

***CRESWELL SCHOOL DISTRICT
FINANCIAL STATEMENTS AND
ADDITIONAL INFORMATION
Year Ended June 30, 2017***

CRESWELL SCHOOL DISTRICT
JUNE 30, 2017

BOARD OF DIRECTORS

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

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

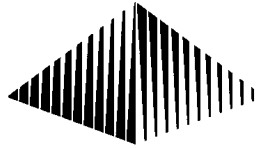
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FINANCIAL SECTION



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, 2017, 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, 2017, 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* 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

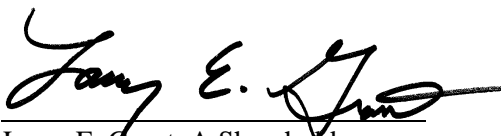
In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements 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 29, 2017, 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 29, 2017

**CRESWELL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

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, 2017.

FINANCIAL HIGHLIGHTS

- In the government-wide statements, the net position of the District totaled \$3,604,843 at June 30, 2017. Of this amount \$11,003,140, represents the District's investment in capital assets net of related debt, \$358,963 is restricted for debt service, and a deficit balance of \$7,757,260 is unrestricted.
- The District's total net position increased by \$303,055 during the year. This change consisted of a net decrease from the PERS pension liability, deferred outflows, and deferred inflows of \$1,285,097 and a net increase from other sources of \$1,588,152. The change in the PERS pension liability, deferred outflows, and deferred inflows 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 \$2,710,918 at June 30, 2017, an increase of \$289,171 in comparison with the prior year.
- At the end of the fiscal year ended June 30, 2017, fund balance for the General Fund was \$1,508,439 (about thirteen percent of total General Fund expenditures).
- The District's bonded debt decreased by \$1,975,000 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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$3,604,843 as of June 30, 2017.

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

The District's largest liability (fifty-seven 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>2017</i>	<i>2016</i>	<i>Change</i>
Current and other assets	\$ 4,293,144	\$ 3,815,259	\$ 477,885
Capital assets	24,324,746	24,955,674	(630,928)
<i>Total assets</i>	28,617,890	28,770,933	(153,043)
Deferred amount on refunding	1,236,981	1,360,679	(123,698)
PERS deferred outflows	6,822,497	1,293,521	5,528,976
<i>Total deferred outflows</i>	8,059,478	2,654,200	5,405,278
<i>Total assets and deferred outflows</i>	36,677,368	31,425,133	5,252,235
Current liabilities	1,198,120	1,054,083	144,037
PERS net pension liability	12,903,169	5,346,421	7,556,748
Long-term liabilities	18,558,503	20,567,433	(2,008,930)
<i>Total liabilities</i>	32,659,792	26,967,937	5,691,855
PERS deferred inflows	412,733	1,155,408	(742,675)
<i>Total liabilities and deferred inflows</i>	33,072,525	28,123,345	4,949,180
Net position			
Net investment in capital assets	11,003,140	9,792,650	1,210,490
Restricted	358,963	352,780	6,183
Unrestricted	(7,757,260)	(6,843,642)	(913,618)
<i>Total net position</i>	\$ 3,604,843	\$ 3,301,788	\$ 303,055

Statement of Changes in Net Position. The District's net position increased by \$303,055 during the current fiscal year. This compares to a net decrease in net position of \$2,985,711 in the prior year. The key elements of the change in the District's net position for the year ended June 30, 2017 are as follows:

- Revenues from state and local sources increased by about \$663,000, due to increases in the State School Fund, property taxes, and grants, while federal revenues decreased by about \$84,000.
- Property and excise tax revenues increased by about \$186,000 or about four percent.
- Instructional services expenses decreased by about two million dollars or seventeen percent. Due to constraints.

- The PERS pension liability changed by \$7,556,748, as explained more fully in the notes to the basic financial statements of this report.

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

	<u>2017</u>	<u>2016</u>	<u>Change</u>
Revenues			
Program revenues			
Fines, fees, and charges for service	\$ 352,443	\$ 333,333	\$ 19,110
Operating grants and contributions	1,524,243	1,172,959	351,284
General revenues			
Property taxes, levied for general purposes	2,990,004	2,863,559	126,445
Property taxes, levied for debt service	2,170,200	2,108,412	61,788
Construction excise tax	62,689	57,172	5,517
State school fund	8,498,801	8,505,729	(6,928)
Common school fund	176,643	167,198	9,445
Unrestricted state and local funds	35,725	76,112	(40,387)
Earnings on investments	80,689	51,480	29,209
Gain on sale of capital asset	-	842	(842)
Miscellaneous	154,525	129,545	24,980
<i>Total revenues</i>	<u>16,045,962</u>	<u>15,466,341</u>	<u>579,621</u>
Expenses			
Instructional services	9,398,792	11,314,713	(1,915,921)
Other support services	5,309,588	5,774,351	(464,763)
Enterprise and community services	463,398	543,102	(79,704)
Facilities services	7,695	7,695	-
Interest on long-term liabilities	563,434	812,191	(248,757)
<i>Total expenses</i>	<u>15,742,907</u>	<u>18,452,052</u>	<u>(2,709,145)</u>
Change in net position	303,055	(2,985,711)	3,288,766
Net position, beginning of year	<u>3,301,788</u>	<u>6,287,499</u>	<u>(2,985,711)</u>
Net position, end of year	<u>\$ 3,604,843</u>	<u>\$ 3,301,788</u>	<u>\$ 303,055</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, 2017, the District's governmental funds reported combined ending fund balances of \$2,710,918 which is an increase of \$289,171 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 \$1,508,439 as of June 30, 2017. This is an increase of \$267,726 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 thirteen 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 \$25,345 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 \$116,186 primarily as a result of excise taxes 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, 2017.

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, 2017, the District had invested approximately \$24 million in capital assets, net of depreciation, as shown in the following table:

	<u>2017</u>	<u>2016</u>	<u>Change</u>
Land	\$ 128,573	\$ 128,573	\$ -
Buildings	23,631,105	24,304,254	(673,149)
Equipment	565,068	522,847	42,221
Total	<u>\$ 24,324,746</u>	<u>\$ 24,955,674</u>	<u>\$ (630,928)</u>

The District's investment in capital assets decreased \$630,928 during the year ended June 30, 2017. Depreciation of \$765,404 and vehicle purchases of \$134,476 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 \$14,060,000, PERS pension debt of \$3,450,000, qualified school construction bond debt of \$315,000, capital leases of \$339,138 and bond issuance premium of \$394,365.

During the current fiscal year, the District's total long-term debt decreased by \$2,008,930 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 \$77 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, 2017, the State School Fund – General Support provided over seventy percent of the District's General Fund program resources.

The District projects a small increase in enrollment for the 2017-2018 year.

The District's Budget Committee and School Board considered these factors while preparing the District's budget for the 2017-18 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, 2017

ASSETS

Cash and investments	\$ 3,547,112
Receivables	436,591
Due from other governments	300,643
Inventories	8,798
Capital assets not being depreciated	
Land	128,573
Capital assets, net of accumulated depreciation	
Buildings	23,631,105
Equipment	565,068
	<hr/>
<i>Total Assets</i>	28,617,890

DEFERRED OUTFLOWS OF RESOURCES

Deferred amount on refunding	1,236,981
PERS deferred outflows	6,822,497
	<hr/>
<i>Total Deferred Outflows of Resources</i>	8,059,478
	<hr/>
<i>Total Assets and Deferred Outflows of Resources</i>	36,677,368

LIABILITIES

Accounts payable and accrued expenses	1,166,601
Accrued compensated absences	9,673
Accrued interest	21,846
Long-term liabilities	
Long-term debt due within one year	1,649,019
Long-term debt due in more than one year	16,909,484
PERS net pension liability	12,903,169
	<hr/>
<i>Total Liabilities</i>	32,659,792

DEFERRED INFLOWS OF RESOURCES

PERS deferred inflows	412,733
	<hr/>
<i>Total Liabilities and Deferred Inflows of Resources</i>	33,072,525

NET POSITION

Net investment in capital assets	11,003,140
Restricted for debt service	358,963
Unrestricted	(7,757,260)
	<hr/>
<i>Total Net Position</i>	<u>\$ 3,604,843</u>

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

CRESWELL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES
YEAR ENDED JUNE 30, 2017

