

***CRESWELL SCHOOL DISTRICT
FINANCIAL STATEMENTS AND
ADDITIONAL INFORMATION
Year Ended June 30, 2019***

CRESWELL SCHOOL DISTRICT
JUNE 30, 2019

BOARD OF DIRECTORS

<u><i>Name</i></u>	<u><i>Title</i></u>	<u><i>Term Expires</i></u>
Mike Anderson	Chair	June 30, 2021
Tim Rogers	Vice Chair	June 30, 2019
Natalie Smathers	Member	June 30, 2019
David Eusted	Member	June 30, 2021
Lacey Risdal	Member	June 30, 2021
Paul Randall	Member	June 30, 2019
Kandice Lemhouse Worsham	Member	June 30, 2019

The above board members receive mail at the address below.

ADMINISTRATIVE

Creswell School District
998 West A Street
Creswell, Oregon 97426

Michael Johnson, Superintendent, Clerk
Anna Houpt, Business Manager, Deputy Clerk

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FINANCIAL SECTION



GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
475 Cottage Street NE, Suite 200, Salem, Oregon 97301
(503) 581-7788

INDEPENDENT AUDITOR'S REPORT

School Board
Creswell School District
998 West A Street
Creswell, Oregon 97426

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Creswell School District, Lane County, Oregon (the District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Creswell School District, Lane County, Oregon as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A), the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information 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 (except as mentioned in the following paragraph) because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison information presented as required supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is also not a required part of the basic 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Reports on Other Legal and Regulatory Requirements


Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2020, on our consideration of the District's internal control over financial reporting and on 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* in considering the District's internal control over financial reporting and compliance.

Other Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated March 5, 2020, on our consideration of the District's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

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

By: 
Larry E. Grant, A Shareholder
March 5, 2020

**CRESWELL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

As management of Creswell School District (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, 2019.

FINANCIAL HIGHLIGHTS

- In the government-wide statements, the net position of the District totaled \$3,320,588 at June 30, 2019. Of this amount \$11,762,401, represents the District's investment in capital assets net of related debt, \$331,306 is restricted for debt service, and a deficit balance of \$8,773,119 is unrestricted.
- The District's total net position increased by \$651,141 during the year. This increase in net position resulted primarily from the net change in the various components of PERS, OPEB and long-term debt. The change in these components is described more fully in the notes to the basic financial statements of this report.
- The District's governmental funds report a combined ending fund balance of \$4,140,176 at June 30, 2019, an increase of \$766,617 in comparison with the prior year.
- At the end of the fiscal year ended June 30, 2019, fund balance for the General Fund was \$2,236,419 (about eighteen percent of total General Fund expenditures).
- The District's bonded debt decreased by \$1,615,000 for the fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are 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 required and other 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:

The Statement of Net Position. The *statement of net position* presents information on all of the assets, deferred outflows, liabilities, and deferred inflows of the District as of the date on the statement. Net position is what remains after the liabilities have been paid off or otherwise satisfied. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

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

Fund financial statements. The *fund financial statements* provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Creswell School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

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

The District maintains nine individual governmental funds. Information is presented separately in the governmental funds balance sheet and the governmental fund's statement of revenues, expenditures and changes in fund balances for the General Fund, Facilities Fund, Grants Fund, Nutrition Services Fund and Debt Service Fund, which are considered to be major funds. Data from the other four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the combining statements elsewhere in 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.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required and other supplementary information* related to combining fund statements and the schedules of revenues, expenditures and changes in fund balance-budget and actual.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position. The Statement of Net Position below is provided on a comparative basis.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$3,320,588 as of June 30, 2019.

Capital assets, which consist of the District's land, buildings, building improvements, construction in progress, vehicles, and equipment, represent about eighty percent of total assets. The remaining assets consist mainly of investments, cash, grants and property taxes receivable.

The District's largest liability (fifty-one percent) is for the repayment of long-term debt (general obligation bonds, pension bonds and capital leases). Current liabilities, representing about five percent of the District's total liabilities, consist almost entirely of payables on accounts, salaries and benefits, and accrued interest on long-term debt. A pension liability represents the District's PERS unfunded actuarial liability and an OPEB liability represents the District's future responsibilities for other post-employment benefits.

A large portion of the District's net position reflects its investment in capital assets (e.g. land, buildings, vehicles and equipment); less any related debt 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.

Net position - restricted, represents resources that are subject to external restrictions on their use, such as debt service payments or insurance claims.

**Creswell School District
Statements of Net Position
June 30,**

	<u>2019</u>	<u>2018</u>	<u>Change</u>
Current and other assets	\$ 5,805,620	\$ 4,975,406	\$ 830,214
Net OPEB asset for RHIA	69,352	24,534	44,818
Capital assets	22,954,608	23,606,263	(651,655)
<i>Total assets</i>	<u>28,829,580</u>	<u>28,606,203</u>	<u>223,377</u>
Deferred outflows	5,747,547	5,206,533	541,014
<i>Total assets and deferred outflows</i>	<u>34,577,127</u>	<u>33,812,736</u>	<u>764,391</u>
Current liabilities	1,512,640	1,302,043	210,597
PERS net pension liability	11,859,854	10,956,606	903,248
Total OPEB liability for medical subsidy	1,363,117	1,318,642	44,475
Long-term debt	15,201,792	16,870,047	(1,668,255)
<i>Total liabilities</i>	<u>29,937,403</u>	<u>30,447,338</u>	<u>(509,935)</u>
Deferred inflows	1,319,136	695,951	623,185
<i>Total liabilities and deferred inflows</i>	<u>31,256,539</u>	<u>31,143,289</u>	<u>113,250</u>
Net position			
Net investment in capital assets	11,762,401	11,114,498	647,903
Restricted	331,306	336,820	(5,514)
Unrestricted	(8,773,119)	(8,781,871)	8,752
<i>Total net position</i>	<u>\$ 3,320,588</u>	<u>\$ 2,669,447</u>	<u>\$ 651,141</u>

Statement of Changes in Net Position. The District's net position increased by \$651,141 during the current fiscal year. This compares to a net increase in net position of \$303,456 in the prior year. The key elements of the change in the District's net position for the year ended June 30, 2019 are as follows:

- Operating grants and contributions increased by about \$486,000, as a result of new grants received in the current year.
- Property tax revenues for general purposes increased by about \$205,000 or about seven percent.
- Instructional and support services expenses increased by over \$500,000 or five percent as a result of increased funding.
- The PERS pension expense for the year was \$861,769, as explained more fully in the notes to the basic financial statements of this report.

**Creswell School District
Statements of Activities
Year ended June 30,**

	<u>2019</u>	<u>2018</u>	<u>Change</u>
Revenues			
Program revenues			
Fines, fees, and charges for services	\$ 397,936	\$ 415,004	\$ (17,068)
Operating grants and contributions	2,041,990	1,555,869	486,121
Capital grants and contributions	8,300	15,504	(7,204)
General revenues			
Property taxes, levied for general purposes	3,275,027	3,070,137	204,890
Property taxes, levied for debt service	1,705,155	1,660,892	44,263
Construction excise tax	42,767	66,829	(24,062)
State school fund	9,399,780	9,186,702	213,078
Common school fund	141,205	140,721	484
Unrestricted state and local funds	90,889	78,915	11,974
Earnings on investments	179,425	118,418	61,007
Miscellaneous	187,744	183,661	4,083
<i>Total revenues</i>	<u>17,470,218</u>	<u>16,492,652</u>	<u>977,566</u>
Expenses			
Instructional services	9,862,924	9,544,235	318,689
Support services	5,652,320	5,444,091	208,229
Enterprise and community services	537,961	518,192	19,769
Facilities services	7,695	7,695	-
Interest on long-term liabilities	758,177	674,983	83,194
<i>Total expenses</i>	<u>16,819,077</u>	<u>16,189,196</u>	<u>629,881</u>
Change in net position	651,141	303,456	347,685
Net position, beginning of year	<u>2,669,447</u>	<u>2,365,991</u>	<u>303,456</u>
Net position, end of year	<u><u>\$ 3,320,588</u></u>	<u><u>\$ 2,669,447</u></u>	<u><u>\$ 651,141</u></u>

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, *fund balance* may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year.

At June 30, 2019, the District's governmental funds reported combined ending fund balances of \$4,140,176 which is an increase of \$766,617 in comparison with prior year.

Major Governmental Funds:

General Fund. The General Fund is the primary operating fund of the District. The fund balance was \$2,236,419 as of June 30, 2019. This is an increase of \$202,494 during the current fiscal year. As a measure of the fund’s liquidity, it may be useful to compare total fund balance to total fund expenditures. The unassigned fund balance is equal to approximately eighteen percent of total General Fund expenditures for the year.

Facilities Fund. This fund is used to account for the revenues and expenditures related to the improvement and replacement of school facilities. The fund’s net position increased by \$445,028 primarily as a result of revenues retained for future capital improvements.

Grants Fund. This fund is used to account for the revenues and expenditures related to grants from state and federal sources. The fund’s net position increased \$23,426.

Nutrition Services. This fund is used to account for the various food service programs provided by the District. The fund’s net position increased \$88.

Debt Service Fund. This fund accounts for the payment of principal and interest on general and limited-tax pension obligation bonded debt. The fund’s net position increased by \$65,721 as a result of greater than expected revenue.

GENERAL FUND BUDGETARY HIGHLIGHTS

Original budget compared to final budget. During the year, there was one transfer of appropriations by resolution affecting the original General Fund budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The District’s investment in capital assets includes land, buildings and improvements, and vehicles and equipment. As of June 30, 2019, the District had invested approximately \$23 million in capital assets, net of depreciation, as shown in the following table:

	<u>2019</u>	<u>2018</u>	<u>Change</u>
Land	\$ 128,573	\$ 128,573	\$ -
Buildings	22,283,907	22,957,956	(674,049)
Equipment	542,128	519,734	22,394
Total	<u>\$ 22,954,608</u>	<u>\$ 23,606,263</u>	<u>\$ (651,655)</u>

The District’s investment in capital assets decreased \$651,655 during the year ended June 30, 2019. Depreciation of \$781,497 and equipment purchases of \$129,842 were the only major capital asset events for the fiscal year.

Additional information regarding the District’s capital assets can be found in the notes to the basic financial statements of this report.

Long-term debt. At the end of the current fiscal year, the District had total general obligation debt outstanding of \$11,320,000, PERS pension debt of 3,055,000, qualified school construction bond debt of \$315,000, capital leases of \$196,300 and bond issuance premium of \$315,492.

During the current fiscal year, the District’s total long-term debt decreased by \$1,688,255 net of additions.

State statutes limit the amount of general obligation debt the District may issue to 7.95 percent of its total real market value. The current debt limitation for the District is about \$92.9 million, 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 the notes to the basic financial statements of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The most significant economic factor for the District is the State of Oregon's State School Fund. For the year ended June 30, 2019, the State School Fund – General Support provided over seventy percent of the District's General Fund program resources.

The District projects a small increase in enrollment for the 2019-2020 fiscal year.

The District's Budget Committee and School Board considered these factors while preparing the District's budget for the 2019-20 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 Financial Services, 998 West A Street, Creswell, Oregon 97426.

