

***CRESWELL SCHOOL DISTRICT
FINANCIAL STATEMENTS AND
ADDITIONAL INFORMATION
Year Ended June 30, 2016***

CRESWELL SCHOOL DISTRICT
JUNE 30, 2016

BOARD OF DIRECTORS

<i><u>Name</u></i>	<i><u>Title</u></i>	<i><u>Term Expires</u></i>
David Eusted	Chair	June 30, 2017
Mike Anderson	Vice Chair	June 30, 2017
Natalie Smathers	Member	June 30, 2019
Whyat Ocumpaugh	Member	June 30, 2019
Tim Rogers	Member	June 30, 2019
Lacey Risdal	Member	June 30, 2017
Paul Randall	Member	June 30, 2019

The above board members receive mail at the address below.

ADMINISTRATIVE

Creswell School District
998 West A Street
Creswell, Oregon 97426

Todd Hamilton, Superintendent, Clerk
Anna Houpt, Business Manager, Deputy Clerk

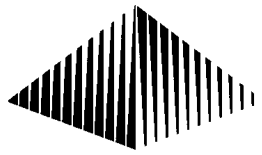
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FINANCIAL SECTION



GROVE, MUELLER & SWANK, P.C.

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Creswell School District, Lane County, Oregon (the District), as of and for the year ended June 30, 2016, 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, 2016, 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

Emphasis of a Matter

As discussed in the notes to the financial statements, the District has not accrued a liability for other postemployment benefits.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A), the schedule of the proportionate share of the net pension liability for PERS, the schedule of contributions for PERS, and the budgetary comparison information 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 MD&A, the schedule of the proportionate share of the net pension liability for PERS, and the schedule of contributions for PERS in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 budgetary comparison 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 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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

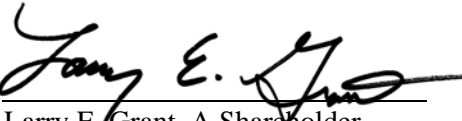
In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements 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 31, 2016, 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 31, 2016

**CRESWELL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

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, 2016.

FINANCIAL HIGHLIGHTS

- In the government-wide statements, the net position of the District totaled \$3,301,788 at June 30, 2016. Of this amount \$9,792,650, represents the District's investment in capital assets net of related debt, \$352,780 is restricted for debt service, and a deficit balance of \$6,843,642 is unrestricted.
- The District's total net position decreased by \$2,985,711 during the year. This change consisted of a net decrease from the PERS pension liability/asset of \$7,478,341 and a net increase from other sources of \$4,492,630. The change in the PERS pension liability/asset 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 \$2,421,747 at June 30, 2016, an increase of \$256,625 in comparison with the prior year.
- At the end of the fiscal year ended June 30, 2016, fund balance for the General Fund was \$1,240,713 (about eleven percent of total General Fund expenditures).
- The District's bonded debt decreased by \$1,820,000 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 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 and liabilities 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, Debt Service Fund, and Facilities Fund which are considered to be major funds. Data from the other six 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 exceeded liabilities by \$3,301,788 as of June 30, 2016.

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

The District's largest liability (seventy-six percent) is for the repayment of long-term debt (general obligation bonds, pension bonds and capital leases). Current liabilities, representing about four 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.

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,**

	<i>2016</i>	<i>2015</i>	<i>Change</i>
Current and other assets	\$ 3,815,259	\$ 3,746,114	\$ 69,145
PERS pension asset	-	2,131,920	(2,131,920)
Capital assets	24,955,674	25,541,315	(585,641)
<i>Total Assets</i>	28,770,933	31,419,349	(2,648,416)
Deferred amount on refunding	1,360,679	1,484,377	(123,698)
PERS deferred outflows	1,293,521	1,124,823	168,698
<i>Total Deferred Outflows</i>	2,654,200	2,609,200	45,000
<i>Total Assets and Deferred Outflows</i>	31,425,133	34,028,549	(2,603,416)
Current liabilities	1,054,083	1,260,331	(206,248)
PERS net pension liability	5,346,421	-	5,346,421
Long-term liabilities	20,567,433	22,366,976	(1,799,543)
<i>Total Liabilities</i>	26,967,937	23,627,307	3,340,630
PERS deferred inflows	1,155,408	4,113,743	(2,958,335)
<i>Total Liabilities and Deferred Inflows</i>	28,123,345	27,741,050	382,295
Net position			
Net investment in capital assets	9,792,650	8,408,716	1,383,934
Restricted	352,780	358,177	(5,397)
Unrestricted	(6,843,642)	(2,479,394)	(4,364,248)
<i>Total Net Position</i>	\$ 3,301,788	\$ 6,287,499	\$ (2,985,711)

Statement of Changes in Net Position. The District's net position decreased by \$2,985,711 during the current fiscal year. This compares to a net increase in net position of \$3,749,041 in the prior year. The key elements of the change in the District's net position for the year ended June 30, 2016 are as follows:

- Revenues from state and local sources increased by about \$674,000, primarily due to an increase in the State School Fund, while federal revenues decrease by about \$21,000.
- Property tax revenues increased by about \$65,000 or about one percent.

- Instructional services expenses increased by about five million dollars or forty-five percent. Instructional spending for the year was determined based on State School Fund estimates in the spring of 2015.
- The PERS pension asset/liability changed by \$7,478,341, as explained more fully in the notes to the basic financial statements of this report.

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

	<u>2016</u>	<u>2015</u>	<u>Change</u>
Revenues			
Program revenues			
Fines, fees, and charges for service	\$ 333,333	\$ 348,021	\$ (14,688)
Operating grants and contributions	1,172,959	1,179,031	(6,072)
General revenues			
Property taxes, levied for general purposes	2,863,559	2,765,216	98,343
Property taxes, levied for debt service	2,108,412	2,141,265	(32,853)
Construction excise tax	57,172	57,872	(700)
State school fund	8,505,729	7,886,707	619,022
Common school fund	167,198	136,407	30,791
Unrestricted state and local funds	76,112	93,652	(17,540)
Earnings on investments	51,480	51,638	(158)
Gain on sale of capital asset	842	-	842
Miscellaneous	129,545	142,817	(13,272)
<i>Total revenues</i>	<u>15,466,341</u>	<u>14,802,626</u>	<u>663,715</u>
Expenses			
Instructional services	11,314,713	6,256,363	5,058,350
Other support services	5,774,351	3,582,147	2,192,204
Enterprise and community services	543,102	358,300	184,802
Facilities services	7,695	7,695	-
Interest on long-term liabilities	812,191	849,080	(36,889)
<i>Total expenses</i>	<u>18,452,052</u>	<u>11,053,585</u>	<u>7,398,467</u>
Change in net position	(2,985,711)	3,749,041	(6,734,752)
Net position, beginning of year	<u>6,287,499</u>	<u>2,538,458</u>	<u>3,749,041</u>
Net position, end of year	<u><u>\$ 3,301,788</u></u>	<u><u>\$ 6,287,499</u></u>	<u><u>\$ (2,985,711)</u></u>

Financial Analysis of the District's Funds

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

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

At June 30, 2016, the District's governmental funds reported combined ending fund balances of \$2,421,747 which is an increase of \$256,625 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 \$1,240,713 as of June 30, 2016. This is an increase of \$119,082 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 eleven percent of total General Fund expenditures for the year.

Debt Service Fund. This fund accounts for the payment of principal and interest on general and limited-tax pension obligation bonded debt. The fund's net position decreased by \$10,969 as a result of debt service requirements in excess of property tax revenue for the year.

Facilities Fund. This fund is used to account for the revenues and expenditures related to the improvement and replacement of school facilities. The fund's net position increased by \$51,579 primarily as a result of excise retained for future capital improvements.

General Fund Budgetary Highlights

There was one resolution adopted which changed the adopted budget for the fiscal year ended June 30, 2016.

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, 2016, the District had invested approximately \$25 million in capital assets, net of depreciation, as shown in the following table:

	<u>2016</u>	<u>2015</u>	<u>Change</u>
Land and improvements	\$ 128,573	\$ 128,573	\$ -
Building and improvements	24,304,254	24,977,403	(673,149)
Vehicles and equipment	522,847	435,339	87,508
Total	<u>\$ 24,955,674</u>	<u>\$ 25,541,315</u>	<u>\$ (585,641)</u>

The District's investment in capital assets decreased \$585,641 during the year ended June 30, 2016. Depreciation of \$747,741 and vehicle purchases of \$162,100 were the only major capital asset events for the fiscal year.

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

Long-term debt. At the end of the current fiscal year, the District had total general obligation debt outstanding of \$15,850,000, PERS pension debt of \$3,610,000, qualified school construction bond debt of \$340,000, capital leases of \$333,632 and bond issuance premium of \$433,801.

During the current fiscal year, the District's total long-term debt decreased by \$1,799,543 net of additions.

State statutes limit the amount of general obligation debt the District may issue to 7.95 percent of its total real market value. The current debt limitation for the District is about \$73 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, 2016, the State School Fund – General Support provided over sixty-six percent of the District's General Fund program resources.

The District projects a small decrease in enrollment for the 2016-2017 year.

The District's Budget Committee and School Board considered these factors while preparing the District's budget for the 2016-17 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, 2016

ASSETS

Cash and investments	\$ 3,075,151
Receivables	406,655
Due from other governments	324,655
Inventories	8,798
Capital assets not being depreciated	
Land	128,573
Capital assets, net of accumulated depreciation	
Buildings	24,304,254
Equipment	522,847
	<hr/>
<i>Total Assets</i>	28,770,933

DEFERRED OUTFLOWS OF RESOURCES

Deferred amount on refunding	1,360,679
PERS deferred outflows	1,293,521
	<hr/>
<i>Total assets and deferred outflows of resources</i>	31,425,133

LIABILITIES

Accounts payable and accrued expenses	1,008,663
Accrued compensated absences	4,265
Accrued interest	41,155
Long-term liabilities	
Portion due within one year	2,075,901
Portion due in more than one year	18,491,532
PERS net pension liability	5,346,421
	<hr/>
<i>Total Liabilities</i>	26,967,937

DEFERRED INFLOWS OF RESOURCES

PERS deferred inflows	1,155,408
	<hr/>
<i>Total liabilities and deferred inflows of resources</i>	28,123,345

NET POSITION

Net investment in capital assets	9,792,650
Restricted for debt service	352,780
Unrestricted	(6,843,642)
	<hr/>
<i>Total Net Position</i>	\$ 3,301,788
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The accompanying notes are an integral part of the financial statements.