	<i>Expenses</i>	<i>Program Revenues</i>		<i>Net (Expense) Revenue and Change in Net Position</i>
		<i>Fees, Fines and Charges for Services</i>	<i>Operating Grants and Contributions</i>	
FUNCTIONS/PROGRAMS				
<i>Governmental Activities:</i>				
Instructional services	\$ 9,398,792	\$ 262,608	\$ 1,057,066	\$ (8,079,118)
Support services	5,309,588	4,730	68,413	(5,236,445)
Enterprise and community services	463,398	85,105	398,764	20,471
Facilities services	7,695	-	-	(7,695)
Interest on long-term liabilities	563,434	-	-	(563,434)
<i>Total Governmental Activities</i>	<u>\$ 15,742,907</u>	<u>\$ 352,443</u>	<u>\$ 1,524,243</u>	(13,866,221)
<i>General Revenues:</i>				
Property taxes, levied for general purposes				2,990,004
Property taxes, levied for debt service				2,170,200
Construction excise tax				62,689
State school fund				8,498,801
Common school fund				176,643
Unrestricted state and local funds				35,725
Earnings on investments				80,689
Miscellaneous				154,525
<i>Total General Revenues</i>				<u>14,169,276</u>
<i>Change in Net Position</i>				303,055
<i>Net Position - beginning</i>				<u>3,301,788</u>
<i>Net Position - ending</i>				<u>\$ 3,604,843</u>

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

CRESWELL SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017

	<u>Special Revenue</u>		
	<u>General</u>	<u>Facilities</u>	<u>Debt Service</u>
ASSETS			
Cash and investments	\$ 2,481,405	\$ 521,514	\$ 190,839
Property taxes receivable	247,943	-	188,648
Due from other funds	31,373	-	-
Receivable from other governments	124,173	28,402	1,322
Inventories	-	-	-
<i>Total Assets</i>	<u>\$ 2,884,894</u>	<u>\$ 549,916</u>	<u>\$ 380,809</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE			
Liabilities			
Accounts payable	\$ 455,982	\$ -	\$ -
Due to other funds	-	-	-
Accrued expenses	684,575	-	-
<i>Total Liabilities</i>	<u>1,140,557</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources			
Unavailable revenue - property taxes	235,898	-	179,727
Fund Balance			
Nonspendable inventory	-	-	-
Restricted for:			
Debt service	-	-	201,066
Facility improvements	-	549,916	-
Committed to:			
Student body	-	-	-
Grants	-	-	-
Food services	-	-	-
Capital projects	-	-	-
Debt service	-	-	16
Unassigned	1,508,439	-	-
<i>Total Fund Balances</i>	<u>1,508,439</u>	<u>549,916</u>	<u>201,082</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 2,884,894</u>	<u>\$ 549,916</u>	<u>\$ 380,809</u>

<i>Other Governmental Funds</i>	<i>Total</i>
\$ 353,354	\$ 3,547,112
-	436,591
118	31,491
146,746	300,643
8,798	8,798
<u>\$ 509,016</u>	<u>\$ 4,324,635</u>
\$ 26,044	\$ 482,026
31,491	31,491
-	684,575
<u>57,535</u>	<u>1,198,092</u>
-	415,625
8,798	8,798
-	201,066
-	549,916
177,168	177,168
99,127	99,127
6,016	6,016
160,372	160,372
-	16
-	1,508,439
<u>451,481</u>	<u>2,710,918</u>
<u>\$ 509,016</u>	<u>\$ 4,324,635</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, 2017

FUND BALANCES		\$	2,710,918
Capital assets are not financial resources and therefore are not reported in the governmental funds:			
Cost	\$	35,363,117	
Accumulated depreciation		<u>(11,038,371)</u>	24,324,746
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.			415,625
Long-term pension liabilities not payable in the current year are not reported as governmental fund liabilities. Actuarial changes create deferred outflows and inflows of resources. These consist of:			
PERS net pension liability		(12,903,169)	
Net deferred outflows of resources		6,822,497	
Net deferred inflows of resources		<u>(412,733)</u>	(6,493,405)
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest in long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. During refunding of debt, the difference between the net carrying amount of the old debt and the reacquisition price (amount transferred to escrow for payment of the old debt) is deferred interest and is amortized as an adjustment of interest expense in the statement of activities over the remaining life of the refunded debt.			
These liabilities consist of:			
Accrued interest		(21,846)	
Accrued compensated absences		(9,673)	
Long-term debt		(18,558,503)	
Less deferred amount from refunding		<u>1,236,981</u>	<u>(17,353,041)</u>
TOTAL NET POSITION			<u>\$ 3,604,843</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, 2017**

	<u>Special Revenue</u>		
	<u>General</u>	<u>Facilities</u>	<u>Debt Service</u>
REVENUES			
Property taxes	\$ 2,971,447	\$ -	\$ 2,157,981
Construction excise tax	-	62,689	-
Intergovernmental			
Intermediate sources	59,373	-	-
State sources	8,900,890	-	-
Federal sources	-	16,386	-
Charges for services	6,880	-	-
Contributions	-	-	-
Investment earnings	51,328	4,914	21,922
Miscellaneous	116,810	30,791	362,741
<i>Total Revenues</i>	<u>12,106,728</u>	<u>114,780</u>	<u>2,542,644</u>
EXPENDITURES			
Current			
Instruction	6,989,988	-	-
Support services	4,603,508	-	-
Enterprise and community services	-	-	-
Debt service			
Principal	-	25,000	1,950,000
Interest and other charges	-	17,600	617,989
Capital outlay	-	-	-
<i>Total Expenditures</i>	<u>11,593,496</u>	<u>42,600</u>	<u>2,567,989</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>513,232</u>	<u>72,180</u>	<u>(25,345)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from issuance of debt	-	-	-
Transfers in	-	44,006	-
Transfers out	(245,506)	-	-
<i>Total Other Financing Sources (Uses)</i>	<u>(245,506)</u>	<u>44,006</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>267,726</u>	<u>116,186</u>	<u>(25,345)</u>
FUND BALANCES, beginning	<u>1,240,713</u>	<u>433,730</u>	<u>226,427</u>
FUND BALANCES, ending	<u>\$ 1,508,439</u>	<u>\$ 549,916</u>	<u>\$ 201,082</u>

<i>Other Governmental Funds</i>	<i>Total</i>
\$ -	\$ 5,129,428
-	62,689
3,420	62,793
187,270	9,088,160
969,747	986,133
339,699	346,579
113,248	113,248
2,525	80,689
8,388	518,730
1,624,297	16,388,449
1,119,548	8,109,536
196,859	4,800,367
441,568	441,568
128,970	2,103,970
8,248	643,837
134,476	134,476
2,029,669	16,233,754
(405,372)	154,695
134,476	134,476
201,500	245,506
-	(245,506)
335,976	134,476
(69,396)	289,171
520,877	2,421,747
\$ 451,481	\$ 2,710,918

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, 2017**

NET CHANGE IN FUND BALANCES - (Governmental Funds)		\$ 289,171
<p>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.</p>		
Expenditures for capital assets	\$ 134,476	
Less current year depreciation	<u>(765,404)</u>	(630,928)
<p>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 :</p>		
Capital lease proceeds	(134,476)	
Debt principal repaid	2,103,970	
Amortization of bond premium	39,436	
Amortization of deferred interest from refunding	<u>(123,698)</u>	1,885,232
<p>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.</p>		
		19,309
<p>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.</p>		
		30,776
<p>In the Statement of Activities, pension expense is adjusted based on actuarially determined contribution changes:</p>		
Net change in PERS net pension liability/asset	(7,556,748)	
Net change in deferred outflows of resources	5,528,976	
Net change in deferred inflows of resources	<u>742,675</u>	(1,285,097)
<p>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.</p>		
		<u>(5,408)</u>
CHANGE IN NET POSITION		<u><u>\$ 303,055</u></u>

CRESWELL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Creswell School District (the District) is a municipal corporation governed by a separately elected six-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.

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.

CRESWELL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2017

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, 2017 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

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

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

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

Retirement Plans

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

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

Post-Employment Health Care Benefits

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.

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.