CRESWELL SCHOOL DISTRICT
STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES
JUNE 30, 2019

ASSETS

Cash and investments	\$ 4,708,816
Receivables	208,058
Due from other governments	839,564
Inventories	8,798
Prepaid expenses	40,384
Capital assets not being depreciated	
Land	128,573
Capital assets, net of accumulated depreciation	
Buildings	22,283,907
Equipment	542,128
Net OPEB asset for RHIA	69,352
	<hr/>
<i>Total Assets</i>	28,829,580

DEFERRED OUTFLOWS OF RESOURCES

Deferred amount on refunding	989,585
PERS deferred outflows	4,643,751
RHIA OPEB deferred outflows	31,212
Medical OPEB deferred outflows	82,999
	<hr/>
<i>Total Deferred Outflows of Resources</i>	5,747,547
	<hr/>
<i>Total Assets and Deferred Outflows of Resources</i>	34,577,127

LIABILITIES

Accounts payable and accrued expenses	1,493,367
Accrued compensated absences	5,147
Accrued interest	14,126
Long-term liabilities	
Long-term debt due within one year	1,931,280
Long-term debt due in more than one year	13,270,512
PERS net pension liability	11,859,854
Total OPEB liability for medical subsidy	1,363,117
	<hr/>
<i>Total Liabilities</i>	29,937,403

DEFERRED INFLOWS OF RESOURCES

PERS deferred inflows	1,234,014
RHIA OPEB deferred inflows	20,044
Medical OPEB deferred inflows	65,078
	<hr/>
<i>Total Deferred Inflows of Resources</i>	1,319,136
	<hr/>
<i>Total Liabilities and Deferred Inflows of Resources</i>	31,256,539

NET POSITION

Net investment in capital assets	11,762,401
Restricted for debt service	331,306
Unrestricted	(8,773,119)
	<hr/>
<i>Total Net Position</i>	\$ 3,320,588
	<hr/> <hr/>

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

CRESWELL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES
YEAR ENDED JUNE 30, 2019

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Change in Net Position</u>
		<u>Fees, Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
FUNCTIONS/PROGRAMS					
Governmental Activities:					
Instructional services	\$ 9,862,924	\$ 282,005	\$ 1,157,480	\$ -	\$ (8,423,439)
Support services	5,652,320	10,162	80,953	-	(5,561,205)
Enterprise and community services	537,961	105,769	803,557	-	371,365
Facilities services	7,695	-	-	-	(7,695)
Interest on long-term liabilities	758,177	-	-	8,300	(749,877)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total Governmental Activities</i>	\$ 16,819,077	\$ 397,936	\$ 2,041,990	\$ 8,300	(14,370,851)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
General Revenues:					
Property taxes, levied for general purposes					3,275,027
Property taxes, levied for debt service					1,705,155
Construction excise tax					42,767
State school fund					9,399,780
Common school fund					141,205
Unrestricted state and local funds					90,889
Earnings on investments					179,425
Miscellaneous					187,744
					<hr/>
<i>Total General Revenues</i>					15,021,992
					<hr/>
Change in Net Position					651,141
Net Position - beginning of year					2,669,447
					<hr/>
Net Position - end of year					\$ 3,320,588
					<hr/>

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

CRESWELL SCHOOL DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2019

	<i>Special Revenue</i>			
	<i>General</i>	<i>Facilities</i>	<i>Grants</i>	<i>Nutrition Services</i>
ASSETS				
Cash and investments	\$ 2,939,667	\$ 1,124,674	\$ -	\$ -
Property taxes receivable	123,524	-	-	-
Due from other funds	544,143	-	-	84
Receivable from other governments	127,716	13,635	435,418	269,179
Other receivables	1,506	-	-	-
Inventories	-	-	-	8,798
Prepaid expenses	40,384	-	-	-
<i>Total Assets</i>	<u>\$ 3,776,940</u>	<u>\$ 1,138,309</u>	<u>\$ 435,418</u>	<u>\$ 278,061</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE				
Liabilities				
Accounts payable	\$ 580,183	\$ -	\$ 57,766	\$ 2,529
Due to other funds	-	-	256,214	275,444
Accrued expenses	848,183	-	-	-
Other liabilities	4,457	-	-	-
<i>Total Liabilities</i>	<u>1,432,823</u>	<u>-</u>	<u>313,980</u>	<u>277,973</u>
Deferred Inflows of Resources				
Unavailable revenue - property taxes	107,698	-	-	-
Fund Balance				
Nonspendable:				
Prepaid expenses	40,384	-	-	-
Inventory	-	-	-	8,798
Restricted for:				
Debt service	-	-	-	-
Committed to:				
Student body	-	-	-	-
Facility improvements	-	1,138,309	-	-
Grants	-	-	121,438	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Unassigned	2,196,035	-	-	(8,710)
<i>Total Fund Balances</i>	<u>2,236,419</u>	<u>1,138,309</u>	<u>121,438</u>	<u>88</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 3,776,940</u>	<u>\$ 1,138,309</u>	<u>\$ 435,418</u>	<u>\$ 278,061</u>

<i>Debt Service</i>	<i>Other Governmental Funds</i>	<i>Total</i>
\$ 273,612	\$ 370,863	\$ 4,708,816
74,125	-	197,649
-	17,552	561,779
1,591	928	848,467
-	-	1,506
-	-	8,798
-	-	40,384
\$ 349,328	\$ 389,343	\$ 6,367,399
\$ 349,328	\$ 389,343	\$ 6,367,399
\$ -	\$ 249	\$ 640,727
-	30,121	561,779
-	-	848,183
-	-	4,457
-	30,370	2,055,146
64,379	-	172,077
-	-	40,384
-	-	8,798
281,053	-	281,053
-	282,999	282,999
-	-	1,138,309
-	-	121,438
-	75,974	75,974
3,896	-	3,896
-	-	2,187,325
284,949	358,973	4,140,176
\$ 349,328	\$ 389,343	\$ 6,367,399

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

CRESWELL SCHOOL DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

JUNE 30, 2019

FUND BALANCES		\$	4,140,176
Capital assets are not financial resources and therefore are not reported in the governmental funds:			
Cost	\$	35,540,434	
Accumulated depreciation		<u>(12,585,826)</u>	22,954,608
A portion of the District's property taxes are collected after year-end but are not available soon enough to pay for the current year's operations, and therefore are not reported as revenue in the governmental funds.			172,077
Long-term pension liabilities not payable in the current year are not reported as governmental fund liabilities. Actuarial changes create deferred outflows and inflows of resources. These consist of:			
PERS net pension liability		(11,859,854)	
PERS deferred outflows of resources		4,643,751	
PERS deferred inflows of resources		<u>(1,234,014)</u>	(8,450,117)
Long-term OPEB assets/(liabilities) not payable in the current year are not reported as governmental fund liabilities. Actuarial changes create deferred outflows and inflows of resources. These consist of:			
Net OPEB asset for RHIA		69,352	
RHIA OPEB deferred outflows of resources		31,212	
RHIA OPEB deferred inflows of resources		(20,044)	
Total OPEB liability for medical subsidy		(1,363,117)	
Medical OPEB deferred outflows of resources		82,999	
Medical OPEB deferred inflows of resources		<u>(65,078)</u>	(1,264,676)
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest in long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. During refunding of debt, the difference between the net carrying amount of the old debt and the reacquisition price (amount transferred to escrow for payment of the old debt) is deferred interest and is amortized as an adjustment of interest expense in the statement of activities over the remaining life of the refunded debt.			
These liabilities consist of:			
Accrued interest		(14,126)	
Accrued compensated absences		(5,147)	
Long-term debt		(15,201,792)	
Less deferred amount from refunding		<u>989,585</u>	(14,231,480)
TOTAL NET POSITION			<u>\$ 3,320,588</u>

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

CRESWELL SCHOOL DISTRICT**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
JUNE 30, 2019**

	<i>Special Revenue</i>			
	<i>General</i>	<i>Facilities</i>	<i>Grants</i>	<i>Nutrition Services</i>
REVENUES				
Property taxes	\$ 3,356,949	\$ -	\$ -	\$ -
Construction excise tax	-	42,767	-	-
Intergovernmental				
Intermediate sources	90,889	-	-	-
State sources	9,811,599	-	451,439	5,671
Federal sources	-	8,300	701,650	379,410
Charges for services	11,399	-	-	105,769
Contributions	-	-	77,506	-
Investment earnings	122,561	17,555	-	-
Miscellaneous	172,876	29,693	1,000	500
<i>Total Revenues</i>	<u>13,566,273</u>	<u>98,315</u>	<u>1,231,595</u>	<u>491,350</u>
EXPENDITURES				
Current				
Instruction	7,485,923	-	931,801	-
Support services	5,142,994	71,749	267,809	-
Enterprise and community services	-	-	8,559	504,062
Debt service				
Principal	-	-	-	-
Interest and other charges	-	16,600	-	-
Capital outlay	-	-	-	-
<i>Total Expenditures</i>	<u>12,628,917</u>	<u>88,349</u>	<u>1,208,169</u>	<u>504,062</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	937,356	9,966	23,426	(12,712)
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	-	-	-
Transfers in	-	435,062	-	12,800
Transfers out	(734,862)	-	-	-
<i>Total Other Financing Sources (Uses)</i>	<u>(734,862)</u>	<u>435,062</u>	<u>-</u>	<u>12,800</u>
NET CHANGE IN FUND BALANCES	202,494	445,028	23,426	88
FUND BALANCES, beginning	<u>2,033,925</u>	<u>693,281</u>	<u>98,012</u>	<u>-</u>
FUND BALANCES, ending	<u>\$ 2,236,419</u>	<u>\$ 1,138,309</u>	<u>\$ 121,438</u>	<u>\$ 88</u>

<i>Debt Service</i>	<i>Other Governmental Funds</i>	<i>Total</i>
\$ 1,776,510	\$ -	\$ 5,133,459
-	-	42,767
-	-	90,889
-	80,953	10,349,662
-	-	1,089,360
-	273,424	390,592
-	57,857	135,363
37,335	1,974	179,425
391,506	1,720	597,295
<hr/>	<hr/>	<hr/>
2,205,351	415,928	18,008,812
-	462,144	8,879,868
-	49,472	5,532,024
-	12,821	525,442
1,615,000	143,688	1,758,688
524,630	4,943	546,173
-	129,842	129,842
<hr/>	<hr/>	<hr/>
2,139,630	802,910	17,372,037
65,721	(386,982)	636,775
-	129,842	129,842
-	287,000	734,862
-	-	(734,862)
<hr/>	<hr/>	<hr/>
-	416,842	129,842
65,721	29,860	766,617
219,228	329,113	3,373,559
<hr/>	<hr/>	<hr/>
\$ 284,949	\$ 358,973	\$ 4,140,176

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

CRESWELL SCHOOL DISTRICT

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019**

NET CHANGE IN FUND BALANCES - (Governmental Funds) \$ 766,617

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.

Expenditures for capital assets	\$ 129,842	
Less current year depreciation	<u>(781,497)</u>	(651,655)

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

This is the amount by which repayments exceeded proceeds:

Capital lease proceeds	(129,842)	
Debt principal repaid	1,758,661	
Amortization of bond premium	39,436	
Amortization of deferred interest from refunding	<u>(123,698)</u>	1,544,557

In the Statement of Activities, interest is accrued on long-term debt, whereas in the governmental funds it is recorded as an interest expense when due. 2,127

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. (153,277)

In the Statement of Activities, pension expense is adjusted based on actuarially determined contribution changes:

Net change in PERS net pension liability/asset	(903,248)	
Net change in PERS deferred outflows of resources	644,078	
Net change in PERS deferred inflows of resources	<u>(602,599)</u>	(861,769)

In the Statement of Activities, OPEB expense is adjusted based on actuarially determined contribution changes:

Net change in net OPEB liability/asset for RHIA	44,818	
Net change in RHIA OPEB deferred outflows of resources	1,129	
Net change in RHIA OPEB deferred inflows of resources	(8,013)	
Net change in total OPEB liability for medical subsidy	(44,475)	
Net change in medical OPEB deferred outflows of resources	19,505	
Net change in medical OPEB deferred inflows of resources	<u>(12,573)</u>	391

Compensated absences are recognized as an expenditure in the governmental fund when they are paid. In the Statement of Activities compensated absences are recognized as expenditures when earned. 4,150

CHANGE IN NET POSITION \$ 651,141

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Creswell School District (the District) is a municipal corporation governed by a separately elected seven-member Board of Directors. Administrative officials are approved by the Board. The daily functioning of the District is under the supervision of the Superintendent-Clerk. As required by accounting principles generally accepted in the United States of America, all activities of the District have been included in the basic financial statements.

The District qualifies as a primary government since it has a separately elected governing body, is a legally separate entity, and is fiscally independent. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) governmental organizations for which the primary government is not financially accountable, but for which the nature and significance of their financial relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be governmental organizations for which the primary government is not financially accountable, but for which the nature and significance of their financial relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The District has no component units.

Basis of Presentation

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District. These statements include the governmental financial activities of the overall District. Eliminations have been made to minimize the double counting of internal activities. Governmental activities are financed primarily through property taxes, intergovernmental revenues, and charges for services.

The Statement of Activities presents a comparison between direct expenses and program revenues for each of its functions/programs. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to that function. Eliminations have been made to minimize the double counting of internal activities in the Statement of Activities. Program revenues include: (1) charges to students or others for tuition, fees, rentals, material, supplies or services provided and (2) operating grants and contributions and (3) capital grants and contributions. Revenues that are not classified as program revenues, including property taxes and state support, are presented as general revenues.

Net position is reported as restricted when constraints placed on net asset use are either externally restricted, imposed by creditors (such as through grantors, contributors or laws) or through constitutional provisions or enabling resolutions.

Fund Financial Statements

The fund financial statements provide information about the District's funds. Separate statements for each governmental fund category are presented. The emphasis of fund financial statements is on major governmental funds, each being displayed in a separate column. All remaining governmental funds are aggregated and reported as other governmental funds.

CRESWELL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2019

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Fund Financial Statements (Continued)

The District reports the following major governmental funds:

General Fund - This is the District's primary operating fund and accounts for all revenues and expenditures except those required to be accounted for in another fund. Principal revenue sources are an apportionment from the State of Oregon and property taxes.

Facilities Fund - This fund is used to account for the revenues and expenditures related to the improvement and replacement of school facilities.

Grants Fund - This fund is used to account for the expenditures and receipts of various federal and other grants and projects.

Nutrition Services Fund - This fund accounts for the various food service programs provided by the District. The sale of food and Federal reimbursements administered by the State are the major revenue sources.

Debt Service Fund - This fund accounts for the payment of principal and interest on general and limited-tax pension obligation bonded debt. Principal revenue sources are property taxes and charges to other funds. It also accounts for payments of principal and interest on bonded debt issued to fund a portion of the District's unfunded actuarial liability to Oregon PERS. Principal revenue sources for PERS bond payments are charges to other funds.

