

***CRESWELL SCHOOL DISTRICT  
FINANCIAL STATEMENTS AND  
ADDITIONAL INFORMATION  
Year Ended June 30, 2020***

**CRESWELL SCHOOL DISTRICT**  
**JUNE 30, 2020**

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***BOARD OF DIRECTORS***

<b><i>Name</i></b>	<b><i>Title</i></b>	<b><i>Term Expires</i></b>
Mike Anderson	Chair	June 30, 2021
Lacey Risdal	Vice Chair	June 30, 2021
Ashley Miller	Member	June 30, 2023
David Eusted	Member	June 30, 2021
Mark Parker	Member	June 30, 2023
Debi Wilkerson	Member	June 30, 2023
Kandice Lemhouse Worsham	Member	June 30, 2023

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

**CRESWELL SCHOOL DISTRICT**  
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***FINANCIAL SECTION***



# GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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(503) 581-7788 • FAX (503) 581-0152

475 Cottage Street NE, Suite 200 • Salem, Oregon 97301-3814

## ***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, 2020, 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, 2020, 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), and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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***

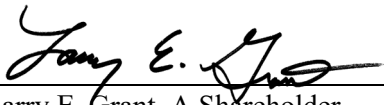
### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 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 December 30, 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  
December 30, 2020



**CRESWELL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020**

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, 2020.

**FINANCIAL HIGHLIGHTS**

- In the government-wide statements, the net position of the District totaled \$2,320,463 at June 30, 2020. Of this amount \$12,650,053, represents the District's investment in capital assets net of related debt, \$159,048 is restricted for debt service, and a deficit balance of \$10,488,638 is unrestricted.
- The District's total net position decreased by \$1,000,125 during the year. This decrease in net position resulted primarily from the net change in the various components of Instructional service expense and Support service expense. 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 \$3,512,295 at June 30, 2020, a decrease of \$627,881 in comparison with the prior year.
- At the end of the fiscal year ended June 30, 2020, fund balance for the General Fund was \$2,218,766 (about 16 percent of total General Fund expenditures).
- The District's bonded debt decreased by \$1,840,000 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 \$2,320,463 as of June 30, 2020.

Capital assets, which consist of the District's land, buildings, building improvements, vehicles, and equipment, represent about 80 percent of total assets. The remaining assets consist mainly of investments, cash, grants and property taxes receivable.

The District's largest liability (45 percent) is for the repayment of long-term debt (general obligation bonds, pension bonds and capital leases). Current liabilities, representing about 6 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>2020</u>	<u>2019</u>	<u>Change</u>
Current and other assets	\$ 5,402,534	\$ 5,805,620	\$ (403,086)
Net OPEB asset for RHIA	121,691	69,352	52,339
Capital assets	22,195,240	22,954,608	(759,368)
<i>Total assets</i>	<u>27,719,465</u>	<u>28,829,580</u>	<u>(1,110,115)</u>
Deferred outflows	5,279,950	5,747,547	(467,597)
<i>Total assets and deferred outflows</i>	<u>32,999,415</u>	<u>34,577,127</u>	<u>(1,577,712)</u>
Current liabilities	1,746,981	1,512,640	234,341
PERS net pension liability	12,821,047	11,859,854	961,193
Total OPEB liability for medical subsidy	1,563,986	1,363,117	200,869
Long-term debt	13,231,074	15,201,792	(1,970,718)
<i>Total liabilities</i>	<u>29,363,088</u>	<u>29,937,403</u>	<u>(574,315)</u>
Deferred inflows	1,315,864	1,319,136	(3,272)
<i>Total liabilities and deferred inflows</i>	<u>30,678,952</u>	<u>31,256,539</u>	<u>(577,587)</u>
Net position			
Net investment in capital assets	12,650,053	11,762,401	887,652
Restricted	159,048	331,306	(172,258)
Unrestricted	(10,488,638)	(8,773,119)	(1,715,519)
<i>Total net position</i>	<u>\$ 2,320,463</u>	<u>\$ 3,320,588</u>	<u>\$ (1,000,125)</u>

**Statement of Changes in Net Position.** The District's net position decreased by \$1,000,125 during the current fiscal year. This compares to a net increase in net position of \$651,141 in the prior year. The key elements of the change in the District's net position for the year ended June 30, 2020 are as follows:

- Operating grants and contributions decreased by \$148,656, as a result of the COVID pandemic.
- Instructional services expense increased by \$822,500 or about 8 percent as a result of increases in the PERS net pension liability and total OPEB liability for medical subsidy and related deferrals.
- Support services expense increased by \$1,121,414 or about 20 percent also as a result of increases in the PERS net pension liability and total OPEB liability for medical subsidy and related deferrals.

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

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Revenues			
Program revenues			
Fines, fees, and charges for services	\$ 272,413	\$ 397,936	\$ (125,523)
Operating grants and contributions	1,893,334	2,041,990	(148,656)
Capital grants and contributions	15,635	8,300	7,335
General revenues			
Property taxes, levied for general purposes	3,465,634	3,275,027	190,607
Property taxes, levied for debt service	1,571,464	1,705,155	(133,691)
Construction excise tax	7,094	42,767	(35,673)
State school fund	9,864,978	9,399,780	465,198
Common school fund	135,772	141,205	(5,433)
Unrestricted state and local funds	98,596	90,889	7,707
Earnings on investments	157,177	179,425	(22,248)
Miscellaneous	98,457	187,744	(89,287)
<i>Total revenues</i>	<u>17,580,554</u>	<u>17,470,218</u>	<u>110,336</u>
Expenses			
Instructional services	10,685,424	9,862,924	822,500
Support services	6,773,734	5,652,320	1,121,414
Enterprise and community services	529,175	537,961	(8,786)
Facilities services	2,195	7,695	(5,500)
Interest on long-term liabilities	590,151	758,177	(168,026)
<i>Total expenses</i>	<u>18,580,679</u>	<u>16,819,077</u>	<u>1,761,602</u>
Change in net position	(1,000,125)	651,141	(1,651,266)
Net position, beginning of year	<u>3,320,588</u>	<u>2,669,447</u>	<u>651,141</u>
Net position, end of year	<u>\$ 2,320,463</u>	<u>\$ 3,320,588</u>	<u>\$ (1,000,125)</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, 2020, the District's governmental funds reported combined ending fund balances of \$3,512,295 which is a decrease of \$627,881 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 \$2,218,766 as of June 30, 2020. This is a decrease of \$17,653 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 16 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 balance decreased by \$471,310 primarily as a result of an increase in expenditures related to support services.

*Debt Service Fund.* This fund accounts for the payment of principal and interest on general and limited-tax pension obligation bonded debt. The fund balance decreased by \$144,961 as a result of scheduled debt payments.

**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 which increased appropriations in Support Services and decreased appropriations in Instruction.

**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, 2020, the District had invested approximately \$22.2 million in capital assets, net of depreciation, as shown in the following table:

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Land	\$ 128,573	\$ 128,573	\$ -
Buildings and improvements	21,609,858	22,283,907	(674,049)
Equipment and vehicles	456,809	542,128	(85,319)
Total	<u>\$ 22,195,240</u>	<u>\$ 22,954,608</u>	<u>\$ (759,368)</u>

The District’s investment in capital assets decreased \$759,368 during the year ended June 30, 2020. Depreciation of \$759,368 was the only major capital asset event 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 \$9,860,000, PERS pension debt of \$2,820,000, qualified school construction bond debt of \$170,000, capital leases of \$105,019 and bond issuance premium of \$276,055.

During the current fiscal year, the District’s total long-term debt decreased by \$1,970,718 due to debt repayments and amortization.

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 \$98.7 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, 2020, the State School Fund – General Support provided over seventy percent of the District's General Fund program resources.

The District projects a small decrease in enrollment for the 2020-2021 fiscal year, however, the COVID-19 pandemic increases the uncertainty of this projection.