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, 2017

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, 2017:

	<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)	581,305	581,305
U.S. Government Treasury Securities	8,490	8,490
Amounts held in escrow, restricted for debt service	51,941	51,941
State Treasurer's Investment Pool	2,904,396	2,904,396
	<u>2,904,396</u>	<u>2,904,396</u>
<i>Total Cash and Investments</i>	<u>\$ 3,547,112</u>	<u>\$ 3,547,112</u>

Deposits

The book balance of the District’s bank deposit accounts was \$581,305 and the bank balance was \$674,923 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, 2017

CASH AND INVESTMENTS (Continued)

Custodial Credit Risk - Deposits

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

The PFCP is a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100% 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 \$415,244 as of June 30, 2017, 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, 2017, 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, 2017

CASH AND INVESTMENTS (Continued)

Custodial Credit Risk – Investments (Continued)

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

CAPITAL ASSETS

Capital asset activity for the year was as follows:

	<i>Balance July 1, 2016</i>	<i>Additions</i>	<i>Deletions</i>	<i>Balance June 30, 2017</i>
Capital assets not being depreciated:				
Land	\$ 128,573	\$ -	\$ -	\$ 128,573
Capital assets being depreciated:				
Buildings	33,630,241	-	-	33,630,241
Equipment	1,483,383	134,476	(13,556)	1,604,303
<i>Total capital assets being depreciated</i>	<u>35,113,624</u>	<u>134,476</u>	<u>(13,556)</u>	<u>35,234,544</u>
Less accumulated depreciation for:				
Buildings	(9,325,987)	(673,149)	-	(9,999,136)
Equipment	(960,536)	(92,255)	13,556	(1,039,235)
<i>Total accumulated depreciation</i>	<u>(10,286,523)</u>	<u>(765,404)</u>	<u>13,556</u>	<u>(11,038,371)</u>
<i>Total capital assets being depreciated, net</i>	<u>24,827,101</u>	<u>(630,928)</u>	<u>-</u>	<u>24,196,173</u>
<i>Total capital assets, net</i>	<u>\$ 24,955,674</u>	<u>\$ (630,928)</u>	<u>\$ -</u>	<u>\$ 24,324,746</u>

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

<i>Program</i>	
Instructional services	\$ 648,240
Support services	
Pupil transportation	98,741
Other support services	8,533
Enterprise and community services	2,195
Facilities services	7,695
<i>Total depreciation expense</i>	<u>\$ 765,404</u>

CRESWELL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2017

LONG-TERM DEBT

The following is a summary of long-term debt transactions during the year ended June 30, 2017:

	<i>Original Issue</i>	<i>Balance June 30, 2016</i>	<i>Additions</i>	<i>Reductions</i>	<i>Balance June 30, 2017</i>	<i>Due Within One Year</i>
General obligation bonds - Series 2000	\$ 13,560,000	\$ 375,000	\$ -	\$ -	\$ 375,000	\$ 375,000
General obligation bonds - Series 2007	13,000,000	510,000	-	510,000	-	-
PERS pension bonds - Series 2007	4,345,000	3,610,000	-	160,000	3,450,000	185,000
QSCB bonds - Series 2010A	500,000	340,000	-	25,000	315,000	-
General obligation bonds - Series 2013A	8,585,000	5,845,000	-	1,280,000	4,565,000	960,000
General obligation bonds - Series 2013B	9,205,000	9,120,000	-	-	9,120,000	-
Total bonds		19,800,000	-	1,975,000	17,825,000	1,520,000
Capital lease - 2015 Blue Bird SPED Bus	116,664	59,479	-	23,367	36,112	23,932
Capital lease - 2015 Blue Bird Bus	106,554	54,299	-	21,342	32,957	21,857
Capital lease - 2016 Blue Bird Bus	129,880	91,586	-	25,349	66,237	25,996
Capital lease - 2016 Ford SPED Buses	162,100	128,268	-	30,843	97,425	31,645
Capital lease - 2017 Blue Bird Bus	134,476	-	134,476	28,069	106,407	25,589
Total capital leases		333,632	134,476	128,970	339,138	129,019
Subtotal		20,133,632	134,476	2,103,970	18,164,138	1,649,019
Issuance premium - Series 2013B		433,801	-	39,436	394,365	-
Total		\$ 20,567,433	\$ 134,476	\$ 2,143,406	\$ 18,558,503	\$ 1,649,019
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	
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.					3,450,000	
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.					315,000	
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.					4,565,000	
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.					36,112	
2015 Blue Bird Bus - issued December 2013, due in semi-annual installments through 2019.					32,957	
2016 Blue Bird Bus - issued April 2015, due in semi-annual installments through 2019.					66,237	
2016 Ford SPED Buses - issued April 2016, due in annual installments through 2019.					97,425	
2017 Blue Bird Bus - issued April 2017, due in annual installments through 2021.					106,407	
Issuance premiums - 2013B Refunding Bond, amortized semi-annually through June 2027.					394,365	
					\$ 18,558,503	

CRESWELL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2017

LONG-TERM DEBT (Continued)

Future debt service requirements are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,649,019	\$ 578,992	\$ 2,228,011
2019	1,723,661	529,426	2,253,087
2020	1,913,832	487,725	2,401,557
2021	1,472,626	440,124	1,912,750
2022	1,525,000	397,848	1,922,848
2023-27	9,625,000	981,995	10,606,995
2028	255,000	14,324	269,324
	<u>\$ 18,164,138</u>	<u>\$ 3,430,434</u>	<u>\$ 21,594,572</u>

Capital Leases

The District has entered into five 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 \$333,632 to \$339,138 due to the acquisition of one capital lease, net of current year principal paid. The buses had a combined cost of \$651,674 and accumulated depreciation of \$142,333, for a net book value of \$509,342 at June 30, 2017. 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:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 129,019	\$ 8,199	\$ 137,218
2019	108,661	4,944	113,605
2020	73,832	2,456	76,288
2021	27,626	730	28,356
	<u>\$ 339,138</u>	<u>\$ 16,329</u>	<u>\$ 355,467</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, 2017, defeased general obligation bonds outstanding were \$3,605,000.

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. The District is in compliance with this requirement.

CRESWELL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2017

LONG-TERM DEBT (Continued)

Future required sinking fund deposits are as follows:

<u>Year</u>	<u>Amount</u>
2018	\$ 34,000
2019	34,000
2020	34,000
2021	34,000
2022	34,000
2023-2025	102,000
	<u>\$ 272,000</u>

INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2017 are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 245,506
Facilities Fund	44,006	-
Other Governmental Funds		
Student Activity	180,500	-
Vehicle Replacement	21,000	-
	<u>\$ 245,506</u>	<u>\$ 245,506</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/financials/Actuarial-Financial-Information.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.

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

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

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

PENSION PLAN (Continued)

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

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

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

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

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

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

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 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, 2017 were \$958,821, excluding amounts to fund employer specific liabilities. In addition, \$356,877 was charged for the year ended June 30, 2017 as PERS benefits expenditures to be used for bond payments as they become due.

At June 30, 2017, the District reported a net pension liability of \$12,903,169 for its proportionate share of the net pension liability. The pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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 December 31, 2014, the District's proportion was 0.09 percent.

CRESWELL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2017

PENSION PLAN (Continued)

Contributions (Continued)

	<i>Deferred Outflow of Resources</i>	<i>Deferred (Inflow) of Resources</i>
Difference between expected and actual experience	\$ 426,893	\$ -
Changes in assumptions	2,751,936	-
Net difference between projected and actual earnings on pension plan investments	2,549,125	
Changes in proportionate share	-	(398,326)
Difference between employer contributions and employer's proportionate share of system contributions	135,722	(14,407)
Subtotal - Amortized Deferrals (below)	5,863,676	(412,733)
District contributions subsequent to measurement date	958,821	-
Net deferred outflow (inflow) of resources	<u>\$ 6,822,497</u>	<u>\$ (412,733)</u>

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

<u>Year ending June 30,</u>	<u>Amount</u>
2018	\$ 970,902
2019	970,902
2020	1,904,543
2021	1,417,429
2022	187,167
Total	<u>\$ 5,450,943</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 February 8, 2017. Oregon PERS produces an independently audited CAFR which can be found at:

<http://www.oregon.gov/PERS/pages/financials/Actuarial-Financial-Information.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, 2017

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, 2014
Measurement date	June 30, 2016
Experience study	2014, published September 2015
Actuarial cost method	Entry age normal
Actuarial Assumptions	
Inflation Rate	2.5% (previously 2.75%)
Long-term expected rate of return	7.5% (previously 7.75%)
Discount rate	7.5% (previously 7.75%)
Projected salary increases	3.5% (previously 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 BB, 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 (70% for males, 95% for females) of the RP-2000 Six-distinct, generational per Scale BB, disabled mortality table.</p>

(Source: June 30, 2016 PERS CAFR; page 65)

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 7.50 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, 2017

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.