Measurement Focus and Basis of Accounting

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis of accounting, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues.

Thus, when program expenses are incurred, there are both net position – restricted and net position – unrestricted available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general resources.

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Property taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and claims and judgments, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in the governmental funds. Proceeds from issuance of debt and acquisitions under capital leases are reported as other financing sources.

CRESWELL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2019

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments

The District's cash consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less. Short-term investments are stated at cost which approximates fair value.

The District's investments consist of time certificates of deposit, banker's acceptances, commercial paper, U.S. Government Agency securities, and the State of Oregon Treasurer's Local Government Investment Pool (LGIP). Time certificates of deposit are stated at cost which approximates fair value. Banker's acceptances, commercial paper, U.S. Government Agency securities, and the LGIP are stated at amortized cost which approximates fair value.

The Oregon State Treasury administers the LGIP. It is an open-ended no-load diversified portfolio offered to any agency, political subdivision or public corporation of the State that by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon legislature established the Oregon Short Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment options of the LGIP.

Property Taxes Receivable

Property taxes are levied and become a lien on July 1. Collection dates are November 15, February 15, and May 15 following the lien date. 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 recorded on the statement of net position. Uncollected taxes are deemed to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established. All property taxes receivable are due from property owners within the District.

Accounts and Other Receivables

Accounts and other receivables are comprised primarily of State school support and claims for reimbursement of costs under various federal and state grants. At June 30, 2019 no allowance for doubtful accounts is considered necessary.

Grants

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

Inventories

Inventories of supplies and materials in the governmental funds are stated at cost. Inventories of food and supplies are valued at invoice cost (first-in, first-out). Inventoried items are charged to expenditures of the user department at the time of withdrawal from inventory (consumption method). Commodity inventories are not recorded as title to them is not considered to pass to the District until they are consumed.

CRESWELL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2019

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets are recorded at original or estimated original cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at their acquisition value on the date donated. The District defines capital assets as individual assets with an initial cost of more than \$5,000 and an estimated life in excess of one year.

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

Buildings and improvements	20 to 60 years
Equipment	3 to 20 years

Retirement Plans

Substantially all of the District's employees are participants in the State of Oregon Public Employees Retirement System (PERS). For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of PERS and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The District also offers its employees a tax deferred annuity plan established pursuant to Section 403(b) of the Internal Revenue Code and a deferred compensation plan established pursuant to Section 457 of the Internal Revenue Code.

Post-Employment Health Care Benefits

The Board of Directors, through contract negotiation, previously authorized the District to offer early retirement health insurance benefits to all non-temporary employees. Expenditures are recorded in the governmental funds as insurance premiums are incurred. The actuarially determined total OPEB liabilities are recorded in the Statement of Net Position.

Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District. All unused vacation pay is accrued when earned in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignation and retirements.

Long-term Debt

In the government-wide financial statements long-term debt is reported as a liability in the Statement of Net Position. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the period incurred.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-term Debt (Continued)

In the fund financial statements bond premiums and discounts, as well as bond issuance costs, are recognized when incurred and not deferred. The face amount of the debt issued, premiums received on debt issuances, and discounts are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position or fund balance that applies to a future period(s) so will not be recognized as an outflow of resources (expense/expenditure) until that time. The District has four items that arise only under a full accrual basis of accounting that qualify for reporting in this category. The restatement of net position reports one type related to deferred amounts from refunding bonds, one type related to the net OPEB liability, one type related to the total medical OPEB, and one type related to the net PERS pension liability. These amounts are deferred and recognized as an outflow of resources in the period the amounts become available.

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has four items that qualify for reporting in this category. The balance sheet reports unavailable revenues from one source: property taxes. The statement of net position reports one type related to the net OPEB liability, one related to the total medical OPEB, and one type related to the net PERS pension liability. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Use of Estimates

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

Governmental Fund Balances

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.

CRESWELL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2019

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Balances (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 (resolution).
- **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 Business Manager 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.

When an expenditure is incurred that can be paid using either restricted or unrestricted resources, the District's policy 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.

Definitions of Governmental Fund Types

The General Fund is used to account for all financial resources not accounted for in another fund.

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term "proceeds of specific revenues sources" means that the revenue sources for the fund must be from restricted or committed sources, specifically that a substantial portion of the revenue must be from these sources and be expended in accordance with those requirements.

Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should be used to report resources if legally mandated. Financial resources that are being accumulated for principal and interest maturing in future years should also be reported in debt service funds.

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

CRESWELL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2019

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budget

A budget is prepared and legally adopted for each governmental fund type on the modified accrual basis of accounting. The budgetary basis of accounting is the same as accounting principles generally accepted in the United States of America for the governmental fund types except that capital outlay expenditures, including items below the District’s capitalization level, are budgeted by major function in governmental fund types. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations.

Appropriations are established at the major function level (instruction, support services, enterprise and community services, facilities acquisition and construction, debt service, operating contingency and transfers) for each fund. The detail budget document, however, is required to contain more specific, detailed information for the aforementioned expenditure categories. The budget is adopted, appropriations made, and the tax levy declared no later than June 30 each year. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution.

Supplemental budgets less than 10 percent of a fund’s original budget may be adopted by the Board at a regular meeting. A supplemental budget greater than 10 percent of a fund’s original budget requires hearings before the public, publication in newspapers and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control (major function levels) with Board approval. During the year, one appropriation transfer was made and no supplemental budgets were adopted. Appropriations lapse at the end of each fiscal year.

The District maintains an internal cash and investments pool that is available for use by all funds. Each fund type’s portion of the pool is displayed in the basic financial statements as “Cash and Investments.”

CASH AND INVESTMENTS

Cash and investments are comprised of the following as of June 30, 2019:

Cash on hand	\$ 980
Cash on deposit with financial institutions	383,237
Amounts held in escrow, restricted for debt service	118,008
State Treasurer's Investment Pool	4,206,591
	<hr/>
<i>Total Cash and Investments</i>	<u><u>\$ 4,708,816</u></u>

Deposits

The book balance of the District’s bank deposit accounts was \$383,237 and the bank balance was \$515,319 at year-end. Bank deposits are secured to legal limits by federal deposit insurance. The remaining amount is secured in accordance with ORS 295 under a collateral program administered by the Oregon State Treasurer.

CRESWELL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2019

CASH AND INVESTMENTS (Continued)

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the District's deposits with financial institutions for up to \$250,000 each for the aggregate of all demand accounts and the aggregate of all time and savings deposits accounts at each institution. Deposits in excess of FDIC coverage are with institutions participating in the Oregon Public Funds Collateralization Program (PFCP).

The PFCP is a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100 percent protected. Barring any exceptions, a bank depository is required to pledge collateral valued at least 10 percent of their quarter-end public fund deposits if they are well capitalized, 25 percent of their quarter-end public fund deposits if they are adequately capitalized or 110 percent of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110 percent by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities. The District's bank balances exceeded FDIC limits by \$256,081 as of June 30, 2019, all of which was covered by PFCP.

Investments

State statutes authorize the District to invest primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, certain commercial paper and the state treasurer's investment pool, among others.

The Treasurer of the State of Oregon maintains the Oregon Short-term Fund, of which the Local Government Investment Pool (LGIP) is a 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, 2019, the fair value of the position in the Oregon State Treasurer's Short-term Investment Pool was approximately equal to the value of the pool shares. The investment in the Oregon 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.

Concentration of Credit Risk - Investments

ORS 294.035 does not allow for an investment in any one single corporate entity indebtedness that is in excess of five percent of the District's total monies available for investment.

Custodial Credit Risk - Investments

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

CRESWELL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2019

CASH AND INVESTMENTS (Continued)

Custodial Credit Risk - Investments (Continued)

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of an asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments in U.S. Treasury securities, U.S. Agency securities, state and local government obligations, and corporate securities are valued using quoted market prices (Level 1 inputs).

CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 is as follows:

	<i>Balance July 1, 2018</i>	<i>Increases</i>	<i>Decreases</i>	<i>Balance June 30, 2019</i>
Capital assets not being depreciated:				
Land	\$ 128,573	\$ -	\$ -	\$ 128,573
Capital assets being depreciated:				
Buildings	33,630,241	-	-	33,630,241
Equipment	1,651,778	129,842	-	1,781,620
<i>Total Capital Assets Being Depreciated</i>	35,282,019	129,842	-	35,411,861
Accumulated depreciation for:				
Buildings	(10,672,285)	(674,049)	-	(11,346,334)
Equipment	(1,132,044)	(107,448)	-	(1,239,492)
<i>Total Accumulated Depreciation</i>	(11,804,329)	(781,497)	-	(12,585,826)
<i>Total Capital Assets Being Depreciated, net</i>	23,477,690	(651,655)	-	22,826,035
<i>Total Capital Assets, net</i>	<u>\$ 23,606,263</u>	<u>\$ (651,655)</u>	<u>\$ -</u>	<u>\$ 22,954,608</u>

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

<i>Program</i>	
Instructional services	\$ 649,272
Support services	
Pupil transportation	113,802
Other support services	8,533
Enterprise and community services	2,195
Facilities services	7,695
<i>Total depreciation expense</i>	<u>\$ 781,497</u>

CRESWELL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2019

LONG-TERM DEBT

The following is a summary of long-term debt transactions during the year ended June 30, 2019:

	<i>Balance July 1, 2018</i>	<i>Additions</i>	<i>Reductions</i>	<i>Balance June 30, 2019</i>	<i>Due Within One Year</i>
General obligation bonds	\$ 12,725,000	\$ -	\$ 1,405,000	\$ 11,320,000	\$ 1,460,000
Qualified school construction bonds	315,000	-	-	315,000	145,000
PERS pension bonds	3,265,000	-	210,000	3,055,000	235,000
Total bonds	16,305,000	-	1,615,000	14,690,000	1,840,000
Capital leases	210,119	129,842	143,661	196,300	91,280
Subtotal	16,515,119	129,842	1,758,661	14,886,300	1,931,280
Issuance premium - Series 2013B	354,928	-	39,436	315,492	-
Total	\$ 16,870,047	\$ 129,842	\$ 1,798,097	\$ 15,201,792	\$ 1,931,280

General Obligation Bonds Payable

General Obligation Bonds – Series 2013A – In February 2013, the District issued bonds in the amount of \$8,585,000 to refinance certain outstanding General Obligation Bonds that financed or refinanced capital construction and improvements. The bonds are due in annual installments of \$120,000 to \$1,460,000, plus interest paid semi-annually at 0.32% to 2.44% through 2021.

The bonds are secured by the full faith and credit taxing power of the District. In the event of default, the bond shall not be subject to acceleration.

General Obligation Bonds – Series 2013B – In February 2013, the District issued bonds in the amount of \$9,205,000 to refinance certain outstanding General Obligation Bonds that financed or refinanced capital construction and improvements. The bonds are due in annual installments of \$85,000 to \$1,575,000, plus interest paid semi-annually at 2.00% to 5.00% through 2027. The bonds were issued at a premium, which is being amortized through 2027.

The bonds are secured by the full faith and credit taxing power of the District. In the event of default, the bond shall not be subject to acceleration.

CRESWELL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2019

LONG-TERM DEBT (Continued)

General Obligation Bonds Payable (Continued)

Future debt service requirements for general obligation bonds are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 1,460,000	\$ 313,669	\$ 1,773,669
2021	1,185,000	280,994	1,465,994
2022	1,230,000	254,053	1,484,053
2023	1,410,000	204,853	1,614,853
2024	1,530,000	134,353	1,664,353
2025-2028	4,505,000	344,352	4,849,352
	<u>\$ 11,320,000</u>	<u>\$ 1,532,274</u>	<u>\$ 12,852,274</u>

Qualified School Construction Bonds Payable

Qualified School Construction Bonds – Series 2010A – In July 2010, the District issued bonds in the amount of \$500,000 to finance the costs of real and personal property improvements. The bonds are due in interest-free installments of \$25,000 to \$170,000 through 2025. Interest is subsidized by the federal government. Levied tax revenues are being set aside in a sinking fund to meet these obligations of \$34,000 per year through 2025. The District is in compliance with this requirement.

The bonds are secured by the full faith and credit taxing power of the District. In the event of default, the bond shall not be subject to acceleration.

Future debt service requirements for qualified school construction bonds are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 145,000	\$ -	\$ 145,000
2021	-	-	-
2022	-	-	-
2023	-	-	-
2024	-	-	-
2025-2028	170,000	-	170,000
	<u>\$ 315,000</u>	<u>\$ -</u>	<u>\$ 315,000</u>

PERS Pension Bonds Payable

PERS Pension Bond – Series 2007 – In October 2007, the District issued bonds in the amount of \$4,345,000 to finance the pension liabilities of the District. The bonds are due in annual installments of \$40,000 to \$485,000, plus interest paid semi-annually at 4.89% to 5.62% through 2028.

The bonds are secured by the full faith and credit taxing power of the District. In the event of default, the bond shall not be subject to acceleration.