CRESWELL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES
YEAR ENDED JUNE 30, 2016

		Program Revenues		Net (Expense) Revenue and Change in Net Position
		Fees, Fines and Charges for Services	Operating Grants and Contributions	
FUNCTIONS/PROGRAMS	Expenses			
Governmental Activities:				
Instructional services	\$ 11,314,713	\$ 242,545	\$ 800,144	\$ (10,272,024)
Support services				
Other support services	5,774,351	5,635	68,412	(5,700,304)
Enterprise and community services	543,102	85,153	304,403	(153,546)
Facilities services	7,695	-	-	(7,695)
Interest on long-term liabilities	812,191	-	-	(812,191)
Total Governmental Activities	\$ 18,452,052	\$ 333,333	\$ 1,172,959	(16,945,760)
General Revenues:				
Property taxes, levied for general purposes				2,863,559
Property taxes, levied for debt service				2,108,412
Construction excise tax				57,172
State school fund				8,505,729
Common school fund				167,198
Unrestricted state and local funds				76,112
Earnings on investments				51,480
Gain on sale of capital assets				842
Miscellaneous				129,545
Total General Revenues				13,960,049
Change in Net Position				(2,985,711)
Net Position - beginning				6,287,499
Net Position - ending				\$ 3,301,788

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

CRESWELL SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2016

	<u>Special Revenue</u>		
	<u>General</u>	<u>Facilities</u>	<u>Debt Service</u>
ASSETS			
Cash and investments	\$ 2,032,278	\$ 417,337	\$ 215,249
Property taxes receivable	229,751	-	176,904
Due from other funds	59,214	-	-
Receivable from other governments	135,231	16,991	1,782
Inventories	-	-	-
<i>Total Assets</i>	<u>\$ 2,456,474</u>	<u>\$ 434,328</u>	<u>\$ 393,935</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE			
Liabilities			
Accounts payable	\$ 351,121	\$ 598	\$ -
Due to other funds	-	-	-
Accrued expenses	647,299	-	-
<i>Total Liabilities</i>	998,420	598	-
Deferred Inflows of Resources			
Unavailable revenue - property taxes	217,341	-	167,508
Fund Balance			
Nonspendable inventory	-	-	-
Restricted for:			
Debt service	-	-	226,411
Facility improvements	-	433,730	-
Committed to:			
Student body	-	-	-
Grants	-	-	-
Food services	-	-	-
Capital projects	-	-	-
Debt service	-	-	16
Unassigned	1,240,713	-	-
<i>Total Fund Balances</i>	<u>1,240,713</u>	<u>433,730</u>	<u>226,427</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 2,456,474</u>	<u>\$ 434,328</u>	<u>\$ 393,935</u>

<i>Other Governmental Funds</i>	<i>Total</i>
\$ 410,287	\$ 3,075,151
-	406,655
3,865	63,079
170,651	324,655
8,798	8,798
<u>\$ 593,601</u>	<u>\$ 3,878,338</u>
\$ 9,645	\$ 361,364
63,079	63,079
-	647,299
<u>72,724</u>	<u>1,071,742</u>
-	384,849
8,798	8,798
-	226,411
-	433,730
197,272	197,272
94,936	94,936
13,581	13,581
206,290	206,290
-	16
-	1,240,713
<u>520,877</u>	<u>2,421,747</u>
<u>\$ 593,601</u>	<u>\$ 3,878,338</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, 2016**

FUND BALANCES		\$	2,421,747
Capital assets are not financial resources and therefore are not reported in the governmental funds:			
Cost	\$	35,242,197	
Accumulated depreciation		<u>(10,286,523)</u>	24,955,674
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.			384,849
Long-term pension liabilities/assets not payable in the current year are not reported as governmental fund liabilities/assets. Actuarial changes create deferred outflows and inflows of resources. These consist of:			
PERS net pension asset (liability)		(5,346,421)	
Net deferred outflows of resources		1,293,521	
Net deferred inflows of resources		<u>(1,155,408)</u>	(5,208,308)
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 amount borrowed and the 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		(41,155)	
Accrued compensated absences		(4,265)	
Long-term debt		(20,567,433)	
Less deferred amount from refunding		<u>1,360,679</u>	<u>(19,252,174)</u>
TOTAL NET POSITION			<u><u>\$ 3,301,788</u></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, 2016**

	<u><i>Special Revenue</i></u>		
	<u><i>General Fund</i></u>	<u><i>Facilities</i></u>	<u><i>Debt Service</i></u>
REVENUES			
Property taxes	\$ 2,851,096	\$ -	\$ 2,098,008
Construction excise tax	-	57,172	-
Intergovernmental			
Intermediate sources	39,261	-	-
State sources	8,672,927	-	-
Federal sources	62,668	16,403	-
Charges for services	3,868	-	-
Contributions	-	-	-
Investment earnings	31,545	2,292	16,132
Miscellaneous	90,899	29,811	350,242
<i>Total Revenues</i>	<u>11,752,264</u>	<u>105,678</u>	<u>2,464,382</u>
EXPENDITURES			
Current			
Instruction	6,838,318	-	-
Support services	4,558,501	71,862	-
Enterprise and community services	-	-	-
Debt service			
Principal	-	-	1,820,000
Interest and other charges	-	17,600	655,351
Capital outlay	-	-	-
<i>Total Expenditures</i>	<u>11,396,819</u>	<u>89,462</u>	<u>2,475,351</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	355,445	16,216	(10,969)
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	-	-
Transfers in	-	35,363	-
Transfers out	(236,363)	-	-
Sale of/or compensation for loss of capital assets	-	-	-
<i>Total Other Financing Sources (Uses)</i>	<u>(236,363)</u>	<u>35,363</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	119,082	51,579	(10,969)
FUND BALANCES, beginning	1,121,631	382,151	237,396
FUND BALANCES, ending	<u>\$ 1,240,713</u>	<u>\$ 433,730</u>	<u>\$ 226,427</u>

<i>Other Governmental Funds</i>	<i>Total</i>
\$ -	\$ 4,949,104
-	57,172
1,766	41,027
81,888	8,754,815
989,943	1,069,014
322,994	326,862
73,236	73,236
1,511	51,480
14,779	485,731
1,486,117	15,808,441
931,355	7,769,673
126,073	4,756,436
424,736	424,736
102,206	1,922,206
6,656	679,607
162,100	162,100
1,753,126	15,714,758
(267,009)	93,683
162,100	162,100
201,000	236,363
-	(236,363)
842	842
363,942	162,942
96,933	256,625
423,944	2,165,122
\$ 520,877	\$ 2,421,747

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, 2016**

NET CHANGE IN FUND BALANCES - (Governmental Funds) \$ 256,625

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 capital outlays exceeded depreciation in the current period.

Expenditures for capital assets	\$ 162,100	
Less current year depreciation	<u>(747,741)</u>	(585,641)

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

This is the amount by which repayments exceeded proceeds :

Capital lease proceeds	(162,100)	
Debt principal repaid	1,922,206	
Amortization of bond premium	39,437	
Amortization of deferred interest from refunding	<u>(123,698)</u>	1,675,845

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. (4,832)

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. 22,867

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

Net change in PERS net pension liability/asset	(7,478,341)	
Net change in deferred outflows of resources	168,698	
Net change in deferred inflows of resources	<u>2,958,335</u>	(4,351,308)

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. 733

CHANGE IN NET POSITION \$ (2,985,711)

CRESWELL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Basis of Presentation

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

CRESWELL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2016

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.

In addition, the District reports the following as nonmajor governmental funds:

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

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

Student Activity Fund - This fund is used to account for the revenue and expenditures related to student activities including extracurricular and co-curricular activities.

Scholarship Fund - This fund is used to account for monies received from various sources, and scholarships are awarded to students by high school staff and community members.

Student Body Fund - This fund is used to account for items such as student fees for the student body accounts of each school.

Vehicle Replacement Fund - This fund is used to accumulate resources necessary to fund the replacement of buses by purchase or lease.

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

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.

Cash, Cash Equivalents and Investments

The District's cash and cash equivalents 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.

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.

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. At June 30, 2016 no allowance for doubtful accounts is considered necessary.

Inventories

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

CRESWELL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2016

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets are recorded at original or estimated original cost. Donated capital assets are recorded at their estimated fair market value on the date donated. The District defines capital assets as individual assets with an initial cost of more than \$5,000 and an estimated life in excess of one year.

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

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

Retirement Plans

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

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

Post-Employment Health Care Benefits

Under ORS 243.303 retired employees of the District may purchase health care benefits at the rate based on all plan members. In addition, the District has an agreement with licensed employees under which the District will pay medical insurance premiums for eligible retirees and their spouses for a period of up to five years. These benefits are paid by the District on a pay-as-you-go basis and no liability has been accrued.

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 BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2016

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 two items that qualify for reporting in this category, arising only under the full accrual basis of accounting. These items consist of *PERS deferred outflows*, which relates to the deferral of PERS contributions and the difference between expected and actual experience and *deferred amounts on refunding* related to the refunding of bonds. As such, these items only appear on the statement of net position. These amounts are deferred and recognized as an outflow of resources in the period(s) to which the amounts apply.

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 two items that qualify for reporting in this category. One item, *PERS deferred inflows*, which relates to the deferral of the differences between projected and actual pension activity and change in proportionate share, arises only under the full accrual basis of accounting and only appears on the statement of net position. The other item, *unavailable revenue – property taxes*, only arises under a modified accrual basis of accounting and as such, is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Use of Estimates

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

Governmental Fund Balances

In the governmental financial statements, fund balances are reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

CRESWELL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2016

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Balance (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.

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

Definitions of Governmental Fund Types

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

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

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

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

CRESWELL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2016

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% of a fund's original budget may be adopted by the Board at a regular meeting. A supplemental budget greater than 10% of a fund's original budget requires hearings before the public, publication in newspapers and approval by the Board. 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.

CASH AND INVESTMENTS

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 are comprised of the following as of June 30, 2016:

	<u><i>Carrying Value</i></u>	<u><i>Fair Value</i></u>
Cash on hand	\$ 980	\$ 980
Cash on deposit with financial institutions (book balance)	415,777	415,777
Certificates of deposit and other	16,636	16,636
Amounts held in escrow, restricted for debt service	34,075	34,075
State Treasurer's Investment Pool	2,607,683	2,607,683
	<u> </u>	<u> </u>
<i>Total Cash and Investments</i>	<u><u>\$ 3,075,151</u></u>	<u><u>\$ 3,075,151</u></u>

Deposits

The book balance of the District's bank deposit accounts was \$415,777 and the bank balance was \$505,990 at year end. Bank deposits are secured to legal limits by federal deposit insurance. The remaining amount is secured in accordance with ORS 295 under a collateral program administered by the Oregon State Treasurer.

CRESWELL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2016

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 Depositary 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% protected. Barring any exceptions, a bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities. The District's bank balances exceeded FDIC limits by \$242,988 as of June 30, 2016, but 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, 2016, the fair value of the position in the Oregon State Treasurer's Short-Term Investment Pool was approximately equal to the value of the pool shares. The investment in the Oregon Short-Term Fund is not subject to risk evaluation. Separate financial statements for the Oregon Short-Term Fund are available from the Oregon State Treasurer.