The District's Budget Committee and School Board considered these factors while preparing the District's budget for the 2020-21 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, 2020**

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**ASSETS**

Cash and investments	\$ 4,777,278
Receivables	208,493
Due from other governments	407,965
Inventories	8,798
OPEB net asset - RHIA	121,691
Capital assets not being depreciated	
Land	128,573
Capital assets, net of accumulated depreciation	
Buildings and improvements	21,609,858
Equipment and vehicles	456,809
	<hr/>
<i>Total Assets</i>	27,719,465

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred charges on refunding	865,887
Deferred outflows related to PERS	4,203,384
Deferred outflows related to OPEB - RHIA	8,037
Deferred outflows related to OPEB - medical subsidy	202,642
	<hr/>
<i>Total Deferred Outflows of Resources</i>	5,279,950

<i>Total Assets and Deferred Outflows of Resources</i>	<hr/> <hr/> 32,999,415
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**LIABILITIES**

Accounts payable and accrued expenses	1,706,388
Accrued compensated absences	28,805
Accrued interest	11,788
Long-term liabilities	
Long-term debt due within one year	1,490,835
Long-term debt due in more than one year	11,740,239
PERS net pension liability	12,821,047
Total OPEB liability for medical subsidy	1,563,986
	<hr/>
<i>Total Liabilities</i>	29,363,088

**DEFERRED INFLOWS OF RESOURCES**

Deferred inflows related to PERS	1,237,619
Deferred inflows related to OPEB - RHIA	24,617
Deferred inflows related to OPEB - medical subsidy	53,628
	<hr/>
<i>Total Deferred Inflows of Resources</i>	1,315,864

<i>Total Liabilities and Deferred Inflows of Resources</i>	<hr/> <hr/> 30,678,952
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**NET POSITION**

Net investment in capital assets	12,650,053
Restricted for debt service	159,048
Unrestricted	(10,488,638)
	<hr/>
<i>Total Net Position</i>	<hr/> <hr/> \$ 2,320,463

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

**CRESWELL SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES**  
**YEAR ENDED JUNE 30, 2020**

	<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>	
<b>FUNCTIONS/PROGRAMS</b>					
<b>Governmental Activities:</b>					
Instructional services	\$ 10,685,424	\$ 180,728	\$ 1,196,997	\$ -	\$ (9,307,699)
Support services	6,773,734	11,632	66,726	-	(6,695,376)
Enterprise and community services	529,175	80,053	629,611	-	180,489
Facilities services	2,195	-	-	-	(2,195)
Interest on long-term liabilities	590,151	-	-	15,635	(574,516)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total Governmental Activities</i>	\$ 18,580,679	\$ 272,413	\$ 1,893,334	\$ 15,635	(16,399,297)
<b>General Revenues:</b>					
Property taxes, levied for general purposes					3,465,634
Property taxes, levied for debt service					1,571,464
Construction excise tax					7,094
State school fund					9,864,978
Common school fund					135,772
Unrestricted state and local funds					98,596
Earnings on investments					157,177
Miscellaneous					98,457
					<hr/>
<i>Total General Revenues</i>					15,399,172
					<hr/>
<b>Change in Net Position</b>					(1,000,125)
<b>Net Position - beginning of year</b>					3,320,588
					<hr/>
<b>Net Position - end of year</b>					\$ 2,320,463
					<hr/>

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



**CRESWELL SCHOOL DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2020**

	<u>Special Revenue</u>			<u>Other Governmental Funds</u>	<u>Total</u>
	<u>General</u>	<u>Facilities</u>	<u>Debt Service</u>		
<b>ASSETS</b>					
Cash and investments	\$ 3,603,180	\$ 691,503	\$ 131,804	\$ 350,791	\$ 4,777,278
Property taxes receivable	163,759	-	40,250	-	204,009
Due from other funds	136,984	-	-	-	136,984
Receivable from other governments	134,295	5,066	1,237	270,345	410,943
Other receivables	1,506	-	-	-	1,506
Inventories	-	-	-	8,798	8,798
<i>Total Assets</i>	<u>\$ 4,039,724</u>	<u>\$ 696,569</u>	<u>\$ 173,291</u>	<u>\$ 629,934</u>	<u>\$ 5,539,518</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ 654,677	\$ 29,570	\$ -	\$ 6,408	\$ 690,655
Due to other funds	-	-	-	136,984	136,984
Accrued expenses	1,015,733	-	-	-	1,015,733
<i>Total Liabilities</i>	<u>1,670,410</u>	<u>29,570</u>	<u>-</u>	<u>143,392</u>	<u>1,843,372</u>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue - property taxes	150,548	-	33,303	-	183,851
<b>Fund Balances</b>					
Nonspendable					
Inventory	-	-	-	8,798	8,798
Restricted for					
Debt service	-	-	137,533	-	137,533
Committed to					
Student body	-	-	-	264,206	264,206
Facility improvements	-	666,999	-	-	666,999
Grants	-	-	-	135,972	135,972
Capital projects	-	-	-	86,357	86,357
Debt service	-	-	2,455	-	2,455
Unassigned	2,218,766	-	-	(8,791)	2,209,975
<i>Total Fund Balances</i>	<u>2,218,766</u>	<u>666,999</u>	<u>139,988</u>	<u>486,542</u>	<u>3,512,295</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 4,039,724</u>	<u>\$ 696,569</u>	<u>\$ 173,291</u>	<u>\$ 629,934</u>	<u>\$ 5,539,518</u>

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, 2020**

<b>FUND BALANCES</b>		\$	3,512,295
Capital assets are not financial resources and therefore are not reported in the governmental funds:			
Cost	\$	35,540,434	
Accumulated depreciation		<u>(13,345,194)</u>	22,195,240
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.			183,851
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		(12,821,047)	
PERS deferred outflows of resources		4,203,384	
PERS deferred inflows of resources		<u>(1,237,619)</u>	(9,855,282)
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		121,691	
RHIA OPEB deferred outflows of resources		8,037	
RHIA OPEB deferred inflows of resources		(24,617)	
Total OPEB liability for medical subsidy		(1,563,986)	
Medical OPEB deferred outflows of resources		202,642	
Medical OPEB deferred inflows of resources		<u>(53,628)</u>	(1,309,861)
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		(11,788)	
Accrued compensated absences		(28,805)	
Long-term debt		(13,231,074)	
Less deferred charges from refunding		<u>865,887</u>	<u>(12,405,780)</u>
<b>TOTAL NET POSITION</b>			<u>\$ 2,320,463</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**

YEAR ENDED JUNE 30, 2020

	<u>Special Revenue</u>			<u>Other Governmental Funds</u>	<u>Total</u>
	<u>General</u>	<u>Facilities</u>	<u>Debt Service</u>		
<b>REVENUES</b>					
Property taxes	\$ 3,422,784	\$ -	\$ 1,602,540	\$ -	\$ 5,025,324
Construction excise tax	-	7,094	-	-	7,094
Intergovernmental					
Intermediate sources	50,477	-	-	-	50,477
State sources	10,255,264	-	-	378,763	10,634,027
Federal sources	48,119	15,635	-	949,409	1,013,163
Charges for services	12,641	-	-	261,220	273,861
Contributions	-	52,400	-	141,618	194,018
Investment earnings	107,030	18,543	30,063	1,541	157,177
Miscellaneous	187,218	28,812	402,704	249	618,983
<i>Total Revenues</i>	<u>14,083,533</u>	<u>122,484</u>	<u>2,035,307</u>	<u>1,732,800</u>	<u>17,974,124</u>
<b>EXPENDITURES</b>					
Current					
Instruction	8,256,185	-	-	1,108,429	9,364,614
Support services	5,571,732	468,163	-	209,602	6,249,497
Enterprise and community services	-	-	-	498,693	498,693
Debt service					
Principal	-	145,000	1,695,000	91,281	1,931,281
Interest and other charges	-	16,600	485,268	6,360	508,228
Capital outlay	-	-	-	49,692	49,692
<i>Total Expenditures</i>	<u>13,827,917</u>	<u>629,763</u>	<u>2,180,268</u>	<u>1,964,057</u>	<u>18,602,005</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	255,616	(507,279)	(144,961)	(231,257)	(627,881)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	35,969	-	237,300	273,269
Transfers out	(273,269)	-	-	-	(273,269)
<i>Total Other Financing Sources (Uses)</i>	<u>(273,269)</u>	<u>35,969</u>	<u>-</u>	<u>237,300</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	(17,653)	(471,310)	(144,961)	6,043	(627,881)
<b>FUND BALANCES, beginning</b>	2,236,419	1,138,309	284,949	480,499	4,140,176
<b>FUND BALANCES, ending</b>	<u>\$ 2,218,766</u>	<u>\$ 666,999</u>	<u>\$ 139,988</u>	<u>\$ 486,542</u>	<u>\$ 3,512,295</u>

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, 2020**

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**NET CHANGE IN FUND BALANCES - (Governmental Funds)** \$ (627,881)

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.

Current year depreciation (759,368)

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:

Debt principal repaid	\$ 1,931,281	
Amortization of bond premium	39,437	
Amortization of deferred interest from refunding	<u>(123,698)</u>	1,847,020

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.

2,338

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.