CRESWELL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2019

LONG-TERM DEBT (Continued)

PERS Pension Bonds Payable (Continued)

Future debt service requirements for PERS pension bonds are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 235,000	\$ 171,600	\$ 406,600
2021	260,000	158,400	418,400
2022	295,000	143,795	438,795
2023	325,000	127,226	452,226
2024	360,000	108,970	468,970
2025-2028	1,580,000	210,918	1,790,918
	<u>\$ 3,055,000</u>	<u>\$ 920,909</u>	<u>\$ 3,975,909</u>

Capital Leases

2015 Blue Bird SPED Bus – In December 2013, the District entered into a lease agreement as lessee for financing the acquisition of a school bus in the amount of \$116,664. The lease was due in semi-annual installments and was paid in full during the current year.

2015 Blue Bird Bus – In December 2013, the District entered into a lease agreement as lessee for financing the acquisition of a school bus in the amount of \$106,554. The lease was due in semi-annual installments and was paid in full during the current year.

2016 Blue Bird Bus – In April 2015, the District entered into a lease agreement as lessee for financing the acquisition of a school bus in the amount of \$129,880. The lease is due in semi-annual installments through 2019.

2016 Ford SPED Buses – In April 2016, the District entered into a lease agreement as lessee for financing the acquisition of two school buses in the amount of \$162,100. The lease is due in semi-annual installments through 2019.

2017 Blue Bird Bus – In April 2017, the District entered into a lease agreement as lessee for financing the acquisition of a school bus in the amount of \$134,476. The lease is due in semi-annual installments through 2021.

2019 Thomas Bus – In June 2019, the District entered into a lease agreement as lessee for financing the acquisition of a school bus in the amount of \$129,842. The lease is due in semi-annual installments through 2024.

Future minimum lease obligations included in debt service requirements summarized above are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 91,280	\$ 6,360	\$ 97,640
2021	45,835	3,872	49,707
2022	18,949	2,403	21,352
2023	19,718	1,634	21,352
2024	20,518	833	21,351
	<u>\$ 196,300</u>	<u>\$ 15,102</u>	<u>\$ 211,402</u>

CRESWELL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2019

LONG-TERM DEBT (Continued)

Defeased General Obligation Bonds

In 2004 and 2013, 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 liabilities for the defeased obligations are not included in the District's basic financial statements. At June 30, 2019, defeased general obligation bonds outstanding were \$1,430,000.

INTER-FUND ACTIVITY

The District completed the following inter-fund transactions during the year ended June 30, 2019:

<i>Fund</i>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 734,862
Facilities Fund	435,062	-
Nutrition Services	12,800	-
Other Governmental Funds		
Student Activity	250,000	-
Vehicle Replacement	37,000	-
	<u>\$ 734,862</u>	<u>\$ 734,862</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Inter-fund activities occasionally include inter-fund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These inter-fund receivables and payable are expected to be repaid within one year.

PENSION PLAN

Plan Description – The Oregon Public Employees Retirement System (PERS) consists of a single cost-sharing multiple-employee defined benefit plan. All benefits of the system are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Oregon PERS produces an independently audited Comprehensive Annual Financial Report which can be found at:

<http://www.oregon.gov/PERS/pages/financials/Actuarial-Financial-Information.aspx>.

CRESWELL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2019

PENSION PLAN (Continued)

PERS Pension (Chapter 238)

The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.

Pension Benefits. The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, and 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefits results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

Death Benefits. Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided on or more of the following contributions are met:

- member was employed by PERS employer at the time of death,
- member died within 120 days after termination of PERS covered employment,
- member died as a result of injury sustained while employed in a PERS-covered job, or
- member was on an official leave of absence from a PERS-covered job at the time of death.

Disability Benefits. A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

Benefit Changes After Retirement. Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

CRESWELL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2019

PENSION PLAN (Continued)

Oregon Public Service Retirement Plan Pension Program (OPSRP DB)

The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003. The 2003 Oregon Legislature passed PERS reform legislation that essentially created a new retirement plan for employees hired on or after August 29, 2003. These employees became members of the Oregon Public Service Retirement Plan (OPSRP). OPSRP is a hybrid retirement plan with two components: the Pension Program (defined benefit plan) and the Individual Account Program (defined contribution; established and maintained as a tax-qualified governmental defined contribution plan). OPSRP is administered by PERS.

Pension Benefits. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

Death Benefits. Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

Disability Benefits. A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

Benefit Changes After Retirement. Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2015 actuarial valuation, which became effective July 1, 2017. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2019 were \$1,290,252, excluding amounts to fund employer specific liabilities. For the year ended June 30, 2019, \$385,317 was charged as PERS benefits expenditures to be used for bond payments as they become due. Employer pension expense of \$861,769 was recognized during the reporting period.

CRESWELL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2019

PENSION PLAN (Continued)

Contributions (Continued)

At June 30, 2019, the District reported a net pension liability of \$11,859,854 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the District's proportion was 0.0783 percent.

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<i>Deferred Outflow of Resources</i>	<i>Deferred (Inflow) of Resources</i>	<i>Net</i>
Difference between expected and actual experience	\$ 403,437	\$ -	
Changes in assumptions	2,757,393	-	
Net difference between projected and actual earnings on pension plan investments	-	(526,645)	
Changes in proportionate share	-	(701,438)	
Difference between employer contributions and employer's proportionate share of system contributions	192,669	(5,931)	
Subtotal - amortized deferrals (below)	3,353,499	(1,234,014)	\$ 2,119,485
District contributions subsequent to measurement date	1,290,252	-	
Total deferred outflow (inflow) of resources	\$ 4,643,751	\$ (1,234,014)	

Deferred outflows of resources related to PERS of \$1,290,252 resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net PERS liability in the year June 30, 2020.

Other amounts reported as deferred outflows or inflow of resources related to PERS will be recognized in pension expense as follows:

<i>Year ending June 30,</i>	<i>Amount</i>
2020	\$ 1,325,163
2021	881,060
2022	(235,052)
2023	87,214
2024	61,100
Total	\$ 2,119,485

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASBS No. 68 reporting summary dated March 4, 2019. Oregon PERS produces an independently audited CAFR which can be found at:

<http://www.oregon.gov/PERS/pages/financials/Actuarial-Financial-Information.aspx>.

CRESWELL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2019

PENSION PLAN (Continued)

Actuarial Valuations

The employer contribution rates effective July 1, 2017 through June 30, 2019, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount for the amortization unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an actuarially determined amount for funding a disability benefit component, and (c) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

Actuarial Methods and Assumptions:

Valuation date	December 31, 2016
Measurement date	June 30, 2018
Experience study	2016, published July 2017
Actuarial Assumptions	
Actuarial cost method	Entry age normal
Inflation Rate	2.50%
Long-term expected rate of return	7.20% (Previously 7.50%)
Discount rate	7.20% (Previously 7.50%)
Projected salary increases	3.50%
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service.
Mortality	<p>Healthy retirees and beneficiaries: RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members: RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as</p> <p>Disabled retirees: RP-2014 Disables retirees, sex-distinct, genreational with Unisex, Social Security Data Scale.</p>

(Source: June 30, 2018 PERS CAFR; Table 28; page 69)

CRESWELL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2019

PENSION PLAN (Continued)

Actuarial Methods and Assumptions (Continued)

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2016 Experience Study which is reviewed for the four-year period ending December 31, 2016.

Discount Rate - The discount rate used to measure the total pension liability was 7.20 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from the plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Depletion Date Projection – GASBS No. 67 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASBS No. 67 will often require that the actuary perform complex projections of future benefit payments and asset values. GASBS No. 67 (paragraph 43) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for Oregon PERS:

- Oregon PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100 percent funded position by the end of the amortization period if future experience follows assumption.
- GASBS No. 67 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, the detailed depletion date projections outlined in GASBS No. 67 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

(Source: June 30, 2018 PERS CAFR; page 68)

CRESWELL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2019

PENSION PLAN (Continued)

Assumed Asset Allocation

Asset Class/Strategy	OIC Policy Range	Current Year Target
Cash	0.0 - 3.0 %	0.0 %
Debt Securities	15.0 - 25.0	20.0
Public Equity	32.5 - 42.5	37.5
Real Estate	9.5 - 15.5	12.5
Private Equity	13.5 - 21.5	17.5
Alternative Equity	0.0 - 12.5	12.5
Opportunity Portfolio	0.0 - 3.0	0.0
Total		100.0 %

(Source: June 30, 2018 PERS CAFR; page 98)

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

(Source: June 30, 2018 PERS CAFR page 68)

CRESWELL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2019

PENSION PLAN (Continued)

Long-Term Expected Rate of Return (Continued)

Asset Class	Target Allocation *	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Core Fixed Income	8.00 %	3.59 %	3.49 %	4.55 %
Short-Term Bonds	8.00	3.42	3.39	2.70
Bank/Leveraged Loans	3.00	5.34	5.09	7.50
High Yield Bonds	1.00	6.90	6.45	10.00
Large/Mid Cap US Equities	15.75	7.45	6.30	16.25
Small Cap US Equities	1.31	8.49	6.69	20.55
Micro Cap US Equities	1.31	9.01	6.80	22.90
Developed Foreign Equities	13.13	8.21	6.71	18.70
Emerging Market Equities	4.12	10.53	7.45	27.35
Non-US Small Cap Equities	1.88	8.67	7.01	19.75
Private Equity	17.50	11.45	7.82	30.00
Real Estate (Property)	10.00	6.15	5.51	12.00
Real Estate (REITS)	2.50	8.26	6.37	21.00
Hedge Fund of Funds - Diversified	2.50	4.36	4.09	7.80
Hedge Funds - Event-driven	0.63	6.21	5.86	8.90
Timber	1.88	6.37	5.62	13.00
Farmland	1.88	6.90	6.15	13.00
Infrastructure	3.75	7.54	6.60	14.65
Commodities	1.88	5.43	3.84	18.95
Assumed Inflation - Mean			2.50 %	1.85 %

* Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, revised as of June 7, 2017

(Source: June 30, 2018 PERS CAFR; Table 31; Page 72)

Sensitivity - Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate. The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.20 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate.

	<u>1% Decrease (6.20%)</u>	<u>Discount Rate (7.20%)</u>	<u>1% Increase (8.20%)</u>
District's proportionate share of the net pension liability (asset)	<u>\$ 19,820,056</u>	<u>\$ 11,859,854</u>	<u>\$ 5,289,358</u>

CRESWELL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2019

PENSION PLAN (Continued)

Long-Term Expected Rate of Return (Continued)

Additional disclosures related to Oregon PERS not applicable to specific employers are available online at the below website, or by contacting PERS at the following address: PO BOX 23700 Tigard, OR 97281-3700.

<http://www.oregon.gov/PERS/pages/index.aspx>

OPSRP Individual Account Program (OPSRP IAP)

Plan Description – ORS Chapter 238A created the Oregon Public Service Retirement Plan (OPSRP), which consists of the Defined Benefit Pension Program and the Individual Account Program (IAP). Membership includes public employees hired on or after August 29, 2003. PERS members retain their existing defined benefit plan accounts, but member contributions are deposited into the member’s IAP account. OPSRP is part of Oregon PERS, and is administered by the Oregon PERS Board.

Pension Benefits – An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies. Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

Death Benefits – Upon the death of a non-retired member, the beneficiary receives in a lump sum the member’s account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lumpsum payment.

Contributions – The District pays or “picks up” 6 percent of the employees covered payroll. The District paid \$383,438 in employee contributions for the year ended June 30, 2019.

OTHER POSTEMPLOYMENT BENEFITS (OPEBs)

The District offers a postemployment health insurance subsidy and contributes to a retirement health insurance account through Oregon Public Employees Retirement System. The breakdown of the OPEB liability or asset, deferred outflows of resources and deferred inflows of resources related to these OPEB plans are as follows:

	Medical Subsidy	Retiree Health Insurance Account (RHIA)
Total OPEB Liability	\$ 1,363,117	\$ -
Net OPEB Asset	-	69,352
OPEB Deferred Outflows of Resources	82,999	31,212
OPEB Deferred Inflows of Resources	65,078	20,044

OTHER POSTEMPLOYMENT BENEFITS (OPEBs) (Continued)

Post-Employment Healthcare Benefits (Medical Subsidy)

The Post-Employment Healthcare Benefits (Medical Subsidy) for the District combines two separate plans. The District provides an implicit rate subsidy for retiree health insurance premiums, and a contribution toward eligible participants' medical premiums.

As of the valuation date of July 1, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	8
Active employees	145
	<u>153</u>

Plan Description - Explicit Subsidy - The District maintains a single-employer defined benefit early retirement supplement program for its employees. This program covers full-time licensed personnel of the District who retire with at least 20 consecutive years of service to the District and were hired prior to April 4, 2005. Benefits are offered until age 65 or death. Coverage continues for a maximum duration of 5 years, starting at the end of the year in which the employee is first eligible for unreduced retirement under Oregon PERS. The District does not issue a standalone report for this plan. The eligible licensed employee's aggregate cost of a retiree's program shall not exceed \$1,330 in any one month.

Plan Description - Implicit Subsidy - The District operates a single-employer defined benefit plan that provides postemployment health, dental, vision and life insurance benefits to eligible employees and their spouses. Benefits and eligibility for members are established through the collective bargaining agreements and Oregon state law. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASBS No. 75. The District's post-retirement 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.

