETARY BASIS) - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND (Continued)
YEAR ENDED JUNE 30, 2011

Code	Function	100 Salaries	200 Employee Benefits	300 Purchased Services	400 Supplies & Materials
INSTRUCTION					
	Total Instruction	\$ -	\$ -	\$ -	\$ -
SUPPORTING SERVICES					
2500	Business	-	-	40,408	-
2520	Fiscal services	-	-	-	-
2540	Operation and maintenance	767,014	435,126	202,854	97,798
2700	District retirement	-	14,681	-	-
	Total Supporting Services	767,014	449,807	243,262	97,798
ENTERPRISE AND COMMUNITY SERVICES					
	Total Enterprise and Community Services	-	-	-	-
FACILITIES ACQUISITION AND CONSTRUCTION					
4110	Service area direction	6,617	3,854	51	668
4120	Site acquisition and development services	-	-	147,695	23,440
4150	Building acquisition, construction and improvement services	56	17	177,061	171,993
	Total Facilities Acquisition and Construction	6,673	3,871	324,807	196,101
OTHER USES					
5200	Interfund Transfers	-	-	-	-
7000	ENDING BALANCE	-	-	-	-
8000	Total Expenditures and Ending Balance	\$ 773,687	\$ 453,678	\$ 568,069	\$ 293,899

500 Capital Outlay	600 Other Objects	700 Transfers & Flow- through Payments	Actual Fund Total	Appropriations	Variance
\$ -	\$ -	\$ -	\$ -	\$ 1,000	\$ 1,000
-	-	-	40,408		
83,379	17,224	-	1,603,395		
-	-	-	14,681		
83,379	17,224	-	1,658,484	2,099,535	441,051
-	-	-	-	1,000	1,000
-	40	-	11,230		
1,504,235	-	-	1,675,370		
1,923,291	-	-	2,272,418		
3,427,526	40	-	3,959,018	5,742,151	1,783,133
-	-	500,000	500,000	666,000	166,000
-	-	6,942,919	6,942,919	2,864,201	(4,078,718)
\$ 3,510,905	\$ 17,264	\$ 7,442,919	\$ 13,060,421	\$ 11,373,887	\$ (1,686,534)

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(BUDGETARY BASIS) - BUDGET AND ACTUAL - CAPITAL EQUIPMENT FUND
YEAR ENDED JUNE 30, 2011

Code	Function	Actual	Budget	Variance
	LOCAL REVENUE			
1990	Refunds and miscellaneous	\$ 36,985	\$ 10,000	\$ 26,985
	STATE REVENUE			
3221/3222	SSF Transportation	458,917	468,000	(9,083)
	OTHER FINANCING SOURCES			
5200	Interfund transfers	1,986,520	481,171	1,505,349
5400	FUND BALANCES, Beginning	<u>8,671,868</u>	<u>9,253,000</u>	<u>(581,132)</u>
6000	TOTAL RESOURCES	<u><u>\$ 11,154,290</u></u>	<u><u>\$ 10,212,171</u></u>	<u><u>\$ 942,119</u></u>

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LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(BUDGETARY BASIS) - BUDGET AND ACTUAL - CAPITAL EQUIPMENT FUND (Continued)
YEAR ENDED JUNE 30, 2011

Code	Function	100 Salaries	200 Employee Benefits	300 Purchased Services	400 Supplies & Materials	500 Capital Outlay	600 Other Objects	700 Transfers & Flow- through Payments	Actual Fund Total	Appropriations	Variance
	INSTRUCTION										
1100	Regular programs										
1111	Elementary (curricular)	\$ -	\$ -	\$ -	\$ 318,997	\$ -	\$ -	\$ -	\$ 318,997		
1112	Intermediate programs	-	-	-	391,664	-	-	-	391,664		
1121	Middle/JHS (curricular)	-	-	70	574,409	-	-	-	574,479		
1131	High school (curricular)	-	-	10,642	401,831	-	-	-	412,473		
1280	Early intervention/other special programs	-	-	-	1,579	-	-	-	1,579		
	<i>Total Instruction</i>	-	-	10,712	1,688,480	-	-	-	1,699,192	\$ 3,505,501	\$ 1,806,309
	SUPPORTING SERVICES										
2100	Students										
2130	Health services	-	-	-	2,581	-	-	-	2,581		
2190	Service area direction, students	-	-	-	28,266	5,521	-	-	33,787		
2200	Instructional staff and educational media	-	-	2,190	149,450	11,190	-	-	162,830		
2300	General administration										
2320	Office of the superintendent	-	-	-	8,681	-	-	-	8,681		
2400	School administration										
2410	Principals services	-	-	-	93,533	15,027	-	-	108,560		
2500	Business										
2540	Operation and maintenance	-	-	1,000	40,735	164,865	-	-	206,600		
2570	Internal services	-	-	-	231	-	-	-	231		
2600	Central										
2630	Information services	-	-	-	538	-	-	-	538		
2660	Technology services	-	-	-	13,251	20,524	-	-	33,775		
	<i>Total Supporting Services</i>	-	-	3,190	337,266	217,127	-	-	557,583	3,316,292	2,758,709
	ENTERPRISE AND COMMUNITY SERVICES										
3390	Other community services	-	-	-	-	-	-	-	-		
	<i>Total Enterprise and Community Services</i>	-	-	-	-	-	-	-	-	1,000	1,000
	DEBT SERVICE										
5100	Principal	-	-	-	-	-	537,003	-	537,003		
5100	Interest	-	-	-	-	-	101,811	-	101,811		
	<i>Total Debt Service</i>	-	-	-	-	-	638,814	-	638,814	928,830	290,016
	OTHER USES										
5200	Interfund Transfers	-	-	-	-	-	-	1,045,300	1,045,300	1,117,300	72,000
6000	OPERATING CONTINGENCY	-	-	-	-	-	-	-	-	1,343,248	1,343,248
7000	ENDING BALANCE	-	-	-	-	-	-	7,213,401	7,213,401	-	(7,213,401)
8000	<i>Total Expenditures and Ending Balance</i>	\$ -	\$ -	\$ 13,902	\$ 2,025,746	\$ 217,127	\$ 638,814	\$ 8,258,701	\$ 11,154,290	\$ 10,212,171	\$ (942,119)

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(BUDGETARY BASIS) BUDGET AND ACTUAL - FEDERAL, STATE AND LOCAL PROGRAMS FUND
YEAR ENDED JUNE 30, 2011

Code	Function	Actual	Budget	Variance
	LOCAL REVENUE			
1310	Regular day school tuition	\$ 84,470	\$ 107,250	\$ (22,780)
1910	Rentals	40,837	46,000	(5,163)
1920	Private contributions	611,823	809,660	(197,837)
1990	Refunds and miscellaneous	<u>2,295,324</u>	<u>3,093,116</u>	<u>(797,792)</u>
1000	<i>Total Local Revenue</i>	3,032,454	4,056,026	(1,023,572)
	STATE REVENUE			
3204	Drivers education	46,140	79,050	(32,910)
3299	Other restricted grants-in-aid	203,492	-	203,492
3990	Other revenue from State sources	<u>1,551,033</u>	<u>1,429,398</u>	<u>121,635</u>
3000	<i>Total State Revenue</i>	1,800,665	1,508,448	292,217
	REVENUE FROM FEDERAL SOURCES			
4300	Restricted grants-in-aid; direct	406,459	420,480	(14,021)
4500	Restricted grants-in-aid; through State	11,040,481	13,315,536	(2,275,055)
4700	Grants-in-aid from the Federal government through other intermediate agencies	3,132	-	3,132
4990	Other revenue from Federal sources	<u>331,039</u>	<u>440,217</u>	<u>(109,178)</u>
4000	<i>Total Federal Revenue</i>	<u>11,781,111</u>	<u>14,176,233</u>	<u>(2,395,122)</u>
	<i>Total Revenue</i>	16,614,230	19,740,707	(3,126,477)
5400	FUND BALANCES, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
6000	TOTAL RESOURCES	<u>\$ 16,614,230</u>	<u>\$ 19,740,707</u>	<u>\$ (3,126,477)</u>

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LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - (BUDGETARY BASIS)
BUDGET AND ACTUAL - FEDERAL, STATE AND LOCAL PROGRAMS FUND (Continued)
YEAR ENDED JUNE 30, 2011

Code	Function	100	200	300	400	500	600	700	Actual Fund Total	Appropriations	Variance
		Salaries	Employee Benefits	Purchased Services	Supplies & Materials	Capital Outlay	Other Objects	Transfers and Flow-through Payments			
INSTRUCTION											
1100	Regular programs										
1111	Elementary (curricular)	\$ 109,582	\$ 65,062	\$ 16,678	\$ 41,828	\$ -	\$ -	\$ -	\$ 233,150		
1112	Intermediate programs	6,670	4,245	16,378	63,517	-	-	-	90,810		
1113	Elementary extracurricular	-	-	-	226	-	-	-	226		
1121	Middle/JHS (curricular)	45,356	24,774	24,197	61,980	-	-	-	156,307		
1122	Cocurricular - Middle/JHS	-	-	1,942	144	-	-	-	2,086		
1131	High school (curricular)	152,721	85,752	147,098	77,569	-	744	-	463,884		
1132	Cocurricular - High School	18,294	1,404	2,366	3,422	-	-	-	25,486		
1200	Special programs										
1210	Talented and gifted	-	-	-	4,703	-	-	-	4,703		
1220	Restrictive programs for students with disabilities	1,610,994	917,784	149,594	74,347	-	270	-	2,752,989		
1250	Less restrictive programs for students with disabilities	1,445,720	951,040	10,837	42,904	-	-	-	2,450,501		
1260	Early intervention	67,162	33,151	26,880	-	-	-	-	127,193		
1270	Educationally disadvantaged	1,901,608	1,208,787	262,664	74,875	-	-	41	3,447,975		
1280	Early intervention/other special programs	47,845	29,614	211,502	9,817	-	-	-	298,778		
1288	Charter school flow through	-	-	70,354	2,272	-	1,000	-	73,626		
1290	Other special programs	103,616	58,206	15,216	6,669	-	-	-	183,707		
1400	Summer school programs	77,927	18,341	-	2,620	-	-	-	98,888		
Total Instruction		5,587,495	3,398,160	955,706	466,893	-	2,014	41	10,410,309	\$ 12,990,070	\$ 2,579,761
SUPPORTING SERVICES											
2100	Students										
2110	Attendance and social work	109,971	71,470	29,656	11,503	5,432	-	-	228,032		
2120	Guidance services	41,760	21,462	2,800	2,816	-	-	-	68,838		
2130	Health services	136,881	68,093	53,219	15,118	-	4,608	-	277,919		
2140	Psychological services	100,729	51,244	-	85	-	-	-	152,058		
2150	Speech pathology and audiology services	130,503	67,768	-	1,660	-	-	-	199,931		
2160	Educational services	93,512	51,435	-	189	-	-	-	145,136		
2190	Service area direction, students	88,538	51,083	38,435	245	-	-	-	178,301		
2200	Instructional staff and educational media	1,662,821	750,247	428,559	434,571	-	3,354	-	3,279,552		
2400	School administration										
2410	Principals services	352	117	1,989	12,301	-	-	-	14,759		
2500	Business										
2520	Fiscal services	9,122	4,402	-	-	-	535,776	-	549,300		
2540	Operation and maintenance	-	-	-	320	-	-	-	320		
2550	Student transportation	52,008	-	5,800	15,065	-	-	-	72,873		
2600	Central										
2640	Staff services	17,050	8,980	200	1,748	-	-	-	27,978		
2660	Technology services	5,130	5,843	30,378	7,798	-	-	-	49,149		
2700	District retirement	-	280,691	-	-	-	-	-	280,691		
Total Supporting Services		2,448,377	1,432,835	591,036	503,419	5,432	543,738	-	5,524,837	5,861,973	337,136
ENTERPRISE AND COMMUNITY SERVICES											
3190	Other food services	5,418	3,181	-	32,486	-	-	-	41,085		
3390	Other community services	216,536	118,348	131,552	52,493	65,953	6,100	-	590,982		
Total Enterprise and Community Services		221,954	121,529	131,552	84,979	65,953	6,100	-	632,067	732,030	99,963
FACILITIES ACQUISITION AND CONSTRUCTION											
4150	Building acquisition, construction and improvement services	-	-	15,753	216	31,048	-	-	47,017		
Total Facilities Acquisition and Construction		-	-	15,753	216	31,048	-	-	47,017	156,634	109,617
7000	Ending balance	-	-	-	-	-	-	-	-	-	-
8000	Total Expenditures and Ending Balance	\$ 8,257,826	\$ 4,952,524	\$ 1,694,047	\$ 1,055,507	\$ 102,433	\$ 551,852	\$ 41	\$ 16,614,230	\$ 19,740,707	\$ 3,126,477

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
(BUDGETARY BASIS) - BUDGET AND ACTUAL - NUTRITION SERVICES FUND
YEAR ENDED JUNE 30, 2011

Code	Function	Actual	Budget	Variance
LOCAL REVENUE				
1600	Food service sales	\$ 1,406,877	\$ 1,792,931	\$ (386,054)
STATE REVENUE				
3102	State school fund - school lunch match	50,218	57,937	(7,719)
3299	Other restricted grants-in-aid	14,699	-	14,699
3900	Revenue for/on behalf of the District	430	-	430
3000	<i>Total State Revenue</i>	65,347	57,937	7,410
REVENUE FROM FEDERAL SOURCES				
4500	Restricted grants-in-aid-through State - school nutrition	2,864,438	3,153,514	(289,076)
4900	Revenue for/on behalf of the District	285,850	258,984	26,866
4000	<i>Total Federal Revenue</i>	3,150,288	3,412,498	(262,210)
	<i>Total Revenue</i>	4,622,512	5,263,366	(640,854)
OTHER SOURCES				
5200	Interfund transfers	258,368	262,083	(3,715)
5400	FUND BALANCES, Beginning	74,584	67,446	7,138
6000	TOTAL RESOURCES	<u>\$ 4,955,464</u>	<u>\$ 5,592,895</u>	<u>\$ (637,431)</u>

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LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
(BUDGETARY BASIS) - BUDGET AND ACTUAL - NUTRITION SERVICES FUND (Continued)
YEAR ENDED JUNE 30, 2011

Code	Function	100 Salaries	200 Employee Benefits	300 Purchased Services	400 Supplies & Materials
SUPPORTING SERVICES					
2500	Business				
2520	Fiscal services	\$ 26,284	\$ 14,776	\$ 3,307	\$ -
2540	Operation and maintenance	650	428	-	825
2700	District retirement	-	11,860	-	-
	<i>Total Supporting Services</i>	26,934	27,064	3,307	825
ENTERPRISE AND COMMUNITY SERVICES					
3000	Nutrition services				
3120	Food preparation and dispensing services	1,407,939	1,106,053	76,257	2,232,501
	<i>Total Enterprise and Community Services</i>	1,407,939	1,106,053	76,257	2,232,501
6000	OPERATING CONTINGENCY	-	-	-	-
7000	Ending balance	-	-	-	-
8000	<i>Total Expenditures and Ending Balance</i>	<u>\$1,434,873</u>	<u>\$ 1,133,117</u>	<u>\$ 79,564</u>	<u>\$ 2,233,326</u>

500 Capital Outlay	600 Other Objects	700 Transfers & Flow- through Payments	Actual Fund Total	Appropriations	Variance
\$ -	\$ -	\$ -	\$ 44,367		
-	-	-	1,903		
-	-	-	11,860		
-	-	-	58,130	\$ 78,983	\$ 20,853
-	-	-	4,822,750		
-	-	-	4,822,750	5,314,466	491,716
-	-	-	-	132,000	132,000
-	-	74,584	74,584	67,446	(7,138)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,584</u>	<u>\$ 4,955,464</u>	<u>\$ 5,592,895</u>	<u>\$ 637,431</u>

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(BUDGETARY BASIS) - BUDGET AND ACTUAL - STUDENT BODY FUND
YEAR ENDED JUNE 30, 2011

Code	Function	Actual	Budget	Variance
	LOCAL REVENUE			
1700	Cocurricular activities income	\$ 4,836,703	\$ 5,700,000	\$ (863,297)
5400	FUND BALANCES, Beginning	<u>3,841,190</u>	<u>3,800,000</u>	<u>41,190</u>
6000	TOTAL RESOURCES	<u>\$ 8,677,893</u>	<u>\$ 9,500,000</u>	<u>\$ (822,107)</u>

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LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(BUDGETARY BASIS) - BUDGET AND ACTUAL - STUDENT BODY FUND (Continued)
YEAR ENDED JUNE 30, 2011

Code	Function	100 Salaries	200 Employee Benefits	300 Purchased Services	400 Supplies & Materials
	INSTRUCTION				
1100	Regular programs				
1113	Elementary extracurricular	\$ -	\$ -	\$ 367,986	\$ 755,376
1122	Cocurricular - Middle/JHS	-	-	199,263	414,398
1132	Cocurricular - High School	-	-	904,881	1,227,609
	<i>Total Instruction</i>	-	-	1,472,130	2,397,383
6110	OPERATING CONTINGENCY	-	-	-	-
7000	ENDING BALANCE	-	-	-	-
8000	<i>Total Expenditures and Ending Balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,472,130</u>	<u>\$ 2,397,383</u>