(Source: June 30, 2016 PERS CAFR; page 63)

Assumed Asset Allocation

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

(Source: June 30, 2016 PERS CAFR; page 86)

CRESWELL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2017

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

Asset Class	Target Allocation n *	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Core Fixed Income	8.00 %	4.10 %	4.00 %	4.68 %
Short-Term Bonds	8.00	3.65	3.61	2.74
Bank/Leveraged Loans	3.00	5.69	5.42	7.82
High Yield Bonds	1.00	6.67	6.20	10.28
Large/Mid Cap US Equities	15.75	7.96	6.70	17.07
Small Cap US Equities	1.31	8.93	6.99	21.35
Micro Cap US Equities	1.31	9.37	7.01	23.72
Developed Foreign Equities	13.13	8.34	6.73	19.40
Emerging Market Equities	4.12	10.56	7.25	28.45
Non-US Small Cap Equities	1.88	9.01	7.22	20.55
Private Equity	17.50	11.60	7.97	30.00
Real Estate (Property)	10.00	6.48	5.84	12.00
Real Estate (REITS)	2.50	8.74	6.69	22.02
Hedge Fund of Funds - Diversified	2.50	4.94	4.64	8.09
Hedge Funds - Event-driven	0.63	7.07	6.72	8.90
Timber	1.88	6.60	5.85	13.00
Farmland	1.88	7.11	6.37	13.00
Infrastructure	3.75	8.31	7.13	16.50
Commodities	1.88	6.07	4.58	18.40
Assumed Inflation - Mean			2.50 %	1.85 %
* Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, revised as of December 3, 2014, and the revised allocation was adopted at the June 3, 2015 OIC Meeting.				

(Source: June 30, 2016 PERS CAFR; Page 66; Table 31)

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 7.50 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 (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate.

CRESWELL SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2017

PENSION PLAN (Continued)

Long-Term Expected Rate of Return (Continued)

	<u>1% Decrease</u> <u>(6.50%)</u>	<u>Discount Rate</u> <u>(7.50%)</u>	<u>1% Increase</u> <u>(8.50%)</u>
District's proportionate share of the net pension liability (asset)	\$ 20,834,315	\$ 12,903,169	\$ 6,274,118

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

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

OPSRP Individual Account Program (OPSRP IAP)

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

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

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

Contributions – District employees are required to contribute 6 percent of their covered payroll to their IAP. During the year ended June 30, 2017, the District paid or “picked up” \$373,750 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, 2017

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, 2017, 2016 and 2015 were \$31,172, \$30,683 and \$33,307, 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 \$21,612 for the benefit of one participant for the year ended June 30, 2017.

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.

COMMITMENTS AND CONTINGENCIES

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

Management has represented that there are no contingent liabilities that require disclosure or recognition in accordance with Accounting Standards Codification (ASC) 450-20. Such contingent liabilities would include, but would not be confined to: notes or accounts receivable which have been discounted; pending suits; proceedings, hearings, or negotiations possibly involving retroactive adjustments; unsatisfied judgments or claims; taxes in dispute; endorsements or guarantees; and options.

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

CONCENTRATIONS

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

EXPENDITURES IN EXCESS OF APPROPRIATIONS

Expenditures in excess of appropriations in individual funds for the year ended June 30, 2017 occurred as follows:

	<u>Appropriation</u>	<u>Expenditure</u>	<u>Variance</u>
<i>Other Nonmajor Governmental Funds</i>			
<i>Student Activity Fund</i>			
Support services	\$ 45,000	\$ 49,875	\$ (4,875)

NEW PRONOUNCEMENTS

The District implemented the following pronouncements for the year ended June 30, 2017.

GASB Statement No. 73 “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. There was no significant financial impact as a result of implementing this statement.

GASB Statement No. 77, “Tax Abatement Disclosures,” addresses the disclosure requirements for governments that have tax abated properties in their jurisdiction. It requires governments to disclose 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 pronouncement had no effect on the financial statements.

CRESWELL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2017

NEW PRONOUNCEMENTS (Continued)

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. There was no significant financial impact as a result of implementing this statement.

GASB Statement No. 82, “*An Amendment of GASB Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, 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.*” This statement will improve financial reporting by enhancing consistency in the application of financial reporting requirements to certain pension issues. Specifically, 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 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. 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, 2017.

GASB Statement No. 83 “*Certain Asset Retirement Obligations.*” This Statement establishes criteria for determining the timing and pattern or recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. The statement is effective for fiscal years beginning after June 15, 2018.

GASB Statement No. 84 “*Fiduciary Activities.*” This Statement establishes criteria and guidance for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes, as well as the reporting requirements for these fiduciary funds. The statement is effective for fiscal years beginning after December 15, 2018.

GASB Statement No. 85 “*Omnibus 2017.*” This Statement addresses practice issues identified during implementation of other GASB Statements, including blending component units, goodwill, fair value measurement and application, and postemployment benefits. The statement is effective for fiscal years beginning after June 15, 2017.

GASB Statement No. 86 “*Certain Debt Extinguishment Issues.*” This Statement addresses the accounting and financial reporting for in-substance defeasement of debt where existing resources are placed in an irrevocable trust for the sole purpose of extinguishing debt. The statement is effective for fiscal years beginning after June 15, 2017.

GASB Statement No. 87 “*Leases.*” This Statement addresses the accounting and financial reporting for leases by governments, requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases. The statement is effective for fiscal years beginning after December 15, 2019.

REQUIRED SUPPLEMENTARY INFORMATION

CRESWELL SCHOOL DISTRICT**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FOR PERS
YEAR ENDED JUNE 30, 2017**

<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>
2017	0.09%	\$ 12,903,169	\$ 6,165,743	209.3%	80.5%
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%

Notes:

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.

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

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

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

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

CRESWELL SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS FOR PERS
YEAR ENDED JUNE 30, 2017

<u>Year Ended June 30,</u>	<u>Statutorily required contribution</u>	<u>Contributions in relation to the statutorily required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Employer's covered payroll</u>	<u>Contributions as a percent of covered payroll</u>
2017	\$ 958,821	\$ 958,821	\$ -	\$ 6,322,794	15.2%
2016	949,453	949,453	-	6,165,743	15.4%
2015	1,053,572	1,053,572	-	6,009,026	17.5%
2014	988,038	988,038	-	5,598,774	17.6%

Notes:

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

These schedules are 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, 2017

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with</i>
	<i>Original</i>	<i>Final</i>	<i>Budget and GAAP Basis</i>	<i>Final Budget</i>
REVENUES				
Property taxes	\$ 3,011,922	\$ 3,011,922	\$ 2,971,447	\$ (40,475)
Intergovernmental				
Intermediate sources	56,252	56,252	59,373	3,121
State sources	8,745,154	8,745,154	8,900,890	155,736
Charges for services	11,400	11,400	6,880	(4,520)
Investment earnings	32,000	32,000	51,328	19,328
Miscellaneous	113,000	113,000	116,810	3,810
<i>Total Revenues</i>	<u>11,969,728</u>	<u>11,969,728</u>	<u>12,106,728</u>	<u>137,000</u>
EXPENDITURES				
Current				
Instruction	7,391,940	7,381,940	6,989,988	391,952
Support services	4,690,788	4,690,788	4,603,508	87,280
Contingency	650,000	650,000	-	650,000
<i>Total Expenditures</i>	<u>12,732,728</u>	<u>12,722,728</u>	<u>11,593,496</u>	<u>1,129,232</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(763,000)	(753,000)	513,232	1,266,232
OTHER FINANCING SOURCES (USES)				
Transfers out	(237,000)	(247,000)	(245,506)	1,494
NET CHANGE IN FUND BALANCE	(1,000,000)	(1,000,000)	267,726	1,267,726
FUND BALANCE, beginning	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,240,713</u>	<u>240,713</u>
FUND BALANCE, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,508,439</u>	<u>\$ 1,508,439</u>