11,774

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

Net change in PERS net pension liability	(961,193)	
Net change in PERS deferred outflows of resources	(440,367)	
Net change in PERS deferred inflows of resources	<u>(3,605)</u>	(1,405,165)

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

Net change in net OPEB liability/asset for RHIA	52,339	
Net change in RHIA OPEB deferred outflows of resources	(23,175)	
Net change in RHIA OPEB deferred inflows of resources	(4,573)	
Net change in total OPEB liability for medical subsidy	(200,869)	
Net change in medical OPEB deferred outflows of resources	119,643	
Net change in medical OPEB deferred inflows of resources	<u>11,450</u>	(45,185)

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.

(23,658)

**CHANGE IN NET POSITION**

\$ (1,000,125)

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

**CRESWELL SCHOOL DISTRICT**  
*NOTES TO THE FINANCIAL STATEMENTS*  
*YEAR ENDED JUNE 30, 2020*

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***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 THE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

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**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.

*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 THE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

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**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, 2020 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 THE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

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**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 and vehicles	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.



**CRESWELL SCHOOL DISTRICT**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

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**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 District reports one type related to deferred amounts from refunding bonds, one type related to the net OPEB-RHIA liability/asset, one type related to the total medical OPEB liability, 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-RHIA liability, one related to the total medical OPEB liability, 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 THE FINANCIAL STATEMENTS (Continued)  
YEAR ENDED JUNE 30, 2020

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**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 THE FINANCIAL STATEMENTS (Continued)  
YEAR ENDED JUNE 30, 2020

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**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, 2020:

Cash on hand	\$	980
Cash on deposit with financial institutions		792,604
Amounts held in escrow, restricted for debt service		7,399
State Treasurer's Investment Pool		3,976,295
		<hr/>
<i>Total Cash and Investments</i>	\$	<u>4,777,278</u>

***Deposits***

The book balance of the District’s bank deposit accounts was \$792,604 and the bank balance was \$868,058 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 THE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

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### **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 \$608,986 as of June 30, 2020, 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, 2020, 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 THE FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2020**

**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, 2020 is as follows:

	<i>Balance July 1, 2019</i>	<i>Increases</i>	<i>Decreases</i>	<i>Balance June 30, 2020</i>
Capital assets not being depreciated:				
Land	\$ 128,573	\$ -	\$ -	\$ 128,573
Capital assets being depreciated:				
Buildings and improvements	33,630,241	-	-	33,630,241
Equipment and vehicles	1,781,620	-	-	1,781,620
<i>Total Capital Assets Being Depreciated</i>	35,411,861	-	-	35,411,861
Accumulated depreciation for:				
Buildings and improvements	(11,346,334)	(674,049)	-	(12,020,383)
Equipment and vehicles	(1,239,492)	(85,319)	-	(1,324,811)
<i>Total Accumulated Depreciation</i>	(12,585,826)	(759,368)	-	(13,345,194)
<i>Total Capital Assets Being Depreciated, net</i>	22,826,035	(759,368)	-	22,066,667
<i>Total Capital Assets, net</i>	<u>\$ 22,954,608</u>	<u>\$ (759,368)</u>	<u>\$ -</u>	<u>\$ 22,195,240</u>

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

<b>Program</b>	
Instructional services	\$ 647,414
Support services	
Pupil transportation	91,541
Other support services	10,523
Enterprise and community services	2,195
Facilities services	7,695
<i>Total depreciation expense</i>	<u>\$ 759,368</u>

**CRESWELL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2020**

**LONG-TERM DEBT**

The following is a summary of long-term debt transactions during the year ended June 30, 2020:

	<i>Balance July 1, 2019</i>	<i>Additions</i>	<i>Reductions</i>	<i>Balance June 30, 2020</i>	<i>Due Within One Year</i>
General obligation bonds	\$ 11,320,000	\$ -	\$ 1,460,000	\$ 9,860,000	\$ 1,185,000
Qualified school construction bonds	315,000	-	145,000	170,000	-
PERS pension bonds	3,055,000	-	235,000	2,820,000	260,000
Total bonds	14,690,000	-	1,840,000	12,850,000	1,445,000
Capital leases	196,300	-	91,281	105,019	45,835
Subtotal	14,886,300	-	1,931,281	12,955,019	1,490,835
Issuance premium - Series 2013B	315,492	-	39,437	276,055	-
<i>Total</i>	<u>\$ 15,201,792</u>	<u>\$ -</u>	<u>\$ 1,970,718</u>	<u>\$ 13,231,074</u>	<u>\$ 1,490,835</u>

*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 THE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

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**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>
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	1,430,000	102,223	1,532,223
2026-2028	3,075,000	107,776	3,182,776
	<u>\$ 9,860,000</u>	<u>\$ 1,084,252</u>	<u>\$ 10,944,252</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>
2025	<u>\$ 170,000</u>	<u>\$ -</u>	<u>\$ 170,000</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 THE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

**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>
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	400,000	88,748	488,748
2026-2028	1,180,000	122,170	1,302,170
	<u>\$ 2,820,000</u>	<u>\$ 749,309</u>	<u>\$ 3,569,309</u>

*Capital Leases*

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 was due in semi-annual installments and was paid in full during the current year.

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 was due in semi-annual installments and was paid in full during the current year.

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>
2021	\$ 45,835	\$ 3,872	\$ 49,707
2022	18,949	2,403	21,352
2023	19,718	1,634	21,352
2024	20,517	833	21,350
	<u>\$ 105,019</u>	<u>\$ 8,742</u>	<u>\$ 113,761</u>



**CRESWELL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2020**

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**INTER-FUND ACTIVITY**

The District completed the following inter-fund transactions during the year ended June 30, 2020:

<b>Fund</b>	<u><b>Transfers In</b></u>	<u><b>Transfers Out</b></u>
General Fund	\$ -	\$ 273,269
Facilities Fund	35,969	-
Other Governmental Funds		
Nutrition Services	32,300	-
Student Activity	165,000	-
Vehicle Replacement	40,000	-
	<u>\$ 273,269</u>	<u>\$ 273,269</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 THE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

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**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 THE FINANCIAL STATEMENTS (Continued)  
YEAR ENDED JUNE 30, 2020

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### **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, 2017 actuarial valuation, which became effective July 1, 2019. 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, 2020 were \$1,607,446, excluding amounts to fund employer specific liabilities. For the year ended June 30, 2020, \$405,344 was charged as PERS benefits expenditures to be used for bond payments as they become due. Employer pension expense of \$1,405,165 was recognized during the reporting period.

**CRESWELL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2020**

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**PENSION PLAN (Continued)**

**Contributions (Continued)**

At June 30, 2020, the District reported a net pension liability of \$12,821,047 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to a measurement date of June 30, 2019. 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, 2019, the District's proportion was 0.0741 percent, which was a decrease of .0042 percent from its proportion measured as of June 30, 2018.

At June 30, 2020, 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	\$ 707,043	\$ -	
Changes in assumptions	1,739,321	-	
Net difference between projected and actual earnings on pension plan investments	-	(363,464)	
Changes in proportionate share	-	(872,462)	
Difference between employer contributions and employer's proportionate share of system contributions	149,574	(1,693)	
Subtotal - amortized deferrals (below)	2,595,938	(1,237,619)	\$ 1,358,319
District contributions subsequent to measurement date	1,607,446	-	
Total deferred outflow (inflow) of resources	<u>\$ 4,203,384</u>	<u>\$ (1,237,619)</u>	

Deferred outflows of resources related to PERS of \$1,607,446 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, 2021.

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

<u>Year ending June 30,</u>	<u>Amount</u>
2021	\$ 980,193
2022	(73,794)
2023	234,388
2024	212,354
2025	5,178
Total	<u>\$ 1,358,319</u>

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 17, 2020. 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 THE FINANCIAL STATEMENTS (Continued)*

YEAR ENDED JUNE 30, 2020

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**PENSION PLAN (Continued)**

**Actuarial Valuations**

The employer contribution rates effective July 1, 2019 through June 30, 2021, 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, 2017
Measurement date	June 30, 2019
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%
Discount rate	7.20%
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	<b>Healthy retirees and beneficiaries:</b> RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. <b>Active members:</b> RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. <b>Disabled retirees:</b> RP-2014 Healthy annuitant, sex-distinct, genreational with Unisex, Social Security Data Scale.