500 Capital Outlay	600 Other Objects	700 Transfers & Flow- through Payments	Actual Fund Total	Appropriations	Variance
\$ 17,264	\$ 37,348	\$ -	\$ 1,177,974		
-	54,948	-	668,609		
24,486	987,759	-	3,144,735		
41,750	1,080,055	-	4,991,318	\$ 6,520,000	\$ 1,528,682
-	-	-	-	500,000	500,000
-	-	3,686,575	3,686,575	2,480,000	(1,206,575)
<u>\$ 41,750</u>	<u>\$ 1,080,055</u>	<u>\$ 3,686,575</u>	<u>\$ 8,677,893</u>	<u>\$ 9,500,000</u>	<u>\$ 822,107</u>

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET ASSETS
(BUDGETARY BASIS) - BUDGET AND ACTUAL - INSURANCE RESERVE FUND
YEAR ENDED JUNE 30, 2011

Code	Function	Actual	Budget	Variance
	LOCAL REVENUE			
1500	Earnings on investments	\$ 36,772	\$ 38,661	\$ (1,889)
1990	Refunds and miscellaneous	32,621,834	39,031,774	(6,409,940)
1000	<i>Total Local Revenue</i>	32,658,606	39,070,435	(6,411,829)
	STATE REVENUE			
3990	Other revenue from State sources	20,394	-	20,394
	<i>Total Revenue</i>	32,679,000	39,070,435	(6,391,435)
	OTHER SOURCES			
5200	Interfund transfers	632,946	580,000	52,946
5400	FUND BALANCES, Beginning	9,257,732	9,070,435	187,297
6000	TOTAL RESOURCES	<u>\$ 42,569,678</u>	<u>\$ 48,720,870</u>	<u>\$ (6,151,192)</u>

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LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET ASSETS
(BUDGETARY BASIS) - BUDGET AND ACTUAL - INSURANCE RESERVE FUND (Continued)
YEAR ENDED JUNE 30, 2011

	Function	100 Salaries	200 Employee Benefits	300 Purchased Services	400 Supplies & Materials
INSTRUCTION					
	Total Instruction	\$ -	\$ -	\$ -	\$ -
SUPPORTING SERVICES					
2310	Board of directors	-	-	13,706	-
2500	Business	-	-	-	-
2520	Fiscal services	-	30,328,652	748,495	34,393
2540	Operation and maintenance	6,408	5,447	-	-
2600	Central	-	-	-	-
2640	Staff services	380,758	195,130	53,682	14,395
2660	Technology services	-	-	180	-
2690	Claims	-	-	-	4,374
2700	District retirement	-	8,892	-	-
	Total Supporting Services	387,166	30,538,121	816,063	53,162
ENTERPRISE AND COMMUNITY SERVICES					
	Total Enterprise and Community Services	-	-	-	-
OTHER USES					
5200	Interfund transfers	-	-	-	-
FACILITIES ACQUISITION AND CONSTRUCTION					
	Total Facilities Acquisition and Construction	-	-	-	-
6000	CONTINGENCY	-	-	-	-
7000	ENDING BALANCE	-	-	-	-
8000	Total Expenditures and Ending Balance	\$ 387,166	\$ 30,538,121	\$ 816,063	\$ 53,162

500 Capital Outlay	600 Other Objects	700 Transfers & Flow- through Payments	Actual Fund Total	Appropriations	Variance
\$ -	\$ -	\$ -	\$ -	\$ 1,000	\$ 1,000
-	-	-	13,706	-	-
-	100	-	31,111,640	-	-
-	-	-	11,855	-	-
-	160	-	644,125	-	-
-	-	-	180	-	-
-	27,849	-	32,223	-	-
-	-	-	8,892	-	-
-	28,109	-	31,822,621	39,988,281	8,165,660
-	-	-	-	1,000	1,000
-	-	358,310	358,310	385,760	27,450
-	-	-	-	1,000	1,000
-	-	-	-	600,000	600,000
-	-	10,388,747	10,388,747	7,743,829	(2,644,918)
\$ -	\$ 28,109	\$ 10,747,057	\$ 42,569,678	\$ 48,720,870	\$ 6,151,192

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(BUDGETARY BASIS) - BUDGET AND ACTUAL - POSTEMPLOYMENT BENEFITS FUND
YEAR ENDED JUNE 30, 2011

<u>Code</u>	<u>Function</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
	LOCAL REVENUE			
1990	Refunds and miscellaneous	\$ 3,414,242	\$ 2,800,000	\$ 614,242
5400	FUND BALANCES, Beginning	<u>5,276,758</u>	<u>6,278,474</u>	<u>(1,001,716)</u>
6000	TOTAL RESOURCES	<u>\$ 8,691,000</u>	<u>\$ 9,078,474</u>	<u>\$ (387,474)</u>

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LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

(BUDGETARY BASIS) - BUDGET AND ACTUAL - POSTEMPLOYMENT BENEFITS FUND (Continued)

YEAR ENDED JUNE 30, 2011

Code	Function	100 Salaries	200 Employee Benefits	300 Purchased Services	400 Supplies & Materials
	SUPPORTING SERVICES				
2700	District retirement	\$ 834,839	\$ 2,572,203	\$ 7,200	\$ -
	<i>Total Supporting Services</i>	834,839	2,572,203	7,200	-
	OTHER USES				
5200	Interfund Transfers	-	-	-	-
6000	OPERATING CONTINGENCY	-	-	-	-
7000	ENDING BALANCE	-	-	-	-
8000	<i>Total Expenditures and Ending Balance</i>	<u>\$ 834,839</u>	<u>\$ 2,572,203</u>	<u>\$ 7,200</u>	<u>\$ -</u>

500 Capital Outlay	600 Other Objects	700 Transfers & Flow- through Payments	Actual Fund Total	Appropriations	Variance
\$ -	\$ -	\$ -	\$ 3,414,242		
-	-	-	3,414,242	\$ 3,537,688	\$ 123,446
-	-	-	-	1,000	1,000
-	-	-	-	4,063,222	4,063,222
-	-	5,276,758	5,276,758	1,476,564	(3,800,194)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,276,758</u>	<u>\$ 8,691,000</u>	<u>\$ 9,078,474</u>	<u>\$ 387,474</u>

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
SCHEDULE OF SUPPLEMENTAL INFORMATION FOR STATE SCHOOL
FUND APPORTIONMENT TO OTHER LEAs
YEAR ENDED JUNE 30, 2011

A. ENERGY BILLS FOR HEATING – ALL FUNDS

Expenditures for Electricity and Heating Fuel:			Objects 325 and 326
	Function 2540	\$	1,943,775
	Function 2550		32,134

B. REPLACEMENT OF EQUIPMENT - GENERAL FUND

All General Fund Expenditures in Object 542, except for the following exclusions:			Amount
Exclude these functions:		\$	-
1113, 1122, 1132	Co-curricular activities	2550	Pupil Transportation
1140	Pre-kindergarten	3100	Food Service
1300	Continuing education	3300	Community Services
1400	Summer school	4150	Construction



STATISTICAL SECTION

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

Contents	Page
Financial Trends	95
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
Revenue Capacity	102
These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	
Debt Capacity	108
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	
Demographic and Economic Information	113
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
Operating Information	119
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	

Sources: Unless otherwise noted, the information in the schedules is derived from the comprehensive annual financial reports for the relevant year.

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
CONDENSED STATEMENT OF NET ASSETS - LAST TEN FISCAL YEARS
(accrual basis of accounting)

	<i>Fiscal Year</i>									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
ASSETS										
Cash and investments	\$ 66,608,066	\$ 73,961,174	\$ 81,077,923	\$ 95,736,164	\$ 104,463,528	\$ 108,043,786	\$ 84,820,548	\$ 111,541,154	\$ 126,535,793	\$ 58,304,585
Receivables and inventories	12,208,476	12,728,951	15,573,558	11,995,589	13,483,019	2,029,802	2,129,262	2,229,050	2,396,689	2,372,040
Pension assets	41,338,663	43,770,349	46,202,035	48,633,721	51,065,407	51,065,407	51,065,407	51,065,407	-	-
Capital assets (net)	143,035,930	147,911,767	151,192,272	149,666,372	148,961,252	143,239,398	125,787,550	100,222,418	72,530,652	74,543,587
Total Assets	263,191,135	278,372,241	294,045,788	306,031,846	317,973,206	304,378,393	263,802,767	265,058,029	201,463,134	135,220,212
LIABILITIES										
Debt due within one year	37,792,910	34,373,469	34,872,936	38,688,227	35,122,093	35,930,410	39,192,814	39,486,811	35,534,342	23,846,656
Debt due in more than one year	160,092,755	172,893,813	185,142,146	192,576,026	199,961,017	213,064,818	174,645,214	183,039,752	136,910,291	73,069,487
Total Liabilities	197,885,665	207,267,282	220,015,082	231,264,253	235,083,110	248,995,228	213,838,028	222,526,563	172,444,633	96,916,143
NET ASSETS										
Invested in capital assets, net of related debt	23,742,183	20,443,719	17,581,497	15,987,837	14,772,028	11,441,729	11,118,522	9,785,954	9,541,803	14,529,024
Restricted	-	1,045,402	2,790,498	2,933,884	4,033,374	2,353,395	1,689,281	3,872,681	6,112,072	3,168,480
Unrestricted	41,563,287	49,615,838	53,658,711	55,845,872	64,084,694	41,588,041	37,156,936	28,872,831	13,364,626	20,806,565
Total Net Assets	\$ 65,305,470	\$ 71,104,959	\$ 74,030,706	\$ 74,767,593	\$ 82,890,096	\$ 55,383,165	\$ 49,964,739	\$ 42,531,466	\$ 29,018,501	\$ 38,304,069

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
CHANGES IN NET ASSETS - LAST TEN FISCAL YEARS
(accrual basis of accounting)

	<i>Fiscal Year</i>									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Governmental Activities										
Expenses										
Direct classroom services	\$ 99,263,091	\$ 101,930,051	\$ 103,102,339	\$ 102,821,704	\$ 93,067,887	\$ 90,369,299	\$ 80,955,925	\$ 79,250,460	\$ 79,791,432	\$ 79,436,014
Classroom support	37,963,462	38,800,754	40,233,622	40,533,869	39,324,976	37,389,343	32,342,640	30,907,121	31,969,309	30,658,218
Building support services	25,925,334	25,179,039	24,324,614	25,394,584	23,093,650	21,355,531	19,412,622	18,085,609	21,794,823	19,135,452
Central support services	16,436,854	16,357,891	16,621,013	16,896,055	11,162,296	10,469,404	8,767,139	13,709,298	16,452,744	7,198,346
Nutrition services	5,009,082	5,091,489	5,156,642	5,424,214	4,945,942	4,684,654	4,545,052	4,445,155	4,427,250	4,201,682
Interest on long-term liabilities	7,288,427	7,679,671	10,374,493	9,025,104	9,179,263	9,309,771	7,697,004	6,115,395	4,614,932	5,068,755
Total expenses	191,886,250	195,038,895	199,812,723	200,095,530	180,774,014	173,578,002	153,720,382	152,513,038	159,050,490	145,698,467
Program revenues										
Charges for services										
Direct classroom services	458,433	469,124	515,627	720,467	1,006,531	1,238,072	1,084,038	652,257	761,854	799,458
Classroom support	475,901	644,200	518,340	531,340	809,070	870,167	662,762	845,946	937,710	897,581
Building support services	1,461,292	991,381	1,112,279	1,154,312	1,542,812	1,240,764	760,202	1,070,459	873,089	735,688
Central support services	5,284,580	5,460,632	4,933,327	3,678,507	3,658,494	3,640,068	3,219,590	6,863,056	6,916,853	141,653
Nutrition services	1,176,124	1,369,409	1,543,431	1,970,201	1,861,178	1,875,180	1,892,476	1,840,406	1,792,234	1,947,198
Operating grants and contributions										
Direct classroom services	17,152,693	18,223,047	19,817,404	14,327,127	11,926,625	10,895,347	10,995,298	11,434,271	8,809,321	11,286,318
Classroom support	10,277,140	10,714,126	10,062,775	10,747,607	15,142,838	15,315,990	13,691,325	12,562,596	9,931,376	8,795,754
Building support services	4,749,581	5,741,338	4,609,784	4,530,411	4,739,184	4,145,315	3,531,705	3,743,808	2,971,586	2,972,266
Central support services	-	-	-	93,171	38,375	83,074	184,548	132,811	11,271	70,672
Nutrition services	3,294,144	3,353,276	3,014,490	2,729,384	2,634,819	2,239,429	2,300,888	2,322,563	2,138,748	1,778,928
Capital grants and contributions										
Building support services	485,786	656,760	2,678,012	434,949	502,258	2,022,684	1,819,079	496,256	531,249	383,299
Total program revenues	44,815,674	47,623,293	48,805,469	40,917,476	43,862,184	43,566,100	40,141,911	41,964,429	35,675,291	29,808,815
Total governmental activities net expense	(147,070,576)	(147,415,602)	(151,007,254)	(159,178,054)	(136,911,830)	(130,011,902)	(113,578,471)	(110,548,609)	(123,375,199)	(115,889,652)
General revenues										
Property taxes	80,181,322	83,267,030	82,545,519	76,571,114	75,243,972	69,204,217	60,626,025	56,740,907	56,838,117	49,091,805
Federal aid not restricted to specific purposes	2,168,267	2,234,228	2,488,977	2,777,437	2,633,094	2,588,498	2,540,427	2,543,120	2,473,752	2,516,953
State aid not restricted to specific purposes	55,599,589	55,263,995	62,864,883	66,810,401	68,077,308	59,374,071	52,681,908	62,926,660	52,222,259	60,451,626
Earnings on investments	481,152	620,487	2,035,193	4,649,939	5,165,714	4,115,453	1,794,235	1,517,038	1,392,135	1,076,202
Other federal and local sources	1,114,166	3,104,115	335,795	246,660	5,794,817	148,089	3,369,149	1,268,466	1,163,368	594,062
Total general revenues	139,544,495	144,489,855	150,270,367	151,055,551	156,914,905	135,430,328	121,011,744	124,996,191	114,089,631	113,730,648
Change in net assets	\$ (7,526,081)	\$ (2,925,747)	\$ (736,887)	\$ (8,122,503)	\$ 20,003,075	\$ 5,418,426	\$ 7,433,273	\$ 14,447,582	\$ (9,285,568)	\$ (2,159,004)

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
FUND BALANCES, GOVERNMENTAL FUNDS - LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2011	2010	2009	2008	Fiscal Year 2007	2006	2005	2004	2003	2002
FUND BALANCES										
General Fund										
Unreserved	\$ -	\$ 12,125,084	\$ 13,990,673	\$ 17,053,588	\$ 20,845,607	\$ 10,815,344	\$ 6,165,685	\$ 10,067,999	\$ 373,978	\$ 8,030,202
Nonspendable for:										
Inventory	226,905	-	-	-	-	-	-	-	-	-
Committed	6,794,000	-	-	-	-	-	-	-	-	-
Unassigned	966,325	-	-	-	-	-	-	-	-	-
Total General Fund	<u>\$ 7,967,230</u>	<u>\$ 12,125,084</u>	<u>\$ 13,990,673</u>	<u>\$ 17,053,588</u>	<u>\$ 20,845,607</u>	<u>\$ 10,815,344</u>	<u>\$ 6,165,685</u>	<u>\$ 10,067,999</u>	<u>\$ 373,978</u>	<u>\$ 8,030,202</u>
All Other Governmental Funds										
Reserved	\$ -	\$ 12,751,242	\$ 16,689,036	\$ 21,081,040	\$ 28,019,482	\$ 37,226,200	\$ 12,097,145	\$ 45,895,838	\$ 79,846,930	\$ 7,105,350
Unreserved, reported in :										
Capital Projects Fund	-	10,968,084	10,811,559	12,531,376	13,782,621	8,127,796	7,108,271	3,313,841	2,880,521	2,367,403
Special Revenue Funds	-	17,935,636	19,503,208	19,664,365	20,297,170	21,398,516	23,552,024	16,800,894	11,915,685	11,006,914
Nonspendable for:										
Inventory	107,993	-	-	-	-	-	-	-	-	-
Restricted for:										
Debt Service	10,524,726	-	-	-	-	-	-	-	-	-
Committed for:										
Capital Projects	6,942,919	-	-	-	-	-	-	-	-	-
Capital Equipment	7,213,401	-	-	-	-	-	-	-	-	-
Nutrition Services	74,584	-	-	-	-	-	-	-	-	-
Student Body	3,684,988	-	-	-	-	-	-	-	-	-
Total all Other Governmental Funds	<u>\$ 28,548,611</u>	<u>\$ 41,654,962</u>	<u>\$ 47,003,803</u>	<u>\$ 53,276,781</u>	<u>\$ 62,099,273</u>	<u>\$ 66,752,512</u>	<u>\$ 42,757,440</u>	<u>\$ 66,010,573</u>	<u>\$ 94,643,136</u>	<u>\$ 20,479,667</u>

In 2011, the District adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement changed the categories for reporting fund balance in governmental funds. Accordingly, beginning in 2011 the fund balances are reported in this manner for statistical purposes.