Eligible retirees and their dependents under age 65 are allowed to continue to enroll in the same healthcare coverage as offered to active employees. The retiree's coverage selection is available only upon retirement although coverage can continue until the retiree's age 65. The spouse's coverage is available until the spouse's age 65 but also must be selected at the time of retirement. Following the retiree's death or attainment of age 65, the retiree's spouse can continue full coverage until the spouse's age 65. The retiree or surviving spouse is responsible for paying the full premium at the applicable tier. The difference between retiree claims costs, which because of the effect of age is generally higher in comparison to all plan members, and the amount of retiree healthcare premiums represents the District's implicit employer subsidy.

Eligibility is determined by:

- For administrators and classified members, the employee must retire with an immediate service or disability retirement benefit under the Oregon Public Employees Retirement System (OPERS).
- For certified members, the employee must retire with an immediate service benefit under OPERS, or be eligible for a benefit under the District's Long Term Disability program.

CRESWELL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2019

OTHER POSTEMPLOYMENT BENEFITS (OPEBs) (Continued)

Total OPEB Liability for Medical Subsidy

The District's total OPEB liability for Medical Subsidy of \$1,363,117 was measured as of June 30, 2018 and was determined by an actuarial valuation as of July 1, 2017 using the entry age normal actuarial cost method. The sum of the explicit and implicit OPEB liability is reported as a single item within the Statement of Net Position.

Actuarial assumptions and other inputs

The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	July 1, 2017
Measurement date	June 30, 2018
Experience study	2014, published September 2015
Actuarial cost method	Entry age normal
Actuarial Assumptions	
Inflation Rate	2.50%
Discount rate	3.87%
Projected salary increases	3.50%
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service.
Mortality	Healthy retirees and beneficiaries: RP-2014 Employee and Healthy Annuitant tables, White collar, sex-distinct for members and dependents. Active members: For members only, a one year setback is applied. Disabled retirees: Not used.

Discount Rate - Under GASB Statement No. 75, unfunded plans must use a discount rate that reflects a 20-year tax-exempt municipal bond yield or index rate. The discount rate in effect for the June 30, 2019 reporting date is 3.87 percent, reflecting the Bond Buyer 20-Year General Obligation Bond Index.

Healthcare Cost Trend – The actuarial calculations used an assumption that medical costs will increase 4.25 percent in the first year, 5.50 percent in the second year, 6.75 percent in the third year, and varying from 5.00 percent to 6.25 percent over the remainder of the projection period. These trends are based on a model circulated by the Society of Actuaries. The model considers current trends in health care costs, the potential impacts of the Affordable Care Act (including an excise tax scheduled to apply to high-cost plans beginning in 2022), and long-term constraints on trend such as growth in per capita income. It also assumed that dental and vision costs will increase by 4.00 percent in each future year.

CRESWELL SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2019

OTHER POSTEMPLOYMENT BENEFITS (OPEBs) (Continued)

Changes in the Total OPEB Liability for Medical Subsidy

	<u>Total Medical Subsidy OPEB Liability</u>
Balance at July 1, 2018	\$ 1,318,642
Changes for the year:	
Service cost	82,942
Interest on total OPEB liability	49,050
Effect of assumptions changes or inputs	(24,023)
Benefit payments	(63,494)
Net changes	<u>44,475</u>
Balance at June 30, 2019	<u>\$ 1,363,117</u>

The discount rate in effect for the June 30, 2019 reporting date is 3.87 percent, reflecting the Bond Buyer 20-Year General Obligation Bond Index, an increase from 0.29 for the June 30, 2018 reporting date.

Sensitivity of the Total OPEB Liability for Medical Subsidy to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87 percent) or 1-percentage-point higher (4.87 percent) than the current discount rate:

	<u>1% Decrease (2.87%)</u>	<u>Discount Rate (3.87%)</u>	<u>1% Increase (4.87%)</u>
Total OPEB liability for medical subsidy	<u>\$ 1,450,161</u>	<u>\$ 1,363,117</u>	<u>\$ 1,279,576</u>

Sensitivity of the Total OPEB Liability for Medical Subsidy to Changes in the Healthcare Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Trend Rates</u>	<u>1% Increase</u>
Total OPEB liability for medical subsidy on June 30, 2019	<u>\$ 1,242,502</u>	<u>\$ 1,363,117</u>	<u>\$ 1,500,620</u>

CRESWELL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2019

OTHER POSTEMPLOYMENT BENEFITS (OPEBs) (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Medical Subsidy

For the year ended June 30, 2019, the District recognized OPEB expense of \$37,543. At June 30, 2019, the District reported deferred outflows of resources or deferred inflows of resources related to the medical benefits plan from the following sources:

	<i>Deferred Outflows of Resources</i>	<i>Deferred (Inflows) of Resources</i>	<i>Net</i>
Changes of assumptions or inputs	\$ -	\$ (65,078)	
Subtotal - Amortized Deferrals (below)	-	(65,078)	\$ (65,078)
Benefit payments subsequent to measurement date	82,999	-	
Net deferred outflows (inflows) of resources	<u>\$ 82,999</u>	<u>\$ (65,078)</u>	

Deferred outflows of resources related to the medical subsidy of \$82,999 resulting from the District's benefit payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the medical subsidy in the year ended June 30, 2019. Other amounts reported as deferred outflows or inflow of resources related to the medical subsidy will be recognized in OPEB expense as follows:

<i>Year ending June 30,</i>	<i>Amount</i>
2020	\$ (11,450)
2021	(11,450)
2022	(11,450)
2023	(11,450)
2024	(11,450)
Thereafter	(7,828)
Total	<u>\$ (65,078)</u>

Retirement Health Insurance Account (RHIA)

Plan Description – As a member of Oregon Public Employees Retirement System (OPERS) the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by the OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. The plan, which was established under Oregon Revised Statutes (ORS) 238.420, provided for a payment of up to \$60 per month toward the costs 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 or by accessing the PERS website at: www.oregon.gov/PERS/.

CRESWELL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2019

OTHER POSTEMPLOYMENT BENEFITS (OPEBs) (Continued)

Retirement Health Insurance Account (RHIA) (Continued)

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

Contributions – PERS funding policy provides for employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates for the period were based on the December 31, 2015 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2017. The District's contribution rates for the period were 0.50 percent for Tier One/Tier Two members, and 0.43 percent for OPSRP members. The District's contributions for the year ended June 30, 2019 totaled \$31,212.

Net OPEB Liability or Asset, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to RHIA

At June 30, 2019 the District reported an asset of \$69,352 for its proportionate share of the net OPEB asset related to RHIA. The net OPEB asset was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date. The district's proportion of the net OPEB asset was based on the District's actual, legally required contributions made during the fiscal year being compared to the total actual contributions made in the fiscal year by all employers. The District's proportionate share as of the measurement date is 0.0621 percent, changed from 0.0588 percent for the prior measurement date.

For the year ended June 30, 2019, the District recognized OPEB expense reduction of \$37,934 related to the RHIA. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to the RHIA OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred (Inflows) of Resources</u>	<u>Net</u>
Difference between expected and actual experience	\$ -	\$ (3,930)	
Changes of assumptions	-	(220)	
Net difference between projected and actual earnings on investments	-	(14,952)	
Changes in proportionate share	-	(942)	
Subtotal - Amortized Deferrals (below)	-	(20,044)	\$ (20,044)
Contributions subsequent to measurement date	31,212	-	
Net deferred outflows/(inflows) of resources	\$ 31,212	\$ (20,044)	

CRESWELL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2019

OTHER POSTEMPLOYMENT BENEFITS (OPEBs) (Continued)

Deferred outflows of resources related to RHIA of \$31,212 resulting from the District’s contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for RHIA in the year ended June 30, 2020. Other amounts reported as deferred outflows or inflow of resources related to RHIA will be recognized in OPEB expense as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2020	\$ (6,767)
2021	(6,694)
2022	(5,097)
2023	(1,486)
2024	-
Thereafter	-
Total	<u>\$ (20,044)</u>

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Valuation date	December 31, 2016
Measurement date	June 30, 2018
Experience study	2016, published July 2017
Actuarial Assumptions	
Actuarial cost method	Entry age normal
Inflation Rate	2.50%
Long-term expected rate of return	7.20% (Previously 7.50%)
Discount rate	7.20% (Previously 7.50%)
Retiree healthcare participation	Healthy retirees: 38% Disabled retirees: 20%
Healthcare cost trend rate	Not applicable.
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Six-distinct, generational per Scale BB, disabled mortality table.

(Source: June 30, 2018 Oregon PERS CAFR; Table 28; page 69)

OTHER POSTEMPLOYMENT BENEFITS (OPEBs) (Continued)

Actuarial Assumptions and Other Inputs (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2016 experience study which reviewed experience for the four-year period ending on December 31, 2016.

Long-Term Expected Rate of Return

For a summary of assumptions related to long-term expected rate of return, please refer to pages *****.

Sensitivity of the Net OPEB Liability (Asset) for RHIA to Changes in the Discount Rate

The following presents the District’s proportionate share of the net OPEB liability (asset) for the Retirement Health Insurance Account, as well as what the District’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current discount rate:

	<i><u>1% Decrease</u></i> <i><u>(6.20%)</u></i>	<i><u>Discount Rate</u></i> <i><u>(7.20%)</u></i>	<i><u>1% Increase</u></i> <i><u>(8.20%)</u></i>
Total OPEB liability (asset) for RHIA	<u>\$ (40,380)</u>	<u>\$ (69,352)</u>	<u>\$ (94,013)</u>

Sensitivity of the Net OPEB Liability (Asset) for RHIA to Changes in the Healthcare Cost Trend Rates

The District’s proportionate share of the net OPEB liability (asset) for RHIA is (\$69,352). The ORS stipulates a \$60 monthly payment, so there would be no change to the net OPEB liability if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate.

OPEB Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued OPERS financial report.

DEFERRED COMPENSATION

The District has made available to its employees a deferred compensation plan where they may defer amounts earned until either termination by reason of death, resignation, disability, or retirement. Payment to employees will extend over a period of fifteen years. These deposits are not subject to the collateral requirements of Oregon law and are excluded from resources for budgetary purposes. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All amounts deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are held in trust for the exclusive benefit of the participants and their beneficiaries.

CRESWELL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2019

RISK MANAGEMENT

The District purchased commercial insurance to cover all commonly insurable risks, including property, liability, vehicles, fidelity bond, worker’s compensation and unemployment. All policies carry a small deductible amount. No insurance claims settled in each of the prior three years have exceeded policy coverage.

COMMITMENTS AND CONTINGENCIES

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 Accounting Standards Codification (ASC) 450-20. 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.

The District is a defendant in various pending litigation and administrative proceedings from time to time. Management believes any losses arising from these actions will not materially affect the District’s financial position.

CONCENTRATIONS

The District is dependent on the State of Oregon for a substantial portion of its operating funds. Due to funding uncertainties at the State level, funding for school districts may be reduced. The ultimate effect on this possible reduction in funding on the District’s future operation is not yet determinable.

EXPENDITURES IN EXCESS OF APPROPRIATIONS

Oregon law prohibits expenditures in excess of board approved appropriations. The board approves appropriations for each fund by major function. For the year ended June 30, 2019, expenditures exceeded appropriations as follows:

	<u>Appropriation</u>	<u>Expenditure</u>	<u>Variance</u>
<i>General Fund</i>			
Support services	\$ 5,107,207	\$ 5,142,994	\$ (35,787)
Transfers out	727,000	734,862	(7,862)
<i>Facilities Fund</i>			
Debt service	1,500	8,300	(6,800)
<i>Nutrition Services Fund</i>			
Enterprise and community services	490,520	504,062	(13,542)
<i>Other Nonmajor Governmental Funds</i>			
<i>Student Activity Fund</i>			
Instruction	233,814	249,285	(15,471)

CRESWELL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2019

TAX ABATEMENTS

Tax abatements result from agreements between Lane County and others, which reduce the District's levied property taxes. As of June 30, 2019, the District was not materially affected by tax abatement agreements.

REQUIRED SUPPLEMENTARY INFORMATION

CRESWELL SCHOOL DISTRICT**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FOR PERS
YEAR ENDED JUNE 30, 2019**

<i>Year Ended June 30,</i>	<i>Employer's proportion of the net pension liability (NPL)</i>	<i>Employer's proportionate share of the net pension liability (NPL) (1)</i>	<i>Covered payroll (2)</i>	<i>NPL as a percentage of covered payroll</i>	<i>Plan fiduciary net position as a percentage of the total pension liability</i>
2019 (6)	0.08%	\$ 11,859,854	\$ 6,468,533	183.3%	82.1%
2018	0.08%	10,956,606	6,322,794	173.3%	83.1%
2017 (5)	0.09%	12,903,169	6,165,743	209.3%	80.5%
2016 (4)	0.09%	5,346,421	6,009,026	89.0%	91.9%
2015 (3)	0.09%	(2,131,920)	5,598,774	-38.1%	103.6%
2014	0.09%	4,799,679	5,637,816	85.1%	92.0%

Notes:

These schedules are required to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

(1) The amounts presented for each fiscal year were actuarially determined at December 31 and rolled forward to the measurement date.