(Source: June 30, 2019 PERS CAFR; page 71)

**CRESWELL SCHOOL DISTRICT**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

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**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, 2019 PERS CAFR; page 70)

**CRESWELL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2020**

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**PENSION PLAN (Continued)**

**Assumed Asset Allocation**

Asset Class/Strategy	OIC Policy Range	Current Year Target
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, 2019 PERS CAFR; page 100)

**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 2017 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, 2019 PERS CAFR page 70)

**CRESWELL SCHOOL DISTRICT**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

**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

\* The arithmetic mean is a component that goes into calculation the geometric mean. Expected rates of return are presented using the geometric mean, which the Board uses in setting the discount rate

(Source: June 30, 2019 Oregon PERS CAFR; Table 31; Page 74)

**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</u> <u>(6.20%)</u>	<u>Discount Rate</u> <u>(7.20%)</u>	<u>1% Increase</u> <u>(8.20%)</u>
District's proportionate share of the net pension liability (asset)	<u>\$ 20,531,770</u>	<u>\$ 12,821,047</u>	<u>\$ 6,368,235</u>



**CRESWELL SCHOOL DISTRICT**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

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**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/Finanicials/Actuarial-Financial-Information.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 \$431,064 in employee contributions for the year ended June 30, 2020.

**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	\$ 1,563,986	\$ -
Net OPEB Asset	-	121,691
OPEB Deferred Outflows of Resources	202,642	8,037
OPEB Deferred Inflows of Resources	53,628	24,617

**CRESWELL SCHOOL DISTRICT**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

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**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, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	5
Active employees	157
	<u>162</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 THE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

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**OTHER POSTEMPLOYMENT BENEFITS (OPEBs) (Continued)**

**Total OPEB Liability for Medical Subsidy**

The District's total OPEB liability for Medical Subsidy of \$1,563,986 was measured as of June 30, 2019 and was determined by an actuarial valuation as of July 1, 2019 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 June 30, 2020 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, 2019
Measurement date	June 30, 2020
Experience study	2016, published September 2017
Actuarial cost method	Entry age normal
Actuarial Assumptions	
Inflation Rate	2.50%
Discount rate	3.50%
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	<b>Healthy retirees and beneficiaries:</b> RP-2014 Employee and Healthy Annuitant tables, White collar, sex-distinct for members and dependents. <b>Active members:</b> For members only, a one year setback is applied. <b>Disabled retirees:</b> 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, 2020 reporting date is 3.50 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 3.00 percent in the first year, 4.25 percent in the second year, 5.50 percent in the third year, and varying from 4.00 percent to 5.00 percent over the remainder of the projection period. These trends are based in part on the 2019 Segal Health Plan Cost Trend Survey. Rates are trended down in subsequent years in accordance with prevalent actuarial practice, based in part of the Society of Actuaries – Getzen Long Term Healthcare Trends Resource Model, as updated October 2018.

**CRESWELL SCHOOL DISTRICT**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

**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, 2019	\$ 1,363,117
Changes for the year:	
Service cost	83,957
Interest on total OPEB liability	54,411
Effect of economic/demographic gains or losses	537
Effect of assumptions changes or inputs	144,963
Benefit payments	(82,999)
Net changes	<u>200,869</u>
Balance at June 30, 2020	<u>\$ 1,563,986</u>

The discount rate in effect for the June 30, 2020 reporting date is 3.50 percent, reflecting the Bond Buyer 20-Year General Obligation Bond Index, a decrease from 3.87 for the June 30, 2019 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 (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate:

	<u>1% Decrease (2.50%)</u>	<u>Discount Rate (3.50%)</u>	<u>1% Increase (4.50%)</u>
Total OPEB liability for medical subsidy	<u>\$ 1,656,538</u>	<u>\$ 1,563,986</u>	<u>\$ 1,474,619</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, 2020	<u>\$ 1,432,329</u>	<u>\$ 1,563,986</u>	<u>\$ 1,714,079</u>

**CRESWELL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2020**

**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, 2020, the District recognized OPEB expense of \$69,776. At June 30, 2020, 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>
Net difference between projected and actual earnings on investments	\$ 469	\$ -	
Changes of assumptions or inputs	126,613	(53,628)	
Subtotal - Amortized Deferrals (below)	127,082	(53,628)	\$ 73,454
Benefit payments subsequent to measurement date	75,560	-	
Net deferred outflows (inflows) of resources	\$ 202,642	\$ (53,628)	

Deferred outflows of resources related to the medical subsidy of \$75,560 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, 2021. 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>
2021	\$ 6,968
2022	6,968
2023	6,968
2024	6,968
2025	11,891
Thereafter	33,691
Total	\$ 73,454

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

**CRESWELL SCHOOL DISTRICT**

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
YEAR ENDED JUNE 30, 2020

**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, 2017 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2019. 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, 2020 totaled \$8,037.

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

At June 30, 2020 the District reported an asset of \$121,691 for its proportionate share of the net OPEB asset related to RHIA. The net OPEB asset was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017, 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 0.0630 percent, changed from 0.0621 percent for the prior measurement date.

For the year ended June 30, 2020, the District recognized OPEB expense reduction of \$24,591 related to the RHIA. At June 30, 2020, 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	\$ -	\$ (16,047)	
Changes of assumptions	-	(126)	
Net difference between projected and actual earnings on investments	-	(7,511)	
Changes in proportionate share	-	(933)	
Subtotal - Amortized Deferrals (below)	-	(24,617)	\$ (24,617)
Contributions subsequent to measurement date	8,037	-	
Net deferred outflows/(inflows) of resources	\$ 8,037	\$ (24,617)	

**CRESWELL SCHOOL DISTRICT**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

**OTHER POSTEMPLOYMENT BENEFITS (OPEBs) (Continued)**

Deferred outflows of resources related to RHIA of \$8,037 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, 2021. 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>
2021	\$ (12,796)
2022	(11,182)
2023	(1,413)
2024	774
Total	<u>\$ (24,617)</u>

**Actuarial Assumptions and Other Inputs**

The total OPEB liability in the December 31, 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	December 31, 2017
Measurement date	June 30, 2019
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: 35% Disabled retirees: 20%
Healthcare cost trend rate	Not applicable.
Mortality	<p><b>Healthy retirees and beneficiaries:</b> 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><b>Active members:</b> 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><b>Disabled retirees:</b> RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.</p>

(Source: June 30, 2019 Oregon PERS CAFR; Table 28; page 73)

**CRESWELL SCHOOL DISTRICT**  
 NOTES TO THE FINANCIAL STATEMENTS (Continued)  
 YEAR ENDED JUNE 30, 2020

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**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 34-36.

**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>1% Decrease</i> <u>(6.20%)</u>	<i>Discount Rate</i> <u>(7.20%)</u>	<i>1% Increase</i> <u>(8.20%)</u>
Total OPEB liability (asset) for RHIA	<u>\$ (94,342)</u>	<u>\$ (121,691)</u>	<u>\$ (144,994)</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 (\$121,691). 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 THE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

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**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.

The District receives a substantial portion of its operating funding from the State of Oregon. State funding is determined through statewide revenue projections, and is paid to individual school districts based on pupil counts and other factors in the State School Fund revenue formula. Since these projections and pupil counts fluctuate, they can cause the District to either have increases or decreases in revenue. The COVID-19 pandemic is expected to cause reductions in the District’s pupil counts, however the extent of the effect is unknown. Due to these future uncertainties at the state level, the future effect on the District’s operations cannot be determined.

**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, 2020, expenditures exceeded appropriations as follows:

	<u>Appropriation</u>	<u>Expenditure</u>	<u>Variance</u>
<i>Other Nonmajor Governmental Funds</i>			
<i>Student Activity Fund</i>			
Instruction	\$ 236,592	\$ 259,755	\$ (23,163)

**CRESWELL SCHOOL DISTRICT**

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

*YEAR ENDED JUNE 30, 2020*

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**TAX ABATEMENTS**

Tax abatements result from agreements between Lane County and others, which reduce the District's levied property taxes. As of June 30, 2020, the District was not materially affected by tax abatement agreements.

**NEW ACCOUNTING STANDARDS IMPLEMENTED**

GASB Statement No. 95 "*Postponement of the Effective Dates of Certain Authoritative Guidance.*" This Statement provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The requirements of this Statement are effective immediately.

GASB Statement No. 97 "*Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statement No. 14 and No. 84, and a Supersession of GASB Statement No. 32.*" This Statement (1) increases consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigates costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefits (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhances the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of the Statement are effective immediately.