The Postemployment Benefits Fund, previously reported as a Special Revenue Fund, is reported as an Internal Service Fund beginning in 2011 and no longer included here.

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LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS - LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2011	2010	2009	2008	Fiscal Year 2007	2006	2005	2004	2003	2002
REVENUES										
Local sources	\$ 97,614,083	\$ 104,651,423	\$ 104,911,703	\$ 101,126,216	\$ 107,757,019	\$ 101,240,156	\$ 88,649,140	\$ 82,679,828	\$ 74,750,684	\$ 64,452,195
Intermediate sources	261,882	213,036	244,349	159,545	445,910	610,468	1,056,643	755,269	714,998	614,387
State sources	63,655,198	63,501,859	74,432,133	77,778,821	74,582,394	64,936,210	58,487,376	67,929,728	56,643,831	68,288,464
Federal sources	22,142,062	24,229,048	20,508,435	16,140,160	16,873,156	15,882,855	14,515,572	14,477,800	14,798,904	13,541,047
Total Revenues	183,673,225	192,595,366	200,096,620	195,204,542	199,638,479	182,669,689	162,708,731	165,842,625	146,908,417	146,896,093
EXPENDITURES										
Current										
Instruction	102,831,117	105,671,797	107,441,707	106,988,926	98,248,573	94,408,695	85,235,899	82,251,079	83,301,511	82,296,952
Supporting services	62,319,729	64,516,801	67,457,790	67,933,961	64,577,675	60,775,241	53,970,390	102,574,390	52,856,211	50,523,946
Community services	5,863,722	5,747,364	5,913,925	6,047,451	5,620,404	5,263,602	5,108,995	4,815,505	4,865,236	4,706,549
Facilities acquisition and construction	47,017	36,579	-	-	2,931	-	-	-	2,308,664	-
Debt service										
Principal	11,781,728	10,792,290	9,425,158	7,689,789	7,048,490	7,016,990	6,670,381	5,881,784	3,952,550	4,134,278
Interest	8,305,629	8,766,255	8,703,658	10,767,967	11,251,596	8,853,157	8,488,767	7,126,550	3,087,132	3,369,559
Refunding bonds issuance costs	-	-	223,320	-	-	-	-	-	157,088	60,598
Capital outlay	5,363,344	7,217,973	11,743,236	9,890,891	14,287,800	26,797,974	33,283,020	36,434,432	4,412,047	3,309,661
Total Expenditures	196,512,286	202,749,059	210,908,794	209,318,985	201,037,469	203,115,659	192,757,452	239,083,740	154,940,439	148,401,543
REVENUES OVER (UNDER) EXPENDITURES	(12,839,061)	(10,153,693)	(10,812,174)	(14,114,443)	(1,398,990)	(20,445,970)	(30,048,721)	(73,241,115)	(8,032,022)	(1,505,450)
OTHER FINANCING SOURCES (USES)										
Transfers in	4,118,948	2,097,401	3,246,510	6,018,811	8,828,064	6,795,051	8,705,438	6,665,968	2,807,934	1,763,187
Transfers out	(4,393,584)	(2,131,079)	(3,311,453)	(5,298,514)	(8,551,078)	(7,113,099)	(8,884,487)	(6,978,519)	(2,870,698)	(1,731,187)
Construction bonds issued	-	-	-	-	-	46,000,000	-	-	70,000,000	-
Bond premium (discount)	-	-	-	-	-	964,027	-	-	3,063,658	1,072,310
Pension bonds issued	-	-	-	-	-	-	-	53,435,000	-	-
Refunding bonds issued	-	-	51,247,038	-	-	-	-	-	17,630,000	21,035,000
Payment to refunded bond escrow agent	-	-	(51,018,536)	-	-	-	-	-	(17,591,048)	(22,045,412)
Capital leases	1,128,750	645,136	1,312,720	779,635	1,179,526	1,241,633	-	169,266	1,350,352	573,429
Sale of capital assets	17,500	1,380,450	-	-	5,271,907	30,000	3,072,323	1,010,858	149,068	30,500
Insurance recoveries	-	947,357	-	-	47,595	1,173,089	-	-	-	-
Total Other Financing Sources (Uses)	871,614	2,939,265	1,476,279	1,499,932	6,776,014	49,090,701	2,893,274	54,302,573	74,539,266	697,827
NET CHANGE IN FUND BALANCES	(11,967,447)	(7,214,428)	(9,335,895)	(12,614,511)	5,377,024	28,644,731	(27,155,447)	(18,938,542)	66,507,244	(807,623)
FUND BALANCES, Beginning of year	48,503,288 ⁽²⁾	60,994,474	70,330,369	82,944,880	77,567,856	48,923,125	76,078,572	95,017,114	28,509,870	29,317,492
FUND BALANCES, End of year	<u>\$ 36,535,841</u>	<u>\$ 53,780,046</u>	<u>\$ 60,994,474</u>	<u>\$ 70,330,369</u>	<u>\$ 82,944,880</u>	<u>\$ 77,567,856</u>	<u>\$ 48,923,125</u>	<u>\$ 76,078,572</u>	<u>\$ 95,017,114</u>	<u>\$ 28,509,869 ⁽¹⁾</u>
Debt service as a percentage of noncapital expenditures	10.5%	10.0%	9.1%	9.3%	9.8%	8.7%	9.2%	6.3%	4.7%	5.7%

⁽¹⁾ Does not agree to subsequent year beginning fund balances due to rounding.

⁽²⁾ As restated

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LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
GOVERNMENT-WIDE EXPENSES BY FUNCTION
LAST TEN FISCAL YEARS

Year Ended June 30	Direct Classroom Services				Classroom Support Services			
	Total	Regular Programs	Special Programs	Extra- Curricular Activities	Student Support	Libraries, Curriculum and Staff Development	School Adminis- tration	Community Services
2011	\$ 191,886,250	\$ 68,213,481	\$ 31,049,610	\$ 6,865,932	\$ 10,061,735	\$ 7,383,178	\$ 12,519,186	\$ 1,133,431
2010	195,036,895	69,899,822	32,030,229	7,622,882	9,673,765	7,871,977	12,743,090	889,040
2009	199,812,723	72,672,924	30,429,415	7,188,363	10,589,123	8,346,919	13,229,656	679,561
2008	200,095,530	73,910,359	28,911,345	7,706,799	10,459,082	8,606,827	12,942,806	818,355
2007	180,774,014	66,231,895	26,835,992	7,858,094	9,393,923	9,016,567	12,256,432	799,960
2006	173,578,002	64,111,697	26,257,602	7,510,618	9,004,371	8,308,400	11,785,679	780,275
2005	153,720,382	59,142,738	21,813,187	6,583,125	7,521,980	6,769,001	10,711,580	756,954
2004	152,513,038	57,319,883	21,930,577	6,189,384	7,329,759	6,137,655	10,621,624	628,699
2003	159,050,490	58,444,971	21,346,461	6,331,391	8,048,135	6,126,101	10,654,284	809,398
2002	151,398,575	59,484,892	20,673,506	6,334,180	7,370,945	5,890,298	10,416,389	831,488

Building Support Services				Central Support Services				Communications and Intergovernmental Relations		
Facilities Operation and Maint- enance	Student Transpor- tation	Computing and Information Services	Warehouse and Purchasing	Executive Adminis- tration	Financial Services	Human Resources/ Employee Insurance Benefits	District Retirement ⁽¹⁾	Nutrition Services	Interest on Long-term Liabilities	
\$ 14,355,067	\$ 6,554,478	\$ 4,573,349	\$ 442,440	\$ 875,254	\$ 1,524,798	\$ 6,847,567	\$ 6,682,136	\$ 507,099	\$ 5,009,082	\$ 7,288,427
13,218,800	6,781,067	4,695,410	483,762	900,836	1,523,279	7,739,972	5,662,659	531,145	5,091,489	7,679,671
13,040,261	6,569,960	4,215,762	498,631	1,381,942	1,831,784	6,567,715	6,265,746	573,826	5,156,642	10,374,493
13,654,032	6,696,347	4,468,300	575,905	1,424,786	1,642,545	5,217,921	8,026,836	583,967	5,424,214	9,025,104
13,959,093	4,992,424	3,627,345	514,788	1,132,648	1,380,810	3,910,593	4,235,312	502,933	4,945,942	9,179,263
12,753,287	4,678,687	3,374,263	549,294	1,007,292	1,515,251	5,224,242	2,226,056	496,563	4,684,654	9,309,771
11,217,355	4,694,127	3,052,425	448,715	651,854	1,109,802	3,473,740	3,059,276	472,467	4,545,052	7,697,004
11,942,756	3,137,342	2,595,370	410,141	508,297	1,635,008	7,627,879	3,506,204	431,910	4,445,155	6,115,395
14,523,828	4,463,197	2,449,686	358,112	699,508	1,868,581	7,911,426	5,514,088	459,141	4,427,250	4,614,932
11,978,780	4,005,028	2,939,030	365,448	828,807	1,131,490	6,885,100	2,573,897	381,279	4,239,263	5,068,755

⁽¹⁾ Beginning in the year ended June 30, 2008, District Retirement includes OPEB obligation.

Source: Statement of Activities

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
GENERAL FUND REVENUES BY SOURCES (BUDGETARY BASIS)
LAST TEN FISCAL YEARS

Year Ended June 30	Local Sources			
	Total	Property Taxes	Investment Income	Other
2011	\$ 139,888,020	\$ 65,721,797	\$ 318,373	\$ 3,208,192
2010	142,166,287	68,620,232	426,344	3,376,928
2009	148,963,517	65,236,044	1,240,044	3,075,285
2008	148,715,416	62,193,573	3,237,565	3,395,825
2007	143,207,078	59,296,323	2,865,578	2,723,471
2006	125,817,389	56,150,066	2,027,924	2,718,023
2005	111,894,521	51,354,473	1,064,131	2,620,929
2004	120,780,570	47,940,442	503,103	3,009,139
2003	112,812,986	44,595,388	516,431	3,429,912
2002	116,396,151	43,086,192	736,385	2,976,526

State Sources						
School Support Fund	Common School Fund	Trans- portation Grant	Other	Intermediate Sources	Federal Sources	Other Sources
\$ 53,918,632	\$ 1,602,589	\$ 4,674,092	\$ 1,132,910	\$ 261,882	\$ 7,175,493	\$ 1,874,060
53,545,917	1,666,545	5,462,238	976,187	213,036	6,910,860	968,000
60,102,338	1,304,229	4,340,404	6,494,805	244,349	5,949,385	976,634
64,931,659	1,878,321	4,234,833	4,453,452	159,545	2,911,292	1,319,351
65,069,832	1,666,349	3,837,737	698,152	445,910	2,785,726	3,818,000
53,565,468	1,597,696	3,142,267	346,533	586,129	2,683,283	3,000,000
49,111,926	1,416,527	2,662,701	352,504	622,723	2,688,607	-
62,410,456	478,426	2,364,881	773,233	674,360	2,626,530	-
57,469,499	1,149,696	2,259,277	120,587	632,277	2,639,919	-
59,889,315	62,311	2,457,738	3,504,877	612,470	2,570,337	-

Source: Schedule of Revenues, Expenditures, and Changes in Fund Balance by Year
Includes revenues and other financing sources

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
GENERAL FUND EXPENDITURES AND TRANSFERS TO OTHER FUNDS
(BUDGETARY BASIS)
LAST TEN FISCAL YEARS

Year Ended June 30	Total	Instruction	Support Services			
			Student Services	Instructional Staff	General Adminis- tration	School Adminis- tration
2011	\$ 144,025,874	\$ 85,997,215	\$ 8,397,741	\$ 3,921,940	\$ 837,694	\$ 11,810,625
2010	144,031,876	87,340,570	8,020,213	4,266,328	868,289	11,905,845
2009	152,026,432	91,212,826	8,726,094	5,373,745	1,359,760	12,490,948
2008	152,507,435	89,703,733	8,620,867	5,129,029	1,408,820	12,049,479
2007	133,176,815	77,881,307	4,842,674	4,578,396	1,122,012	11,632,855
2006	125,376,456	74,996,549	5,156,522	3,668,397	945,078	11,083,448
2005	117,947,267	67,787,367	4,348,495	3,027,913	620,991	9,868,557
2004	111,124,327	65,170,109	4,190,707	2,939,050	472,049	9,570,247
2003	114,067,614	69,309,092	5,949,242	3,390,227	672,510	9,687,665
2002	113,249,461	69,436,074	5,731,731	3,606,845	783,380	9,640,307

Support Services				
Business Services	Central Services	District Retirement	Community Services	Interfund Transfers
\$ 20,515,684	\$ 6,132,475	\$ 3,097,108	\$ 467,108	\$ 2,848,284
21,099,158	6,115,181	2,500,000	285,213	1,631,079
21,216,355	5,696,921	2,892,639	245,691	2,811,453
21,229,859	5,718,356	3,024,104	324,674	5,298,514
18,625,781	4,817,545	3,781,743	343,424	5,551,078
17,077,964	4,275,104	3,740,327	319,968	4,113,099
15,935,581	3,639,175	3,538,190	296,511	8,884,487
15,129,180	3,277,432	3,146,547	250,487	6,978,519
16,171,361	3,417,172	3,124,100	375,547	1,970,698
16,260,778	3,606,269	2,773,480	429,410	981,187

Source: Schedule of Revenues, Expenditures, and Changes in Fund Balance by Year
Includes expenditures and other financing uses

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Year Ended June 30 ⁽¹⁾	Taxable Assessed Value ⁽²⁾	Percent Change	Total Levy ⁽³⁾	Percent Change	Tax Rate per \$1,000 ⁽⁴⁾	Collected and Adjusted within the Fiscal Year of the Levy		Collections and Adjustments in Subsequent Years	Total Collections and Adjustments to Date	
						Amount	Percent Collected Year of Levy ⁽⁴⁾		Amount	Percent Collected 06/30/2011 ⁽⁴⁾
2011	\$ 11,798,847,376	1.06 %	\$ 82,763,217	(3.15) %	\$ 7.0142	\$ 80,370,202	97.11 %	\$ -	\$ 80,370,202	97.11 %
2010	11,674,870,928	4.30	85,457,917	3.02	7.3196	82,595,077 ⁽⁵⁾	96.65 ⁽⁵⁾	1,529,118 ⁽⁵⁾	84,124,195	98.44
2009	11,193,424,874	3.14	82,950,341	3.87	7.4105	80,320,815 ⁽⁵⁾	96.83 ⁽⁵⁾	1,943,728 ⁽⁵⁾	82,264,544	99.17
2008	10,852,594,702	5.55	79,859,440	3.20	7.3584	74,777,925	93.64	4,842,729	79,620,654	99.70
2007	10,281,818,660	4.28	77,379,818	8.56	7.5257	73,242,886	94.65	4,055,946	77,298,832	99.90
2006	9,859,887,317	3.97	71,281,365	13.93	7.2295	67,364,563	94.51	3,862,890	71,227,453	99.92
2005	9,483,125,975	4.49	62,568,429	8.03	6.5871	58,765,673	93.92	3,758,481	62,524,154	99.93
2004	9,075,796,054	3.97	57,918,849	(1.30)	6.3818	54,417,169	93.95	3,461,210	57,878,379	99.93
2003	8,729,173,782	3.08	58,679,866	15.68	6.7224	54,558,438	92.98	4,072,157	58,630,595	99.92
2002	8,468,375,012	10.69	50,725,954	0.94	5.9901	46,577,634	91.82	4,106,253	50,683,887	99.92

⁽¹⁾Includes Local Option Levy.

⁽²⁾These figures represent assessed values for Lane and Linn Counties after removal of certain offsets, including the value of urban renewal areas.

⁽³⁾The levy is total taxes to be collected after the effects of compression and the addition of offsets and penalties and other taxes. The levy has been adjusted by certain offsets before calculation of the tax rate.

⁽⁴⁾Tax rates and percent collected are for Lane County only. Tax rates reflect post-Measure 5 compression amounts.

⁽⁵⁾Restated.

Note:

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

The net levy is the actual imposed tax after adjustments and constitutional property tax limitations due to the passing of Measure 5 in 1990 and Measure 50 in 1997. Additional information can be found on Assessed Values of Taxable Property within School District on page 105.