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, 2017

	<u>Budgeted Amounts</u>		<u>Actual Budget Basis</u>	<u>Variance with Final Budget</u>	<u>Budget to GAAP Differences</u>	<u>Actual GAAP Basis</u>
	<u>Original</u>	<u>Final</u>				
REVENUES						
Construction excise tax	\$ 56,000	\$ 56,000	\$ 62,689	\$ 6,689	\$ -	\$ 62,689
Intergovernmental						
Federal sources	-	-	-	-	16,386	16,386
Investment earnings	2,100	2,100	4,914	2,814	-	4,914
Miscellaneous	30,900	30,900	30,791	(109)	-	30,791
	<u>89,000</u>	<u>89,000</u>	<u>98,394</u>	<u>9,394</u>	<u>16,386</u>	<u>114,780</u>
EXPENDITURES						
Current						
Support services	30,000	30,000	-	30,000	-	-
Debt service						
Principal	25,000	25,000	25,000	-	-	25,000
Interest	1,500	1,500	1,214	286	16,386	17,600
Contingency	448,650	448,650	-	448,650	-	-
	<u>505,150</u>	<u>505,150</u>	<u>26,214</u>	<u>478,936</u>	<u>16,386</u>	<u>42,600</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(416,150)	(416,150)	72,180	488,330	-	72,180
OTHER FINANCING SOURCES (USES)						
Transfers in	35,500	45,500	44,006	(1,494)	-	44,006
NET CHANGE IN FUND BALANCE	(380,650)	(370,650)	116,186	486,836	-	116,186
FUND BALANCE, beginning	423,650	423,650	433,730	10,080	-	433,730
FUND BALANCE, ending	<u>\$ 43,000</u>	<u>\$ 53,000</u>	<u>\$ 549,916</u>	<u>\$ 496,916</u>	<u>\$ -</u>	<u>\$ 549,916</u>

See notes to required supplementary information.

CRESWELL SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2017

	<u>Budgetary Basis</u>	<u>GAAP Basis</u>
Properties acquired by long-term financing such as from capital leases or installment contracts	Only the current year's payment is recorded as a capital outlay expenditure of the fund in which payments are budgeted.	The net present value of the total stream of payments is recorded in the fund from which payments will be made as an expenditure in the year of acquisition with a corresponding offset to other financing sources. Subsequent payments on the obligations are recorded as debt service expenditures.
Classification of expenditures by character	The character of expenditures (current expenditures, capital outlay, debt service) is reported at the object level. Budgets and appropriations are made for each major function.	Expenditures are classified and reported by character (current expenditures, capital outlay and debt service) within the financial statements.
Donated capital assets	The revenue and expenditures arising from the receipt of donated capital assets are not recorded in the budgetary basis financial statements.	The fair value of donated capital assets is recorded as contribution revenue and capital outlay expenditures in the fund from which the purchase of the same assets would have been recorded.

OTHER SUPPLEMENTARY INFORMATION

CRESWELL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2017

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with</i>
	<i>Original</i>	<i>Final</i>	<i>Budget and GAAP Basis</i>	<i>Final Budget</i>
REVENUES				
Property taxes	\$ 2,137,475	\$ 2,137,475	\$ 2,157,981	\$ 20,506
Investment earnings	16,765	16,765	21,922	5,157
Miscellaneous	362,765	362,765	362,741	(24)
<i>Total Revenues</i>	2,517,005	2,517,005	2,542,644	25,639
EXPENDITURES				
Debt service				
Principal	1,950,000	1,950,000	1,950,000	-
Interest and other charges	618,020	618,020	617,989	31
Contingency	189,000	189,000	-	189,000
<i>Total Expenditures</i>	2,757,020	2,757,020	2,567,989	189,031
NET CHANGE IN FUND BALANCE	(240,015)	(240,015)	(25,345)	214,670
FUND BALANCE, beginning	240,015	240,015	226,427	(13,588)
FUND BALANCE, ending	\$ -	\$ -	\$ 201,082	\$ 201,082

CRESWELL SCHOOL DISTRICT
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	<i>Special Revenue</i>		
	<i>Grants</i>	<i>Nutrition Services</i>	<i>Student Activity</i>
ASSETS			
Cash and investments	\$ -	\$ -	\$ 10,214
Due from other funds	-	-	-
Receivable from other governments	126,261	20,485	-
Inventories	-	8,798	-
	<hr/>	<hr/>	<hr/>
<i>Total Assets</i>	\$ 126,261	\$ 29,283	\$ 10,214
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$ 18,471	\$ 1,525	\$ 6,048
Due to other funds	8,663	12,944	-
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities</i>	27,134	14,469	6,048
Fund Balance			
Nonspendable inventory	-	8,798	-
Committed to:			
Student body	-	-	4,166
Grants	99,127	-	-
Food services	-	6,016	-
Capital projects	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Fund Balance</i>	99,127	14,814	4,166
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Total Liabilities and Fund Balance</i>	\$ 126,261	\$ 29,283	\$ 10,214

<i>Special Revenue</i>			
<i>Scholarship</i>	<i>Student Body</i>	<i>Vehicle Replacement</i>	<i>Total</i>
\$ 38,688	\$ 144,080	\$ 160,372	\$ 353,354
-	118	-	118
-	-	-	146,746
-	-	-	8,798
<u>\$ 38,688</u>	<u>\$ 144,198</u>	<u>\$ 160,372</u>	<u>\$ 509,016</u>
\$ -	\$ -	\$ -	\$ 26,044
-	9,884	-	31,491
-	9,884	-	57,535
-	-	-	8,798
38,688	134,314	-	177,168
-	-	-	99,127
-	-	-	6,016
-	-	160,372	160,372
<u>38,688</u>	<u>134,314</u>	<u>160,372</u>	<u>451,481</u>
<u>\$ 38,688</u>	<u>\$ 144,198</u>	<u>\$ 160,372</u>	<u>\$ 509,016</u>

CRESWELL SCHOOL DISTRICT**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017**

	<i>Special Revenue</i>		
	<i>Grants</i>	<i>Nutrition Services</i>	<i>Student Activity</i>
REVENUES			
Intergovernmental			
Intermediate sources	\$ 3,420	\$ -	\$ -
State sources	109,485	9,372	-
Federal sources	651,346	318,401	-
Charges for services	-	85,105	69,373
Contributions	76,551	-	-
Investment earnings	-	-	-
Miscellaneous	5,501	1,511	-
<i>Total Revenues</i>	<u>846,303</u>	<u>414,389</u>	<u>69,373</u>
EXPENDITURES			
Current			
Instruction	687,702	-	226,032
Support services	146,984	-	49,875
Enterprise and community services	7,426	421,954	-
Debt service			
Principal	-	-	-
Interest and other charges	-	-	-
Capital outlay	-	-	-
<i>Total Expenditures</i>	<u>842,112</u>	<u>421,954</u>	<u>275,907</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>4,191</u>	<u>(7,565)</u>	<u>(206,534)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from issuance of debt	-	-	-
Transfers in	-	-	180,500
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>180,500</u>
NET CHANGE IN FUND BALANCES	<u>4,191</u>	<u>(7,565)</u>	<u>(26,034)</u>
FUND BALANCES, beginning	<u>94,936</u>	<u>22,379</u>	<u>30,200</u>
FUND BALANCES, ending	<u>\$ 99,127</u>	<u>\$ 14,814</u>	<u>\$ 4,166</u>

<i>Special Revenue</i>			
<i>Scholarship</i>	<i>Student Body</i>	<i>Vehicle Replacement</i>	<i>Total</i>
\$ -	\$ -	\$ -	\$ 3,420
-	-	68,413	187,270
-	-	-	969,747
-	185,221	-	339,699
4,100	32,597	-	113,248
638	-	1,887	2,525
-	1,376	-	8,388
<u>4,738</u>	<u>219,194</u>	<u>70,300</u>	<u>1,624,297</u>
-	205,814	-	1,119,548
-	-	-	196,859
12,188	-	-	441,568
-	-	128,970	128,970
-	-	8,248	8,248
-	-	134,476	134,476
<u>12,188</u>	<u>205,814</u>	<u>271,694</u>	<u>2,029,669</u>
<u>(7,450)</u>	<u>13,380</u>	<u>(201,394)</u>	<u>(405,372)</u>
-	-	134,476	134,476
-	-	21,000	201,500
<u>-</u>	<u>-</u>	<u>155,476</u>	<u>335,976</u>
(7,450)	13,380	(45,918)	(69,396)
46,138	120,934	206,290	520,877
<u>\$ 38,688</u>	<u>\$ 134,314</u>	<u>\$ 160,372</u>	<u>\$ 451,481</u>