***REQUIRED SUPPLEMENTARY INFORMATION***

**CRESWELL SCHOOL DISTRICT****SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FOR PERS  
YEAR ENDED JUNE 30, 2020**

<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>
2020	0.07%	\$ 12,821,047	\$ 6,824,148	187.9%	80.2%
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, 2020**

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<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>
2020	\$ 1,607,446	\$ 1,607,446	\$ -	\$ 7,305,860	22.0%
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, 2020**

<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>
2020	0.06%	\$ (121,691)	\$ 7,184,401	-1.69%	144.3%
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, 2020**

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<u>Year Ended June 30,</u>	<u>Statutorily required contribution</u>	<u>Contributions in relation to the statutorily required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered payroll</u>	<u>Contributions as a percent of covered payroll</u>
2020	\$ 8,037	\$ 8,037	\$ -	\$ 7,184,401	0.11%
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, 2020****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>
2020	\$ 83,957	\$ 54,411	\$ 537	\$ 144,963	\$ (82,999)	\$ 200,869
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>
2020	\$ 1,363,117	\$ 200,869	\$ 1,563,986	\$ 7,184,401	21.77%	3.50%
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, 2020**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with</i>
	<i>Original</i>	<i>Final</i>	<i>Budget and</i> <i>GAAP</i> <i>Basis</i>	
<b>REVENUES</b>				
Property taxes	\$ 3,420,000	\$ 3,420,000	\$ 3,422,784	\$ 2,784
Intergovernmental				
Intermediate sources	46,520	46,520	50,477	3,957
State sources	10,248,862	10,248,862	10,255,264	6,402
Federal sources	-	-	48,119	48,119
Charges for services	14,500	14,500	12,641	(1,859)
Investment earnings	100,000	100,000	107,030	7,030
Miscellaneous	213,248	213,248	187,218	(26,030)
<i>Total Revenues</i>	14,043,130	14,043,130	14,083,533	40,403
<b>EXPENDITURES</b>				
Current				
Instruction	9,033,094	8,783,094	8,256,185	526,909
Support services	5,464,036	5,714,036	5,571,732	142,304
Contingency	1,300,000	1,300,000	-	1,300,000
<i>Total Expenditures</i>	15,797,130	15,797,130	13,827,917	1,969,213
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(1,754,000)	(1,754,000)	255,616	2,009,616
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(446,000)	(446,000)	(273,269)	172,731
<b>NET CHANGE IN FUND BALANCE</b>	(2,200,000)	(2,200,000)	(17,653)	2,182,347
<b>FUND BALANCE, beginning</b>	2,200,000	2,200,000	2,236,419	36,419
<b>FUND BALANCE, ending</b>	\$ -	\$ -	\$ 2,218,766	\$ 2,218,766

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, 2020**

	<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>				
<b>REVENUES</b>						
Construction excise tax	\$ 60,000	\$ 60,000	\$ 7,094	\$ (52,906)	\$ -	\$ 7,094
Intergovernmental						
Federal sources	-	-	-	-	15,635	15,635
Contributions	-	-	52,400	52,400	-	52,400
Investment earnings	22,000	22,000	18,543	(3,457)	-	18,543
Miscellaneous	31,000	31,000	28,812	(2,188)	-	28,812
<i>Total Revenues</i>	113,000	113,000	106,849	(6,151)	15,635	122,484
<b>EXPENDITURES</b>						
Current						
Support services	480,000	480,000	468,163	11,837	-	468,163
Debt service						
Principal	145,000	145,000	145,000	-	-	145,000
Interest	1,500	1,500	965	535	15,635	16,600
Contingency	846,543	846,543	-	846,543	-	-
<i>Total Expenditures</i>	1,473,043	1,473,043	614,128	858,915	15,635	629,763
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(1,360,043)	(1,360,043)	(507,279)	852,764	-	(507,279)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	136,000	136,000	35,969	(100,031)	-	35,969
<b>NET CHANGE IN FUND BALANCE</b>	(1,224,043)	(1,224,043)	(471,310)	752,733	-	(471,310)
<b>FUND BALANCE, beginning</b>	1,224,043	1,224,043	1,138,309	(85,734)	-	1,138,309
<b>FUND BALANCE, ending</b>	\$ -	\$ -	\$ 666,999	\$ 666,999	\$ -	\$ 666,999

See notes to required supplementary information.

**CRESWELL SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**YEAR ENDED JUNE 30, 2020**

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**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, 2020**

	<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>
<b>REVENUES</b>				
Property taxes	\$ 1,603,800	\$ 1,603,800	\$ 1,602,540	\$ (1,260)
Investment earnings	36,800	36,800	30,063	(6,737)
Miscellaneous	404,800	404,800	402,704	(2,096)
<i>Total Revenues</i>	2,045,400	2,045,400	2,035,307	(10,093)
<b>EXPENDITURES</b>				
Debt service				
Principal	1,695,000	1,695,000	1,695,000	-
Interest and other charges	485,300	485,300	485,268	32
<i>Total Expenditures</i>	2,180,300	2,180,300	2,180,268	32
<b>NET CHANGE IN FUND BALANCE</b>	(134,900)	(134,900)	(144,961)	(10,061)
<b>FUND BALANCE, beginning</b>	301,284	301,284	284,949	(16,335)
<b>FUND BALANCE, ending</b>	\$ 166,384	\$ 166,384	\$ 139,988	\$ (26,396)

**CRESWELL SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2020**

	<i>Special Revenue</i>						<i>Total</i>
	<i>Nutrition Services</i>	<i>Student Activity</i>	<i>Scholarship</i>	<i>Student Body</i>	<i>Vehicle Replacement</i>	<i>Grants</i>	
<b>ASSETS</b>							
Cash and investments	\$ -	\$ 5,553	\$ 39,097	\$ 219,784	\$ 86,357	\$ -	\$ 350,791
Receivable from other governments	11,933	-	-	-	-	258,412	270,345
Inventories	8,798	-	-	-	-	-	8,798
<i>Total Assets</i>	<u>\$ 20,731</u>	<u>\$ 5,553</u>	<u>\$ 39,097</u>	<u>\$ 219,784</u>	<u>\$ 86,357</u>	<u>\$ 258,412</u>	<u>\$ 629,934</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts payable	\$ 734	\$ 228	\$ -	\$ -	\$ -	\$ 5,446	\$ 6,408
Due to other funds	19,990	-	-	-	-	116,994	136,984
<i>Total Liabilities</i>	20,724	228	-	-	-	122,440	143,392
<b>Fund Balances</b>							
Nonspendable							
Inventories	8,798	-	-	-	-	-	8,798
Restricted for:							
Facility improvements	-	-	-	-	-	-	-
Debt service							
Unknown	-	-	-	-	-	-	-
Unknown	-	-	-	-	-	-	-
Committed to							
Student body	-	5,325	39,097	219,784	-	-	264,206
Grants	-	-	-	-	-	135,972	135,972
Capital projects	-	-	-	-	86,357	-	86,357
Unassigned	(8,791)	-	-	-	-	-	(8,791)
<i>Total Fund Balances</i>	<u>7</u>	<u>5,325</u>	<u>39,097</u>	<u>219,784</u>	<u>86,357</u>	<u>135,972</u>	<u>486,542</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 20,731</u>	<u>\$ 5,553</u>	<u>\$ 39,097</u>	<u>\$ 219,784</u>	<u>\$ 86,357</u>	<u>\$ 258,412</u>	<u>\$ 629,934</u>