Source: Lane County Department of Assessment and Taxation
Linn County Tax Collection Department

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON

DIRECT DISTRICT TAX RATES

LAST TEN FISCAL YEARS

District Direct Rates

<i>Fiscal Year</i>	<i>General Tax Permanent Rate ⁽¹⁾</i>	<i>Local Option ⁽¹⁾</i>	<i>General Obligation Debt Service Bonds</i>	<i>Total Direct Tax Rate</i>
2011	\$ 4.7485	\$ 1.5000	\$ 1.3024	\$ 7.5509
2010	4.7485	1.5000	1.3929	7.6414
2009	4.7485	1.5000	1.3757	7.6242
2008	4.7485	1.5000	1.3404	7.5889
2007	4.7485	1.5000	1.6072	7.8557
2006	4.7485	1.5000	1.3975	7.6460
2005	4.7485	1.5000	1.0334	7.2819
2004	4.7485	1.5000	1.0365	7.2850
2003	4.7485	1.5000	1.4770	7.7255
2002	4.7485	1.5000	0.7325	6.9810

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Source: Oregon Property Tax Statistics for the appropriate fiscal year.

⁽¹⁾ Tax rates do not reflect post Measure 5 compression loss.

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS
LAST TEN FISCAL YEARS

	<u>2010-2011</u>	<u>2009-2010</u>	<u>2008-2009</u>	<u>2007-2008</u>	<u>2006-2007</u>
GENERAL FUND					
Levy extended by Assessor	<u>\$67,274,768</u>	<u>\$69,076,852</u>	<u>\$67,433,941</u>	<u>\$65,196,549</u>	<u>\$60,855,183</u>
Tax rate per \$1,000 assessed value	<u>\$ 6.25</u>	<u>\$ 6.25</u>	<u>\$ 6.25</u>	<u>\$ 6.25</u>	<u>\$ 6.25</u>
Reduction of taxes receivable ⁽¹⁾					
Current year	<u>\$65,216,364</u>	<u>\$66,621,682</u>	<u>\$63,603,885</u>	<u>\$63,256,929</u>	<u>\$59,279,706</u>
1st year prior	<u>1,357,575</u>	<u>2,792,548</u>	<u>1,093,583</u>	<u>828,632</u>	<u>899,896</u>
2nd year prior	<u>466,929</u>	<u>382,922</u>	<u>311,836</u>	<u>241,694</u>	<u>243,724</u>
3rd year prior	<u>249,304</u>	<u>187,743</u>	<u>168,833</u>	<u>147,589</u>	<u>161,223</u>
4th year prior	<u>105,986</u>	<u>96,573</u>	<u>88,995</u>	<u>69,845</u>	<u>89,160</u>
5th and prior years	<u>26,304</u>	<u>108,877</u>	<u>33,051</u>	<u>64,278</u>	<u>23,009</u>
<i>Total Prior</i>	<u>2,206,098</u>	<u>3,568,663</u>	<u>1,696,298</u>	<u>1,352,038</u>	<u>1,417,012</u>
<i>Total General Fund</i>	<u>\$67,422,462</u>	<u>\$70,190,345</u>	<u>\$65,300,183</u>	<u>\$64,608,967</u>	<u>\$60,696,718</u>
DEBT SERVICE FUND					
Levy extended by Assessor	<u>\$15,488,449</u>	<u>\$16,381,066</u>	<u>\$15,516,400</u>	<u>\$14,662,891</u>	<u>\$16,524,635</u>
Tax rate per \$1,000 assessed value	<u>\$ 1.30</u>	<u>\$ 1.39</u>	<u>\$ 1.38</u>	<u>\$ 1.34</u>	<u>\$ 1.61</u>
Reduction of taxes receivable ⁽¹⁾					
Current year	<u>\$15,040,596</u>	<u>\$15,819,130</u>	<u>\$14,660,649</u>	<u>\$14,251,334</u>	<u>\$16,125,607</u>
1st year prior	<u>306,272</u>	<u>624,800</u>	<u>226,194</u>	<u>225,016</u>	<u>201,849</u>
2nd year prior	<u>102,664</u>	<u>83,727</u>	<u>82,947</u>	<u>58,612</u>	<u>45,362</u>
3rd year prior	<u>57,792</u>	<u>51,017</u>	<u>42,515</u>	<u>27,804</u>	<u>31,126</u>
4th year prior	<u>22,753</u>	<u>19,526</u>	<u>14,037</u>	<u>13,671</u>	<u>23,544</u>
5th and prior years	<u>5,151</u>	<u>6,290</u>	<u>6,896</u>	<u>5,520</u>	<u>3,840</u>
<i>Total prior</i>	<u>\$ 494,632</u>	<u>\$ 785,360</u>	<u>\$ 372,589</u>	<u>\$ 330,623</u>	<u>\$ 305,721</u>
<i>Total Debt Service Fund</i>	<u>\$15,535,228</u>	<u>\$16,604,490</u>	<u>\$15,033,238</u>	<u>\$14,581,957</u>	<u>\$16,431,328</u>

	<u>2005-2006</u>	<u>2004-2005</u>	<u>2003-2004</u>	<u>2002-2003</u>	<u>2001-2002</u>
	<u>\$57,369,015</u>	<u>\$52,650,371</u>	<u>\$48,437,891</u>	<u>\$45,697,027</u>	<u>\$44,522,869</u>
	<u>\$ 6.25</u>	<u>\$ 6.25</u>	<u>\$ 6.25</u>	<u>\$ 6.25</u>	<u>\$ 6.25</u>
	<u>\$55,897,134</u>	<u>\$52,016,649</u>	<u>\$46,843,389</u>	<u>\$43,908,558</u>	<u>\$42,603,648</u>
	<u>999,151</u>	<u>960,780</u>	<u>1,015,071</u>	<u>1,152,962</u>	<u>1,067,838</u>
	<u>338,955</u>	<u>389,730</u>	<u>402,457</u>	<u>408,567</u>	<u>332,262</u>
	<u>235,825</u>	<u>201,048</u>	<u>239,485</u>	<u>196,029</u>	<u>153,873</u>
	<u>100,120</u>	<u>112,178</u>	<u>102,693</u>	<u>102,483</u>	<u>72,516</u>
	<u>35,452</u>	<u>21,885</u>	<u>53,981</u>	<u>34,577</u>	<u>19,740</u>
	<u>1,709,503</u>	<u>1,685,621</u>	<u>1,813,687</u>	<u>1,894,618</u>	<u>1,646,229</u>
	<u>\$57,606,637</u>	<u>\$53,702,270</u>	<u>\$48,657,076</u>	<u>\$45,803,176</u>	<u>\$44,249,877</u>
	<u>\$13,912,350</u>	<u>\$ 9,918,059</u>	<u>\$ 9,480,958</u>	<u>\$12,982,839</u>	<u>\$ 6,203,085</u>
	<u>\$ 1.40</u>	<u>\$ 1.05</u>	<u>\$ 1.04</u>	<u>\$ 1.48</u>	<u>\$ 0.73</u>
	<u>\$13,577,001</u>	<u>\$ 9,799,749</u>	<u>\$ 9,196,475</u>	<u>\$12,510,454</u>	<u>\$ 5,936,286</u>
	<u>166,311</u>	<u>166,173</u>	<u>262,610</u>	<u>160,041</u>	<u>218,393</u>
	<u>62,445</u>	<u>104,723</u>	<u>56,072</u>	<u>83,919</u>	<u>86,152</u>
	<u>65,048</u>	<u>28,011</u>	<u>49,191</u>	<u>50,828</u>	<u>36,681</u>
	<u>13,948</u>	<u>23,041</u>	<u>26,627</u>	<u>24,432</u>	<u>22,363</u>
	<u>6,958</u>	<u>4,212</u>	<u>13,622</u>	<u>3,630</u>	<u>3,152</u>
	<u>\$ 314,710</u>	<u>\$ 326,160</u>	<u>\$ 408,122</u>	<u>\$ 322,850</u>	<u>\$ 366,741</u>
	<u>\$13,891,711</u>	<u>\$10,125,909</u>	<u>\$ 9,604,597</u>	<u>\$12,833,304</u>	<u>\$ 6,303,027</u>

⁽¹⁾ Amounts include interest on deficiencies, discounts allowed for early payment, and adjustments and cancellations made by the County Assessor

Sources: Lane County Department of Assessment and Taxation and Linn County Department of Assessment and Taxation.

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
ASSESSED VALUES OF TAXABLE PROPERTY WITHIN SCHOOL DISTRICT BOUNDARIES
LAST TEN FISCAL YEARS (in thousands of dollars)

Fiscal Year Ending June 30	Assessed Value (not including exempt property)				Total Assessed Value	Add: Non- Profit Housing	Less: Urban Renewal Excess	Total Net Assessed Value	Total Direct Tax Rate	Amount Tax Rate will Raise	Less: Reductions and Adjustments	Total Taxes Imposed Net Levy
	Real Property	Personal Property	Manufactured Structure	Public Utility								
2011	\$ 11,347,527	\$ 365,658	\$ 44,148	\$ 248,961	\$ 12,006,294	\$ 9,058	\$ 216,506	\$ 11,798,846	\$ 7.5509	\$ 89,438	\$ 6,675	\$ 82,763
2010	11,171,805	395,347	53,663	247,360	11,868,175	8,794	211,395	11,665,574	7.6414	89,551	4,093	85,458
2009	10,746,643	400,726	57,081	192,877	11,397,327	8,538	212,440	11,193,425	7.6242	85,683	2,733	82,950
2008	10,416,221	384,883	56,134	200,093	11,057,331	8,289	213,025	10,852,595	7.5889	82,707	2,847	79,859
2007	9,870,799	352,297	55,105	183,130	10,461,331	8,235	187,747	10,281,819	7.8557	80,974	3,594	77,380
2006	9,447,834	339,879	55,101	190,251	10,033,065	7,995	181,196	9,859,864	7.6460	75,716	4,434	71,281
2005	9,048,355	325,527	51,890	242,801	9,668,573	7,763	193,237	9,483,099	7.2819	69,174	6,606	62,568
2004	8,669,201	310,919	49,395	215,682	9,245,197	-	169,401	9,075,796	7.2850	66,192	8,273	57,919
2003	8,284,951	315,680	51,533	236,327	8,888,491	7,317	166,634	8,729,174	7.7255	67,528	8,849	58,680
2002 ⁽¹⁾	7,992,009	317,471	54,419	244,254	8,608,153	7,104	153,815	8,461,442	6.9810	59,069	8,385	50,685

Notes:
Beginning July 1, 1997 property taxes were based on an assessed value. Assessed value is defined as the lower of "maximum assessed value" or "real market value". For the 1997-1998 tax year, "maximum assessed value" was set at the 1995-1996 real market value less 10 percent. Assessed value for later years is limited to 3 percent annual increases.
The net levy is the actual imposed tax after adjustments and constitutional property tax limitations due to the passing of Measure 5 in 1990 and Measure 50 in 1997.

⁽¹⁾ FY 2001-2002 Assessed Value by Property Type are Lane County only.

Source:
FY 2001-2002: Lane County Department of Assessment and Taxation.
FY 2003-2011: Oregon Property Tax Statistics Supplement for the appropriate fiscal year.

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
COMPARISON OF GENERAL FUND BUDGET TO TAX LEVY
LAST TEN FISCAL YEARS

Year Ended June 30	General Fund Budget	General Fund Levy	Percentage of Levy to Budget
2011	\$ 149,301,760	\$ 67,274,768	45.06 %
2010	148,631,000	69,076,852	46.48
2009	168,681,634	67,433,941	39.98
2008	164,312,578	65,196,549	39.68
2007	146,812,500	60,855,183	41.45
2006	132,117,000	57,369,015	43.42
2005	126,088,700	52,650,371	41.76
2004	115,473,200	48,437,891	41.95
2003	121,651,990	45,697,027	37.56
2002	123,136,005	44,522,869	36.16

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Source: Lane County Department of Assessment and Taxation, Linn County Tax Assessor's Office, and Statement of Revenues, Expenditures and Changes in Fund Balance by Year.

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON

PROPERTY TAX RATES ⁽¹⁾ - ALL OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS (Dollars per \$1,000)

	% within School District ⁽²⁾	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002
Bailey-Spencer RFPD	100.00 %	\$ 2.39	\$ 2.39	\$ 2.39	\$ 2.39	\$ 2.39	\$ 2.39	\$ 2.39	\$ 2.39	\$ 2.39	\$ 2.39
City of Coburg	100.00	5.36	5.50	5.48	5.49	5.38	5.54	5.48	5.44	3.75	3.75
City of Eugene	81.46	8.33	8.32	7.73	7.89	8.79	8.90	9.28	9.22	8.41	8.18
City of Springfield	9.03	7.06	7.13	7.19	6.13	6.12	6.10	6.15	6.17	5.15	5.17
Coburg RFPD	92.54	1.37	1.37	1.37	1.39	1.65	1.73	1.78	1.78	1.33	1.33
Creswell RFPD	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1.02	1.02
Eugene Urban Renewal Downtown	81.46	0.25	0.24	0.25	0.26	0.26	0.26	-	-	-	-
Emerald PUD	9.74	-	-	-	-	-	-	-	-	-	-
Eugene RFPD #1	99.62	1.85	2.00	2.00	2.54	2.54	2.54	1.72	2.54	2.54	2.54
Glenwood Water	99.96	3.69	3.85	3.85	3.89	4.14	4.14	4.14	3.19	1.90	4.14
Glenwood Urban Development	10.65	0.30	0.31	0.43	0.41	0.33	0.18	-	-	-	-
Goshen RFPD	14.36	1.72	1.72	1.72	1.72	1.72	1.72	1.72	1.72	1.72	1.72
Junction City Water Control	2.71	0.29	0.29	0.30	0.31	0.31	0.29	0.32	0.34	0.32	0.35
Lane Rural Fire/Rescue	3.35	2.12	2.12	2.12	2.12	2.12	2.12	2.12	2.12	2.12	2.12
Lane County	46.04	1.39	1.40	1.40	1.40	1.41	1.41	1.41	1.43	1.44	1.44
Lane County Fire District 1	21.77	1.98	1.98	1.98	1.98	1.98	1.98	1.98	1.98	1.98	1.98
Lane County Metro Waste Water	-	-	-	-	-	-	-	-	-	-	0.05
Lane ESD	46.20	0.22	0.22	0.22	0.22	0.22	0.22	0.22	0.22	0.22	0.22
Lane Community College	46.13	0.86	0.85	0.87	0.83	0.85	0.88	0.89	0.86	0.88	0.86
LeBleu Road	100.00	-	-	-	-	-	-	-	-	-	-
Linn County	0.12	7.55	7.64	7.62	7.59	7.84	7.65	7.28	7.29	7.73	6.98
Mohawk Valley RFPD	2.08	1.91	1.91	2.41	2.41	2.48	2.55	2.51	2.56	2.68	2.89
Rainbow Water & Fire District	2.24	3.58	3.62	3.73	3.73	3.15	3.18	3.21	3.25	3.10	3.12
River Road Park & Recreation	98.09	3.89	3.90	3.46	3.48	3.48	3.50	3.06	3.45	3.52	3.53
River Road Water Subdistrict #1	2.38	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.28
River Road Water	98.02	1.97	1.97	1.97	1.97	1.97	1.97	1.97	1.97	1.97	1.97
Santa Clara RFPD	98.50	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04
Santa Clara Water District	85.23	-	-	-	-	-	-	-	-	-	-
South Lane County Fire & Rescue	0.03	1.03	1.03	1.03	1.03	1.03	1.03	1.03	1.03	N/A	N/A
Springfield Economic Development Agency	10.28	-	-	-	-	-	-	-	-	-	-
Willakenzie RFPD	52.87	3.07	3.07	3.07	3.07	3.07	3.07	3.07	3.07	1.88	2.84
Willamalane Park & Rec	10.52	2.01	2.01	2.15	2.15	2.18	2.33	2.33	2.35	2.42	2.38
Zumwalt Fire	81.72	2.34	2.34	2.34	2.34	2.34	2.34	2.34	2.34	2.34	2.34

⁽¹⁾ Gross tax rate before Measure 5 limitations applied

⁽²⁾ Percentage within School District is provided by Lane County Department of Assessment and Taxation and is calculated as the portion of taxable value that is within the District's boundaries divided by each overlapping Government's total taxable value.

Source: Lane County Department of Assessment and Taxation
Linn County Tax Assessor's Office

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2011

Overlapping Issuer	Net Property-tax Backed Debt ⁽¹⁾	Percentage Within School District ⁽²⁾	Overlapping Debt ⁽³⁾
River Road Park & Recreation District	\$ 695,000	98.09 %	\$ 681,694
Coburg RFPD	591,667	92.82	549,180
City of Eugene	31,270,000	82.97	25,943,249
Lane ESD	7,780,000	48.71	3,789,568
Lane County	53,005,000	48.54	25,729,581
Lane Community College	36,655,000	47.90	17,558,038
City of Springfield	27,945,000	20.10	5,617,476
Harrisburg Rural Fire Protection District	185,000	3.42	6,332
Junction City Water Control District	243,388	2.26	5,501
Total			79,880,619
Direct District net property-tax backed debt			155,265,000
Total direct and overlapping debt			<u>\$ 235,145,619</u>

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⁽¹⁾ Net Property-tax Backed Debt is all General Obligation (GO) Bonds and Full Faith & Credit bonds, less Self-supporting Unlimited-tax GO and less Self-supporting Full Faith & Credit debt.