(2) Amounts for covered payroll use the prior year's data to match the measurement date used by the pension plan for each fiscal year.

(3) The June 30, 2015 NPL reflects benefit changes from the Senate Bills 822 and 861.

(4) The June 30, 2016 NPL reflects benefit changes from the Oregon Supreme Court's ruling in *Moro v. State of Oregon*, which overturned portions of Senate Bills 822 and 861.

(5) The June 30, 2017 NPL reflects assumption changes reducing inflation rate from 2.75 percent to 2.50 percent, the long-term expected rate of return from 7.75 percent to 7.50 percent, the discount rate from 7.75 percent to 7.50 percent and the projected salary increases from 3.75 percent to 3.50 percent.

(6) The June 30, 2019 NPL reflects assumption changes reducing the long-term expected rate of return from 7.50% to 7.20% and the discount rate from 7.50% to 7.20%.

CRESWELL SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS FOR PERS
YEAR ENDED JUNE 30, 2019

<i>Year Ended June 30,</i>	<i>Statutorily required contribution</i>	<i>Contributions in relation to the statutorily required contribution</i>	<i>Contribution deficiency (excess)</i>	<i>Covered payroll</i>	<i>Contributions as a percent of covered payroll</i>
2019	\$ 1,290,252	\$ 1,290,252	\$ -	\$ 6,824,148	18.9%
2018	1,176,036	1,176,036	-	6,468,533	18.2%
2017	958,821	958,821	-	6,322,794	15.2%
2016	949,453	949,453	-	6,165,743	15.4%
2015	1,053,572	1,053,572	-	6,009,026	17.5%
2014	988,038	988,038	-	5,598,774	17.6%

Notes:

The amounts presented for each fiscal year were actuarially determined at December 31 and rolled forward to the measurement date.

These schedules are required to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

CRESWELL SCHOOL DISTRICT

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY FOR RHIA
YEAR ENDED JUNE 30, 2019**

<i>Year Ended June 30,</i>	<i>Employer's proportion of net OPEB liability</i>	<i>Employer's proportionate share of the net OPEB liability (NOL) (1)</i>	<i>Covered payroll (2)</i>	<i>NOL as a percentage of covered payroll</i>	<i>Plan fiduciary net position as a percentage of the total OPEB liability</i>
2019 (4)	0.06%	\$ (69,532)	\$ 6,468,533	-1.07%	124.0%
2018	0.06%	(24,534)	6,322,794	-0.39%	108.9%
2017 (3)	0.06%	16,880	6,165,743	0.27%	94.1%

Notes:

These schedules are required to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

- (1) The amounts presented for each fiscal year were actuarially determined at December 31 and rolled forward to the measurement date.
- (2) Amounts for covered payroll use the prior year's data to match the measurement date used by the OPEB plan for each fiscal year.
- (3) The June 30, 2017 NOL reflects assumption changes reducing inflation rate from 2.75% to 2.50%, the long-term expected rate of return from 7.75% to 7.50%, the discount rate from 7.75% to 7.50% and the projected salary increases from 3.75% to 3.50%.
- (4) The June 30, 2019 NOL reflects assumption changes reducing the long-term expected rate of return from 7.50% to 7.20% and the discount rate from 7.50% to 7.20%.

CRESWELL SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS FOR RHIA
YEAR ENDED JUNE 30, 2019

<i>Year Ended June 30,</i>	<i>Statutorily required contribution</i>	<i>Contributions in relation to the statutorily required contribution</i>	<i>Contribution deficiency (excess)</i>	<i>Covered payroll</i>	<i>Contributions as a percent of covered payroll</i>
2019	\$ 31,212	\$ 31,212	\$ -	\$ 6,824,148	0.46%
2018	30,083	30,083	-	6,468,533	0.47%
2017	31,172	31,172	-	6,322,794	0.49%

Notes:

The amounts presented for each fiscal year were actuarially determined at December 31 and rolled forward to the measurement date.

These schedules are required to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

CRESWELL SCHOOL DISTRICT

**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND THE SCHEDULE OF TOTAL OPEB LIABILITY AND RELATED RATIOS FOR MEDICAL SUBSIDY
YEAR ENDED JUNE 30, 2019**

Schedule of Changes in the Total OPEB Liability for Medical Subsidy

<i>Year ended June 30,</i>	<i>Service costs</i>	<i>Interest on total OPEB liability</i>	<i>Difference between expected and actual results</i>	<i>Changes of assumptions or other inputs</i>	<i>Benefit payments</i>	<i>Net change in total OPEB liability</i>
2019	\$ 82,942	\$ 49,050	\$ -	\$ (24,023)	\$ (63,494)	\$ 44,475
2018	87,135	39,072	-	(60,709)	(60,906)	4,592

Schedule of Total OPEB Liability and Related Ratios for Medical Subsidy

<i>Year ended June 30,</i>	<i>Total OPEB liability beginning</i>	<i>Net change in total OPEB liability</i>	<i>Total OPEB liability ending (1)</i>	<i>Covered- employee payroll (2)</i>	<i>Total OPEB liability as percentage of covered- employee payroll</i>	<i>Discount rate</i>
2019	\$ 1,318,642	\$ 44,475	\$ 1,363,117	\$ 6,468,533	21.07%	3.87%
2018	1,314,050	4,592	1,318,642	6,322,794	20.39%	3.58%

Notes:

These schedules are required to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

Changes of assumptions. Changes of assumptions and other inputs reflect the effects of changes to the discount rate each period.

- (1) The amounts presented for each fiscal year were actuarially determined as of July 1 of odd numbered years and rolled forward to a measurement date that is 12 months prior to the reporting date.
- (2) Amounts for covered-employee payroll use the prior year's date to match the measurement date used by the OPEB plan for each fiscal year.

CRESWELL SCHOOL DISTRICT**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2019**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with Final Budget</i>
	<i>Original</i>	<i>Final</i>	<i>Budget and GAAP Basis</i>	
REVENUES				
Property taxes	\$ 3,218,000	\$ 3,218,000	\$ 3,356,949	\$ 138,949
Intergovernmental				
Intermediate sources	53,709	53,709	90,889	37,180
State sources	9,081,314	9,081,314	9,811,599	730,285
Charges for services	15,200	15,200	11,399	(3,801)
Investment earnings	45,000	45,000	122,561	77,561
Miscellaneous	102,600	102,600	172,876	70,276
<i>Total Revenues</i>	12,515,823	12,515,823	13,566,273	1,050,450
EXPENDITURES				
Current				
Instruction	8,011,616	8,011,616	7,485,923	525,693
Support services	5,107,207	5,107,207	5,142,994	(35,787)
Contingency	1,020,000	670,000	-	670,000
<i>Total Expenditures</i>	14,138,823	13,788,823	12,628,917	1,159,906
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,623,000)	(1,273,000)	937,356	2,210,356
OTHER FINANCING SOURCES (USES)				
Transfers out	(377,000)	(727,000)	(734,862)	(7,862)
NET CHANGE IN FUND BALANCE	(2,000,000)	(2,000,000)	202,494	2,202,494
FUND BALANCE, beginning	2,000,000	2,000,000	2,033,925	33,925
FUND BALANCE, ending	\$ -	\$ -	\$ 2,236,419	\$ 2,236,419

See notes to required supplementary information.

CRESWELL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - FACILITIES FUND
YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Budget Basis</u>	<u>Variance with Final Budget</u>	<u>Budget to GAAP Differences</u>	<u>Actual GAAP Basis</u>
	<u>Original</u>	<u>Final</u>				
REVENUES						
Construction excise tax	\$ 74,000	\$ 74,000	\$ 42,767	\$ (31,233)	\$ -	\$ 42,767
Intergovernmental						
Federal sources	-	-	-	-	8,300	8,300
Investment earnings	12,000	12,000	17,555	5,555	-	17,555
Miscellaneous	31,000	31,000	29,693	(1,307)	-	29,693
<i>Total Revenues</i>	117,000	117,000	90,015	(26,985)	8,300	98,315
EXPENDITURES						
Current						
Support services	130,000	130,000	71,749	58,251	-	71,749
Facilities acquisition and construction	50,000	50,000	-	50,000	-	-
Debt service						
Interest	1,500	1,500	8,300	(6,800)	8,300	16,600
Contingency	648,500	998,500	-	998,500	-	-
<i>Total Expenditures</i>	830,000	1,180,000	80,049	1,099,951	8,300	88,349
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(713,000)	(1,063,000)	9,966	1,072,966	-	9,966
OTHER FINANCING SOURCES (USES)						
Transfers in	135,000	485,000	435,062	(49,938)	-	435,062
NET CHANGE IN FUND BALANCE	(578,000)	(578,000)	445,028	1,023,028	-	445,028
FUND BALANCE, beginning	696,000	696,000	693,281	(2,719)	-	693,281
FUND BALANCE, ending	\$ 118,000	\$ 118,000	\$ 1,138,309	\$ 1,020,309	\$ -	\$ 1,138,309

See notes to required supplementary information.

CRESWELL SCHOOL DISTRICT

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GRANTS FUND
YEAR ENDED JUNE 30, 2019**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with</i>
	<i>Original</i>	<i>Final</i>	<i>Budget and GAAP Basis</i>	<i>Final Budget</i>
REVENUES				
Intergovernmental				
Intermediate sources	\$ 20,600	\$ 20,600	\$ -	\$ (20,600)
State sources	523,800	523,800	451,439	(72,361)
Federal sources	748,500	748,500	701,650	(46,850)
Contributions	352,000	352,000	77,506	(274,494)
Miscellaneous	35,000	35,000	1,000	(34,000)
<i>Total Revenues</i>	<u>1,679,900</u>	<u>1,679,900</u>	<u>1,231,595</u>	<u>(448,305)</u>
EXPENDITURES				
Current				
Instruction	1,279,428	1,279,428	931,801	347,627
Support services	386,809	386,809	267,809	119,000
Enterprise and community services	13,663	13,663	8,559	5,104
<i>Total Expenditures</i>	<u>1,679,900</u>	<u>1,679,900</u>	<u>1,208,169</u>	<u>471,731</u>
NET CHANGE IN FUND BALANCE	-	-	23,426	23,426
FUND BALANCE, beginning	-	-	98,012	98,012
FUND BALANCE, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 121,438</u>	<u>\$ 121,438</u>

See notes to required supplementary information.

CRESWELL SCHOOL DISTRICT**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - NUTRITION SERVICES FUND
YEAR ENDED JUNE 30, 2019**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with</i>
	<i>Original</i>	<i>Final</i>	<i>Budget and GAAP Basis</i>	<i>Final Budget</i>
REVENUES				
Intergovernmental				
State sources	\$ 10,400	\$ 10,400	\$ 5,671	\$ (4,729)
Federal sources	348,000	348,000	379,410	31,410
Charges for services	104,460	104,460	105,769	1,309
Investment earnings	5	5	-	(5)
Miscellaneous	655	655	500	(155)
<i>Total Revenues</i>	<u>463,520</u>	<u>463,520</u>	<u>491,350</u>	<u>27,830</u>
EXPENDITURES				
Current				
Enterprise and community services	480,045	490,520	504,062	(13,542)
Operating contingency	10,475	-	-	-
<i>Total Expenditures</i>	<u>490,520</u>	<u>490,520</u>	<u>504,062</u>	<u>(13,542)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(27,000)	(27,000)	(12,712)	14,288
OTHER FINANCING SOURCES (USES)				
Transfers in	5,000	5,000	12,800	7,800
NET CHANGE IN FUND BALANCE	(22,000)	(22,000)	88	22,088
FUND BALANCE, beginning	<u>22,000</u>	<u>22,000</u>	<u>-</u>	<u>(22,000)</u>
FUND BALANCE, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 88</u>	<u>\$ 88</u>

See notes to required supplementary information.

CRESWELL SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2019

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:

	<u>Budgetary Basis</u>	<u>GAAP Basis</u>
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.
Donated capital assets	The revenue and expenditures arising from the receipt of donated capital assets are not recorded in the budgetary basis financial statements.	The fair value of donated capital assets is recorded as contribution revenue and capital outlay expenditures in the fund from which the purchase of the same assets would have been recorded.