**CRESWELL SCHOOL DISTRICT**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2020**

	<i>Special Revenue</i>						<i>Total</i>
	<i>Nutrition Services</i>	<i>Student Activity</i>	<i>Scholarship</i>	<i>Student Body</i>	<i>Vehicle Replacement</i>	<i>Grants</i>	
<b>REVENUES</b>							
Intergovernmental							
State sources	\$ 9,754	\$ -	\$ -	\$ -	\$ 66,726	\$ 302,283	\$ 378,763
Federal sources	352,780	-	-	-	-	596,629	949,409
Charges for services	80,053	69,971	-	111,196	-	-	261,220
Contributions	-	300	10,700	29,375	-	101,243	141,618
Investment earnings	-	-	243	-	1,298	-	1,541
Miscellaneous	249	-	-	-	-	-	249
<i>Total Revenues</i>	<u>442,836</u>	<u>70,271</u>	<u>10,943</u>	<u>140,571</u>	<u>68,024</u>	<u>1,000,155</u>	<u>1,732,800</u>
<b>EXPENDITURES</b>							
Current							
Instruction	-	259,755	-	94,187	-	754,487	1,108,429
Support services	-	39,456	-	-	-	170,146	209,602
Enterprise and community services	475,217	-	12,180	-	-	11,296	498,693
Debt service							
Principal	-	-	-	-	91,281	-	91,281
Interest and other charges	-	-	-	-	6,360	-	6,360
Capital outlay	-	-	-	-	-	49,692	49,692
<i>Total Expenditures</i>	<u>475,217</u>	<u>299,211</u>	<u>12,180</u>	<u>94,187</u>	<u>97,641</u>	<u>985,621</u>	<u>1,964,057</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(32,381)</u>	<u>(228,940)</u>	<u>(1,237)</u>	<u>46,384</u>	<u>(29,617)</u>	<u>14,534</u>	<u>(231,257)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	32,300	165,000	-	-	40,000	-	237,300
<b>NET CHANGE IN FUND BALANCES</b>	<u>(81)</u>	<u>(63,940)</u>	<u>(1,237)</u>	<u>46,384</u>	<u>10,383</u>	<u>14,534</u>	<u>6,043</u>
<b>FUND BALANCES, beginning</b>	<u>88</u>	<u>69,265</u>	<u>40,334</u>	<u>173,400</u>	<u>75,974</u>	<u>121,438</u>	<u>480,499</u>
<b>FUND BALANCES, ending</b>	<u>\$ 7</u>	<u>\$ 5,325</u>	<u>\$ 39,097</u>	<u>\$ 219,784</u>	<u>\$ 86,357</u>	<u>\$ 135,972</u>	<u>\$ 486,542</u>

**CRESWELL SCHOOL DISTRICT****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - NUTRITION SERVICES FUND  
YEAR ENDED JUNE 30, 2020**

	<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>
<b>REVENUES</b>				
Intergovernmental				
State sources	\$ 10,000	\$ 10,000	\$ 9,754	\$ (246)
Federal sources	392,000	392,000	352,780	(39,220)
Charges for services	108,000	108,000	80,053	(27,947)
Miscellaneous	750	750	249	(501)
<i>Total Revenues</i>	<u>510,750</u>	<u>510,750</u>	<u>442,836</u>	<u>(67,914)</u>
<b>EXPENDITURES</b>				
Current				
Enterprise and community services	530,723	530,723	475,217	55,506
Contingency	7,027	7,027	-	7,027
<i>Total Expenditures</i>	<u>537,750</u>	<u>537,750</u>	<u>475,217</u>	<u>62,533</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(27,000)	(27,000)	(32,381)	(5,381)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	20,000	20,000	32,300	12,300
<b>NET CHANGE IN FUND BALANCE</b>	(7,000)	(7,000)	(81)	6,919
<b>FUND BALANCE, beginning</b>	<u>7,000</u>	<u>7,000</u>	<u>88</u>	<u>(6,912)</u>
<b>FUND BALANCE, ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7</u>	<u>\$ 7</u>



**CRESWELL SCHOOL DISTRICT****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - STUDENT ACTIVITY FUND  
YEAR ENDED JUNE 30, 2020**

	<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>
<b>REVENUES</b>				
Charges for services	\$ 62,000	\$ 62,000	\$ 69,971	\$ 7,971
Contributions	5,839	5,839	300	(5,539)
<i>Total Revenues</i>	67,839	67,839	70,271	2,432
<b>EXPENDITURES</b>				
Current				
Instruction	216,592	236,592	259,755	(23,163)
Support services	55,000	45,000	39,456	5,544
Contingency	60,000	50,000	-	50,000
<i>Total Expenditures</i>	331,592	331,592	299,211	32,381
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(263,753)	(263,753)	(228,940)	34,813
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	250,000	250,000	165,000	(85,000)
<b>NET CHANGE IN FUND BALANCE</b>	(13,753)	(13,753)	(63,940)	(50,187)
<b>FUND BALANCE, beginning</b>	13,753	13,753	69,265	55,512
<b>FUND BALANCE, ending</b>	\$ -	\$ -	\$ 5,325	\$ 5,325

**CRESWELL SCHOOL DISTRICT**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - SCHOLARSHIP FUND  
YEAR ENDED JUNE 30, 2020**

	<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>
<b>REVENUES</b>				
Contributions	\$ 20,000	\$ 20,000	\$ 10,700	\$ (9,300)
Investment earnings	250	250	243	(7)
<i>Total Revenues</i>	20,250	20,250	10,943	(9,307)
<b>EXPENDITURES</b>				
Current				
Enterprise and community services	20,250	20,250	12,180	8,070
Contingency	26,500	26,500	-	26,500
<i>Total Expenditures</i>	46,750	46,750	12,180	34,570
<b>NET CHANGE IN FUND BALANCE</b>	(26,500)	(26,500)	(1,237)	25,263
<b>FUND BALANCE, beginning</b>	39,000	39,000	40,334	1,334
<b>FUND BALANCE, ending</b>	\$ 12,500	\$ 12,500	\$ 39,097	\$ 26,597

**CRESWELL SCHOOL DISTRICT**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - STUDENT BODY FUND  
YEAR ENDED JUNE 30, 2020**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Budget and GAAP Basis</b>	<b>Final Budget</b>
<b>REVENUES</b>				
Charges for services	\$ 209,600	\$ 209,600	\$ 111,196	\$ (98,404)
Contributions	45,000	45,000	29,375	(15,625)
Miscellaneous	3,500	3,500	-	(3,500)
<i>Total Revenues</i>	258,100	258,100	140,571	(117,529)
<b>EXPENDITURES</b>				
Current				
Instruction	258,100	258,100	94,187	163,913
Contingency	135,000	135,000	-	135,000
<i>Total Expenditures</i>	393,100	393,100	94,187	298,913
<b>NET CHANGE IN FUND BALANCE</b>	(135,000)	(135,000)	46,384	181,384
<b>FUND BALANCE, beginning</b>	135,000	135,000	173,400	38,400
<b>FUND BALANCE, ending</b>	\$ -	\$ -	\$ 219,784	\$ 219,784

**CRESWELL SCHOOL DISTRICT****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - VEHICLE REPLACEMENT FUND  
YEAR ENDED JUNE 30, 2020**

	<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>
<b>REVENUES</b>						
Intergovernmental						
State sources	\$ 105,737	\$ 105,737	\$ 66,726	\$ (39,011)	\$ -	\$ 66,726
Investment earnings	2,300	2,300	1,298	(1,002)	-	1,298
<i>Total Revenues</i>	108,037	108,037	68,024	(40,013)	-	68,024
<b>EXPENDITURES</b>						
Current						
Support services	148,340	148,340	97,641	50,699	(97,641)	-
Debt service						
Principal	-	-	-	-	91,281	91,281
Interest	-	-	-	-	6,360	6,360
Contingency	68,580	68,580	-	68,580	-	-
<i>Total Expenditures</i>	216,920	216,920	97,641	119,279	-	97,641
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(108,883)	(108,883)	(29,617)	79,266	-	(29,617)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	40,000	40,000	40,000	-	-	40,000
<b>NET CHANGE IN FUND BALANCE</b>	(68,883)	(68,883)	10,383	79,266	-	10,383
<b>FUND BALANCE, beginning</b>	68,883	68,883	75,974	7,091	-	75,974
<b>FUND BALANCE, ending</b>	\$ -	\$ -	\$ 86,357	\$ 86,357	\$ -	\$ 86,357

**CRESWELL SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - GRANTS FUND**  
**YEAR ENDED JUNE 30, 2020**

	<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 and GAAP Basis</i>			
<b>REVENUES</b>						
Intergovernmental						
Intermediate sources	\$ 5,000	\$ 5,000	\$ -	\$ (5,000)	\$ -	\$ -
State sources	483,850	483,850	302,283	(181,567)	-	302,283
Federal sources	714,500	714,500	596,629	(117,871)	-	596,629
Contributions	335,000	335,000	101,243	(233,757)	-	101,243
Miscellaneous	35,000	35,000	-	(35,000)	-	-
<i>Total Revenues</i>	1,573,350	1,573,350	1,000,155	(573,195)	-	1,000,155
<b>EXPENDITURES</b>						
Current						
Instruction	1,259,314	1,259,314	804,179	455,135	(49,692)	754,487
Support services	300,762	300,762	170,146	130,616	-	170,146
Enterprise and community services	13,274	13,274	11,296	1,978	-	11,296
Capital outlay	-	-	-	-	49,692	49,692
<i>Total Expenditures</i>	1,573,350	1,573,350	985,621	587,729	-	985,621
<b>NET CHANGE IN FUND BALANCE</b>	-	-	14,534	14,534	-	14,534
<b>FUND BALANCE, beginning</b>	-	-	121,438	121,438	-	121,438
<b>FUND BALANCE, ending</b>	\$ -	\$ -	\$ 135,972	\$ 135,972	\$ -	\$ 135,972