Concentration of Credit Risk - Investments

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

Custodial Credit Risk - Investments

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

CRESWELL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2016

CAPITAL ASSETS

Capital asset activity for the year was as follows:

	<i>Balance July 1, 2015</i>	<i>Additions</i>	<i>Deletions</i>	<i>Balance June 30, 2016</i>
Capital assets not being depreciated:				
Land	\$ 128,573	\$ -	\$ -	\$ 128,573
Capital assets being depreciated:				
Buildings and improvements	33,630,241	-	-	33,630,241
Vehicles and equipment	1,487,440	162,100	(166,157)	1,483,383
<i>Total capital assets being depreciated</i>	<i>35,117,681</i>	<i>162,100</i>	<i>(166,157)</i>	<i>35,113,624</i>
Less accumulated depreciation for:				
Buildings and improvements	(8,652,838)	(673,149)	-	(9,325,987)
Vehicles and equipment	(1,052,101)	(74,592)	166,157	(960,536)
<i>Total accumulated depreciation</i>	<i>(9,704,939)</i>	<i>(747,741)</i>	<i>166,157</i>	<i>(10,286,523)</i>
<i>Total capital assets being depreciated, net</i>	<i>25,412,742</i>	<i>(585,641)</i>	<i>-</i>	<i>24,827,101</i>
<i>Total capital assets, net</i>	<i>\$ 25,541,315</i>	<i>\$ (585,641)</i>	<i>\$ -</i>	<i>\$ 24,955,674</i>

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

<i>Program</i>	
Instructional services	\$ 648,240
Support services	
Pupil transportation	81,078
Other support services	8,533
Enterprise and community services	2,195
Facilities services	7,695
<i>Total depreciation expense</i>	<i>\$ 747,741</i>

CRESWELL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2016

LONG-TERM DEBT

The following is a summary of long-term debt transactions during the year ended June 30, 2016:

	<i>Original Issue</i>	<i>Balance June 30, 2015</i>	<i>Additions</i>	<i>Reductions</i>	<i>Balance June 30, 2016</i>	<i>Due Within One Year</i>
General obligation bonds - Series 2000	\$ 13,560,000	\$ 375,000	\$ -	\$ -	\$ 375,000	\$ -
General obligation bonds - Series 2007	13,000,000	960,000	-	450,000	510,000	510,000
PERS pension bonds - Series 2007	4,345,000	3,750,000	-	140,000	3,610,000	160,000
QSCB bonds - Series 2010A	500,000	340,000	-	-	340,000	25,000
General obligation bonds - Series 2013A	8,585,000	7,075,000	-	1,230,000	5,845,000	1,280,000
General obligation bonds - Series 2013B	9,205,000	9,120,000	-	-	9,120,000	-
Total bonds		21,620,000	-	1,820,000	19,800,000	1,975,000
Capital lease - 2015 Blue Bird SPED Bus	116,664	82,295	-	22,816	59,479	23,368
Capital lease - 2015 Blue Bird Bus	106,554	75,138	-	20,839	54,299	21,341
Capital lease - 2016 Blue Bird Bus	129,880	116,305	-	24,719	91,586	25,349
Capital lease - 2016 Ford SPED Buses	162,100	-	162,100	33,832	128,268	30,843
Total capital leases		273,738	162,100	102,206	333,632	100,901
Subtotal		21,893,738	162,100	1,922,206	20,133,632	2,075,901
Issuance premium - Series 2013B		473,238	-	39,437	433,801	-
Total		<u>\$ 22,366,976</u>	<u>\$ 162,100</u>	<u>\$ 1,961,643</u>	<u>\$ 20,567,433</u>	<u>\$ 2,075,901</u>
General obligation refunding bonds - issued June 2000, due in annual installments of \$130,000 to \$1,430,000, plus interest paid semi-annually at 4.50% to 6.00% through 2018.						\$ 375,000
General obligation refunding bonds - issued February 2007, due in annual installments of \$195,000 to \$1,590,000, plus interest paid semi-annually at 4.00% to 4.50% through 2027.						510,000
2007 PERS pension bonds - issued October 31, 2007, due in semi-annual installments of \$40,000 to \$485,000, plus interest paid semi-annually at 4.89% to 5.62% through 2028.						3,610,000
QSCB bonds - issued July 2010, due in annual interest-free installments of \$30,000 to \$170,000 through 2025. Interest subsidized by the federal government.						340,000
General obligation bonds - issued February 2013, due in annual installments of \$120,000 to \$1,460,000, plus interest paid semi-annually at 0.32% to 2.44% through 2021.						5,845,000
General obligation bonds - issued February 2013, due in annual installments of \$85,000 to \$1,575,000, plus interest paid semi-annually at 2.00% to 5.00% through 2027.						9,120,000
2015 Blue Bird SPED Bus - issued December 2013, due in semi-annual installments through 2019.						59,479
2015 Blue Bird Bus - issued December 2013, due in semi-annual installments through 2019.						54,299
2016 Blue Bird Bus - issued April 2015, due in semi-annual installments through 2019.						91,586
2016 Ford SPED Buses - issued April 2016, due in annual installments through 2019.						128,268
Issuance premiums - 2013B Refunding Bond, amortized semi-annually through June 2027.						433,801
						<u>\$ 20,567,433</u>

CRESWELL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2016

LONG-TERM DEBT (Continued)

Future debt service requirements are as follows:

<i>Year</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2017	\$ 2,075,901	\$ 1,031,913	\$ 3,107,814
2018	1,623,430	576,225	2,199,655
2019	1,697,406	527,325	2,224,731
2020	1,886,896	486,306	2,373,202
2021	1,445,000	439,394	1,884,394
2022-26	9,090,000	1,301,264	10,391,264
2027-28	2,314,999	92,903	2,407,902
	<u>\$ 20,133,632</u>	<u>\$ 4,455,330</u>	<u>\$ 24,588,962</u>

Capital Leases

The District has entered into four lease agreements as lessee for financing the acquisition of five school buses. These agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the net present value of its future minimum lease payments as of inception date. During the fiscal year, capital lease obligations increased from \$273,738 to \$333,632 due to the acquisition of the capital leases, net of current year principal paid. The buses had a combined cost of \$517,198 and accumulated depreciation of \$83,890, for a net book value of \$433,308 at June 30, 2016. The capital lease obligation is paid by the Vehicle Replacement Fund and secured by the buses.

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

<i>Year</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2017	\$ 100,901	\$ 7,960	\$ 108,861
2018	103,430	5,432	108,862
2019	82,406	2,843	85,249
2020	46,895	1,037	47,932
	<u>\$ 333,632</u>	<u>\$ 17,272</u>	<u>\$ 350,904</u>

Defeased General Obligation Bonds

In 2004 and 2013, the District defeased general obligation bonds outstanding by placing the proceeds of new bonds in irrevocable trust to provide for all future debt service payments on the old obligations. Accordingly, the trust account assets and liabilities for the defeased obligations are not included in the District's basic financial statements. At June 30, 2016, defeased general obligation bonds outstanding were \$13,125,000.

Sinking Fund for Series 2010A

Series A of the 2010 General Obligation Bond (Qualified School Construction Bond) requires bond principal of \$500,000 to be paid periodically throughout the life of the bond term. Levied tax revenues are being set aside in a sinking fund to meet these obligations.

CRESWELL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2016

LONG-TERM DEBT (Continued)

Future required sinking fund deposits are as follows:

<u>Year</u>	<u>Amount</u>
2017	\$ 9,000
2018	34,000
2019	34,000
2020	34,000
2021	34,000
2022-2025	136,000
	<u>\$ 281,000</u>

INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2016 are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 236,363
Facilities Fund	35,363	-
Other Governmental Funds		
Student Activity	180,000	-
Vehicle Replacement	21,000	-
	<u>\$ 236,363</u>	<u>\$ 236,363</u>

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/section/financial_reports/financials.aspx.

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.

CRESWELL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2016

PENSION PLAN (Continued)

PERS Pension (Chapter 238) (Continued)

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 disable 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.

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.

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.

CRESWELL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2016

PENSION PLAN (Continued)

Oregon Public Service Retirement Plan Pension Program (OPSRP DB) (Continued)

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, 2013 actuarial valuation, which became effective July 1, 2015. 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, 2016 were \$949,453, excluding amounts to fund employer specific liabilities. In addition, approximately \$349,400 was charged for the year ended June 30, 2016 as PERS benefits expenditures to be used for bond payments as they become due.

At June 30, 2016, the District reported a net pension liability of \$5,346,421 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013. 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, 2015, the District's proportion was 0.09 percent.

CRESWELL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2016

PENSION PLAN (Continued)

Contributions (Continued)

	<i>Deferred Outflow of Resources</i>	<i>Deferred (Inflow) of Resources</i>
Difference between expected and actual experience	\$ 288,306	\$ -
Net difference between projected and actual earnings on pension plan investments	-	(1,120,731)
Changes in proportionate share	-	(16,032)
Difference between employer contributions and employer's proportionate share of system contributions	55,762	(18,645)
	<hr/>	<hr/>
Subtotal - Amortized Deferrals (below)	344,068	(1,155,408)
District contributions subsequent to measurement date	949,453	-
	<hr/>	<hr/>
Net deferred outflow (inflow) of resources	<u>\$ 1,293,521</u>	<u>\$ (1,155,408)</u>

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

<i>Year ending June 30,</i>	<i>Amount</i>
2017	\$ (461,608)
2018	(461,608)
2019	(461,608)
2020	550,423
2021	23,061
Total	<u>\$ (811,340)</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 May 23, 2016. Oregon PERS produces an independently audited CAFR which can be found at:

http://www.oregon.gov/pers/Pages/section/financial_reports/financial.aspx.

Actuarial Valuations

The employer contribution rates effective July 1, 2015 through June 30, 2017, 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.

CRESWELL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2016

PENSION PLAN (Continued)

Actuarial Valuations (Continued)

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, 2013
Measurement date	June 30, 2015
Experience study	2014, published September 2015
Actuarial cost method	Entry age normal
Actuarial Assumptions	
Inflation Rate	2.75%
Long-term expected rate of return	7.75%
Discount rate	7.75%
Projected salary increases	3.75%
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service.
Mortality	<p>Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p>Disabled retirees: Mortality rates are a percentage (65% for males, 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.</p>

Source: June 30, 2015 PERS CAFR; page 57

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 2014 Experience Study which is reviewed for the four-year period ending December 31, 2014.

Discount Rate - The discount rate used to measure the total pension liability was 7.75 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.

CRESWELL SCHOOL DISTRICT**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 2016**

PENSION PLAN (Continued)

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% 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.