⁽²⁾ The percentage within School District is provided by the Municipal Debt Advisory Commission and is calculated as the portion of another overlapping issuer's real market value that is within the District's boundaries divided by each issuer's total real market value.

⁽³⁾ The overlapping debt is the issuer's Net Property-tax Backed Debt times the percentage of taxable value within the District's boundaries.

Source: Municipal Debt Advisory Commission, State of Oregon

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS, (DOLLARS IN THOUSANDS)

Legal Debt Margin Calculation for Fiscal Year 2011										
Real Market Value	\$ 18,698,851									
Debt Limit (7.95%) ⁽¹⁾	\$ 1,486,559									
Amount of Debt Applicable to Debt Limit:										
General Obligation Bonded Debt	111,335									
Less: Amount Available in Debt Service Funds	<u>10,507</u>									
Amount of Debt Applicable to Debt Limit	<u>100,828</u>									
Legal Debt Margin	<u>\$ 1,385,731</u>									
Fiscal Year										
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Debt limit	\$ 1,486,559	\$ 1,601,141	\$ 1,692,305	\$ 1,591,775	\$ 1,402,753	\$ 1,149,304	\$ 1,020,733	\$ 922,233	\$ 875,483	\$ 888,143
Total net debt applicable to limit	<u>100,828</u>	<u>110,624</u>	<u>120,130</u>	<u>130,252</u>	<u>136,731</u>	<u>153,165</u>	<u>113,294</u>	<u>119,685</u>	<u>124,372</u>	<u>57,235</u>
Legal debt margin	<u>\$ 1,385,731</u>	<u>\$ 1,490,517</u>	<u>\$ 1,572,176</u>	<u>\$ 1,461,523</u>	<u>\$ 1,266,022</u>	<u>\$ 996,139</u>	<u>\$ 907,439</u>	<u>\$ 802,549</u>	<u>\$ 751,111</u>	<u>\$ 830,909</u>
Total net debt applicable to the limit as a percentage of debt limit	6.78%	6.91%	7.10%	8.18%	9.75%	13.33%	11.10%	12.98%	14.21%	6.44%
⁽¹⁾ ORS 328.245 establishes a parameter of bonded indebtedness for school districts. Aggregates are governed by real market values of all taxable properties within the district: For each grade from kindergarten through eighth for which the District operates schools, fifty-five one-hundredths of one percent (.0055) of the real market value. For each grade from ninth through twelfth for which the District operates schools, seventy-five one-hundredths of one percent (.0075) of the real market value.										
Allowable Percentage of Real Market Value:										
Kindergarten through eighth grade, 9 x .0055										4.95%
Ninth through twelfth grade, 4 x .0075										3.00%
Allowable Percentage										<u>7.95%</u>

Source: Long-term debt footnote and Assessed True Cash Value Property Schedule

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
RATIO OF ANNUAL DEBT SERVICE REQUIREMENTS FOR GENERAL BONDED
DEBT TO TOTAL GENERAL FUND EXPENDITURES AND TRANSFERS
LAST TEN FISCAL YEARS

Year Ended June 30	Principal	Interest	Total Bonded Debt Service	Total General Fund Expenditures and Transfers	Ratio
2011	\$ 10,360,000	\$ 5,365,756	\$ 15,725,756	\$ 144,025,874	0.1092
2010	9,560,000	5,794,765	15,354,765	144,031,876	0.1066
2009	8,515,000	5,737,129	14,252,129	152,179,562	0.0937
2008	6,808,929	7,822,887	14,631,816	153,078,711	0.0956
2007	6,525,790	8,321,351	14,847,141	133,226,509	0.1114
2006	6,129,431	5,933,043	12,062,474	125,376,456	0.0962
2005	6,390,477	5,560,998	11,951,475	117,947,267	0.1013
2004	4,687,306	6,003,738	10,691,044	111,124,327	0.0962
2003	3,687,992	3,017,341	6,705,333	114,067,614	0.0588
2002	3,872,172	3,293,490	7,165,662	113,249,461	0.0633

Source: Combined Statement of Revenues, Expenditures and Changes in Fund Balance

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUATION AND
NET GENERAL BONDED DEBT PER CAPITA AND PER STUDENT
LAST TEN FISCAL YEARS

Year Ended June 30	District Population (Estimated)	Average Daily Membership (Resident) K-12⁽¹⁾	Assessed Valuation	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Valuation	Net Bonded Debt Per Capita	Net Bonded Debt Per Student
2011	152,428	15,762	\$ 11,798,847,376	\$ 111,335,000	0.0094	\$ 730	\$ 7,064
2010	150,188 ⁽²⁾	16,027	11,674,870,928	121,695,000	0.0104	810 ⁽²⁾	7,593
2009	149,160 ⁽²⁾	16,104	11,193,424,874	131,255,000	0.0117	880 ⁽²⁾	8,150
2008	148,132 ⁽²⁾	16,192	10,852,594,702	139,829,999	0.0129	944 ⁽²⁾	8,636
2007	147,105 ⁽²⁾	16,476	10,281,818,660	146,638,929	0.0143	997 ⁽²⁾	8,900
2006	146,077 ⁽²⁾	16,746	9,859,887,317	153,164,719	0.0155	1,049 ⁽²⁾	9,146
2005	145,049 ⁽²⁾	16,984	9,483,125,975	113,294,150	0.0119	781 ⁽²⁾	6,671
2004	144,021 ⁽²⁾	17,105	9,075,796,054	119,684,627	0.0132	831 ⁽²⁾	6,997
2003	142,993 ⁽²⁾	17,379	8,729,173,782	124,371,933	0.0142	870 ⁽²⁾	7,156
2002	141,966 ⁽²⁾	17,310	8,468,375,012	57,234,925	0.0068	403 ⁽²⁾	3,306

⁽¹⁾Excludes District sponsored public charter schools and alternative education providers.
690 ADM were excluded from the 2011 count.

⁽²⁾Revised

Sources: State of Oregon Department of Education
Lane County Department of Assessment and Taxation
Lane County School District 4J
Lane Council of Governments

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities			Total Primary Government	Percentage of Personal Income ⁽¹⁾	Per Capita ⁽¹⁾	Per Student ⁽²⁾
	General Obligation Bonds	Pension Bonds	Capital Leases				
2011	\$ 111,335,000	\$ 51,765,000	\$ 3,528,428	\$ 166,628,428	1.386%	\$ 1,093	\$ 10,572
2010	121,695,000	52,410,000	3,223,243	177,328,243	1.539%	1,181 ⁽³⁾	10,936
2009	131,255,000	52,895,000	3,325,396	187,475,396	1.613%	1,257 ⁽³⁾	11,642
2008	139,830,000	53,235,000	2,582,834	195,647,834	1.734%	1,321 ⁽³⁾	12,083
2007	146,638,929	53,435,000	2,484,059	202,557,988	1.932%	1,377 ⁽³⁾	12,294
2006	153,164,719	53,435,000	1,827,233	208,426,952	2.094%	1,427 ⁽³⁾	12,446
2005	113,294,150	53,435,000	1,473,159	168,202,309	1.792%	1,160 ⁽³⁾	9,904
2004	119,684,627	53,435,000	1,753,062	174,872,689	1.982%	1,214 ⁽³⁾	10,223
2003	124,371,931	-	2,793,123	127,165,054	1.470%	889 ⁽³⁾	7,317
2002	57,234,924	-	1,707,329	58,942,253	0.702%	415 ⁽³⁾	3,405

Source:

⁽¹⁾ See page 111 for estimated District population data and 114 for personal income data. These ratios are calculated using personal income for the prior calendar year.

⁽²⁾ See page 119 for average daily membership data.

⁽³⁾ Reflects revised estimated District population data on page 111.

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

Year Ended June 30	City of Eugene			Average Density Persons/Square Mile	Lane County		State of Oregon	
	Estimated Population ⁽¹⁾	Percent Change	Area (Square Miles)		Estimated Population ⁽¹⁾	Percent Change	Estimated Population ⁽¹⁾	Percent Change
2011	156,295	-0.51 %	40.5	3,859	352,665	1.18 %	3,856,815	0.33 %
2010	157,100	1.60	40.5	3,879	348,550	0.25	3,844,195	0.54
2009	154,620	3.77	40.5	3,818	347,690	0.52	3,823,465	0.85
2008	149,004	1.81	40.5	3,679	345,880	1.81	3,791,075	2.73
2007	146,356	0.13	40.5	3,614	339,740	1.09	3,690,505	1.63
2006	146,160	1.05	40.5	3,609	336,085	0.82	3,631,440	1.36
2005	144,640	0.51	41.5	3,485	333,350	1.20	3,582,600	1.16
2004	143,910	1.07	41.5	3,468	329,400	0.38	3,541,500	1.05
2003	142,380	1.30	41.5	3,431	328,150	0.69	3,504,700	0.95
2002	140,550	1.40	41.5	3,387	325,900	0.91	3,471,700	1.47

Source: Portland State University Center for Population Research and Census

⁽¹⁾ Based on preliminary estimates by Population Research Center as of November 15, 2011

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Year Ended December 31	County Population	County Personal Income (thousands of dollars)	County Per Capita Personal Income	County Unemployment Rate
2010	351,983	\$ 12,020,514	\$ 34,151	11.1%
2009	351,109	11,525,524	32,826	11.9
2008	345,880	11,594,589	33,522	6.6
2007	343,140	11,284,845	32,887	5.3
2006	339,740	10,483,145	31,364	5.5
2005	336,085	9,951,218	29,609	6.2
2004	329,400	9,384,503	28,490	7.3
2003	328,150	8,822,401	26,885	7.4
2002	325,900	8,653,611	26,553	6.7
2001	322,959	8,402,302	26,017	6.3
2000	315,700	8,227,894	26,062	5.5

Sources:

Population information: Portland State University Center for Population Research and Census
 Personal income: US Department of Commerce, Bureau of Economic Analysis.
 State of Oregon Employment Division, Department of Human Resources

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
MAJOR TAXPAYERS - CURRENT YEAR AND NINE YEARS AGO
JUNE 30, 2011

Name	2011			2002		
	2010-11 Assessed Valuation	Rank ⁽¹⁾	Percentage of District Total Assessed Value	2001-2002 Assessed Valuation	Rank	Percentage of District Total Assessed Value
Hynix Semiconductor Mfg	\$ 122,377,695	1	1.04 %	\$ 579,753,185	1	6.85 %
Valley River Center	102,444,362	2	0.87	72,611,146	3	0.86
Comcast Corporation	85,974,000	3	0.73			
PeaceHealth	511,503,214	4	4.34			
Symantec Corporation	77,550,173	5	0.66			
Qwest Corp	67,809,200	6	0.58	106,552,734	2	1.26
McKay Investment Company	49,521,935	7	0.42			
Northwest Natural Gas Co	44,662,800	8	0.38	31,005,000	6	0.37
Molecular Probes Inc	37,410,693	9	0.32			
Chase Village LLC	33,394,599	10	0.28			
HMT Technology Group				26,032,520	4	0.31
Sony Music Entertainment Inc				67,050,180	5	0.79
SHLP Financing LLC				26,841,791	7	0.32
Guard Publishing Co				27,473,798	8	0.32
360networks (USA) Inc				24,685,762	9	0.29
Kinder Morgan Energy Partner				15,830,663	10	0.19
Total Major Taxpayers	1,132,648,671		9.62	977,836,779		11.56
Other	10,656,481,872		90.38	7,490,538,233		88.44
Total All Taxpayers	\$ 11,789,130,543		100.00 %	\$ 8,468,375,012		100.00 %

⁽¹⁾ Ranking is based on amount of tax and not assessed valuation

Source: Lane County Department of Assessment and Taxation

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON

MAJOR EMPLOYERS - LANE COUNTY - CURRENT YEAR AND NINE YEARS AGO
JUNE 30, 2011

Company	2011 ⁽⁵⁾			2002		
	Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
University of Oregon	4,000	1	2.97 %	3,747 ⁽²⁾	2	2.72 %
PeaceHealth Corporation	3,400 ⁽¹⁾	2	2.52	4,011 ⁽¹⁾	1	2.91
City of Eugene	2,200	3	1.63	1,427 ⁽³⁾	5	1.03
Lane County School District 4J	2,025 ⁽³⁾	4	1.50	1,961 ⁽²⁾	4	1.42
Lane Community College	2,000 ⁽²⁾	5	1.49	804	8	0.58
U.S. Government	1,800	6	1.34	2,100 ⁽³⁾	3	1.52
Lane County	1,462	7	1.09	1,323	6	0.96
Springfield School District	1,406	8	1.04	NA	-	NA
State of Oregon	1,100	9	0.82	1,300 ⁽³⁾	7	0.94
McKenzie-Willamette Medical Ctr	750	10	0.56	NA	-	NA
Hynix	NA	-	NA	780	9	0.57
PSC Scanning	NA	-	NA	600 ⁽³⁾	10	0.43
Total Major Employers	20,143		14.96	18,053		13.09
Other	114,514		85.04	119,914		86.91
Total All Employers	134,657 ⁽⁴⁾		100.00 %	137,967		100.00 %

Source: Eugene/Springfield Metropolitan Partnership, as cited by www.springfield-chamber.org.
Oregon Employment Department

⁽¹⁾ Includes PeaceHealth Medical Group, Sacred Heart Medical, Cottage Grove Hospital.

⁽²⁾ Includes part-time employees and student instructors.

⁽³⁾ Includes part-time employees.

⁽⁴⁾ Bureau of Labor Statistics March 2011 preliminary total.

⁽⁵⁾ Updated information not available at the time of printing. Statistics are the same as 2010.

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON

AVERAGE ANNUAL UNEMPLOYMENT AS A PERCENT OF LABOR FORCE
LAST TEN YEARS

Year Ending December 31	Eugene MSA	State of Oregon	United States
2010	11.1 %	10.8 %	9.6 %
2009	12.2 ⁽¹⁾	11.1	9.3
2008	6.7	6.5	5.8
2007	5.2	5.2 ⁽¹⁾	4.6
2006	5.4	5.3	4.6
2005	6.2	6.2	5.1
2004	7.3	7.3	5.5
2003	8.0	8.1	6.0
2002	7.1	7.6	5.8
2001	6.8	6.4	4.7

Source: State of Oregon Employment Division, Department of Human Resources

⁽¹⁾ Revised

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON

PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS FOR THE CITY OF EUGENE
LAST TEN FISCAL YEARS

Year Ended June 30	Assessed Property Value* (in \$000)	Commercial Permits⁽¹⁾	Construction Value⁽¹⁾ (in \$000)	Residential Permits⁽¹⁾	Construction Value⁽¹⁾ (in \$000)	Bank Deposits⁽²⁾ (in \$000)
2011	\$ 11,789,130	553	\$ 48,881	744	\$ 57,200	\$ 2,852,086
2010	11,665,574	523	37,907	755	62,531	2,833,992
2009	11,184,444	585	67,635	746	47,182	2,799,212
2008	10,843,906	751	74,606	1,005	68,984	2,618,900
2007	10,273,387	690	57,431	1,202	110,173	2,875,140
2006	9,851,811	785	89,408	1,537	186,210	2,486,628
2005	9,475,300	801	80,764	1,417	196,722	1,904,709
2004	9,068,240	726	77,290	1,283	141,664	1,896,363
2003	8,721,850	713	76,732	1,237	146,081	1,609,621
2002	8,461,442	845	196,219	1,266	140,060	1,592,654

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Source: ⁽¹⁾ City of Eugene, Department of Public Works

⁽²⁾ State of Oregon, Department of Consumer & Business Services

* Lane County School District No. 4J only

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
AVERAGE DAILY MEMBERSHIP AND PER PUPIL EXPENDITURES
LAST TEN FISCAL YEARS

	Average	Total	Government-				General Fund		General Fund
	Daily	Government-	wide	Total	General Fund	General Fund	Instruction	General Fund	Other
Year Ended	Membership	wide	Expenses	General Fund	Per Pupil	Instruction	Expenditures	Expenditures	Expenditures
June 30	(K-12) ⁽¹⁾	Expenses ⁽³⁾	Per Pupil (ADM)	Expenditures ⁽³⁾	(ADM)	Expenditures ⁽³⁾	Per Pupil (ADM)	Expenditures ⁽³⁾	Per Pupil (ADM)
2011	16,532	\$ 191,886,250	\$ 11,607	\$ 141,177,590	\$ 8,540	\$ 85,997,215	\$ 5,202	\$ 55,180,375	\$ 3,338
2010	16,705 ⁽²⁾	195,038,895	11,675	142,400,797	8,524	87,340,570	5,228	55,060,227	3,296
2009	16,812	199,812,723	11,885	149,214,979	8,876	91,212,826	5,425	58,002,153	3,450
2008	16,998	200,095,530	11,772	147,208,921	8,660	89,703,733	5,277	57,505,188	3,383
2007	17,282	180,774,014	10,460	127,625,737	7,385	77,881,307	4,506	49,744,430	2,878
2006	17,563	173,578,002	9,883	121,263,357	6,904	74,996,549	4,270	46,266,808	2,634
2005	17,570	153,720,382	8,749	117,947,267	6,713	67,787,367	3,858	50,159,900	2,855
2004	17,709	152,513,038	8,612	111,124,327	6,275	65,170,109	3,680	45,954,218	2,595
2003	17,964	159,050,490	8,854	114,067,614	6,350	69,308,489	3,858	44,759,125	2,492
2002	17,908	151,398,575	8,454	113,249,461	6,324	69,436,074	3,877	43,813,387	2,447

⁽¹⁾ Includes District sponsored public charter schools and alternative education providers.