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***OTHER SCHEDULES***

**CRESWELL SCHOOL DISTRICT**  
**REVENUE SUMMARY - ALL FUNDS**  
**YEAR ENDED JUNE 30, 2020**

<i>Code</i>	<i>Function</i>	<i>General</i>	<i>Special Revenue</i>	<i>Debt Service</i>
<b>LOCAL REVENUES</b>				
1111	Current year's taxes	\$ 3,374,997	\$ -	\$ 1,574,114
1112	Prior year's taxes	47,787	-	28,426
1130	Construction excise tax	-	7,094	-
1500	Earnings on investments	107,030	20,084	30,063
1600	Food service	-	80,053	-
1700	Extracurricular activities	1,009	181,167	-
1910	Rentals	11,632	-	-
1920	Contributions and donations from private sources	876	194,067	-
1940	Services provided other local education agencies	1,192	-	-
1970	Services provided other funds	-	-	402,704
1990	Miscellaneous	185,150	29,012	-
1000	<i>Total Local Revenues</i>	3,729,673	511,477	2,035,307
<b>INTERMEDIATE REVENUES</b>				
2101	County school funds	48,072	-	-
2800	Revenue in lieu of taxes	2,405	-	-
2000	<i>Total Intermediate Revenues</i>	50,477	-	-
<b>STATE REVENUES</b>				
3101	State school fund - general support	9,864,978	-	-
3102	State school fund - school lunch match	-	4,708	-
3103	Common school fund	135,772	-	-
3199	Other unrestricted grants-in-aid	254,514	-	-
3222	State school fund (SSF) transportation equipment	-	66,726	-
3299	Other restricted grants-in-aid	-	307,329	-
3000	<i>Total State Revenues</i>	10,255,264	378,763	-
<b>FEDERAL REVENUES</b>				
4500	Restricted revenue from the federal government through the state	-	919,887	-
4801	Federal forest fees	48,119	-	-
4900	Revenue for/on behalf of the district	-	29,522	-
4000	<i>Total Federal Revenues</i>	48,119	949,409	-
<b>OTHER SOURCES</b>				
5200	Interfund transfers	-	273,269	-
5400	<b>FUND BALANCE, Beginning of year</b>	2,236,419	1,618,808	284,949
<i>Total Resources</i>		<u>\$ 16,319,952</u>	<u>\$ 3,731,726</u>	<u>\$ 2,320,256</u>



**CRESWELL SCHOOL DISTRICT**  
**EXPENDITURE SUMMARY - GENERAL FUND**  
**YEAR ENDED JUNE 30, 2020**

<b>Code</b>	<b>Function</b>	<b>Total</b>	<b>100 Salaries</b>	<b>200 Employee Benefits</b>
<b>INSTRUCTION</b>				
1100	Regular programs			
1111	Primary, K-5 or K-6	\$ 2,757,390	\$ 1,589,662	\$ 1,101,387
1121	Middle/junior high programs	1,418,706	813,204	556,060
1131	High school programs	1,655,193	954,832	632,453
1132	High school extracurricular	4,212	3,285	927
1200	Special programs			
1210	Programs for the talented and gifted	1,961	-	-
1220	Restrictive programs for students with disabilities	25,335	17,756	5,706
1250	Less restrictive programs for students with disabilities	2,147,654	749,357	550,356
1270	Educationally disadvantaged			
1271	Remediation	876	626	250
1280	Alternative education	68,035	19,114	15,799
1290	Designated programs			
1291	English language learner	176,823	110,663	66,100
1000	<i>Total Instruction</i>	8,256,185	4,258,499	2,929,038
<b>SUPPORT SERVICES</b>				
2100	Students			
2120	Guidance services	275,164	163,239	111,925
2140	Psychological services	105,433	60,121	43,550
2150	Speech pathology and audiology services	197,865	118,584	77,715
2190	Service direction, student support services	204,129	117,963	79,429
2200	Instructional staff			
2210	Improvement of instruction services	91,323	49,341	41,906
2220	Educational media services	114,024	57,796	53,931
2240	Instructional staff development	48,636	11,843	25,138
2300	General administration			
2310	Board of education services	17,738	-	-
2320	Executive administration services	276,717	165,888	98,833
2400	School administration			
2410	Office of the principal services	1,015,953	611,411	375,775
2490	Other support services - school administration	125,161	66,929	43,012
2500	Business			
2520	Fiscal services	416,708	166,590	138,437
2540	Operation and maintenance of plant services	1,208,602	353,924	248,706
2550	Student transportation services	877,238	465,802	339,084
2660	Technology services	531,867	101,662	71,593
2690	Other support services - central	29,876	21,075	8,801
2700	Supplemental retirement program	35,298	-	35,298
2000	<i>Total Support Services</i>	5,571,732	2,532,168	1,793,133
<b>OTHER USES</b>				
5200	Transfers of funds	273,269	-	-
7000	<b>FUND BALANCE, End of year</b>	2,218,766	-	-
	<i>Total Expenditures and Ending Balance</i>	<b>\$ 16,319,952</b>	<b>\$ 6,790,667</b>	<b>\$ 4,722,171</b>

<i>300 Purchased Services</i>	<i>400 Supplies &amp; Materials</i>	<i>500 Capital Outlay</i>	<i>600 Other Objects</i>	<i>700 Transfers</i>
\$ 25,694	\$ 40,647	\$ -	\$ -	\$ -
5,488	43,954	-	-	-
13,047	54,861	-	-	-
-	-	-	-	-
-	1,961	-	-	-
1,778	95	-	-	-
845,244	2,557	-	140	-
-	-	-	-	-
33,122	-	-	-	-
60	-	-	-	-
<u>924,433</u>	<u>144,075</u>	<u>-</u>	<u>140</u>	<u>-</u>
-	-	-	-	-
593	1,169	-	-	-
82	1,385	-	99	-
6,047	95	-	595	-
76	-	-	-	-
-	2,297	-	-	-
8,795	2,860	-	-	-
7,124	681	-	9,933	-
8,086	1,680	-	2,230	-
10,289	16,055	-	2,423	-
6,294	8,926	-	-	-
79,157	1,256	-	31,268	-
355,728	158,147	-	92,097	-
11,117	41,844	-	19,391	-
89,641	268,845	-	126	-
-	-	-	-	-
-	-	-	-	-
<u>583,029</u>	<u>505,240</u>	<u>-</u>	<u>158,162</u>	<u>-</u>
-	-	-	-	273,269
-	-	-	-	<u>2,218,766</u>
<u>\$ 1,507,462</u>	<u>\$ 649,315</u>	<u>\$ -</u>	<u>\$ 158,302</u>	<u>\$ 2,492,035</u>

**CRESWELL SCHOOL DISTRICT**  
**EXPENDITURE SUMMARY – SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2020**

<b>Code</b>	<b>Function</b>	<b>Total</b>	<b>100 Salaries</b>	<b>200 Employee Benefits</b>
<b>INSTRUCTION</b>				
1100	Regular programs			
1111	Primary, K-5 or K-6	\$ 55,013	\$ -	\$ -
1113	Elementary extracurricular	18,902	-	-
1121	Middle/junior high programs	17,773	7,737	3,163
1122	Middle/junior high school extracurricular	70,214	29,533	8,870
1131	High school programs	116,515	53,861	39,469
1132	High school extracurricular	268,284	131,340	36,304
1140	Pre-kindergarten programs	34,337	18,976	9,762
1200	Special programs			
1210	Programs for the talented and gifted	2,531	-	-
1250	Less restrictive programs for students with disabilities	274,722	144,684	119,428
1270	Educationally disadvantaged			
1272	Title IA/D	209,930	123,723	82,648
1290	Designated programs			
1291	English language learner	89,900	48,499	41,401
1000	<i>Total Instruction</i>	<u>1,158,121</u>	<u>558,353</u>	<u>341,045</u>
<b>SUPPORT SERVICES</b>				
2100	Students			
2110	Attendance and social work services	15,486	10,304	2,354
2120	Guidance services	75,068	43,182	31,886
2130	Health services	4,107	1,524	829
2200	Instructional staff			
2210	Improvement of instruction services	1,888	-	-
2240	Instructional staff development	25,183	16,377	4,806
2400	School administration			
2410	Office of the principal services	28,144	17,544	10,600
2500	Business			
2520	Fiscal services	19,870	-	-
2540	Operation and maintenance of plant services	429,316	-	-
2550	Student transportation services	137,097	-	-
2600	Central activities			
2640	Staff services	400	-	-
2660	Technology services	38,847	-	-
2000	<i>Total Support Services</i>	<u>775,406</u>	<u>88,931</u>	<u>50,475</u>
<b>ENTERPRISE AND COMMUNITY SERVICES</b>				
3100	Food services	475,217	144,611	113,248
3300	Community services	23,476	5,857	4,427
3000	<i>Total Enterprise and Community Services</i>	<u>498,693</u>	<u>150,468</u>	<u>117,675</u>
<b>OTHER USES</b>				
5100	Debt service	145,965	-	-
7000	<b>FUND BALANCE, End of year</b>	<u>1,153,541</u>	<u>-</u>	<u>-</u>
	<i>Total Expenditures and Ending Balance</i>	<u>\$ 3,731,726</u>	<u>\$ 797,752</u>	<u>\$ 509,195</u>