Assumed Asset Allocation

Asset Class/Strategy	OIC Policy Range	Current Year Target
Cash	0.0 - 3.0%	0.0%
Debt Securities	15.0 - 25.0	20.0
Public Equity	32.5 - 42.5	37.5
Real Estate	9.5 - 15.5	12.5
Private Equity	16.0 - 24.0	20.0
Alternative Equity	0.0 - 10.0	10.0
Opportunity Portfolio	0.0 - 3.0	0.0
Total		100.0%

Source: June 30, 2015 PERS CAFR; page 58

CRESWELL SCHOOL DISTRICT**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 2016****PENSION PLAN (Continued)****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 2013 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.

Asset Class	Target Allocation *	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Core Fixed Income	7.20%	4.70%	4.50%	6.60%
Short-Term Bonds	8.00	3.76	3.70	3.45
Intermediate-Term Bonds	3.00	4.23	4.10	5.15
High Yield Bonds	1.80	7.21	6.66	11.10
Large Cap US Equities	11.65	8.60	7.20	17.90
Mid Cap US Equities	3.88	9.38	7.30	22.00
Small Cap US Equities	2.27	10.38	7.45	26.40
Developed Foreign Equities	14.21	8.73	6.90	20.55
Emerging Market Equities	5.49	11.51	7.40	31.70
Private Equity	20.00	11.95	8.26	30.00
Hedge Funds/Absolute Return	5.00	6.46	6.01	10.00
Real Estate (Property)	13.75	7.27	6.51	13.00
Real Estate (REITS)	2.50	8.41	6.76	19.45
Commodities	1.25	7.71	6.07	19.70
Assumed Inflation - Mean			2.75%	2.00%
* Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, revised as of December 18, 2012, and the revised allocation adopted at the June 26, 2013 OIC Meeting.				

Source: June 30, 2015 PERS CAFR; page 58

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 7.75 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 (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate.

CRESWELL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2016

PENSION PLAN (Continued)

Long-Term Expected Rate of Return (Continued)

	<u>1% Decrease</u> <u>(6.75%)</u>	<u>Discount Rate</u> <u>(7.75%)</u>	<u>1% Increase</u> <u>(8.75%)</u>
District's proportionate share of the net pension liability (asset)	\$ 12,903,387	\$ 5,346,421	\$ (1,022,117)

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/EMP/docs/er_general_information/opers_gasb_68_disclosure_information_revised.pdf

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 – District employees are required to contribute 6 percent of their covered payroll to their IAP. During the year ended June 30, 2016, the District paid or "picked up" \$364,363 in employee contributions.

OTHER POSTEMPLOYMENT BENEFITS (OPEBs)

Retirement Health Insurance Account

Plan Description – As a member of Oregon Public Employees Retirement System (OPERS) the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by the OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible

CRESWELL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2016

OTHER POSTEMPLOYMENT BENEFITS (OPEBs) (Continued)

Retirement Health Insurance Account (Continued)

retirees. The plan, which was established under Oregon Revised Statutes (ORS) 238.420, provided for a payment of up to \$60 per month toward the costs of Medicare companion health insurance for eligible retirees. A comprehensive annual financial report of the funds administered by the OPERS may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700 or by accessing the PERS website at www.oregon.gov/PERS/.

Funding Policy – Participating school districts are contractually required to contribute at a rate assessed each year by the OPERS, currently 0.53% of annual covered OPERF payroll and 0.45% of covered OPSRP payroll. The OPERS Board of Trustees sets the rates based on the annual required contribution (ARC) of the employers, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The District's contributions to RHIA for the years ended June 30, 2016, 2015 and 2014 were \$30,683, \$33,307 and \$31,234, respectively, which equaled the required contributions each year.

Postemployment Health Care Benefits

Under an agreement with licensed employees, the District pays for medical insurance for eligible retirees and their spouses for up to five years. The District paid \$21,319 for the benefit of one participant for the year ended June 30, 2016.

ORS 243.303 allows retirees to purchase health insurance through the District on a self-pay basis at the same rates as current employees. Generally accepted accounting principles require cost and liability recognition of this "implicit subsidy".

The District has not accrued a liability or expense for other postemployment benefits.

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.

RISK MANAGEMENT

The District purchases commercial insurance to cover all commonly insurable risks, including property, liability, vehicles, fidelity bond, workers' 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.

CRESWELL SCHOOL DISTRICT**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 2016**

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.

CLAIMS AND LITIGATION

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

EXPENDITURES IN EXCESS OF APPROPRIATIONS

Expenditures in excess of appropriations in individual funds for the year ended June 30, 2016 occurred as follows:

	<u>Appropriation</u>	<u>Expenditure</u>	<u>Variance</u>
<i>General Fund</i>			
Support services	\$ 4,496,308	\$ 4,558,501	\$ (62,193)
Other Governmental Funds			
<i>Student Activity</i>			
Instruction	202,563	220,024	(17,461)

NEW PRONOUNCEMENTS

The District implemented the following pronouncements for the year ended June 30, 2016.

GASB Statement No. 72 "Fair Value Measurement and Application." The statement provides guidance on determining, accounting for, and reporting fair value measurements.

GASB Statement No. 76 "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments". This statement supersedes Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments". This statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

CRESWELL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2016

NEW PRONOUNCEMENTS (Continued)

The district will implement new GASB pronouncements no later than the required fiscal year. Management has not determined the effect on the financial statements from implementing any of the following pronouncements.

GASB Statement No. 73 “Pension Transition for Contributions Made Subsequent to the Measurement Date Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.” The statement establishes accounting and financial reporting requirements related to pensions provided by governments that are not within the scope of GASB Statement No. 68, extending that approach to all pensions. The statement is effective for fiscal years beginning after June 15, 2016.

GASB Statement No. 74 “Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.” The statement establishes accounting and financial reporting requirements related to other postemployment benefits plans, replacing GASB Statements No. 43 and No. 57. The statement is effective for fiscal years beginning after June 15, 2016.

GASB Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions”, addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. It requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. The statement is effective for fiscal years beginning after June 15, 2016.

GASB Statement No. 77, “Tax Abatement Disclosures,” addresses the disclosure requirements for governments that have tax abated properties in their jurisdiction. It will require governments to disclose the a description of the tax abatement program, the gross dollar amount of taxes abated during the period, and commitments made by a government, other than to abate taxes, as part of the tax abatement agreement. The statement is effective for fiscal years beginning after December 15, 2015.

GASB Statement No. 79 “Certain External Investment Pools and Pool Participants.” This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The statement is effective for fiscal years beginning after December 15, 2015.

GASB Statement No. 80 “Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14.” This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The statement is effective for fiscal years beginning after June 15, 2016.

GASB Statement No. 78 “Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans.” This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that meet certain criteria. The statement is effective for fiscal years beginning after December 15, 2015.

GASB Statement No. 81 “Irrevocable Split-Interest Agreements.” This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. The statement is effective for fiscal years beginning after December 15, 2016.

CRESWELL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2016

NEW PRONOUNCEMENTS (Continued)

GASB Statement No. 82 “Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73.” This Statement addresses issues regarding (1) the presentation of payroll related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The statement is effective for fiscal years beginning after June 15, 2016.

REQUIRED SUPPLEMENTARY INFORMATION

CRESWELL SCHOOL DISTRICT**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FOR PERS
YEAR ENDED JUNE 30, 2016**

<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)</i>	<i>Employer's covered payroll</i>	<i>NPL as a percentage of covered payroll</i>	<i>Plan fiduciary net position as a percentage of the total pension liability</i>
2016	0.09%	\$ 5,346,421	\$ 6,009,026	89.0%	91.9%
2015	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%

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

These schedules are presented to illustrate the requirements 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 CONTRIBUTIONS FOR PERS
YEAR ENDED JUNE 30, 2016

<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>Employer's covered payroll</i>	<i>Contributions as a percent of covered payroll</i>
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%

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

These schedules are presented to illustrate the requirements 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 REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Budget and GAAP Basis	Final Budget
REVENUES				
Property taxes	\$ 2,877,052	\$ 2,877,052	\$ 2,851,096	\$ (25,956)
Intergovernmental				
Intermediate sources	27,700	27,700	39,261	11,561
State sources	8,193,160	8,193,160	8,672,927	479,767
Federal sources	-	-	62,668	62,668
Charges for services	-	-	3,868	3,868
Investment earnings	28,500	28,500	31,545	3,045
Miscellaneous	115,500	115,500	90,899	(24,601)
Total Revenues	11,241,912	11,241,912	11,752,264	510,352
EXPENDITURES				
Current				
Instruction	7,078,604	7,058,604	6,838,318	220,286
Support services	4,476,308	4,496,308	4,558,501	(62,193)
Contingency	365,000	365,000	-	365,000
Total Expenditures	11,919,912	11,919,912	11,396,819	523,093
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(678,000)	(678,000)	355,445	1,033,445
OTHER FINANCING SOURCES (USES)				
Transfers out	(237,000)	(237,000)	(236,363)	637
NET CHANGE IN FUND BALANCE	(915,000)	(915,000)	119,082	1,034,082
FUND BALANCE, beginning	915,000	915,000	1,121,631	206,631
FUND BALANCE, ending	\$ -	\$ -	\$ 1,240,713	\$ 1,240,713

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, 2016

	<i>Budgeted Amounts</i>		<i>Actual Budget Basis</i>	<i>Variance with Final Budget</i>	<i>Budget to GAAP Differences</i>	<i>Actual GAAP Basis</i>
	<i>Original</i>	<i>Final</i>				
REVENUES						
Construction excise tax	\$ 59,800	\$ 59,800	\$ 57,172	\$ (2,628)	\$ -	\$ 57,172
Intergovernmental						
State sources	30,600	30,600	-	(30,600)	-	-
Federal sources	-	-	-	-	16,403	16,403
Investment earnings	2,000	2,000	2,292	292	-	2,292
Miscellaneous	-	-	29,811	29,811	-	29,811
<i>Total Revenues</i>	92,400	92,400	89,275	(3,125)	16,403	105,678
EXPENDITURES						
Current						
Support services	80,600	80,600	71,862	8,738	-	71,862
Debt service						
Interest	2,000	2,000	1,197	803	16,403	17,600
Contingency	406,196	406,196	-	406,196	-	-
<i>Total Expenditures</i>	488,796	488,796	73,059	415,737	16,403	89,462
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(396,396)	(396,396)	16,216	412,612	-	16,216
OTHER FINANCING SOURCES (USES)						
Transfers in	36,000	36,000	35,363	(637)	-	35,363
NET CHANGE IN FUND BALANCE	(360,396)	(360,396)	51,579	411,975	-	51,579
FUND BALANCE, beginning	394,396	394,396	382,151	(12,245)	-	382,151
FUND BALANCE, ending	\$ 34,000	\$ 34,000	\$ 433,730	\$ 399,730	\$ -	\$ 433,730

See notes to required supplementary information.