⁽²⁾ Revised in 2011 to reflect final numbers for fiscal year.

⁽³⁾ Budgetary basis.

Sources: State of Oregon Department of Education
Statement of Activities
Schedule of Revenues, Expenditures, and Changes in Fund Balance by Year

LANE COUNTY SCHOOL DISTRICT NO. 4J
FULL TIME EQUIVALENT EMPLOYEES BY ACTIVITY/FUNCTION
LAST TEN FISCAL YEARS

Activity/Function	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Direct classroom services										
Regular instruction	730.6	767.2	789.2	792.6	776.1	775.6	778.6	767.2	770.9	811.6
Special programs	360.5	380.1	350.6	347.0	345.3	338.6	317.9	307.4	288.5	291.1
Total direct classroom services	1,091.1	1,147.3	1,139.8	1,139.6	1,121.4	1,114.2	1,096.5	1,074.6	1,059.4	1,102.7
Classroom support services										
Extra-curricular activities	6.6	5.9	6.2	7.5	6.0	6.4	5.4	4.3	3.7	4.0
Student support	107.7	110.1	122.7	122.2	122.9	120.7	107.6	107.4	103.5	105.1
Libraries, curriculum and staff development	55.7	59.5	62.6	68.5	65.5	60.1	57.3	51.1	50.5	49.7
School administration	130.7	134.2	143.0	139.8	150.3	152.1	143.8	145.0	145.4	150.6
Community services	13.2	10.0	9.9	11.5	12.3	10.7	9.6	9.1	10.7	12.5
Total classroom support services	313.9	319.7	344.4	349.5	357.0	350.0	323.7	316.9	313.8	321.9
Building support services										
Facilities operation and maintenance	145.1	154.1	159.2	152.8	145.2	158.5	150.5	153.1	153.8	162.2
Student transportation	77.5	79.4	85.1	71.1	63.3	59.6	62.6	58.4	57.8	59.6
Computing and information services	38.8	41.5	33.6	30.4	20.7	21.2	21.2	18.7	19.3	22.0
Warehouse and purchasing	4.7	5.7	6.0	7.3	6.3	6.5	5.5	6.5	6.5	7.0
Total building support services	266.1	280.7	283.9	261.6	236.5	245.8	239.8	236.7	237.4	250.8
Central support services										
Executive administration	3.2	4.3	7.8	7.2	6.1	4.7	2.5	2.5	4.0	5.8
Financial services	14.4	15.9	15.9	13.9	14.8	14.8	14.4	14.0	14.0	15.5
Human resources/employee insurance benefits	18.6	17.6	18.2	18.9	25.0	19.6	19.3	18.0	20.3	22.2
Communications and intergovernmental relations	3.0	3.2	3.1	3.0	3.0	3.2	3.2	3.1	3	2
Total central support services	39.2	41.0	45.0	43.0	48.9	42.3	39.4	37.6	41.3	45.5
Nutrition services	68.1	72.1	68.0	71.6	72.1	73.7	75.1	74.8	69.9	65.4
Total employees	1,778.4	1,860.8	1,881.1	1,865.3	1,834.9	1,826.0	1,774.5	1,740.6	1,721.8	1,786.3
Licensed Staff	922.5	962.9	976.4	969.4	951.5	959.3	931.1	919.2	915.8	952.1
Classified Staff	752.2	791.5	799.8	784.3	772.3	754.7	735.5	715.8	699.9	730.6
Professional Staff	19.6	24.3	26.3	25.2	23.2	22.5	21.0	17.2	17.1	15.7
Total Classified and Professional	771.8	815.8	816.1	809.5	795.5	777.2	756.5	733.0	717.0	746.3
Administrative Staff	73.1	71.1	77.6	75.4	76.9	78.1	76.4	77.6	78.6	77.5
Supervisory Staff	11.0	11.0	11.0	11.0	11.0	11.4	10.5	10.8	10.4	10.4
Total Administrators and Supervisors	84.1	82.1	88.6	86.4	87.9	89.5	86.9	88.4	89.0	87.9
Total employees	1,778.4	1,860.8	1,881.1	1,865.3	1,834.9	1,826.0	1,774.5	1,740.6	1,721.8	1,786.3

Note: FTE as of June

Source:
Human Resources Information System

LANE COUNTY SCHOOL DISTRICT NO. 4J
LICENSED, CLASSIFIED, AND ADMINISTRATIVE FULL-TIME
EQUIVALENT EMPLOYEES - GENERAL FUND
LAST TEN FISCAL YEARS

Year Ended June 30	Licensed	Classified and Professional ⁽⁴⁾	Administrative and Supervisory ⁽⁵⁾	Total	Average Daily Membership (Resident) K-12 ⁽³⁾	Licensed Staffing Ratio
2011	833.0	585.0	77.5	1,495.5	15,762	18.9
2010	839.0	608.1	72.5	1,519.6	16,027	19.1
2009	882.8	598.5	79.2	1,560.5	16,104	18.2
2008 ⁽¹⁾	885.2	611.5	79.1	1,575.8	16,192	18.3
2007	818.3	572.1	77.4	1,467.9	16,476	20.1
2006	822.4	564.1	76.1	1,462.6	16,746	20.4
2005	831.4	555.7	66.0	1,453.1	16,943	20.4
2004	805.4	537.7	66.1	1,409.2	17,105	21.2
2003	822.0	569.0	69.0	1,460.0	17,379	21.1
2002	877.0	594.0 ⁽²⁾	72.0	1,543.0	17,310	19.7

⁽¹⁾ Increase reflects on-load of staff previously funded with City of Eugene Levy funds 2004-2007.

⁽²⁾ In 01-02, 35.4 FTE Facilities staffing and 2 FTE CIS maintenance staff were funded from the General Fund when state capital funding was no longer available.

⁽³⁾ Excludes District sponsored public charter schools and alternative education providers.

⁽⁴⁾ Beginning 2006 includes Professional.

⁽⁵⁾ Beginning 2006 includes Supervisors

Note: FTE as of June

EUGENE SCHOOL DISTRICT NO. 4J
BARGAINING UNITS & CONTRACT STATUS
JUNE 30, 2011

Collective Bargaining Unit	No. of Employees	Termination Date of Current Contract	Status of Negotiations
Oregon Education Association/ Eugene Education Association	974	06/30/2013	Settled
Oregon School Employees Association	910	06/30/2014	Settled

Source: Oregon Education Association/Eugene Education Association
Oregon School Employees Association

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
LICENSED PROFESSIONAL SALARY PLAN
YEAR ENDING JUNE 30, 2011

LEVEL	BACHELORS	BACHELORS + 23	BACHELORS + 45	BACHELORS + 60 MASTERS	BACHELORS + 83 B+68 W/ MASTERS MASTERS + 23	BACHELORS + 105 B+90 W/ MASTERS MASTERS + 45	DOCTORATE MASTERS + 90
1	\$33,875	\$35,128	\$36,428	\$37,776	\$39,174	\$40,623	\$42,126
2	34,502	35,779	37,103	38,476	39,900	41,376	42,907
3	35,779	37,103	38,476	39,900	41,376	42,907	44,495
4	37,103	38,476	39,900	41,376	42,907	44,495	46,141
5	38,476	39,900	41,376	42,907	44,495	46,141	47,848
6	39,900	41,376	42,907	44,495	46,141	47,848	49,618
7	41,376	42,907	44,495	46,141	47,848	49,618	51,454
8	42,907	44,495	46,141	47,848	49,618	51,454	53,358
9	44,495	46,141	47,848	49,618	51,454	53,358	55,332
10	46,141	47,848	49,618	51,454	53,358	55,332	57,379
11	47,848	49,618	51,454	53,358	55,332	57,379	59,502
12	49,618	51,454	53,358	55,332	57,379	59,502	61,704
13	51,454	53,358	55,332	57,379	59,502	61,704	63,987
Longevity (16)	53,358	55,332	57,379	59,502	61,704	63,987	66,355
Longevity (16+)	NA	NA	NA	NA	NA	66,123	68,570
Longevity (17)	NA	NA	NA	NA	NA	67,098	69,581

* Highest entry level.

LICENSED STAFFING PER LEVEL AND EDUCATION IN FULL-TIME EQUIVALENT EMPLOYEES—JUNE 2011

LEVEL	BACHELORS	BACHELORS + 23	BACHELORS + 45	BACHELORS + 60 MASTERS	BACHELORS + 83 B+68 W/ MASTERS MASTERS + 23	BACHELORS + 105 B+90 W/ MASTERS MASTERS + 45	DOCTORATE MASTERS + 90	TOTAL
1	1.1	0.0	1.0	7.3	12.7	6.0	0.2	28.2
2	2.3	1.0	0.0	8.3	3.7	5.8	0.0	21.1
3	0.0	0.5	0.0	6.6	19.7	5.8	0.6	33.2
4	0.0	0.0	1.0	14.3	21.0	9.4	0.0	45.7
5	3.5	0.0	0.0	11.4	8.0	13.4	3.7	39.9
6	5.0	1.0	0.0	15.6	16.7	19.9	2.0	60.2
7	3.0	0.0	0.0	18.3	14.0	13.2	3.0	51.5
8	3.6	1.0	0.0	17.7	16.6	8.4	0.0	47.3
9	2.0	2.1	0.0	7.6	8.5	19.2	2.5	41.9
10	0.2	1.0	1.0	14.2	7.0	17.8	3.6	44.7
11	2.5	2.0	0.0	10.6	9.2	18.8	7.0	50.1
12	3.6	0.0	1.0	10.0	13.7	15.4	4.0	47.6
13	0.6	3.0	0.5	6.9	11.5	18.9	11.7	53.0
Longevity (16)	8.0	5.0	5.9	28.5	25.4	16.3	6.0	95.0
Longevity (16+)	9.6	9.5	9.3	41.0	29.1	0.6	0.0	99.1
Longevity (17)						123.4	40.6	164.0
Total	45.0	26.1	19.7	218.2	216.6	312.2	84.7	922.5

Average Education: Bachelor's +90 with Master's
Average Salary: \$50,239

Source: Eugene Education Association Collective Bargaining Agreement.
Human Resource Information System.

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LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
NUTRITION AND TRANSPORTATION SERVICES INFORMATION
TEN FISCAL YEARS

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Breakfast Program:										
Paid Breakfasts Served	80,617	75,466	86,906	99,441	80,683	67,338	60,583	44,976	41,744	36,978
Free Breakfasts Served	337,179	352,510 ⁽²⁾	325,119	300,421	268,803	242,860	239,964	231,067	243,368	220,621
Reduced Breakfasts Served	39,383	50,529	46,936	46,696	34,128	33,403	31,374	21,731	23,091	21,685
Lunch Program:										
Paid Lunches Served	372,168	425,932	478,193	497,358	504,989	479,532	459,032	439,433	387,441	409,847
Free Lunches Served	650,842	676,620 ⁽²⁾	615,451	569,180	554,097	538,406	541,274	521,887	516,759	478,898
Reduced Lunches Served	93,648	117,056	116,851	117,973	104,879	109,223	103,591	91,847	79,049	81,142
Supper/Snack Program:										
Paid Suppers/Snacks Served										3,548
Free Suppers/Snacks Served	28,913	40,831	35,068	28,840	26,419	18,436	21,449	27,048	31,569	19,371
Reduced Suppers/Snacks Served										578
A la Carte Sales	\$ 186,274	\$ 230,736	\$ 315,740	\$ 574,353	\$ 605,771	\$ 712,648	\$ 787,917	\$ 786,211	\$ 953,179	\$ 1,023,929
Percentage of Students Eligible to Receive Free or Reduced-Price Meals										
	40.01%	38.79%	35.60%	32.70%	32.50%	30.70%	33.10%	28.20%	26.00%	25.00%
Pupil transportation statistics:										
Number of Buses	92	93	93	88	87	83	83	81	81	81
Number of Vans	12	12	12	10	10	10	10	10	10	10
Total Miles Traveled ⁽¹⁾	1,302,505	1,326,201	1,391,374	1,447,550	1,267,489	1,317,538	1,265,765	1,142,656	1,112,387	1,152,658
Number of students transported daily	5,197	4,985	4,832	5,056	4,855	4,407	4,567	4,437	4,490	4,365

⁽¹⁾ While District enrollment has decreased over the last ten fiscal years, total miles traveled increased due to school consolidations.

⁽²⁾ Revised.

Source: Lane County School District 4J

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LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
SCHOOL BUILDING AND STUDENT ENROLLMENT INFORMATION
LAST TEN FISCAL YEARS

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Enrollment Summary: ⁽¹⁾										
Elementary Schools	6,392.0	6,470.5	6,684.0	6,665.0	6,763.5	6,837.0	6,786.0	6,863.5	7,024.5	7,141.0
K - 8 Schools	525.5	509.0 ⁽²⁾	326.0	281.0	NA	NA	NA	NA	NA	NA
Middle Schools	3,478.0	3,505.0	3,661.0	3,652.0	3,915.0	4,024.0	4,193.0	4,396.0	4,465.0	4,441.0
High Schools	5,547.0	5,584.0 ⁽³⁾	5,592.0	5,839.0	6,056.0	6,068.0	6,227.0	6,196.0	6,069.0	5,988.0
Total Enrollment	15,942.5	16,068.5	16,263.0	16,437.0	16,734.5	16,929.0	17,206.0	17,435.5	17,557.5	17,570.0

⁽¹⁾ Excludes District sponsored public charter schools and alternative education providers.

⁽²⁾ Restated

⁽³⁾ Fiscal year 2010 restated to include Life Skills enrollment.

Elementary Schools (K=0.5) Number of school programs: 18 Neighborhood, 4 Alternative

Adams (1949)										
Gross Floor Area (sq ft): 47,660										
Elementary Enrollment - Adams	173.0	165.0	179.0	172.5	180.0	167.0	162.0	151.0	170.5	183.0
Elementary Enrollment - Hillside	-	-	-	83.0	115.0	111.5	122.0	131.5	125.0	113.5
Awbrey Park (1967)										
Gross Floor Area (sq ft): 58,375										
Elementary Enrollment	424.5	456.5	449.5	422.5	436.5	437.0	413.0	441.5	476.5	330.5
Bailey Hill (1949)										
Gross Floor Area (sq ft): 36,442										
Elementary Enrollment	-	-	-	-	-	-	-	-	-	-
Bertha Holt (2004)										
Gross Floor Area (sq ft): 67,389										
Elementary Enrollment	470.0	473.0	485.5	489.0	531.0	551.0	555.5	-	-	-
Cesar Chavez (2004)										
Gross Floor Area (sq ft): 66,940										
Elementary Enrollment - Cesar Chavez	419.0	415.5	368.5	328.0	332.0	324.5	323.0	-	-	-
Elementary Enrollment - Family ⁽⁴⁾	-	-	124.0	123.0	121.0	123.0	110.0	-	-	-
Charlemagne at Fox Hollow (1967)										
Gross Floor Area (sq ft): 29,621										
Elementary Enrollment	261.0	271.0	267.5	267.5	270.0	276.0	280.0	269.0	263.5	266.0
Coburg (1950)										
Gross Floor Area (sq ft): 27,537										
Elementary Enrollment	110.0	123.5	135.0	139.5	143.0	137.0	119.0	127.0	128.5	118.0
Crest Drive (1963)										
Gross Floor Area (sq ft): 27,441										
Elementary Enrollment	242.0	244.0	242.5	237.0	201.0	215.5	180.0	202.0	239.5	225.5
Edgewood (1962)										
Gross Floor Area (sq ft): 36,719										
Elementary Enrollment - Edgewood	291.0	286.0	280.5	293.5	267.5	224.5	229.0	227.0	224.0	225.0
Elementary Enrollment - Evergreen	-	-	-	-	-	76.0	98.0	95.0	100.0	96.0
Edison (1926)										
Gross Floor Area (sq ft): 42,195										
Elementary Enrollment	283.0	295.5	275.0	302.5	286.0	265.5	281.5	290.0	256.5	262.5
Gilham (1966)										
Gross Floor Area (sq ft): 74,500										
Elementary Enrollment	454.5	463.5	475.0	479.0	476.5	498.5	511.5	454.0	468.5	480.5
Harris (1949) (Became Camas Ridge 7/1/2009)										
Gross Floor Area (sq ft): 41,327										
Elementary Enrollment - Camas Ridge	271.5	256.5								
Elementary Enrollment - Harris	-	-	166.0	156.5	164.0	188.5	173.0	191.0	219.5	248.0
Elementary Enrollment - Eastside	-	-	136.0	-	-	-	-	-	-	-
Howard (1949)										
Gross Floor Area (sq ft): 47,794										
Elementary Enrollment	239.5	266.5	275.0	256.5	268.0	293.5	306.0	292.0	334.0	334.5
Magnet Arts (K - 8 School: Arts & Technology Academy At Jefferson)										
Elementary Enrollment	NA	NA	NA	NA	88.0	102.0	117.5	118.0	120.5	122.5
McCornack (1968)										
Gross Floor Area (sq ft): 56,532										
Elementary Enrollment	375.0	385.0	393.5	375.0	386.0	383.0	398.5	411.0	439.0	447.0