OTHER SUPPLEMENTARY INFORMATION

CRESWELL SCHOOL DISTRICT

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2019**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with</i>
	<i>Original</i>	<i>Final</i>	<i>Budget and GAAP Basis</i>	<i>Final Budget</i>
REVENUES				
Property taxes	\$ 1,663,300	\$ 1,663,300	\$ 1,776,510	\$ 113,210
Investment earnings	23,015	23,015	37,335	14,320
Miscellaneous	393,400	393,400	391,506	(1,894)
<i>Total Revenues</i>	2,079,715	2,079,715	2,205,351	125,636
EXPENDITURES				
Debt service				
Principal	1,615,000	1,615,000	1,615,000	-
Interest and other charges	524,650	524,650	524,630	20
<i>Total Expenditures</i>	2,139,650	2,139,650	2,139,630	20
NET CHANGE IN FUND BALANCE	(59,935)	(59,935)	65,721	125,656
FUND BALANCE, beginning	237,635	237,635	219,228	(18,407)
FUND BALANCE, ending	\$ 177,700	\$ 177,700	\$ 284,949	\$ 107,249

CRESWELL SCHOOL DISTRICT
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

	<i>Special Revenue</i>				<i>Total</i>
	<i>Student Activity</i>	<i>Scholarship</i>	<i>Student Body</i>	<i>Vehicle Replacement</i>	
ASSETS					
Cash and investments	\$ 58,439	\$ 32,929	\$ 203,521	\$ 75,974	\$ 370,863
Due from other funds	11,075	6,477	-	-	17,552
Receivable from other governments	-	928	-	-	928
<i>Total Assets</i>	<u>\$ 69,514</u>	<u>\$ 40,334</u>	<u>\$ 203,521</u>	<u>\$ 75,974</u>	<u>\$ 389,343</u>
LIABILITIES AND FUND BALANCE					
Liabilities					
Accounts payable	\$ 249	\$ -	\$ -	\$ -	\$ 249
Due to other funds	-	-	30,121	-	30,121
<i>Total Liabilities</i>	249	-	30,121	-	30,370
Fund Balance					
Committed to:					
Student body	69,265	40,334	173,400	-	282,999
Capital projects	-	-	-	75,974	75,974
<i>Total Fund Balance</i>	<u>69,265</u>	<u>40,334</u>	<u>173,400</u>	<u>75,974</u>	<u>358,973</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 69,514</u>	<u>\$ 40,334</u>	<u>\$ 203,521</u>	<u>\$ 75,974</u>	<u>\$ 389,343</u>

CRESWELL SCHOOL DISTRICT**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019**

	<i>Special Revenue</i>				<i>Total</i>
	<i>Student Activity</i>	<i>Scholarship</i>	<i>Student Body</i>	<i>Vehicle Replacement</i>	
REVENUES					
Intergovernmental					
State sources	\$ -	\$ -	\$ -	\$ 80,953	\$ 80,953
Charges for services	93,030	-	180,394	-	273,424
Contributions	100	21,954	35,803	-	57,857
Investment earnings	-	130	-	1,844	1,974
Miscellaneous	-	-	1,720	-	1,720
<i>Total Revenues</i>	<u>93,130</u>	<u>22,084</u>	<u>217,917</u>	<u>82,797</u>	<u>415,928</u>
EXPENDITURES					
Current					
Instruction	249,285	-	212,859	-	462,144
Support services	49,472	-	-	-	49,472
Enterprise and community services	-	12,821	-	-	12,821
Debt service					
Principal	-	-	-	143,688	143,688
Interest and other charges	-	-	-	4,943	4,943
Capital outlay	-	-	-	129,842	129,842
<i>Total Expenditures</i>	<u>298,757</u>	<u>12,821</u>	<u>212,859</u>	<u>278,473</u>	<u>802,910</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(205,627)	9,263	5,058	(195,676)	(386,982)
OTHER FINANCING SOURCES (USES)					
Issuance of debt	-	-	-	129,842	129,842
Transfers in	250,000	-	-	37,000	287,000
NET CHANGE IN FUND BALANCES	<u>44,373</u>	<u>9,263</u>	<u>5,058</u>	<u>(28,834)</u>	<u>29,860</u>
FUND BALANCES, beginning	<u>24,892</u>	<u>31,071</u>	<u>168,342</u>	<u>104,808</u>	<u>329,113</u>
FUND BALANCES, ending	<u>\$ 69,265</u>	<u>\$ 40,334</u>	<u>\$ 173,400</u>	<u>\$ 75,974</u>	<u>\$ 358,973</u>

CRESWELL SCHOOL DISTRICT

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - STUDENT ACTIVITY FUND
YEAR ENDED JUNE 30, 2019**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with</i>
	<i>Original</i>	<i>Final</i>	<i>Budget and GAAP Basis</i>	<i>Final Budget</i>
REVENUES				
Charges for services	\$ 59,000	\$ 59,000	\$ 93,030	\$ 34,030
Contributions	82,628	82,628	100	(82,528)
<i>Total Revenues</i>	141,628	141,628	93,130	(48,498)
EXPENDITURES				
Current				
Instruction	233,814	233,814	249,285	(15,471)
Support services	50,000	50,000	49,472	528
Operating contingency	60,000	60,000	-	60,000
<i>Total Expenditures</i>	343,814	343,814	298,757	45,057
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(202,186)	(202,186)	(205,627)	(3,441)
OTHER FINANCING SOURCES (USES)				
Transfers in	200,000	200,000	250,000	50,000
NET CHANGE IN FUND BALANCE	(2,186)	(2,186)	44,373	46,559
FUND BALANCE, beginning	2,186	2,186	24,892	22,706
FUND BALANCE, ending	\$ -	\$ -	\$ 69,265	\$ 69,265

CRESWELL SCHOOL DISTRICT

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - SCHOLARSHIP FUND
YEAR ENDED JUNE 30, 2019**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with</i>
	<i>Original</i>	<i>Final</i>	<i>Budget and GAAP Basis</i>	<i>Final Budget</i>
REVENUES				
Contributions	\$ 12,000	\$ 12,000	\$ 21,954	\$ 9,954
Investment earnings	600	600	130	(470)
<i>Total Revenues</i>	12,600	12,600	22,084	9,484
EXPENDITURES				
Current				
Enterprise and community services	20,000	20,000	12,821	7,179
Operating contingency	19,100	19,100	-	19,100
<i>Total Expenditures</i>	39,100	39,100	12,821	26,279
NET CHANGE IN FUND BALANCE	(26,500)	(26,500)	9,263	35,763
FUND BALANCE, beginning	39,000	39,000	31,071	(7,929)
FUND BALANCE, ending	\$ 12,500	\$ 12,500	\$ 40,334	\$ 27,834

CRESWELL SCHOOL DISTRICT

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - STUDENT BODY FUND
YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Budget and GAAP Basis	Final Budget
REVENUES				
Charges for services	\$ 197,000	\$ 197,000	\$ 180,394	\$ (16,606)
Contributions	45,000	45,000	35,803	(9,197)
Miscellaneous	10,000	10,000	1,720	(8,280)
<i>Total Revenues</i>	252,000	252,000	217,917	(34,083)
EXPENDITURES				
Current				
Instruction	252,000	252,000	212,859	39,141
Operating contingency	135,000	135,000	-	135,000
<i>Total Expenditures</i>	387,000	387,000	212,859	174,141
NET CHANGE IN FUND BALANCE	(135,000)	(135,000)	5,058	140,058
FUND BALANCE, beginning	135,000	135,000	168,342	33,342
FUND BALANCE, ending	\$ -	\$ -	\$ 173,400	\$ 173,400

CRESWELL SCHOOL DISTRICT**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - VEHICLE REPLACEMENT FUND
YEAR ENDED JUNE 30, 2019**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with</i>	<i>Budget to GAAP</i>	<i>Actual</i>
	<i>Original</i>	<i>Final</i>	<i>Budget Basis</i>	<i>Final Budget</i>	<i>Differences</i>	<i>GAAP Basis</i>
REVENUES						
Intergovernmental						
State sources	\$ 74,500	\$ 74,500	\$ 80,953	\$ 6,453	\$ -	\$ 80,953
Investment earnings	2,610	2,610	1,844	(766)	-	1,844
<i>Total Revenues</i>	<u>77,110</u>	<u>77,110</u>	<u>82,797</u>	<u>5,687</u>	<u>-</u>	<u>82,797</u>
EXPENDITURES						
Current						
Support services	163,650	163,650	148,631	15,019	(148,631)	-
Debt service						
Principal	-	-	-	-	143,688	143,688
Interest	-	-	-	-	4,943	4,943
Capital outlay	-	-	-	-	129,842	129,842
Operating contingency	54,860	54,860	-	54,860	-	-
<i>Total Expenditures</i>	<u>218,510</u>	<u>218,510</u>	<u>148,631</u>	<u>69,879</u>	<u>129,842</u>	<u>278,473</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(141,400)	(141,400)	(65,834)	75,566	(129,842)	(195,676)
OTHER FINANCING SOURCES (USES)						
Issuance of debt	-	-	-	-	129,842	129,842
Transfers in	37,000	37,000	37,000	-	-	37,000
NET CHANGE IN FUND BALANCE	(104,400)	(104,400)	(28,834)	75,566	-	(28,834)
FUND BALANCE, beginning	<u>104,400</u>	<u>104,400</u>	<u>104,808</u>	<u>408</u>	<u>-</u>	<u>104,808</u>
FUND BALANCE, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,974</u>	<u>\$ 75,974</u>	<u>\$ -</u>	<u>\$ 75,974</u>

OTHER SCHEDULES

CRESWELL SCHOOL DISTRICT
REVENUE SUMMARY - ALL FUNDS
YEAR ENDED JUNE 30, 2019

<i>Code</i>	<i>Function</i>	<i>General</i>	<i>Special Revenue</i>	<i>Debt Service</i>
LOCAL REVENUES				
1111	Current year's taxes	\$ 3,237,507	\$ -	\$ 1,687,282
1112	Prior year's taxes	119,442	-	89,228
1130	Construction Excise Tax	-	42,767	-
1500	Earnings on investments	122,561	19,529	37,335
1600	Food service	-	105,769	-
1700	Extracurricular activities	1,237	273,424	-
1910	Rentals	10,162	-	-
1920	Contributions and donations from private sources	1,855	135,363	-
1940	Services provided other local education agencies	1,155	-	-
1970	Services provided other funds	-	-	391,506
1990	Miscellaneous	169,866	32,913	-
1000	<i>Total Local Revenues</i>	3,663,785	609,765	2,205,351
INTERMEDIATE REVENUES				
2101	County school funds	88,792	-	-
2800	Revenue in lieu of taxes	2,097	-	-
2000	<i>Total Intermediate Revenues</i>	90,889	-	-
STATE REVENUES				
3101	State school fund - general support	9,399,780	-	-
3102	State school fund - school lunch match	-	3,965	-
3103	Common school fund	141,205	-	-
3199	Other unrestricted grants-in-aid	270,614	-	-
3222	State school fund (SSF) transportation equipment	-	80,953	-
3299	Other restricted grants-in-aid	-	453,145	-
3000	<i>Total State Revenues</i>	9,811,599	538,063	-
FEDERAL REVENUES				
4500	Restricted revenue from the federal government through the state	-	1,049,803	-
4900	Revenue for/on behalf of the district	-	31,257	-
4000	<i>Total Federal Revenues</i>	-	1,081,060	-
OTHER SOURCES				
5200	Interfund transfers	-	734,862	-
5400	FUND BALANCE, Beginning of year	2,033,925	1,120,406	219,228
<i>Total Resources</i>		<u>\$ 15,600,198</u>	<u>\$ 4,084,156</u>	<u>\$ 2,424,579</u>

CRESWELL SCHOOL DISTRICT
EXPENDITURE SUMMARY - GENERAL FUND
YEAR ENDED JUNE 30, 2019

<i>Code</i>	<i>Function</i>	<i>Total</i>	<i>100 Salaries</i>	<i>200 Employee Benefits</i>
INSTRUCTION				
1100	Regular programs			
1111	Primary, K-5 or K-6	\$ 2,543,352	\$ 1,523,780	\$ 974,463
1121	Middle/junior high programs	1,250,362	746,224	473,130
1131	High school programs	1,617,977	953,766	597,286
1200	Special programs			
1210	Programs for the talented and gifted	3,317	-	-
1220	Restrictive programs for students with disabilities	20,728	10,628	2,987
1250	Less restrictive programs for students with disabilities	1,841,816	704,131	459,237
1270	Educationally disadvantaged			
1271	Remediation	682	499	183
1280	Alternative education	44,230	18,686	13,939
1290	Designated programs			
1291	English language learner	163,459	100,394	62,889
1000	<i>Total Instruction</i>	7,485,923	4,058,108	2,584,114
SUPPORT SERVICES				
2100	Students			
2120	Guidance services	276,615	167,179	109,436
2140	Psychological services	161,770	101,226	59,359
2150	Speech pathology and audiology services	196,731	126,889	67,829
2190	Service direction, student support services	147,346	89,891	50,754
2200	Instructional staff			
2210	Improvement of instruction services	97,696	55,433	42,263
2220	Educational media services	107,105	54,291	48,480
2240	Instructional staff development	32,947	7,534	19,602
2300	General administration			
2310	Board of education services	42,702	-	-
2320	Executive administration services	255,925	153,167	86,146
2400	School administration			
2410	Office of the principal services	903,632	539,516	319,288
2490	Other support services - school administration	78,438	49,065	29,373
2500	Business			
2520	Fiscal services	396,212	164,253	116,547
2540	Operation and maintenance of plant services	1,110,788	342,413	217,782
2550	Student transportation services	882,518	475,492	302,207
2600	Central activities			
2660	Technology services	409,618	95,642	65,395
2690	Other support services - central	14,117	10,200	3,917
2700	Supplemental retirement program	28,834	-	28,834
2000	<i>Total Support Services</i>	5,142,994	2,432,191	1,567,212
OTHER USES				
5200	Transfers of funds	734,862	-	-
7000	FUND BALANCE, End of year	2,236,419	-	-
<i>Total Expenditures and Ending Balance</i>		<u>\$ 15,600,198</u>	<u>\$ 6,490,299</u>	<u>\$ 4,151,326</u>