CRESWELL SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2016

	<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.

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, 2016**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Budget and GAAP Basis	Final Budget
REVENUES				
Property taxes	\$ 2,053,500	\$ 2,053,500	\$ 2,098,008	\$ 44,508
Investment earnings	16,770	16,770	16,132	(638)
Miscellaneous	350,300	350,300	350,242	(58)
<i>Total Revenues</i>	2,420,570	2,420,570	2,464,382	43,812
EXPENDITURES				
Debt service				
Principal	1,820,000	1,820,000	1,820,000	-
Interest and other charges	655,425	655,425	655,351	74
Contingency	155,895	155,895	-	155,895
<i>Total Expenditures</i>	2,631,320	2,631,320	2,475,351	155,969
NET CHANGE IN FUND BALANCE	(210,750)	(210,750)	(10,969)	199,781
FUND BALANCE, beginning	210,750	210,750	237,396	26,646
FUND BALANCE, ending	\$ -	\$ -	\$ 226,427	\$ 226,427

CRESWELL SCHOOL DISTRICT
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	<i>Special Revenue</i>		
	<i>Grants</i>	<i>Nutrition Services</i>	<i>Student Activity</i>
ASSETS			
Cash and investments	\$ -	\$ -	\$ 28,226
Due from other funds	-	16	2,481
Receivable from other governments	111,281	59,370	-
Inventories	-	8,798	-
<i>Total Assets</i>	<u>\$ 111,281</u>	<u>\$ 68,184</u>	<u>\$ 30,707</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$ 7,897	\$ 1,241	\$ 507
Due to other funds	8,448	44,564	-
<i>Total Liabilities</i>	16,345	45,805	507
Fund Balance			
Nonspendable inventory	-	8,798	-
Committed to:			
Student body	-	-	30,200
Grants	94,936	-	-
Food services	-	13,581	-
Capital projects	-	-	-
<i>Total Fund Balance</i>	<u>94,936</u>	<u>22,379</u>	<u>30,200</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 111,281</u>	<u>\$ 68,184</u>	<u>\$ 30,707</u>

<i>Special Revenue</i>			
<i>Scholarship</i>	<i>Student Body</i>	<i>Vehicle Replacement</i>	<i>Total</i>
\$ 46,138	\$ 129,633	\$ 206,290	\$ 410,287
-	1,368	-	3,865
-	-	-	170,651
-	-	-	8,798
<u>\$ 46,138</u>	<u>\$ 131,001</u>	<u>\$ 206,290</u>	<u>\$ 593,601</u>
\$ -	\$ -	\$ -	\$ 9,645
-	10,067	-	63,079
-	10,067	-	72,724
-	-	-	8,798
46,138	120,934	-	197,272
-	-	-	94,936
-	-	-	13,581
-	-	206,290	206,290
<u>46,138</u>	<u>120,934</u>	<u>206,290</u>	<u>520,877</u>
<u>\$ 46,138</u>	<u>\$ 131,001</u>	<u>\$ 206,290</u>	<u>\$ 593,601</u>

CRESWELL SCHOOL DISTRICT**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016**

	<i>Special Revenue</i>		
	<i>Grants</i>	<i>Nutrition Services</i>	<i>Student Activity</i>
REVENUES			
Intergovernmental			
Intermediate sources	\$ 1,766	\$ -	\$ -
State sources	2,975	10,501	-
Federal sources	589,967	327,976	-
Charges for services	-	85,153	88,586
Contributions	28,875	-	2,345
Investment earnings	-	-	-
Miscellaneous	13,899	880	-
<i>Total Revenues</i>	637,482	424,510	90,931
EXPENDITURES			
Current			
Instruction	547,144	-	220,024
Support services	83,866	-	42,207
Enterprise and community services	9,899	402,161	-
Debt service			
Principal	-	-	-
Interest and other charges	-	-	-
Capital outlay	-	-	-
<i>Total Expenditures</i>	640,909	402,161	262,231
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,427)	22,349	(171,300)
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	-	-
Transfers in	-	-	180,000
Sale of/or compensation for loss of capital assets	-	-	-
<i>Total Other Financing Sources (Uses)</i>	-	-	180,000
NET CHANGE IN FUND BALANCES	(3,427)	22,349	8,700
FUND BALANCES, beginning	98,363	30	21,500
FUND BALANCES, ending	\$ 94,936	\$ 22,379	\$ 30,200

<i>Special Revenue</i>			
<i>Scholarship</i>	<i>Student Body</i>	<i>Vehicle Replacement</i>	<i>Total</i>
\$ -	\$ -	\$ -	\$ 1,766
-	-	68,412	81,888
-	-	72,000	989,943
-	149,255	-	322,994
18,100	23,916	-	73,236
270	-	1,241	1,511
-	-	-	14,779
18,370	173,171	141,653	1,486,117
-	164,187	-	931,355
-	-	-	126,073
12,676	-	-	424,736
-	-	102,206	102,206
-	-	6,656	6,656
-	-	162,100	162,100
12,676	164,187	270,962	1,753,126
5,694	8,984	(129,309)	(267,009)
-	-	162,100	162,100
-	-	21,000	201,000
-	-	842	842
-	-	183,942	363,942
5,694	8,984	54,633	96,933
40,444	111,950	151,657	423,944
\$ 46,138	\$ 120,934	\$ 206,290	\$ 520,877

CRESWELL SCHOOL DISTRICT**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -****BUDGET AND ACTUAL - GRANTS FUND****YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Budget and GAAP Basis	Final Budget
REVENUES				
Intergovernmental				
Intermediate sources	\$ 27,000	\$ 27,000	\$ 1,766	\$ (25,234)
State sources	38,000	38,000	2,975	(35,025)
Federal sources	602,500	602,500	589,967	(12,533)
Charges for services	5,000	5,000	-	(5,000)
Contributions	15,000	15,000	28,875	13,875
Miscellaneous	32,000	32,000	13,899	(18,101)
Total Revenues	719,500	719,500	637,482	(82,018)
EXPENDITURES				
Current				
Instruction	577,780	577,780	547,144	30,636
Support services	130,500	130,500	83,866	46,634
Enterprise and community services	11,220	11,220	9,899	1,321
Total Expenditures	719,500	719,500	640,909	78,591
NET CHANGE IN FUND BALANCE	-	-	(3,427)	(3,427)
FUND BALANCE, beginning	-	-	98,363	98,363
FUND BALANCE, ending	\$ -	\$ -	\$ 94,936	\$ 94,936

CRESWELL SCHOOL DISTRICT**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -****BUDGET AND ACTUAL – NUTRITION SERVICES FUND****YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Budget and GAAP Basis	Final Budget
REVENUES				
Intergovernmental				
State sources	\$ 11,720	\$ 11,720	\$ 10,501	\$ (1,219)
Federal sources	351,500	351,500	327,976	(23,524)
Charges for services	80,890	80,890	85,153	4,263
Miscellaneous	750	750	880	130
<i>Total Revenues</i>	444,860	444,860	424,510	(20,350)
EXPENDITURES				
Current				
Enterprise and community services	433,975	433,975	402,161	31,814
Operating contingency	10,885	10,885	-	10,885
<i>Total Expenditures</i>	444,860	444,860	402,161	42,699
NET CHANGE IN FUND BALANCE	-	-	22,349	22,349
FUND BALANCE, beginning	-	-	30	30
FUND BALANCE, ending	\$ -	\$ -	\$ 22,379	\$ 22,379

CRESWELL SCHOOL DISTRICT**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -****BUDGET AND ACTUAL – STUDENT ACTIVITY FUND****YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Budget and GAAP Basis	Final Budget
REVENUES				
Charges for services	\$ 56,000	\$ 56,000	\$ 88,586	\$ 32,586
Contributions	65,063	65,063	2,345	(62,718)
<i>Total Revenues</i>	121,063	121,063	90,931	(30,132)
EXPENDITURES				
Current				
Instruction	202,563	202,563	220,024	(17,461)
Support services	45,000	45,000	42,207	2,793
Operating contingency	60,000	60,000	-	60,000
<i>Total Expenditures</i>	307,563	307,563	262,231	45,332
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(186,500)	(186,500)	(171,300)	15,200
OTHER FINANCING SOURCES (USES)				
Transfers in	180,000	180,000	180,000	-
NET CHANGE IN FUND BALANCE	(6,500)	(6,500)	8,700	15,200
FUND BALANCE, beginning	6,500	6,500	21,500	15,000
FUND BALANCE, ending	\$ -	\$ -	\$ 30,200	\$ 30,200

CRESWELL SCHOOL DISTRICT**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -****BUDGET AND ACTUAL - SCHOLARSHIP FUND****YEAR ENDED JUNE 30, 2016**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with</i>
	<i>Original</i>	<i>Final</i>	<i>Budget and</i>	<i>Final Budget</i>
			<i>GAAP Basis</i>	
REVENUES				
Contributions	\$ 15,000	\$ 15,000	\$ 18,100	\$ 3,100
Investment earnings	650	650	270	(380)
<i>Total Revenues</i>	15,650	15,650	18,370	2,720
EXPENDITURES				
Current				
Enterprise and community services	17,650	17,650	12,676	4,974
Operating contingency	24,510	24,510	-	24,510
<i>Total Expenditures</i>	42,160	42,160	12,676	29,484
NET CHANGE IN FUND BALANCE	(26,510)	(26,510)	5,694	32,204
FUND BALANCE, beginning	39,000	39,000	40,444	1,444
FUND BALANCE, ending	\$ 12,490	\$ 12,490	\$ 46,138	\$ 33,648

CRESWELL SCHOOL DISTRICT**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -****BUDGET AND ACTUAL – STUDENT BODY FUND****YEAR ENDED JUNE 30, 2016**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with</i>
	<i>Original</i>	<i>Final</i>	<i>Budget and GAAP Basis</i>	<i>Final Budget</i>
REVENUES				
Charges for services	\$ 158,500	\$ 158,500	\$ 149,255	\$ (9,245)
Contributions	19,500	19,500	23,916	4,416
Investment earnings	95	95	-	(95)
Miscellaneous	12,500	12,500	-	(12,500)
<i>Total Revenues</i>	190,595	190,595	173,171	(17,424)
EXPENDITURES				
Current				
Instruction	190,595	190,595	164,187	26,408
Operating contingency	112,700	112,700	-	112,700
<i>Total Expenditures</i>	303,295	303,295	164,187	139,108
NET CHANGE IN FUND BALANCE	(112,700)	(112,700)	8,984	121,684
FUND BALANCE, beginning	112,700	112,700	111,950	(750)
FUND BALANCE, ending	\$ -	\$ -	\$ 120,934	\$ 120,934