CRESWELL SCHOOL DISTRICT**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GRANTS FUND
YEAR ENDED JUNE 30, 2017**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with</i>
	<i>Original</i>	<i>Final</i>	<i>Budget and GAAP Basis</i>	<i>Final Budget</i>
REVENUES				
Intergovernmental				
Intermediate sources	\$ 32,000	\$ 32,000	\$ 3,420	\$ (28,580)
State sources	86,800	86,800	109,485	22,685
Federal sources	702,500	702,500	651,346	(51,154)
Contributions	296,000	296,000	76,551	(219,449)
Miscellaneous	45,000	45,000	5,501	(39,499)
	<u>1,162,300</u>	<u>1,162,300</u>	<u>846,303</u>	<u>(315,997)</u>
<i>Total Revenues</i>				
EXPENDITURES				
Current				
Instruction	948,524	941,024	687,702	253,322
Support services	207,500	207,500	146,984	60,516
Enterprise and community services	6,276	13,776	7,426	6,350
	<u>1,162,300</u>	<u>1,162,300</u>	<u>842,112</u>	<u>320,188</u>
<i>Total Expenditures</i>				
NET CHANGE IN FUND BALANCE	-	-	4,191	4,191
FUND BALANCE, beginning	-	-	94,936	94,936
	<u>-</u>	<u>-</u>	<u>94,936</u>	<u>94,936</u>
FUND BALANCE, ending	\$ -	\$ -	\$ 99,127	\$ 99,127
	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>99,127</u></u>	<u><u>99,127</u></u>

CRESWELL SCHOOL DISTRICT**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – NUTRITION SERVICES FUND
YEAR ENDED JUNE 30, 2017**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with</i>
	<i>Original</i>	<i>Final</i>	<i>Budget and GAAP Basis</i>	<i>Final Budget</i>
REVENUES				
Intergovernmental				
State sources	\$ 10,700	\$ 10,700	\$ 9,372	\$ (1,328)
Federal sources	329,730	329,730	318,401	(11,329)
Charges for services	83,500	83,500	85,105	1,605
Miscellaneous	1,500	1,500	1,511	11
<i>Total Revenues</i>	425,430	425,430	414,389	(11,041)
EXPENDITURES				
Current				
Enterprise and community services	424,846	424,846	421,954	2,892
Operating contingency	7,584	7,584	-	7,584
<i>Total Expenditures</i>	432,430	432,430	421,954	10,476
NET CHANGE IN FUND BALANCE	(7,000)	(7,000)	(7,565)	(565)
FUND BALANCE, beginning	7,000	7,000	22,379	15,379
FUND BALANCE, ending	\$ -	\$ -	\$ 14,814	\$ 14,814

CRESWELL SCHOOL DISTRICT**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – STUDENT ACTIVITY FUND
YEAR ENDED JUNE 30, 2017**

	<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	\$ 56,000	\$ 56,000	\$ 69,373	\$ 13,373
Contributions	88,499	88,499	-	(88,499)
<i>Total Revenues</i>	144,499	144,499	69,373	(75,126)
EXPENDITURES				
Current				
Instruction	226,499	226,499	226,032	467
Support services	45,000	45,000	49,875	(4,875)
Operating contingency	60,000	60,000	-	60,000
<i>Total Expenditures</i>	331,499	331,499	275,907	55,592
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(187,000)	(187,000)	(206,534)	(19,534)
OTHER FINANCING SOURCES (USES)				
Transfers in	180,500	180,500	180,500	-
NET CHANGE IN FUND BALANCE	(6,500)	(6,500)	(26,034)	(19,534)
FUND BALANCE, beginning	6,500	6,500	30,200	23,700
FUND BALANCE, ending	\$ -	\$ -	\$ 4,166	\$ 4,166

CRESWELL SCHOOL DISTRICT**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - SCHOLARSHIP FUND
YEAR ENDED JUNE 30, 2017**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with</i>
	<i>Original</i>	<i>Final</i>	<i>Budget and GAAP Basis</i>	<i>Final Budget</i>
REVENUES				
Contributions	\$ 13,400	\$ 13,400	\$ 4,100	\$ (9,300)
Investment earnings	600	600	638	38
<i>Total Revenues</i>	14,000	14,000	4,738	(9,262)
EXPENDITURES				
Current				
Enterprise and community services	14,000	14,000	12,188	1,812
Operating contingency	29,010	29,010	-	29,010
<i>Total Expenditures</i>	43,010	43,010	12,188	30,822
NET CHANGE IN FUND BALANCE	(29,010)	(29,010)	(7,450)	21,560
FUND BALANCE, beginning	41,500	41,500	46,138	4,638
FUND BALANCE, ending	\$ 12,490	\$ 12,490	\$ 38,688	\$ 26,198

CRESWELL SCHOOL DISTRICT**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – STUDENT BODY FUND
YEAR ENDED JUNE 30, 2017**

	<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	\$ 215,000	\$ 215,000	\$ 185,221	\$ (29,779)
Contributions	15,500	15,500	32,597	17,097
Investment earnings	105	105	-	(105)
Miscellaneous	10,000	10,000	1,376	(8,624)
<i>Total Revenues</i>	240,605	240,605	219,194	(21,411)
EXPENDITURES				
Current				
Instruction	240,605	240,605	205,814	34,791
Operating contingency	112,000	112,000	-	112,000
<i>Total Expenditures</i>	352,605	352,605	205,814	146,791
NET CHANGE IN FUND BALANCE	(112,000)	(112,000)	13,380	125,380
FUND BALANCE, beginning	112,000	112,000	120,934	8,934
FUND BALANCE, ending	\$ -	\$ -	\$ 134,314	\$ 134,314

CRESWELL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - VEHICLE REPLACEMENT FUND
YEAR ENDED JUNE 30, 2017

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with</i>	<i>Budget to GAAP</i>	<i>Actual</i>
	<i>Original</i>	<i>Final</i>	<i>Budget Basis</i>	<i>Final Budget</i>	<i>Differences</i>	<i>GAAP Basis</i>
REVENUES						
Intergovernmental						
State sources	\$ 69,000	\$ 69,000	\$ 68,413	\$ (587)	\$ -	\$ 68,413
Investment earnings	500	500	1,887	1,387	-	1,887
<i>Total Revenues</i>	69,500	69,500	70,300	800	-	70,300
EXPENDITURES						
Current						
Support services	138,863	138,863	137,218	1,645	(137,218)	-
Debt service						
Principal	-	-	-	-	128,970	128,970
Interest	-	-	-	-	8,248	8,248
Capital outlay	-	-	-	-	134,476	134,476
Operating contingency	158,443	158,443	-	158,443	-	-
<i>Total Expenditures</i>	297,306	297,306	137,218	160,088	134,476	271,694
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(227,806)	(227,806)	(66,918)	160,888	(134,476)	(201,394)
OTHER FINANCING SOURCES (USES)						
Proceeds from issuance of debt	-	-	-	-	134,476	134,476
Transfers in	21,000	21,000	21,000	-	-	21,000
<i>Total Other Financing Sources (Uses)</i>	21,000	21,000	21,000	-	134,476	155,476
NET CHANGE IN FUND BALANCE	(206,806)	(206,806)	(45,918)	160,888	-	(45,918)
FUND BALANCE, beginning	206,806	206,806	206,290	(516)	-	206,290
FUND BALANCE, ending	\$ -	\$ -	\$ 160,372	\$ 160,372	\$ -	\$ 160,372