<i>300 Purchased Services</i>	<i>400 Supplies & Materials</i>	<i>500 Capital Outlay</i>	<i>600 Other Objects</i>	<i>700 Transfers</i>
\$ 6,572	\$ 38,537	\$ -	\$ -	\$ -
5,274	25,734	-	-	-
13,409	53,516	-	-	-
500	2,817	-	-	-
7,113	-	-	-	-
671,216	7,232	-	-	-
-	-	-	-	-
11,605	-	-	-	-
176	-	-	-	-
<u>715,865</u>	<u>127,836</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
226	959	-	-	-
1,311	702	-	-	-
5,970	136	-	595	-
-	-	-	-	-
-	4,334	-	-	-
4,624	1,087	-	100	-
33,514	3,780	-	5,408	-
15,602	660	-	350	-
22,161	19,947	-	2,720	-
-	-	-	-	-
78,353	1,752	-	35,307	-
330,076	144,124	-	76,393	-
22,701	65,112	-	17,006	-
92,804	155,765	-	12	-
-	-	-	-	-
-	-	-	-	-
<u>607,342</u>	<u>398,358</u>	<u>-</u>	<u>137,891</u>	<u>-</u>
-	-	-	-	734,862
-	-	-	-	<u>2,236,419</u>
<u>\$ 1,323,207</u>	<u>\$ 526,194</u>	<u>\$ -</u>	<u>\$ 137,891</u>	<u>\$ 2,971,281</u>

CRESWELL SCHOOL DISTRICT
EXPENDITURE SUMMARY – SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2019

<i>Code</i>	<i>Function</i>	<i>Total</i>	<i>100 Salaries</i>	<i>200 Employee Benefits</i>
INSTRUCTION				
1100	Regular programs			
1111	Primary, K-5 or K-6	\$ 12	\$ -	\$ -
1113	Elementary extracurricular	29,293	-	-
1121	Middle/junior high programs	49,347	8,592	5,798
1122	Middle/junior high school extracurricular	116,855	28,637	8,595
1131	High school programs	156,973	58,174	35,950
1132	High school extracurricular	329,953	126,586	31,623
1140	Pre-kindergarten programs	62,461	26,816	9,855
1200	Special programs			
1210	Programs for the talented and gifted	4,868	-	-
1250	Less restrictive programs for students with disabilities	290,209	161,489	115,698
1270	Educationally disadvantaged			
1272	Title IA/D	232,324	139,256	91,347
1290	Designated programs			
1291	English language learner	121,650	67,545	48,621
1000	<i>Total Instruction</i>	1,393,945	617,095	347,487
SUPPORT SERVICES				
2100	Students			
2110	Attendance and social work services	10,912	7,404	3,167
2120	Guidance services	76,046	45,394	30,652
2130	Health services	7,936	1,998	748
2200	Instructional staff			
2210	Improvement of instruction services	55,750	14,514	7,393
2240	Instructional staff development	38,867	19,834	12,473
2400	School administration	28,045	17,765	10,280
2500	Business			
2520	Fiscal services	50,130	-	-
2540	Operation and maintenance of plant services	70,053	-	-
2550	Student transportation services	198,103	-	-
2600	Central activities			
2640	Staff services	1,819	-	-
2000	<i>Total Support Services</i>	537,661	106,909	64,713
ENTERPRISE AND COMMUNITY SERVICES				
3100	Food services	504,062	139,610	106,045
3300	Community services	21,380	3,407	1,844
3000	<i>Total Enterprise and Community Services</i>	525,442	143,017	107,889
OTHER USES				
5100	Debt service	8,300	-	-
7000	FUND BALANCE, End of year	1,618,808	-	-
	<i>Total Expenditures and Ending Balance</i>	\$ 4,084,156	\$ 867,021	\$ 520,089

<i>300 Purchased Services</i>	<i>400 Supplies & Materials</i>	<i>500 Capital Outlay</i>	<i>600 Other Objects</i>	<i>700 Transfers</i>
\$ -	\$ 12	\$ -	\$ -	\$ -
5,003	24,290	-	-	-
-	34,957	-	-	-
41,993	37,335	-	295	-
3,574	59,275	-	-	-
88,240	68,790	-	14,714	-
18,751	7,039	-	-	-
-	4,868	-	-	-
10,000	3,022	-	-	-
-	1,721	-	-	-
-	5,484	-	-	-
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
167,561	246,793	-	15,009	-
250	91	-	-	-
-	-	-	-	-
5,190	-	-	-	-
-	33,843	-	-	-
5,276	1,284	-	-	-
-	-	-	-	-
50,130	-	-	-	-
-	70,053	-	-	-
-	49,472	-	148,631	-
1,819	-	-	-	-
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
62,665	154,743	-	148,631	-
8,061	249,504	-	842	-
14,946	1,183	-	-	-
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
23,007	250,687	-	842	-
-	-	-	8,300	-
-	-	-	-	1,618,808
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 253,233	\$ 652,223	\$ -	\$ 172,782	\$ 1,618,808

CRESWELL SCHOOL DISTRICT
EXPENDITURE SUMMARY – DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2019

<u>Code</u>	<u>Function</u>	<u>Total</u>	<u>100 Salaries</u>	<u>200 Employee Benefits</u>
	OTHER USES			
5100	Debt service	\$ 2,139,630	\$ -	\$ -
7000	FUND BALANCE, End of year	<u>284,949</u>	<u>-</u>	<u>-</u>
	<i>Total Expenditures and Ending Balance</i>	<u>\$ 2,424,579</u>	<u>\$ -</u>	<u>\$ -</u>

<i>300 Purchased Services</i>	<i>400 Supplies & Materials</i>	<i>500 Capital Outlay</i>	<i>600 Other Objects</i>	<i>700 Transfers</i>
\$ -	\$ -	\$ -	\$ 2,139,630	\$ -
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>284,949</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,139,630</u>	<u>\$ 284,949</u>

CRESWELL SCHOOL DISTRICT

SCHEDULE OF SUPPLEMENTAL INFORMATION AS REQUIRED BY OREGON DEPARTMENT OF EDUCATION

YEAR ENDED JUNE 30, 2019

A. Energy Bill for Heating - All Funds:
Please enter your expenditures for electricity heating fuel, and water & sewage for these Functions & Objects.

	Objects 325, 326 & 327
Function 2540	\$ 241,291
Function 2550	\$ -

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

\$ -

- 1113 Elementary Co-curricular Activities
- 1122 Middle School Co-curricular Activities
- 1132 High School Co-curricular Activities
- 1140 Pre-Kindergarten
- 1300 Continuing Education
- 1400 Summer School
- 2550 Pupil Transportation
- 3100 Food Service
- 3300 Community Services
- 4150 Construction

COMPLIANCE SECTION



GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
475 Cottage Street NE, Suite 200, Salem, Oregon 97301
(503) 581-7788

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

School Board
Creswell School District
998 West A Street
Creswell, Oregon 97426

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of Creswell School District, Lane County, Oregon (the District) as of and for the year ended June 30, 2019, and have issued our report thereon dated March 5, 2020.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

In connection with our testing nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations except for expenditures in excess of appropriations as indicated in the notes to the financial statements.

Internal Control


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

A material weakness in internal controls was reported to management in a letter dated March 6th, 2020.

Restriction on Use

This report is intended solely for the information and use of the school board and management of the Creswell School District 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: 
Larry E. Grant, A Shareholder
March 5, 2020

CRESWELL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019

<i>Federal Grantor/Pass Through Grantor/ Program Title</i>	<i>Federal CFDA Number</i>	<i>Pass Through Entity Identifying Number</i>	<i>Total Federal Expenditures</i>
U.S. DEPARTMENT OF EDUCATION			
Passed through Oregon Department of Education			
Title I Grants to Local Education Agencies	84.010	45570	\$ 55,623
Title I Grants to Local Education Agencies	84.010	50368	185,260
<i>Subtotal Title I Grants to Local Education Agencies</i>			240,883
Special Education Cluster (IDEA)			
Special Education Grants to States	84.027	45154	49,455
Special Education Grants to States	84.027	49858	233,383
Special Education Grants to States	84.027	46405	1,674
Special Education Grants to States	84.027	51235	1,348
Special Education Grants to States	84.027	49485	1,109
<i>Subtotal Special Education Grants to States</i>			286,969
IDEA, Part B, Section 619	84.173	45362	1,202
IDEA, Part B, Section 619	84.173	50055	3,147
<i>Subtotal Special Education Preschool Grants</i>			4,349
<i>Subtotal Special Education Cluster (IDEA)</i>			291,318
Supporting Effective Instruction State Grants	84.367	45784	12,666
Supporting Effective Instruction State Grants	84.367	49282	38,083
<i>Subtotal Supporting Effective Instruction State Grants</i>			50,749
Title IV-A Student Support and Academic Enrichment	84.424	50698	12,641
Passed through Lane County Education Service District			
Career and Technical Education	84.048	N/A	7,510
Transition Programs for Students with Intellectual Disabilities into Higher Education	84.407	N/A	36,798
Passed through University of Oregon			
Paths 2 the Future for All	84.305	N/A	2,000
<i>Total U.S. Department of Education</i>			641,899
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			
Passed through United Way of Lane County			
Kids in Transition to School	94.019	N/A	56,044
<i>Total Corporation for National and Community Service</i>			56,044
U.S. DEPARTMENT OF AGRICULTURE			
Passed through Oregon Department of Education			
Child Nutrition Cluster			
National School Lunch - Breakfast	10.553	N/A	103,624
National School Lunch - Lunch	10.555	N/A	244,528
National School Lunch - non cash commodities	10.555	N/A	31,257
<i>Subtotal Child Nutrition Cluster</i>			379,409
<i>Total U.S. Department of Agriculture</i>			379,409
<i>Total Expenditures of Federal Awards</i>			\$ 1,077,352
RECONCILIATION TO FEDERAL REVENUE RECOGNIZED			
Expenditures of Federal Awards reported on the SEFA			\$ 1,077,352
Federal interest subsidy not required to be included on the SEFA			8,300
Federal accruals less prior year receipts			3,708
TOTAL FEDERAL REVENUE RECOGNIZED			\$ 1,089,360

See notes to schedule of expenditures of federal awards.

CRESWELL SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2019

Purpose of the Schedule

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate

The District has not elected to use the 10 percent de minimis indirect cost rate as allowed under Uniform Guidance.

Federal Financial Assistance

Pursuant to Uniform Guidance, 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

Uniform Guidance establishes criteria to be used in defining major federal financial assistance programs. Major programs for the District are those programs selected for testing by the auditor using a risk-assessment model, as well as certain minimum expenditure requirements, as outlined in Uniform Guidance. 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. The Schedule includes all federal programs administered by the District for the year ended June 30, 2019.

Revenue and Expenditure Recognition

The receipt and expenditure of federal awards are accounted for under the modified accrual basis of accounting. Revenues are recorded when measurable and available. Expenditures are recorded when the liability is incurred.



GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
475 Cottage Street NE, Suite 200, Salem, Oregon 97301
(503) 581-7788

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

School Board
Creswell School District
998 West A Street
Creswell, Oregon 97426

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Creswell School District, Lane County, Oregon, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 5, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and questioned costs as item number 2019-001.

District's Response to Findings

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


CERTIFIED PUBLIC ACCOUNTANTS

March 5, 2020



GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
475 Cottage Street NE, Suite 200, Salem, Oregon 97301
(503) 581-7788

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

School Board
Creswell School District
998 West A Street
Creswell, Oregon 97426

Report on Compliance for Each Major Federal Program

We have audited Creswell School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2019. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, Creswell School District complied, in all material respects, with the types of 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, 2019.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District’s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Jane Mueller & Derek R.
CERTIFIED PUBLIC ACCOUNTANTS

March 5, 2020

CRESWELL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	Yes
• Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	Yes

Federal Awards

Internal control over major federal programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	No

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I Grants to Local Educational Agencies

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

FINANCIAL STATEMENT FINDINGS

2019-001: Bank reconciliations (material weakness)

Condition: Internal controls related to bank reconciliation were not operating as intended during the year. Bank reconciliations were over 10 in arrears at the time our July 2019 visit.

Criteria: Internal controls should be in place that ensure bank reconciliations are prepared, reviewed and approved in a timely manner.

Cause: There were no procedures in place to require timely reconciliations.

Effect: Because of the failure to require timely reconciliations, they were not completed, reviewed or approved in a timely manner.

Recommendation: Procedures should be implemented requiring the timely completion, review and approval of bank reconciliations.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

CRESWELL SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019

PRIOR YEAR FINANCIAL STATEMENT FINDINGS

None.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.