CRESWELL SCHOOL DISTRICT**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - VEHICLE REPLACEMENT FUND
YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual	Variance with	Budget to GAAP	Actual
	Original	Final	Budget	Final Budget	Differences	GAAP Basis
REVENUES						
Intergovernmental						
State sources	\$ 68,330	\$ 68,330	\$ 68,412	\$ 82	\$ -	\$ 68,412
Federal sources	72,000	72,000	72,000	-	-	72,000
Investment earnings	500	500	1,241	741	-	1,241
<i>Total Revenues</i>	140,830	140,830	141,653	823	-	141,653
EXPENDITURES						
Current						
Support services	138,862	138,862	108,862	30,000	(108,862)	-
Debt service						
Principal	-	-	-	-	102,206	102,206
Interest	-	-	-	-	6,656	6,656
Capital outlay	-	-	-	-	162,100	162,100
Operating contingency	174,579	174,579	-	174,579	-	-
<i>Total Expenditures</i>	313,441	313,441	108,862	204,579	162,100	270,962
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(172,611)	(172,611)	32,791	205,402	(162,100)	(129,309)
OTHER FINANCING SOURCES (USES)						
Issuance of debt	-	-	-	-	162,100	162,100
Transfers in	21,000	21,000	21,000	-	-	21,000
Sale of/or compensation for loss of capital assets	-	-	842	842	-	842
<i>Total Other Financing Sources (Uses)</i>	21,000	21,000	21,842	842	162,100	183,942
NET CHANGE IN FUND BALANCE	(151,611)	(151,611)	54,633	206,244	-	54,633
FUND BALANCE, beginning	151,611	151,611	151,657	46	-	151,657
FUND BALANCE, ending	\$ -	\$ -	\$ 206,290	\$ 206,290	\$ -	\$ 206,290

CRESWELL SCHOOL DISTRICT**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND
YEAR ENDED JUNE 30, 2016**

Code	Function	Actual	Budget	Variance
LOCAL REVENUES				
1111	Current year's taxes	\$ 2,799,583	\$ 2,815,052	\$ (15,469)
1112	Prior year's taxes	51,513	62,000	(10,487)
1500	Earnings on investments	31,545	28,500	3,045
1700	Extracurricular activities	3,868	-	3,868
1910	Rentals	5,635	2,500	3,135
1920	Contributions and donations from private sources	309	-	309
1990	Miscellaneous	84,955	113,000	(28,045)
1000	<i>Total Local Revenues</i>	2,977,408	3,021,052	(43,644)
INTERMEDIATE REVENUES				
2101	County school funds	9,192	23,900	(14,708)
2199	Other intermediate sources	25,817	-	25,817
2800	Revenue in lieu of taxes	4,252	3,800	452
2000	<i>Total Intermediate Revenues</i>	39,261	27,700	11,561
STATE REVENUES				
3101	State school fund - general support	8,505,729	8,074,894	430,835
3103	Common school fund	167,198	118,266	48,932
3000	<i>Total State Revenues</i>	8,672,927	8,193,160	479,767
FEDERAL REVENUES				
4801	Federal forest fees	62,668	-	62,668
5400	FUND BALANCE, Beginning of year	1,121,631	915,000	206,631
6000	<i>Total Resources</i>	<u>\$ 12,873,895</u>	<u>\$ 12,156,912</u>	<u>\$ 716,983</u>

CRESWELL SCHOOL DISTRICT**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND (Continued)
YEAR ENDED JUNE 30, 2016**

<i>Code</i>	<i>Function</i>	<i>100 Salaries</i>	<i>200 Employee Benefits</i>	<i>300 Purchased Services</i>
	INSTRUCTION			
1100	Regular programs			
1111	Primary, K-3	\$ 1,527,858	\$ 880,414	\$ 15,085
1121	Middle/junior high programs	676,709	375,907	7,383
1131	High school programs	894,960	506,521	14,182
1200	Special programs			
1210	Programs for the talented and gifted	-	-	900
1220	Programs for students with mental disabilities	795	258	15,242
1250	Resource rooms	530,619	298,961	754,625
1270	Educationally disadvantaged	5,215	1,918	-
1280	Alternative education	16,269	2,651	21,491
1290	Designated programs	113,547	65,236	284
1000	<i>Total Instruction</i>	3,765,972	2,131,866	829,192
	SUPPORT SERVICES			
2100	Students			
2120	Guidance services	143,177	67,701	17,160
2140	Psychological services	67,890	41,605	-
2150	Speech pathology and audiology services	116,020	68,689	481
2190	Service direction, student support services	87,950	41,741	6,630
2200	Instructional staff	127,905	94,577	333
2300	General administration	133,001	71,059	11,865
2400	School administration	576,471	312,597	5,941
2500	Business			
2520	Fiscal services	152,432	89,060	51,053
2540	Operation and maintenance of plant services	324,279	197,996	296,502
2550	Student transportation services	431,772	253,736	17,083
2600	Central activities			
2660	Technology services	133,788	82,466	77,685
2690	Other support services - central	7,677	2,640	-
2700	Supplemental retirement program	-	21,319	-
2000	<i>Total Support Services</i>	2,302,362	1,345,186	484,733
	OTHER USES			
5200	Transfers of funds	-	-	-
6000	OPERATING CONTINGENCY	-	-	-
7000	FUND BALANCE, End of year	-	-	-
8000	<i>Total Expenditures and Ending Balance</i>	<u>\$ 6,068,334</u>	<u>\$ 3,477,052</u>	<u>\$ 1,313,925</u>

<i>400 Supplies & Materials</i>	<i>500 Capital Outlay</i>	<i>600 Other Objects</i>	<i>700 Transfers</i>	<i>Actual Fund Total</i>	<i>Appropriations</i>	<i>Variance</i>
\$ 34,173	\$ -	\$ -	\$ -	\$ 2,457,530		
15,398	-	-	-	1,075,397		
44,677	-	-	-	1,460,340		
4,413	-	-	-	5,313		
-	-	-	-	16,295		
11,732	-	-	-	1,595,937		
-	-	-	-	7,133		
-	-	-	-	40,411		
895	-	-	-	179,962		
111,288	-	-	-	6,838,318	\$ 7,058,604	\$ 220,286
-	-	-	-	228,038		
-	-	-	-	109,495		
916	-	-	-	186,106		
426	-	620	-	137,367		
4,749	-	-	-	227,564		
6,498	-	8,183	-	230,606		
17,285	-	1,990	-	914,284		
1,805	-	35,261	-	329,611		
106,883	-	69,229	-	994,889		
60,397	-	17,624	-	780,612		
93,971	-	383	-	388,293		
-	-	-	-	10,317		
-	-	-	-	21,319		
292,930	-	133,290	-	4,558,501	4,496,308	(62,193)
-	-	-	236,363	236,363	237,000	637
-	-	-	-	-	365,000	365,000
-	-	-	1,240,713	1,240,713	-	(1,240,713)
\$ 404,218	\$ -	\$ 133,290	\$ 1,477,076	\$ 12,873,895	\$ 12,156,912	\$ (716,983)

CRESWELL SCHOOL DISTRICT**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS) – GRANTS FUND
YEAR ENDED JUNE 30, 2016**

Code	Function	Actual	Budget	Variance
LOCAL REVENUES				
1800	Community services activities	\$ -	\$ 5,000	\$ (5,000)
1920	Contributions and donations from private sources	28,875	15,000	13,875
1990	Miscellaneous	13,899	32,000	(18,101)
1000	<i>Total Local Revenues</i>	42,774	52,000	(9,226)
INTERMEDIATE REVENUES				
2200	Restricted revenue	1,766	27,000	(25,234)
STATE REVENUES				
3299	Other restricted grants-in-aid	2,975	38,000	(35,025)
FEDERAL REVENUES				
4500	Restricted revenue from the federal government through the state	589,967	602,500	(12,533)
5400	FUND BALANCE, Beginning of year	98,363	-	98,363
6000	<i>Total Resources</i>	<u>\$ 735,845</u>	<u>\$ 719,500</u>	<u>\$ 16,345</u>

CRESWELL SCHOOL DISTRICT**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS) – GRANTS FUND (Continued)
YEAR ENDED JUNE 30, 2016**

<i>Code</i>	<i>Function</i>	<i>100 Salaries</i>	<i>200 Employee Benefits</i>	<i>300 Purchased Services</i>
	INSTRUCTION			
1100	Regular programs			
1111	Primary, K-3	\$ 551	\$ 272	\$ 616
1121	Middle/junior high programs	1,216	162	-
1131	High school programs	20,156	7,548	1,263
1140	Pre-kindergarten programs	774	246	-
1200	Special programs			
1210	Programs for the talented and gifted	-	-	-
1250	Resource rooms	136,164	88,820	6,030
1270	Educationally disadvantaged	151,092	98,795	-
1000	<i>Total Instruction</i>	309,953	195,843	7,909
	SUPPORT SERVICES			
2100	Students			
2110	Attendance and social work services	383	224	-
2120	Guidance services	6,397	3,203	-
2130	Health services	2,852	1,699	250
2200	Instructional staff	28,673	9,666	15,142
2600	Central activities			
2640	Staff services	-	-	1,237
2000	<i>Total Support Services</i>	38,305	14,792	16,629
	ENTERPRISE AND COMMUNITY SERVICES			
3100	Food services			
3120	Food preparation and dispensing services	-	-	-
3300	Community services			
3390	Other community services	4,451	2,473	-
3000	<i>Total Enterprise and Community Services</i>	4,451	2,473	-
	FUND BALANCE, End of year			
8000	<i>Total Expenditures and Ending Balance</i>	\$ 352,709	\$ 213,108	\$ 24,538

<i>400 Supplies & Materials</i>	<i>500 Capital Outlay</i>	<i>600 Other Objects</i>	<i>700 Transfers</i>	<i>Actual Fund Total</i>	<i>Appropriations</i>	<i>Variance</i>
\$ 5,100	\$ -	\$ -	\$ -	\$ 6,539		
6,252	-	-	-	7,630		
12,324	-	-	-	41,291		
977	-	-	-	1,997		
7,357	-	-	-	7,357		
1,429	-	-	-	232,443		
-	-	-	-	249,887		
33,439	-	-	-	547,144	\$ 577,780	\$ 30,636
2,091	-	-	-	2,698		
-	-	-	-	9,600		
-	-	-	-	4,801		
12,049	-	-	-	65,530		
-	-	-	-	1,237		
14,140	-	-	-	83,866	130,500	46,634
2,975	-	-	-	2,975		
-	-	-	-	6,924		
2,975	-	-	-	9,899	11,220	1,321
-	-	-	94,936	94,936	-	(94,936)
\$ 50,554	\$ -	\$ -	\$ 94,936	\$ 735,845	\$ 719,500	\$ (16,345)

CRESWELL SCHOOL DISTRICT**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS) – NUTRITION SERVICES FUND
YEAR ENDED JUNE 30, 2016**