OTHER SCHEDULES

CRESWELL SCHOOL DISTRICT
REVENUE SUMMARY - ALL FUNDS
YEAR ENDED JUNE 30, 2017

Code	Function	General	Facilities
LOCAL REVENUES			
1111	Current year's taxes	\$ 2,920,421	\$ -
1112	Prior year's taxes	51,026	-
1130	Construction Excise Tax	-	62,689
1500	Earnings on investments	51,328	4,914
1600	Food service	-	-
1700	Extracurricular activities	2,150	-
1910	Rentals	4,730	-
1920	Contributions and donations from private sources	1,464	-
1970	Services provided other funds	-	-
1990	Miscellaneous	115,346	30,791
1000	<i>Total Local Revenues</i>	3,146,465	98,394
INTERMEDIATE REVENUES			
2101	County school funds	31,274	-
2199	Other intermediate sources	23,648	-
2200	Restricted revenue	-	-
2800	Revenue in lieu of taxes	4,451	-
2000	<i>Total Intermediate Revenues</i>	59,373	-
STATE REVENUES			
3101	State school fund - general support	8,498,801	-
3102	State school fund - school lunch match	-	-
3103	Common school fund	176,643	-
3199	Other unrestricted grants-in-aid	225,446	-
3222	State school fund (SSF) transportation	-	-
3299	Other restricted grants-in-aid	-	-
3000	<i>Total State Revenues</i>	8,900,890	-
FEDERAL REVENUES			
4500	Restricted revenue from the federal government through the state	-	-
4900	Revenue for/on behalf of the district	-	-
4000	<i>Total Federal Revenues</i>	-	-
OTHER SOURCES			
5200	Interfund transfers	-	44,006
5400	FUND BALANCE, Beginning of year	1,240,713	433,730
<i>Total Resources</i>		\$ 13,347,441	\$ 576,130

<u>Debt Service</u>	<u>Grants</u>	<u>Nutrition Services</u>	<u>Student Activities</u>	<u>Scholarship</u>	<u>Student Body</u>	<u>Vehicle Replacement</u>
\$ 2,119,219	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
38,762	-	-	-	-	-	-
-	-	-	-	-	-	-
21,922	-	-	-	638	-	1,887
-	-	85,105	-	-	-	-
-	-	-	69,373	-	185,221	-
-	-	-	-	-	-	-
-	76,551	-	-	4,100	32,597	-
362,741	-	-	-	-	-	-
-	5,501	1,511	-	-	1,376	-
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
2,542,644	82,052	86,616	69,373	4,738	219,194	1,887
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	3,420	-	-	-	-	-
-	-	-	-	-	-	-
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-	3,420	-	-	-	-	-
-	-	-	-	-	-	-
-	-	3,878	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	68,413
-	109,485	5,494	-	-	-	-
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-	109,485	9,372	-	-	-	68,413
-	651,346	285,401	-	-	-	-
-	-	33,000	-	-	-	-
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-	651,346	318,401	-	-	-	-
-	-	-	180,500	-	-	21,000
226,427	94,936	22,379	30,200	46,138	120,934	206,290
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>\$ 2,769,071</u>	<u>\$ 941,239</u>	<u>\$ 436,768</u>	<u>\$ 280,073</u>	<u>\$ 50,876</u>	<u>\$ 340,128</u>	<u>\$ 297,590</u>

CRESWELL SCHOOL DISTRICT
EXPENDITURE SUMMARY - GENERAL FUND
YEAR ENDED JUNE 30, 2017

<u>Code</u>	<u>Function</u>	<u>Total</u>	<u>100 Salaries</u>	<u>200 Employee Benefits</u>
INSTRUCTION				
1100	Regular programs			
1111	Primary, K-3	\$ 2,446,640	\$ 1,516,292	\$ 886,837
1121	Middle/junior high programs	1,123,701	706,347	388,885
1131	High school programs	1,495,345	908,528	522,918
1200	Special programs			
1210	Programs for the talented and gifted	2,636	-	-
1220	Programs for students with mental disabilities	23,171	-	-
1250	Resource rooms	1,672,327	640,367	385,414
1270	Educationally disadvantaged			
1271	Remediation	6,854	5,446	1,408
1280	Alternative education	49,653	16,511	11,975
1290	Designated programs			
1291	English second language program	169,661	107,475	61,999
1000	<i>Total Instruction</i>	6,989,988	3,900,966	2,259,436
SUPPORT SERVICES				
2100	Students			
2120	Guidance services	234,173	135,986	69,232
2140	Psychological services	142,066	92,236	49,553
2150	Speech pathology and audiology services	191,829	118,875	70,940
2190	Service direction, student support services	131,066	84,173	41,657
2200	Instructional staff			
2210	Improvement of instruction services	67,347	43,504	23,843
2220	Educational media services	107,924	58,997	42,618
2240	Instructional staff development	30,084	8,324	19,500
2300	General administration			
2310	Board of education services	23,218	-	-
2320	Executive administration services	227,826	145,504	75,954
2400	School administration			
2410	Office of the principal services	797,781	500,302	265,036
2490	Other support services - school administration	77,119	51,648	25,471
2500	Business			
2520	Fiscal services	362,557	159,082	93,916
2540	Operation and maintenance of plant services	1,075,135	342,737	192,452
2550	Student transportation services	769,777	430,418	264,302
2600	Central activities			
2660	Technology services	331,137	98,937	63,803
2690	Other support services - central	12,857	9,487	3,370
2700	Supplemental retirement program	21,612	-	21,612
2000	<i>Total Support Services</i>	4,603,508	2,280,210	1,323,259
OTHER USES				
5200	Transfers of funds	245,506	-	-
7000	FUND BALANCE, End of year	1,508,439	-	-
	<i>Total Expenditures and Ending Balance</i>	<u>\$ 13,347,441</u>	<u>\$ 6,181,176</u>	<u>\$ 3,582,695</u>

<i>300 Purchased Services</i>	<i>400 Supplies & Materials</i>	<i>500 Capital Outlay</i>	<i>600 Other Objects</i>	<i>700 Transfers</i>
\$ 11,425	\$ 32,086	\$ -	\$ -	\$ -
6,055	22,414	-	-	-
15,556	48,343	-	-	-
950	1,686	-	-	-
23,171	-	-	-	-
640,580	5,826	-	140	-
-	-	-	-	-
21,167	-	-	-	-
187	-	-	-	-
719,091	110,355	-	140	-
28,955	-	-	-	-
-	277	-	-	-
823	1,092	-	99	-
4,170	471	-	595	-
-	-	-	-	-
-	6,309	-	-	-
575	1,685	-	-	-
12,827	3,793	-	6,598	-
2,072	1,710	-	2,586	-
5,782	23,952	-	2,709	-
-	-	-	-	-
52,579	4,423	-	52,557	-
366,497	102,707	-	70,742	-
17,192	40,899	-	16,966	-
75,744	92,179	-	474	-
-	-	-	-	-
-	-	-	-	-
567,216	279,497	-	153,326	-
-	-	-	-	245,506
-	-	-	-	1,508,439
\$ 1,286,307	\$ 389,852	\$ -	\$ 153,466	\$ 1,753,945

CRESWELL SCHOOL DISTRICT
EXPENDITURE SUMMARY – FACILITIES FUND
YEAR ENDED JUNE 30, 2017

<u>Code</u>	<u>Function</u>	<u>Total</u>	<u>100 Salaries</u>	<u>200 Employee Benefits</u>
	OTHER USES			
5100	Debt service	\$ 26,214	\$ -	\$ -
7000	FUND BALANCE, End of year	<u>549,916</u>	<u>-</u>	<u>-</u>
	<i>Total Expenditures and Ending Balance</i>	<u>\$ 576,130</u>	<u>\$ -</u>	<u>\$ -</u>

<i>300 Purchased Services</i>	<i>400 Supplies & Materials</i>	<i>500 Capital Outlay</i>	<i>600 Other Objects</i>	<i>700 Transfers</i>
\$ -	\$ -	\$ -	\$ 26,214	\$ -
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>549,916</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,214</u>	<u>\$ 549,916</u>

CRESWELL SCHOOL DISTRICT
EXPENDITURE SUMMARY – DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2017

<u>Code</u>	<u>Function</u>	<u>Total</u>	<u>100 Salaries</u>	<u>200 Employee Benefits</u>
	OTHER USES			
5100	Debt service	\$ 2,567,989	\$ -	\$ -
7000	FUND BALANCE, End of year	201,082	-	-
	<i>Total Expenditures and Ending Balance</i>	<u>\$ 2,769,071</u>	<u>\$ -</u>	<u>\$ -</u>

<i>300 Purchased Services</i>	<i>400 Supplies & Materials</i>	<i>500 Capital Outlay</i>	<i>600 Other Objects</i>	<i>700 Transfers</i>
\$ -	\$ -	\$ -	\$ 2,567,989	\$ -
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>201,082</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,567,989</u>	<u>\$ 201,082</u>