<i>300 Purchased Services</i>	<i>400 Supplies &amp; Materials</i>	<i>500 Capital Outlay</i>	<i>600 Other Objects</i>	<i>700 Transfers</i>
\$ -	\$ 5,321	\$ 49,692	\$ -	\$ -
2,961	15,941	-	-	-
-	6,873	-	-	-
13,759	17,715	-	337	-
3,843	19,342	-	-	-
45,842	44,242	-	10,556	-
4,400	1,199	-	-	-
-	2,531	-	-	-
10,610	-	-	-	-
1,685	1,874	-	-	-
-	-	-	-	-
83,100	115,038	49,692	10,893	-
250	2,578	-	-	-
-	-	-	-	-
1,754	-	-	-	-
-	1,888	-	-	-
3,961	39	-	-	-
-	-	-	-	-
19,870	-	-	-	-
375,113	54,203	-	-	-
-	39,456	-	97,641	-
400	-	-	-	-
-	-	38,847	-	-
401,348	98,164	38,847	97,641	-
4,079	212,905	-	374	-
13,569	(377)	-	-	-
17,648	212,528	-	374	-
-	-	-	145,965	-
-	-	-	-	1,153,541
\$ 502,096	\$ 425,730	\$ 88,539	\$ 254,873	\$ 1,153,541

**CRESWELL SCHOOL DISTRICT**  
**EXPENDITURE SUMMARY – DEBT SERVICE FUND**  
**YEAR ENDED JUNE 30, 2020**

<u>Code</u>	<u>Function</u>	<u>Total</u>	<u>100 Salaries</u>	<u>200 Employee Benefits</u>
	<b>OTHER USES</b>			
5100	Debt service	\$ 2,180,268	\$ -	\$ -
7000	<b>FUND BALANCE, End of year</b>	<u>139,988</u>	<u>-</u>	<u>-</u>
	<i>Total Expenditures and Ending Balance</i>	<u>\$ 2,320,256</u>	<u>\$ -</u>	<u>\$ -</u>

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<i>300 Purchased Services</i>	<i>400 Supplies &amp; Materials</i>	<i>500 Capital Outlay</i>	<i>600 Other Objects</i>	<i>700 Transfers</i>
\$ -	\$ -	\$ -	\$ 2,180,268	\$ -
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>139,988</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,180,268</u>	<u>\$ 139,988</u>

**CRESWELL SCHOOL DISTRICT**

**SCHEDULE OF SUPPLEMENTAL INFORMATION REQUIRED BY OREGON DEPARTMENT OF EDUCATION  
YEAR ENDED JUNE 30, 2020**

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**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	\$ 222,018
Function 2550	\$ -

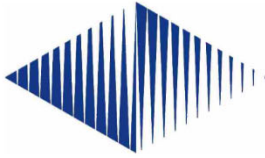
**B. Replacement of Equipment – General Fund:**  
Include all General Fund expenditures in object 542, except for the following exclusions:

\$	-
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- 1113 Elementary Extracurricular
- 1122 Middle/Junior High School Extracurricular
- 1132 High School Extracurricular
- 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

[www.gmscpa.com](http://www.gmscpa.com)

(503) 581-7788 • FAX (503) 581-0152

475 Cottage Street NE, Suite 200 • Salem, Oregon 97301-3814

### ***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, 2020, and have issued our report thereon dated December 30, 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.

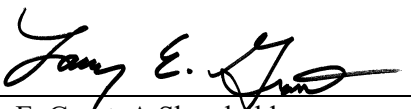
***Internal Control***

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.

***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  
December 30, 2020

**CRESWELL SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2020**

<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>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<b>Passed through Oregon Department of Education</b>			
Title I Grants to Local Educational Agencies	84.010	50368	\$ 63,544
Title I Grants to Local Educational Agencies	84.010	53243	157,683
<i>Subtotal Title I Grants to Local Education Agencies</i>			221,227
Special Education Cluster (IDEA)			
IDEA, Part B, Section 611	84.027	49858	23,675
IDEA, Part B, Section 611	84.027	53774	245,692
IDEA, Part B, Section 611	84.027	56624	2,873
IDEA, Part B, Section 619	84.173	53939	2,483
<i>Subtotal Special Education Cluster (IDEA)</i>			274,723
Supporting Effective Instruction State Grants	84.367	49282	7,216
Supporting Effective Instruction State Grants	84.367	53505	18,013
<i>Subtotal Supporting Effective Instruction State Grants</i>			25,229
Title IV-A Student Support and Academic Enrichment	84.424	54495	2,352
<b>Passed through Lane County Education Service District</b>			
Career and Technical Education	84.048	N/A	9,873
Transition Programs for Students with Intellectual Disabilities into Higher Education	84.407	N/A	36,625
<b>Passed through University of Oregon</b>			
Paths 2 the Future for All	84.305	N/A	2,000
<b>Total U.S. Department of Education</b>			572,029
<b>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>			
<b>Passed through United Way of Lane County</b>			
Social Innovation Fund	94.019	N/A	24,600
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<b>Passed through Oregon Department of Education</b>			
Child Nutrition Cluster			
School Breakfast Program (SBP)	10.553	N/A	99,849
National School Lunch Program (NSLP)	10.555	N/A	223,409
National School Lunch Program (NSLP) - non cash commodities	10.555	N/A	29,522
<i>Subtotal Child Nutrition Cluster</i>			352,780
<b>Passed through Lane County Education Service District</b>			
Forest Service Schools and Roads Cluster			
Schools and Roads - Grants to States	10.665	N/A	48,119
<i>Subtotal Forest Service Schools and Roads Cluster</i>			48,119
<b>Total U.S. Department of Agriculture</b>			400,899
<b>Total Expenditures of Federal Awards</b>			\$ 997,528
<b>RECONCILIATION TO FEDERAL REVENUE RECOGNIZED</b>			
Expenditures of Federal Awards reported on the SEFA			\$ 997,528
Federal interest subsidy not required to be included on the SEFA			15,635
<b>TOTAL FEDERAL REVENUE RECOGNIZED</b>			\$ 1,013,163

*See notes to schedule of expenditures of federal awards.*

## ***CRESWELL SCHOOL DISTRICT***

### ***NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2020***

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#### ***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, 2020. 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 due to the District having a negotiated indirect cost rate with Oregon Department of Education and therefore is not allowed to use the de minimis rate.

##### ***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, 2020.

##### ***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

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### ***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 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 information of the Creswell School District, Lane County, Oregon, (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 30, 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) as a basis for designing 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### ***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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***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

December 30, 2020



## GROVE, MUELLER & SWANK, P.C.

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### ***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, Lane County, Oregon, (the 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, 2020. 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* (CFR) 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, the 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, 2020.

### ***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.

  
CERTIFIED PUBLIC ACCOUNTANTS  
December 30, 2020



**CRESWELL SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2020**

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**SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major 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

Major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I Grants to Local Educational Agencies
84.027 & 84.173	Special Education Cluster (IDEA)

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
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Auditee qualified as low-risk auditee?	No
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**FINANCIAL STATEMENT FINDINGS**

None.

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None.

**CRESWELL SCHOOL DISTRICT**  
**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2020**

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***PRIOR YEAR FINANCIAL STATEMENT FINDINGS***

***2019-001: Bank reconciliations (Material Weakness)***

***Condition:*** Internal controls related to bank reconciliation were not operating as intended during the fiscal year ended June 30, 2019. Bank reconciliations were over 10 months in arrears at the time of our visit in July of 2019.

***Recommendation:*** The auditor recommended that procedures be implemented requiring timely completion, review and approval of bank reconciliations.

***Current Status:*** The District made changes within the department that have corrected this material weakness during the fiscal year ended June 30, 2020.

***PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS***

None.