Code	Function	Actual	Budget	Variance
LOCAL REVENUES				
1600	Food service	\$ 85,153	\$ 80,890	\$ 4,263
1990	Miscellaneous	880	750	130
1000	<i>Total Local Revenues</i>	86,033	81,640	4,393
STATE REVENUES				
3102	State school fund - school lunch match	4,030	5,000	(970)
3299	Other restricted grants-in-aid	6,471	6,720	(249)
3000	<i>Total State Revenues</i>	10,501	11,720	(1,219)
FEDERAL REVENUES				
4500	Restricted revenue from the federal government through the state	297,398	314,000	(16,602)
4900	Revenue for/on behalf of the district	30,578	37,500	(6,922)
4000	<i>Total Federal Revenues</i>	327,976	351,500	(23,524)
5400	FUND BALANCE, Beginning of year	30	-	30
6000	<i>Total Resources</i>	<u>\$ 424,540</u>	<u>\$ 444,860</u>	<u>\$ (20,320)</u>

CRESWELL SCHOOL DISTRICT**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS) – NUTRITION SERVICES FUND (Continued)
YEAR ENDED JUNE 30, 2016**

<i>Code</i>	<i>Function</i>	<i>100 Salaries</i>	<i>200 Employee Benefits</i>	<i>300 Purchased Services</i>
	<i>ENTERPRISE AND COMMUNITY SERVICES</i>			
3100	Food services	\$ 129,821	\$ 81,362	\$ 5,817
6000	<i>OPERATING CONTINGENCY</i>	-	-	-
7000	<i>FUND BALANCE, End of year</i>	-	-	-
8000	<i>Total Expenditures and Ending Balance</i>	<u>\$ 129,821</u>	<u>\$ 81,362</u>	<u>\$ 5,817</u>

<i>400 Supplies & Materials</i>	<i>500 Capital Outlay</i>	<i>600 Other Objects</i>	<i>700 Transfers</i>	<i>Actual Fund Total</i>	<i>Appropriations</i>	<i>Variance</i>
\$ 184,500	\$ -	\$ 661	\$ -	\$ 402,161	\$ 433,975	\$ 31,814
-	-	-	-	-	10,885	10,885
-	-	-	22,379	22,379	-	(22,379)
<u>\$ 184,500</u>	<u>\$ -</u>	<u>\$ 661</u>	<u>\$ 22,379</u>	<u>\$ 424,540</u>	<u>\$ 444,860</u>	<u>\$ 20,320</u>

CRESWELL SCHOOL DISTRICT**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS) – STUDENT ACTIVITY FUND
YEAR ENDED JUNE 30, 2016**

Code	Function	Actual	Budget	Variance
LOCAL REVENUES				
1700	Extracurricular activities	\$ 88,586	\$ 56,000	\$ 32,586
1920	Contributions and donations from private sources	2,345	65,063	(62,718)
1000	<i>Total Local Revenues</i>	90,931	121,063	(30,132)
OTHER SOURCES				
5200	Interfund transfers	180,000	180,000	-
5400	FUND BALANCE, Beginning of year	21,500	6,500	15,000
6000	<i>Total Resources</i>	<u>\$ 292,431</u>	<u>\$ 307,563</u>	<u>\$ (15,132)</u>

CRESWELL SCHOOL DISTRICT**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS) – STUDENT ACTIVITY FUND (Continued)
YEAR ENDED JUNE 30, 2016**

Code	Function	100 Salaries	200 Employee Benefits	300 Purchased Services
	INSTRUCTION			
1100	Regular programs			
1122	Middle/junior high school extracurricular	\$ 22,728	\$ 6,271	\$ 4,135
1132	High school extracurricular	112,576	25,454	32,191
1000	<i>Total Instruction</i>	135,304	31,725	36,326
	SUPPORT SERVICES			
2500	Business			
2550	Student transportation services	-	-	-
6000	OPERATING CONTINGENCY	-	-	-
7000	FUND BALANCE, End of year	-	-	-
8000	<i>Total Expenditures and Ending Balance</i>	\$ 135,304	\$ 31,725	\$ 36,326

<i>400 Supplies & Materials</i>	<i>500 Capital Outlay</i>	<i>600 Other Objects</i>	<i>700 Transfers</i>	<i>Actual Fund Total</i>	<i>Appropriations</i>	<i>Variance</i>
\$ 5,360	\$ -	\$ -	\$ -	\$ 38,494		
8,854	-	2,455	-	181,530		
14,214	-	2,455	-	220,024	\$ 202,563	\$ (17,461)
42,207	-	-	-	42,207	45,000	2,793
-	-	-	-	-	60,000	60,000
-	-	-	30,200	30,200	-	(30,200)
<u>\$ 56,421</u>	<u>\$ -</u>	<u>\$ 2,455</u>	<u>\$ 30,200</u>	<u>\$ 292,431</u>	<u>\$ 307,563</u>	<u>\$ 15,132</u>

CRESWELL SCHOOL DISTRICT**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS) - SCHOLARSHIP FUND
YEAR ENDED JUNE 30, 2016**

<i>Code</i>	<i>Function</i>	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
<i>LOCAL REVENUES</i>				
1500	Earnings on investments	\$ 270	\$ 650	\$ (380)
1920	Contributions and donations from private sources	18,100	15,000	3,100
1000	<i>Total Local Revenues</i>	18,370	15,650	2,720
5400	<i>FUND BALANCE, Beginning of year</i>	40,444	39,000	1,444
6000	<i>Total Resources</i>	<u>\$ 58,814</u>	<u>\$ 54,650</u>	<u>\$ 4,164</u>

CRESWELL SCHOOL DISTRICT**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS) - SCHOLARSHIP FUND (Continued)
YEAR ENDED JUNE 30, 2016**

<i>Code</i>	<i>Function</i>	<i>100 Salaries</i>	<i>200 Employee Benefits</i>	<i>300 Purchased Services</i>
	<i>ENTERPRISE AND COMMUNITY SERVICES</i>			
3300	Community services	\$ 12,676	\$ -	\$ -
6000	<i>OPERATING CONTINGENCY</i>	-	-	-
7000	<i>FUND BALANCE, End of year</i>	-	-	-
8000	<i>Total Expenditures and Ending Balance</i>	<u>\$ 12,676</u>	<u>\$ -</u>	<u>\$ -</u>

<i>400 Supplies & Materials</i>	<i>500 Capital Outlay</i>	<i>600 Other Objects</i>	<i>700 Transfers</i>	<i>Actual Fund Total</i>	<i>Appropriations</i>	<i>Variance</i>
\$ -	\$ -	\$ -	\$ -	\$ 12,676	\$ 17,650	\$ 4,974
-	-	-	-	-	24,510	24,510
-	-	-	46,138	46,138	12,490	(33,648)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,138</u>	<u>\$ 58,814</u>	<u>\$ 54,650</u>	<u>\$ (4,164)</u>

CRESWELL SCHOOL DISTRICT**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS) – STUDENT BODY FUND
YEAR ENDED JUNE 30, 2016**

Code	Function	Actual	Budget	Variance
LOCAL REVENUES				
1500	Earnings on investments	\$ -	\$ 95	\$ (95)
1700	Extracurricular activities	149,255	158,500	(9,245)
1920	Contributions and donations from private sources	23,916	19,500	4,416
1990	Miscellaneous	-	12,500	(12,500)
1000	<i>Total Local Revenues</i>	173,171	190,595	(17,424)
5400	FUND BALANCE, Beginning of year	111,950	112,700	(750)
6000	<i>Total Resources</i>	<u>\$ 285,121</u>	<u>\$ 303,295</u>	<u>\$ (18,174)</u>

CRESWELL SCHOOL DISTRICT**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS) – STUDENT BODY FUND (Continued)
YEAR ENDED JUNE 30, 2016**

<i>Code</i>	<i>Function</i>	<i>100 Salaries</i>	<i>200 Employee Benefits</i>	<i>300 Purchased Services</i>
	<i>INSTRUCTION</i>			
1100	Regular programs			
1113	Elementary extracurricular	\$ -	\$ -	\$ 3,103
1122	Middle/junior high school extracurricular	-	-	17,556
1132	High school extracurricular	-	-	43,378
1000	<i>Total Instruction</i>	-	-	64,037
6000	<i>OPERATING CONTINGENCY</i>	-	-	-
7000	<i>FUND BALANCE, End of year</i>	-	-	-
8000	<i>Total Expenditures and Ending Balance</i>	\$ -	\$ -	\$ 64,037

<i>400 Supplies & Materials</i>	<i>500 Capital Outlay</i>	<i>600 Other Objects</i>	<i>700 Transfers</i>	<i>Actual Fund Total</i>	<i>Appropriations</i>	<i>Variance</i>
\$ 21,948	\$ -	\$ -	\$ -	\$ 25,051		
21,948	-	-	-	39,504		
42,979	-	13,275	-	99,632		
86,875	-	13,275	-	164,187	\$ 190,595	\$ 26,408
-	-	-	-	-	112,700	112,700
-	-	-	120,934	120,934	-	(120,934)
<u>\$ 86,875</u>	<u>\$ -</u>	<u>\$ 13,275</u>	<u>\$ 120,934</u>	<u>\$ 285,121</u>	<u>\$ 303,295</u>	<u>\$ 18,174</u>

CRESWELL SCHOOL DISTRICT**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS) – DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2016**

Code	Function	Actual	Budget	Variance
LOCAL REVENUES				
1111	Current year's taxes	\$ 2,057,600	\$ 2,008,500	\$ 49,100
1112	Prior year's taxes	40,408	45,000	(4,592)
1500	Earnings on investments	16,132	16,770	(638)
1970	Services provided other funds	350,242	350,300	(58)
1000	<i>Total Local Revenues</i>	2,464,382	2,420,570	43,812
5400	FUND BALANCE, Beginning of year	237,396	210,750	26,646
6000	<i>Total Resources</i>	<u>\$ 2,701,778</u>	<u>\$ 2,631,320</u>	<u>\$ 70,458</u>

CRESWELL SCHOOL DISTRICT**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS) – DEBT SERVICE FUND (Continued)
YEAR ENDED JUNE 30, 2016**

<i>Code</i>	<i>Function</i>	<i>100 Salaries</i>	<i>200 Employee Benefits</i>	<i>300 Purchased Services</i>
	<i>OTHER USES</i>			
5100	Debt service	\$ -	\$ -	\$ -
6000	<i>CONTINGENCY</i>	-	-	-
7000	<i>FUND BALANCE, End of year</i>	-	-	-
8000	<i>Total Expenditures and Ending Balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<i>400 Supplies & Materials</i>	<i>500 Capital Outlay</i>	<i>600 Other Objects</i>	<i>700 Transfers</i>	<i>Actual Fund Total</i>	<i>Appropriations</i>	<i>Variance</i>
\$ -	\$ -	\$ 2,475,351	\$ -	\$ 2,475,351	\$ 2,475,425	\$ 74
-	-	-	-	-	155,895	155,895
-	-	-	226,427	226,427	-	(226,427)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,475,351</u>	<u>\$ 226,427</u>	<u>\$ 2,701,778</u>	<u>\$ 2,631,320</u>	<u>\$ (70,458)</u>