Source: State of Oregon Department of Education
Lane County School District 4J

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
SCHOOL BUILDING AND STUDENT ENROLLMENT INFORMATION (Continued)
LAST TEN FISCAL YEARS

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Elementary Schools (Continued)										
Meadowlark (1960)										
Gross Floor Area (sq ft): 45,911										
Elementary Enrollment - Meadowlark	182.5	213.0	212.5	216.5	176.5	188.0	171.5	177.5	168.0	191.0
Elementary Enrollment - Buena Vista	270.0	247.0	248.0	251.0	250.0	254.0	252.0	255.0	251.0	252.0
Parker (1959)										
Gross Floor Area (sq ft): 42,625										
Elementary Enrollment - Parker	240.5	236.5	239.0	229	217.0	220.0	195.5	196.5	169.0	170.5
Elementary Enrollment - Eastside	-	-	-	146	147.0	145.0	143.0	144.0	144.0	144.0
Patterson (1957)										
Gross Floor Area (sq ft): 36,199										
Elementary Enrollment - Patterson	-	-	-	-	-	-	-	119.0	109.5	121.5
Elementary Enrollment - Family School	-	-	-	-	-	-	-	106.0	106.0	111.0
River Road (1953)										
Gross Floor Area (sq ft): 51,301										
Elementary Enrollment	351.5	323.5	309.0	279	295.5	280.5	295.0	277.5	268.5	276.5
Santa Clara (1931)										
Gross Floor Area (sq ft): 44,530										
Elementary Enrollment	-	-	-	-	-	-	-	-	-	339.0
Silver Lea (1961)										
Gross Floor Area (sq ft): 48,645										
Corridor Enrollment	238.5	232.5	237.0	243.5	249.0	247.5	242.5	245.0	243.0	243.0
Yujin Gakuen Enrollment	249.5	260.5	268.5	270	273.5	283.0	275.0	266.5	257.5	266.5
Spring Creek (1964)										
Gross Floor Area (sq ft): 41,387										
Elementary Enrollment	314.5	334.5	359.0	349	361.0	384.5	345.5	389.0	388.5	200.5
Twin Oaks (1958)										
Gross Floor Area (sq ft): 35,198										
Elementary Enrollment	198.0	183.0	211.0	221	225.0	236.0	219.5	234.0	241.0	269.0
Washington (1950)										
Gross Floor Area (sq ft): 45,561										
Elementary Enrollment	-	-	-	-	-	-	-	297.0	283.0	310.5
Westmoreland (1948)										
Gross Floor Area (sq ft): 47,221										
Elementary Enrollment	-	-	-	-	-	-	-	212.5	221.0	219.5
Whiteaker (1926)										
Gross Floor Area (sq ft): 31,257										
Elementary Enrollment	-	-	-	-	-	-	-	-	-	-
Willagillespie (1925)										
Gross Floor Area (sq ft): 57,500										
Elementary Enrollment	333.0	338.5	347.5	335	272.0	240.0	248.5	285.0	291.0	315.5
Willakencie (1923)										
Gross Floor Area (sq ft): 37,491										
Elementary Enrollment	-	-	-	-	-	-	-	297.0	304.5	283.5
Willard (1954)										
Gross Floor Area (sq ft): 35,454 ⁽⁵⁾										
Elementary Enrollment	-	-	-	-	-	-	-	-	-	-

⁽⁵⁾ Willard School square footage reduced by 10,380 due to fire which destroyed a wing of classrooms and the library.

K - 8 Schools Number of school programs: 1 Neighborhood/1 Alternative

Arts and Technology Academy at Jefferson (1957)										
Gross Floor Area (sq ft): 100,237										
K - 8 Enrollment - Arts and Technology	391.5	372.5	326.0	281.0	NA	NA	NA	NA	NA	NA
K - 8 Enrollment - Family School ⁽⁶⁾	134.0	136.5	NA	NA	NA	NA	NA	NA	NA	NA

⁽⁶⁾ Family School moved to its new co-location fall of 2009 and added kindergarten and 6th grade classes. 7th grade was added in 2010 and 8th grade in 2011.

Middle Schools Number of school programs: 7 Neighborhood, 1 Alternative (3 Language Immersion Programs are embedded in the neighborhood schools)

Cal Young Middle School (2006)										
Gross Floor Area (sq ft): 90,341										
Middle School Enrollment	559.0	545.0	582.0	610.0	566.0	580.0	569.0	620.0	573.0	582.0

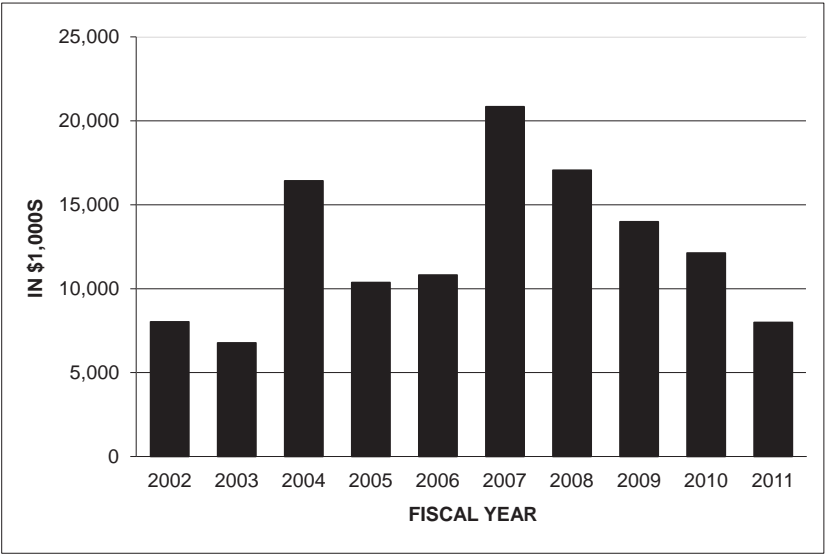
Source: State of Oregon Department of Education
Lane County School District 4J

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
SCHOOL BUILDING AND STUDENT ENROLLMENT INFORMATION (Continued)
LAST TEN FISCAL YEARS

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Middle Schools (Continued)										
Jefferson Middle School (K - 8 School: Arts & Technology Academy At Jefferson)										
Middle School Enrollment	NA	NA	NA	NA	219.0	262.0	351.0	405.0	451.0	456.0
Kelly Middle School (1945)										
Gross Floor Area (sq ft): 112,356										
Middle School Enrollment	457.0	491.0	499.0	484.0	511.0	524.0	546.0	550.0	583.0	536.0
Kennedy Middle School (1965)										
Gross Floor Area (sq ft): 89,057										
Middle School Enrollment	511.0	494.0	507.0	498.0	496.0	489.0	547.0	570.0	570.0	545.0
Madison Middle School (2005)										
Gross Floor Area (sq ft): 86,953										
Middle School Enrollment	436.0	462.0	468.0	440.0	415.0	423.0	420.0	486.0	481.0	525.0
Monroe Middle School (1965)										
Gross Floor Area (sq ft): 87,401										
Middle School Enrollment	541.0	534.0	533.0	541.0	587.0	630.0	644.0	617.0	615.0	626.0
Roosevelt Middle School (1950)										
Gross Floor Area (sq ft): 105,770										
Middle School Enrollment	556.0	577.0	650.0	659.0	672.0	673.0	694.0	724.0	759.0	739.0
Spencer Butte Middle School (1960)										
Gross Floor Area (sq ft): 82,414										
Middle School Enrollment	418.0	402.0	422.0	420.0	449.0	443.0	430.0	414.0	433.0	432.0
High Schools Number of school programs: 4 Neighborhood, 3 Alternative										
Churchill High School (1966)										
Gross Floor Area (sq ft): 249,982										
High School Enrollment	1,109.0	1,151.0	1,158.0	1,195.0	1,287.0	1,323.0	1,367.0	1,407.0	1,426.0	1,387.0
Alternative High School Enrollment	153.0	74.0	56.0	89.0	97.0	75.0	90.0	87.0	104.0	146.0
North Eugene High School (1957)										
Gross Floor Area (sq ft): 214,767										
High School Enrollment	1,027.0	1,006.0	1,006.0	1,068.0	1,159.0	1,251.0	1,276.0	1,246.0	1,163.0	1,087.0
Alternative High School Enrollment	49.0	32.0	45.0	39.0	34.0	38.0	42.0	52.0	32.0	21.0
Sheldon High School (1963)										
Gross Floor Area (sq ft): 234,872										
High School Enrollment	1,500.0	1,561.0	1,610.0	1,662.0	1,642.0	1,563.0	1,542.0	1,553.0	1,505.0	1,487.0
Life Skills Enrollment ⁽¹⁾	37.0	33.0	-	-	-	-	-	-	-	-
⁽¹⁾ Life Skills enrollment included beginning 2010.										
South Eugene High School (1953)										
Gross Floor Area (sq ft): 310,831										
High School Enrollment	1,512.0	1,564.0	1,573.0	1,646.0	1,700.0	1,695.0	1,747.0	1,699.0	1,678.0	1,717.0
Dunn - Opportunity Center (1929)										
Gross Floor Area (sq ft): 38,699										
High School Enrollment	160.0	163.0	144.0	140.0	137.0	129.0	163.0	155.0	160.0	143.0
Administrative and Other Facilities										
Education Center (1957)										
Gross Floor Area (sq ft): 74,102										
Facilities (1940)										
Gross Floor Area (sq ft): 42,700										
Transportation (1963)										
Gross Floor Area (sq ft): 30,315										
Gross Floor Area (sq ft) Summary:										
					Age of building (in years)					
					Oldest	Median	Newest			
Elementary Schools	946,597				86	51	7			
K - 8 Schools	100,237				54	54	54			
Middle Schools	654,292				66	46	5			
High Schools	1,010,452				82	54	45			
Other Facilities	185,795				74	63	48			
Total Gross Floor Area (sq ft)	2,897,364				86	51	5			

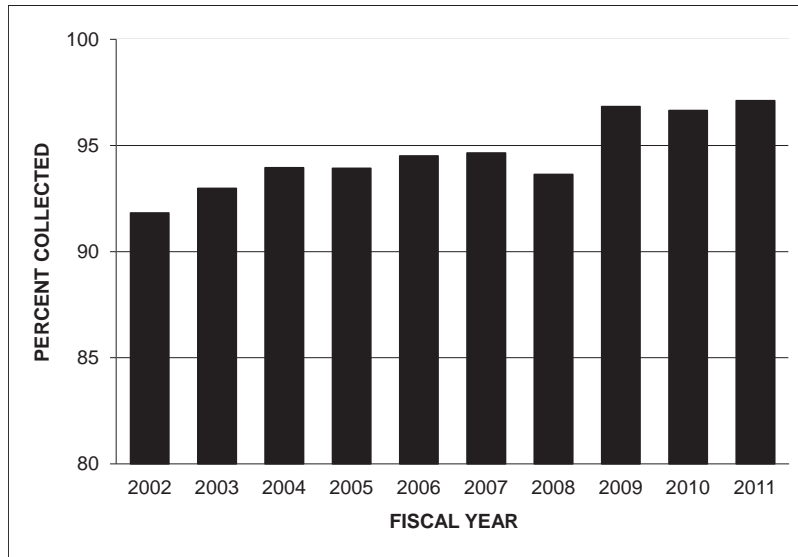
Source: State of Oregon Department of Education
Lane County School District 4J

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
GENERAL FUND BALANCE - BUDGET BASIS
LAST TEN FISCAL YEARS



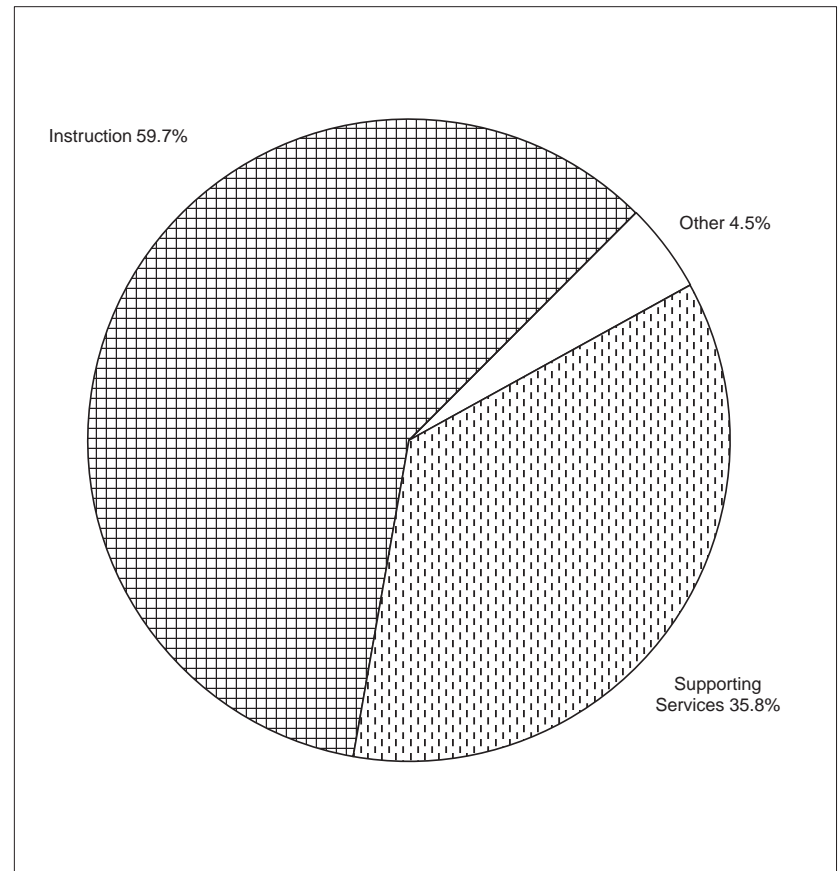
Source: Statement of Revenues, Expenditures and Changes in Fund Balance

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
CURRENT TAX COLLECTION
LAST TEN FISCAL YEARS



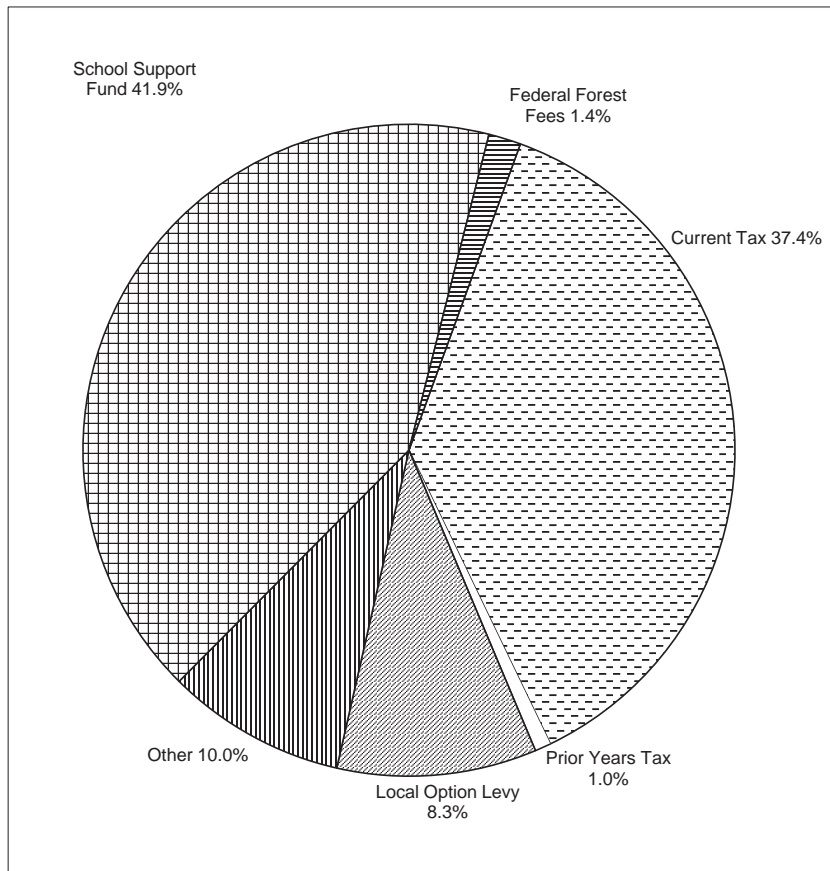
Source: Property Tax Levies and Collections