CRESWELL SCHOOL DISTRICT**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS) – FACILITIES FUND
YEAR ENDED JUNE 30, 2016**

Code	Function	Actual	Budget	Variance
LOCAL REVENUES				
1130	Construction excise tax	\$ 57,172	\$ 59,800	\$ (2,628)
1500	Earnings on investments	2,292	2,000	292
1990	Miscellaneous	29,811	-	29,811
1000	<i>Total Local Revenues</i>	89,275	61,800	27,475
STATE REVENUES				
3299	Other restricted grants-in-aid	-	30,600	(30,600)
OTHER SOURCES				
5200	Interfund transfers	35,363	36,000	(637)
5400	FUND BALANCE, Beginning of year	382,151	394,396	(12,245)
6000	<i>Total Resources</i>	<u>\$ 506,789</u>	<u>\$ 522,796</u>	<u>\$ (16,007)</u>

CRESWELL SCHOOL DISTRICT**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS) – FACILITIES FUND (Continued)
YEAR ENDED JUNE 30, 2016**

<i>Code</i>	<i>Function</i>	<i>100 Salaries</i>	<i>200 Employee Benefits</i>	<i>300 Purchased Services</i>
	<i>SUPPORT SERVICES</i>			
2500	Business			
2540	Operation and maintenance of plant services	\$ -	\$ -	\$ 71,862
	<i>OTHER USES</i>			
5100	Debt service	-	-	-
6000	<i>OPERATING CONTINGENCY</i>	-	-	-
7000	<i>FUND BALANCE, End of year</i>	-	-	-
8000	<i>Total Expenditures and Ending Balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,862</u>

<i>400 Supplies & Materials</i>	<i>500 Capital Outlay</i>	<i>600 Other Objects</i>	<i>700 Transfers</i>	<i>Actual Fund Total</i>	<i>Appropriations</i>	<i>Variance</i>
\$ -	\$ -	\$ -	\$ -	\$ 71,862	\$ 80,600	\$ 8,738
-	-	1,197	-	1,197	2,000	803
-	-	-	-	-	406,196	406,196
-	-	-	433,730	433,730	34,000	(399,730)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,197</u>	<u>\$ 433,730</u>	<u>\$ 506,789</u>	<u>\$ 522,796</u>	<u>\$ 16,007</u>

CRESWELL SCHOOL DISTRICT**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS) - VEHICLE REPLACEMENT FUND
YEAR ENDED JUNE 30, 2016**

Code	Function	Actual	Budget	Variance
LOCAL REVENUES				
1500	Earnings on investments	\$ 1,241	\$ 500	\$ 741
STATE REVENUES				
3222	State school fund (SSF) transportation	68,412	68,330	82
FEDERAL REVENUES				
4500	Restricted revenue from the federal government through the state	72,000	72,000	-
OTHER SOURCES				
5200	Interfund transfers	21,000	21,000	-
5300	Sale of/or compensation for loss of fixed assets	842	-	842
5000	<i>Total Other Sources</i>	21,842	21,000	842
5400	FUND BALANCE, Beginning of year	151,657	151,611	46
6000	<i>Total Resources</i>	<u>\$ 315,152</u>	<u>\$ 313,441</u>	<u>\$ 1,711</u>

CRESWELL SCHOOL DISTRICT**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -****BUDGET AND ACTUAL (BUDGETARY BASIS) - VEHICLE REPLACEMENT FUND (Continued)****YEAR ENDED JUNE 30, 2016**

Code	Function	100 Salaries	200 Employee Benefits	300 Purchased Services
	SUPPORT SERVICES			
2500	Business			
2550	Student transportation services	\$ -	\$ -	\$ -
6000	OPERATING CONTINGENCY	-	-	-
7000	FUND BALANCE, End of year	-	-	-
8000	<i>Total Expenditures and Ending Balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<i>400 Supplies & Materials</i>	<i>500 Capital Outlay</i>	<i>600 Other Objects</i>	<i>700 Transfers</i>	<i>Actual Fund Total</i>	<i>Appropriations</i>	<i>Variance</i>
\$ -	\$ -	\$ 108,862	\$ -	\$ 108,862	\$ 138,862	\$ 30,000
-	-	-	-	-	174,579	174,579
-	-	-	206,290	206,290	-	(206,290)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 108,862</u>	<u>\$ 206,290</u>	<u>\$ 315,152</u>	<u>\$ 313,441</u>	<u>\$ (1,711)</u>

OTHER SCHEDULES

CRESWELL SCHOOL DISTRICT**DEPARTMENT OF EDUCATION SUPPLEMENTAL INFORMATION****YEAR ENDED JUNE 30, 2016**

A. Energy Bill for Heating - All Funds:

Please enter your expenditures for electricity & heating fuel for these Functions & Objects.

	Objects 325 & 326
Function 2540	\$ 206,200
Function 2550	\$ -

B. Replacement of Equipment – General Fund:

Include all General Fund expenditures in object 542, except for the following exclusions:

\$ -

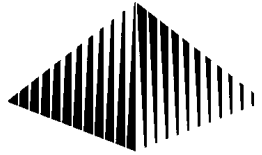
Exclude these functions:

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

Exclude these functions:

4150 Construction
2550 Pupil Transportation
3100 Food Service
3300 Community Services

COMPLIANCE SECTION



GROVE, MUELLER & SWANK, P.C.

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

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of Creswell School District, Lane County, Oregon (the District) as of and for the year ended June 30, 2016, and have issued our report thereon dated December 31, 2016.

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 overexpenditures as indicated in the notes to the financial statements.

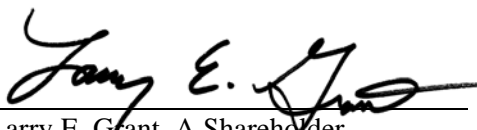
Internal Control

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 31, 2016

CRESWELL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2016

<i>Federal Grantor/Pass Through Grantor/ Program Title</i>	<i>Pass Through Entity Identifying Number</i>	<i>Federal CFDA Number</i>	<i>Total Federal Expenditures</i>
U.S. DEPARTMENT OF EDUCATION			
<i>Passed through Oregon Department of Education</i>			
Title I Grants to Local Education Agencies	32558	84.010	\$ 35,485
Title I Grants to Local Education Agencies	35949	84.010	221,325
<i>Subtotal Title I Grants to Local Education Agencies</i>			256,810
Special Education - Grants to States	38295	84.027	1,988
Special Education - Grants to States	33244	84.027	938
Special Education - Grants to States	36831	84.027	225,528
Special Education - Grants to States	37825	84.027	2,301
<i>Subtotal Special Education - Grants to States</i>			230,755
Special Education - Preschool Grants	37146	84.173	2,601
<i>Subtotal Special Education Cluster (IDEA)</i>			233,356
Title IIA Improving Teacher Quality	32882	84.367	8,877
Title IIA Improving Teacher Quality	36146	84.367	36,849
<i>Subtotal Title IIA Improving Teacher Quality</i>			45,726
<i>Passed through Lane County Education Service District</i>			
Career and Technical Education	N/A	84.048	7,700
Fund for the Improvement of Education	N/A	84.215	9,600
Transitional Programs for Students with Intellectual Disabilities	N/A	84.407	33,592
Arts in Education	N/A	84.351	3,181
<i>Total U.S. Department of Education</i>			589,965
U.S. ENVIRONMENTAL PROTECTION AGENCY			
<i>Passed through Oregon Department of Environmental Quality</i>			
State Clean Diesel Grant Program	N/A	66.040	72,000
<i>Total U.S. Environmental Protection Agency</i>			72,000
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			
<i>Passed through United Way of Lane County</i>			
Social Innovation Fund	N/A	94.019	1,996
<i>Total Corporation for National and Community Service</i>			1,996
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed through Oregon Department of Education</i>			
National School Lunch - Breakfast	N/A	10.553	86,588
National School Lunch - Lunch	N/A	10.555	210,810
National School Lunch - non cash commodities	N/A	10.555	30,578
<i>Subtotal Child Nutrition Cluster</i>			327,976

See notes to schedule of expenditures of federal awards.

CRESWELL SCHOOL DISTRICT**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)****YEAR ENDED JUNE 30, 2016**

Passed through Lane County Education Service District

Schools and Roads - Grants to States	N/A	10.665	\$ 62,668
Subtotal Forest Service Schools and Roads Cluster			<u>62,668</u>

Total U.S. Department of Agriculture			<u>390,644</u>
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TOTALS			<u><u>\$ 1,054,605</u></u>
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RECONCILIATION TO FEDERAL REVENUE RECOGNIZED

Expenditures of Federal Awards reported on the SEFA	\$ 1,054,605
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Expenditures of Revenue recognized in a prior period	(1,994)
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Federal interest subsidy not required to be included on the SEFA	<u>16,403</u>
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TOTAL FEDERAL REVENUE RECOGNIZED	<u><u>\$ 1,069,014</u></u>
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See notes to schedule of expenditures of federal awards.

CRESWELL SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2016

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, 2016. 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 and OMB Circular A-87 *Cost Principles for State, Local and Indian Tribal Governments*, where applicable, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate

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

Federal Financial Assistance

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

Major Programs

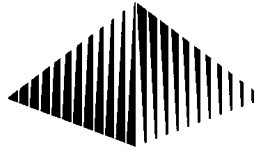
Uniform Guidance establishes criteria to be used in defining major federal financial assistance programs. Major programs for the District are those programs selected for testing by the auditor using a risk-assessment model, as well as certain minimum expenditure requirements, as outlined in Uniform Guidance. Programs with similar requirements may be grouped into a cluster for testing purposes.

Reporting Entity

The reporting entity is fully described in notes to the financial statements. The Schedule includes all federal programs administered by the District for the year ended June 30, 2016.

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. Donated commodities are valued at their estimated fair value.



GROVE, MUELLER & SWANK, P.C.

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Creswell School District, Lane County, Oregon, as of and for the year ended June 30, 2016, 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 31, 2016.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of

our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 31, 2016



GROVE, MUELLER & SWANK, P.C.

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited Creswell School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2016. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, Creswell School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

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 31, 2016

CRESWELL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016

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 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 programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major program:

CFDA Number(s)

Name of Federal Program or Cluster

84.010

Title I Grants to Local Education Agencies

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
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Auditee qualified as low-risk auditee?	Yes
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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, 2016

PRIOR YEAR FINANCIAL STATEMENT FINDINGS

None.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.