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
GENERAL FUND EXPENDITURES
YEAR ENDED JUNE 30, 2011

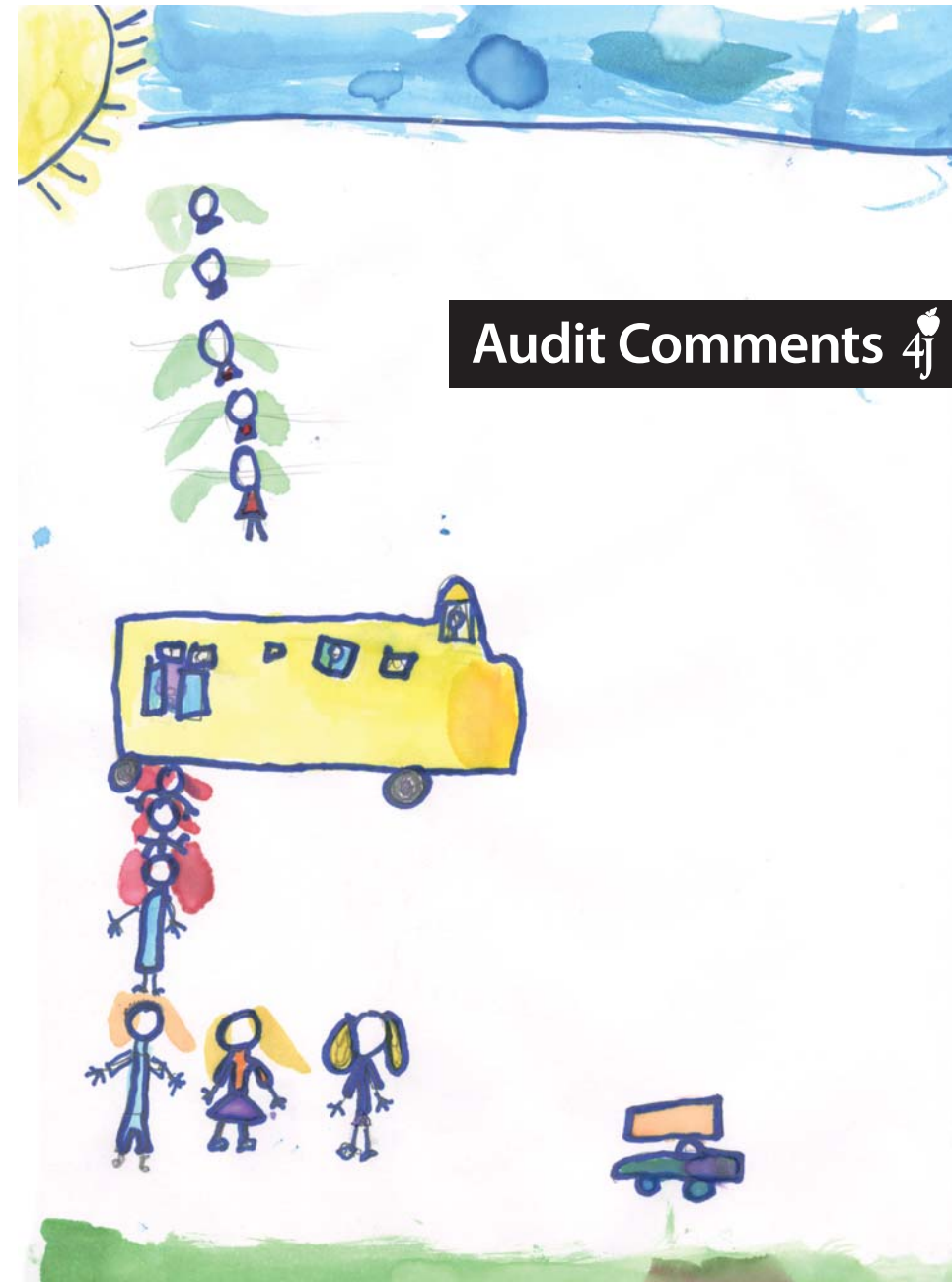


Source: Schedule of Revenues, Expenditures and Changes in Fund Balance

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
GENERAL FUND RESOURCES
YEAR ENDED JUNE 30, 2011



Source: Schedule of Revenues, Expenditures and Changes in Fund Balance



Audit Comments 4j



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

School Board
Lane County School District No. 4J
Lane County, Oregon
Eugene, Oregon

We have audited the basic financial statements of Lane County School District No. 4J, Lane County, Oregon as of and for the year ended June 30, 2011, and have issued our report thereon dated December 27, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Lane County School District No. 4J's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

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

- We noted four instances in our sample of 60 students where students were not properly removed from enrollment on the 11th consecutive school day that they were absent.
- We noted one instance in our sample of 25 teachers whose years of experience were reported incorrectly.

OAR 162-10-0230 Internal Control

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lane County School District No. 4J (the District) as of and for the year ended June 30, 2011 in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

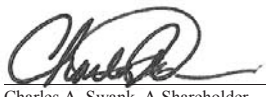
Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

We noted certain matters that we reported to management of Lane County School District No. 4J, Lane County, Oregon, in a separate letter dated December 27, 2011.

This report is intended solely for the information and use of management and School Board of Lane County School District No. 4J and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

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

By: 
Charles A. Swank, A Shareholder
December 27, 2011



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

School Board
Lane County School District No. 4J
Lane County, Oregon
Eugene, Oregon

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Lane County School District No. 4J, Lane County, Oregon, as of and for the year ended June 30, 2011, which collectively comprise the Lane County School District No. 4J's basic financial statements and have issued our report thereon dated December 27, 2011. 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 GAO's *Standards for the Auditing of State and Local Governments*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Lane County School District No. 4J's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Lane County School District No. 4J's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Lane County School District No. 4J's internal control over financial reporting.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lane County School District No. 4J's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under GAO's *Standards for the Auditing of State and Local Governments*.

We noted certain matters that we reported to management of Lane County School District No. 4J, in a separate letter dated December 27, 2011.

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


CERTIFIED PUBLIC ACCOUNTANTS

December 27, 2011



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

School Board
Lane County School District No. 4J
Lane County, Oregon
Eugene, Oregon

Compliance

We have audited Lane County School District No. 4J, Lane County, Oregon's (the District) compliance with the types of compliance requirements described in the OMB Circular A-133, Compliance with Requirements that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2011. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2010-1.

Internal Control Over Compliance

Management of Lane County School District No. 4J, Lane County, Oregon, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A 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, noncompliance with a type of compliance requirement of a federal program on a timely basis. 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 School Board, 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.

December 27, 2011


CERTIFIED PUBLIC ACCOUNTANTS

LANE COUNTY SCHOOL DISTRICT 4J
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Federal Awards

Internal control over major programs:
☐ Material weakness(es) identified ☐ No
☐ Significant deficiency(ies) identified ☐ None reported
Type of auditor's report issued on compliance for major programs: Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133 ☐ No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<input type="checkbox"/> 4.010 <input type="checkbox"/> 4.311	Title I, Part A Cluster (ARRA)
<input type="checkbox"/> 4.027, <input type="checkbox"/> 4.311 <input type="checkbox"/> 4.173	Special Education Cluster (IDEA/ARRA)
<input type="checkbox"/> 4.311 <input type="checkbox"/> 4.316	Education Technology State Grants Cluster (ARRA)
<input type="checkbox"/> 4.314	State Fiscal Stabilization Fund Cluster (ARRA)
<input type="checkbox"/> 4.410	Education Jobs Fund (ARRA)

Dollar threshold used to distinguish between type A and type B programs: \$655,550

Auditee qualified as low-risk auditee ☐ Yes

FINANCIAL STATEMENT FINDINGS

None.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

LANE COUNTY SCHOOL DISTRICT NO. 4J, EUGENE, OREGON
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011

PRIOR YEAR FINANCIAL STATEMENT FINDINGS

None

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2010-1: Title I, Part A Cluster (CFDA 4.010 and 4.319), Special Education Cluster (CFDA 4.027 and 4.391) and Educational Technology State Grant Cluster (CFDA 4.311 and 4.316) - Noncompliance with required certified payroll records

Statement of Condition For the fiscal years 2009-2010 and 2010-2011, grant charges for some payroll hours were based on scheduled hours rather than documented and approved hours. Some hours documented and approved were not approved timely.

Criteria OMB Circular A-77 requires employee payroll hours charged to the above grants to be approved by management semi-annually for those working 100% on the grant and monthly for those working less than 100% on the grant.

Cause The District uses a timesheet format according to 2 CFR 225 (OMB Circular A-77) that has been communicated to schools and departments. The grants for which this finding is written were not documenting employee's time or were not approved timely.

Effect There are no questioned costs, only documentation issues.

Recommendation We recommend that the District strengthen current procedures for documenting and approving payroll expenditures which meet the requirements of OMB Circular A-77.

Corrective Action Response Current Year Update Management agrees with the finding. The District will be reviewing and implementing procedures to strengthen the documentation of the approval process.

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Appendix C

Book Entry Only System

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**SAMPLE OFFERING DOCUMENT LANGUAGE
DESCRIBING BOOK-ENTRY-ONLY ISSUANCE**

(Prepared by DTC--bracketed material may apply only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]

[6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.]

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

Appendix D

Form of Continuing Disclosure Certificate

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**[Form of]
CONTINUING DISCLOSURE CERTIFICATE**

This Continuing Disclosure Certificate (the “Certificate”) is executed and delivered by Lane County School District No. 4J (Eugene Public Schools), Lane and Linn Counties, Oregon (the “Issuer”) in connection with the sale and issuance of the Issuer’s \$_____ General Obligation Refunding Bonds Series 2012 (the “Bonds”). The Bonds are being executed and delivered pursuant to Resolution No. 2 adopted by the Board of Directors of the Issuer on September 5, 2012 (the “Resolution”). Capitalized terms used but not otherwise defined herein shall have the meanings assigned thereto in the Resolution. The Issuer covenants as follows:

Section 1. Purpose of Certificate. This Certificate is being executed and delivered by the Issuer for the benefit of Holders and Beneficial Owners of the Bonds and to assist the Underwriter in complying with Securities and Exchange Commission (“SEC”) Rule 15c2-12 (the “Rule”).

Section 2. Definitions. In addition to the definitions set forth the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” means any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Certificate.

“Beneficial Owner” means any person who has or shares the power, directly or indirectly, to vote or to consent with respect to, or dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or is treated as the owner of any Bonds for federal income tax purposes.

“Dissemination Agent” means the Issuer, or any successor Dissemination Agent designated in writing by the Issuer which has filed with the Issuer a written acceptance of such designation.

“Holder” means the registered holders of the Bonds, as recorded in the registration books of the Registrar.

“Listed Events” means any of the events listed in Section 5(a) of this Certificate.

“MSRB” means the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the SEC, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, located at <http://emma.msrb.org> as of the date of this Certificate.

“Official Statement” means the Official Statement dated _____, 2012, prepared and distributed in connection with the initial sale of the Bonds.

“Rule” means Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“Underwriter” means the original underwriter(s) of the Obligations required to comply with the Rule in connection with the offering of the Obligations.

Section 3. Provisions of Annual Reports.

a. As soon as available but not later than 270 days after the end of the Issuer's fiscal year (presently June 30), commencing with the report for the 2011-2012 fiscal year, the Issuer shall, or shall cause the Dissemination Agent (if any) to, provide to the MSRB an electronic copy of its Annual Report which is consistent with the requirements of Section 4 of this Certificate and which Annual Report is in a format and accompanied by such identifying information as prescribed by the MSRB. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(a).

b. If the Issuer has designated a Dissemination Agent, then not later than fifteen (15) business days prior the filing date in Section 3.a., the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). The Dissemination Agent (if other than the Issuer) shall file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Certificate, and stating the date it was provided to the MSRB.

c. If the Issuer does not provide (or cause the Dissemination Agent to provide) an Annual Report to the MSRB by the date required in Section 3.a., the Issuer shall provide in a timely manner (or cause the Dissemination Agent to provide in a timely manner) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

Section 4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

a. Audited financial statements of the Issuer for the preceding fiscal year prepared in accordance with the laws of the State of Oregon. If the Issuer's audited financial statements are not available by the by the time the Annual Report is required to be filed pursuant to Section 3.a., the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

b. To the extent not provided in the audited financial statements incorporated in the Annual Report pursuant to Section 4.a. above, financial information and operating data with respect to the Issuer for the preceding fiscal year, substantially similar to that provided in the corresponding tables in the Official Statement under the following captions:

BONDED INDEBTEDNESS

- Outstanding Long-Term Debt

REVENUE SOURCES

- Taxable Property Values
- Representative Levy Rate (for Issuer only)
- Tax Collection Record
- Major Taxpayers

FINANCIAL FACTORS

- Statement of Net Assets
- Statement of Revenues, Expenses and Changes in Net Assets

- General Fund Balance Sheet
- General Fund Statement of Revenues, Expenditures and Changes in Fund Balance
- General Fund Adopted Budget

c. In addition to any of the information expressly required to be provided under paragraphs a. and b. of this Section, the Issuer shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

d. Any or all of the items listed above may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been made available to the public on the MSRB's website. The Issuer shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

a. The Issuer agrees to provide or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the Listed Event, to the MSRB, notice of the occurrence of any of the following with respect to the Bonds:

- i. Principal and interest payment delinquencies;
- ii. Non-payment related defaults, if material;
- iii. Unscheduled draws on debt service reserves reflecting financial difficulties;
- iv. Unscheduled draws on credit enhancements reflecting financial difficulties;
- v. Substitution of credit or liquidity providers, or their failure to perform;
- vi. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other events affecting the tax status of the security;
- vii. Modifications to rights of security holders, if material;
- viii. Bond calls, if material, and tender offers;
- ix. Defeasances;
- x. Release, substitution or sale of property securing repayment of the securities, if material;
- xi. Rating changes;
- xii. Bankruptcy, insolvency, receivership or similar event of the Issuer;*

* For the purposes of the event identified in paragraph 5.a.xii., the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or government authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

- xiii. The consummation of a merger, consolidation, or acquisition involving the Issuer, or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- xiv. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

b. The Issuer may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if, in the judgment of the Issuer, such other event is material with respect to the Obligations, but the Issuer does not undertake any commitment to provide such notice of any event except those events listed above.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

Section 7. Dissemination Agent. The Issuer may, from time to time, engage or appoint an agent to assist the Issuer in disseminating information hereunder (the "Dissemination Agent"). The Issuer may discharge any Dissemination Agent with or without appointing a successor Dissemination Agent.

Section 8. Form of Information and Filing. All information required to be provided under this certificate will be provided in electronic format and with the identifying information prescribed by the MSRB. So long as the MSRB continues to approve the use of the Electronic Municipal Market Access ("EMMA") continuing disclosure service, any information required to be provided to the MSRB under this Certificate may be provided through EMMA. As of the date of this Certificate, the web portal for EMMA is www.emma.msrb.org.

Section 9. Amendment or Waiver. Notwithstanding any other provision of this Certificate, the Issuer may amend this Certificate, and any provisions of this Certificate may be waived, provided that the following conditions are satisfied:

- (a) If the amendment or waiver relates to the provisions of Sections 3.a., 4, or 5, it may only be made in accordance with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person with respect to the Obligations, or type of business conducted;
- (b) This Certificate, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating date being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed

in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5.a., and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 10. Choice of Law. This Certificate shall be governed by and construed in accordance with the laws of the State of Oregon, provided that to the extent this Certificate addresses matters of federal securities laws, including the Rule, this Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

Section 11. Enforceability and Remedies. The Issuer agrees that this Certificate is intended to be for the benefit of the Holders and Beneficial Owners of the Obligations and shall be enforceable by or on behalf of such Holders and Beneficial Owners; provided that, the right of Holders to challenge the adequacy of the information furnished hereunder shall be limited to an action by or on behalf of Holders representing twenty-five percent (25%) of the aggregate outstanding principal amount of Obligations. Any failure by the Issuer to comply with the provisions of this undertaking shall not be an Event of Default under the Resolution. This Certificate confers no rights on any person or entity other than the Issuer, Holders and Beneficial Owners of the Obligations, and any Dissemination Agent.

Section 12. Beneficiaries. This Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

[Signature follows on the next page]

Dated this _____ day of _____ 2012.

LANE COUNTY SCHOOL DISTRICT NO. 4J
(EUGENE PUBLIC SCHOOLS)
LANE AND LINN COUNTIES, OREGON

By: _____
Authorized Representative

EXHIBIT A

FORM OF NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD OF FAILURE TO
FILE ANNUAL REPORT

Name of Issuer: Lane County School District No. 4J (Eugene Public Schools) Lane and Linn
Counties, Oregon

Name of Issue: General Obligation Refunding Bonds, Series 2012

Date of Issuance _____, 2012

NOTICE IS HEREBY GIVEN that Lane County School District No. 4J (Eugene Public Schools)
Lane and Linn Counties, Oregon (the "Issuer") has not provided an Annual Report with respect to the
above-named Bonds as required by Section 4 of the Continuing Disclosure Certificate of the Issuer, dated
_____, 2012. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____.

LANE COUNTY SCHOOL DISTRICT NO. 4J
(EUGENE PUBLIC SCHOOLS)
LANE AND LINN COUNTIES, OREGON

By: _____
Authorized Representative