CRESWELL SCHOOL DISTRICT
EXPENDITURE SUMMARY – GRANTS FUND
YEAR ENDED JUNE 30, 2017

Code	Function	Total	100 Salaries	200 Employee Benefits
INSTRUCTION				
1100	Regular programs			
1111	Primary, K-3	\$ 1,127	\$ -	\$ -
1121	Middle/junior high programs	5,000	-	-
1131	High school programs	46,651	25,605	9,620
1140	Pre-kindergarten programs	106,835	25,416	7,484
1200	Special programs			
1210	Programs for the talented and gifted	4,439	-	-
1250	Resource rooms	253,220	147,617	96,840
1270	Educationally disadvantaged			
1272	Title IA/D	212,561	128,010	82,295
1290	Designated programs			
1291	English second language program	57,869	11,222	2,699
1000	<i>Total Instruction</i>	687,702	337,870	198,938
SUPPORT SERVICES				
2100	Students			
2110	Attendance and social work services	23,228	10,618	1,837
2130	Health services	6,041	2,275	766
2140	Psychological services	48,873	31,350	17,523
2200	Instructional staff			
2210	Improvement of instruction services	33,590	16,580	6,480
2240	Instructional staff development	33,953	16,582	4,183
2600	Central activities			
2640	Staff services	1,299	-	-
2000	<i>Total Support Services</i>	146,984	77,405	30,789
ENTERPRISE AND COMMUNITY SERVICES				
3100	Food services	4,048	-	-
3300	Community services	3,378	1,369	112
3000	<i>Total Enterprise and Community Services</i>	7,426	1,369	112
7000	FUND BALANCE, End of year	99,127	-	-
	<i>Total Expenditures and Ending Balance</i>	\$ 941,239	\$ 416,644	\$ 229,839

<i>300 Purchased Services</i>	<i>400 Supplies & Materials</i>	<i>500 Capital Outlay</i>	<i>600 Other Objects</i>	<i>700 Transfers</i>
\$ -	\$ 1,127	\$ -	\$ -	\$ -
-	5,000	-	-	-
411	11,015	-	-	-
57,778	16,122	-	35	-
-	4,439	-	-	-
4,945	3,818	-	-	-
2,256	-	-	-	-
-	43,948	-	-	-
65,390	85,469	-	35	-
-	10,773	-	-	-
3,000	-	-	-	-
-	-	-	-	-
-	10,530	-	-	-
9,451	3,737	-	-	-
1,299	-	-	-	-
13,750	25,040	-	-	-
-	4,048	-	-	-
1,897	-	-	-	-
1,897	4,048	-	-	-
-	-	-	-	99,127
<u>\$ 81,037</u>	<u>\$ 114,557</u>	<u>\$ -</u>	<u>\$ 35</u>	<u>\$ 99,127</u>

CRESWELL SCHOOL DISTRICT
EXPENDITURE SUMMARY – NUTRITION SERVICES FUND
YEAR ENDED JUNE 30, 2017

<u>Code</u>	<u>Function</u>	<u>Total</u>	<u>100 Salaries</u>	<u>200 Employee Benefits</u>
	ENTERPRISE AND COMMUNITY SERVICES			
3100	Food services	\$ 421,954	\$ 139,602	\$ 83,290
7000	FUND BALANCE, End of year	14,814	-	-
	<i>Total Expenditures and Ending Balance</i>	<u>\$ 436,768</u>	<u>\$ 139,602</u>	<u>\$ 83,290</u>

<i>300 Purchased Services</i>	<i>400 Supplies & Materials</i>	<i>500 Capital Outlay</i>	<i>600 Other Objects</i>	<i>700 Transfers</i>
\$ 7,117	\$ 191,425	\$ -	\$ 520	\$ -
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,814</u>
<u>\$ 7,117</u>	<u>\$ 191,425</u>	<u>\$ -</u>	<u>\$ 520</u>	<u>\$ 14,814</u>

CRESWELL SCHOOL DISTRICT
EXPENDITURE SUMMARY – STUDENT ACTIVITY FUND
YEAR ENDED JUNE 30, 2017

<u>Code</u>	<u>Function</u>	<u>Total</u>	<u>100 Salaries</u>	<u>200 Employee Benefits</u>
INSTRUCTION				
1100	Regular programs			
1122	Middle/junior high school extracurricular	\$ 47,106	\$ 28,112	\$ 7,989
1132	High school extracurricular	178,926	109,568	23,382
1000	<i>Total Instruction</i>	226,032	137,680	31,371
SUPPORT SERVICES				
2500	Business			
2550	Student transportation services	49,875	-	-
7000	FUND BALANCE, End of year	4,166	-	-
	<i>Total Expenditures and Ending Balance</i>	<u>\$ 280,073</u>	<u>\$ 137,680</u>	<u>\$ 31,371</u>

<i>300 Purchased Services</i>	<i>400 Supplies & Materials</i>	<i>500 Capital Outlay</i>	<i>600 Other Objects</i>	<i>700 Transfers</i>
\$ 5,339	\$ 5,666	\$ -	\$ -	\$ -
34,028	8,885	-	3,063	-
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
39,367	14,551	-	3,063	-
-	49,875	-	-	-
-	-	-	-	4,166
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>\$ 39,367</u>	<u>\$ 64,426</u>	<u>\$ -</u>	<u>\$ 3,063</u>	<u>\$ 4,166</u>

CRESWELL SCHOOL DISTRICT
EXPENDITURE SUMMARY – SCHOLARSHIP FUND
YEAR ENDED JUNE 30, 2017

<u>Code</u>	<u>Function</u>	<u>Total</u>	<u>100 Salaries</u>	<u>200 Employee Benefits</u>
	ENTERPRISE AND COMMUNITY SERVICES			
3300	Community services	\$ 12,188	\$ -	\$ -
7000	FUND BALANCE, End of year	<u>38,688</u>	<u>-</u>	<u>-</u>
	<i>Total Expenditures and Ending Balance</i>	<u>\$ 50,876</u>	<u>\$ -</u>	<u>\$ -</u>

<i>300 Purchased Services</i>	<i>400 Supplies & Materials</i>	<i>500 Capital Outlay</i>	<i>600 Other Objects</i>	<i>700 Transfers</i>
\$ 12,188	\$ -	\$ -	\$ -	\$ -
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,688</u>
<u>\$ 12,188</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,688</u>

CRESWELL SCHOOL DISTRICT
EXPENDITURE SUMMARY – STUDENT BODY FUND
YEAR ENDED JUNE 30, 2017

<u>Code</u>	<u>Function</u>	<u>Total</u>	<u>100 Salaries</u>	<u>200 Employee Benefits</u>
	INSTRUCTION			
1100	Regular programs			
1113	Elementary extracurricular	\$ 31,019	\$ -	\$ -
1122	Middle/junior high school extracurricular	48,373	-	-
1132	High school extracurricular	126,422	-	-
		<hr/>	<hr/>	<hr/>
1000	<i>Total Instruction</i>	205,814	-	-
7000	FUND BALANCE, End of year	134,314	-	-
		<hr/>	<hr/>	<hr/>
	<i>Total Expenditures and Ending Balance</i>	\$ 340,128	\$ -	\$ -
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

<i>300 Purchased Services</i>	<i>400 Supplies & Materials</i>	<i>500 Capital Outlay</i>	<i>600 Other Objects</i>	<i>700 Transfers</i>
\$ 31,019	\$ -	\$ -	\$ -	\$ -
-	-	-	48,373	-
126,422	-	-	-	-
157,441	-	-	48,373	-
-	-	-	-	134,314
\$ 157,441	\$ -	\$ -	\$ 48,373	\$ 134,314

CRESWELL SCHOOL DISTRICT
EXPENDITURE SUMMARY – VEHICLE REPLACEMENT FUND
YEAR ENDED JUNE 30, 2017

<u>Code</u>	<u>Function</u>	<u>Total</u>	<u>100</u> <u>Salaries</u>	<u>200</u> <u>Employee</u> <u>Benefits</u>
	SUPPORT SERVICES			
2500	Business			
2550	Student transportation services	\$ 137,218	\$ -	\$ -
7000	FUND BALANCE, End of year	160,372	-	-
	<i>Total Expenditures and Ending Balance</i>	<u>\$ 297,590</u>	<u>\$ -</u>	<u>\$ -</u>

<i>300 Purchased Services</i>	<i>400 Supplies & Materials</i>	<i>500 Capital Outlay</i>	<i>600 Other Objects</i>	<i>700 Transfers</i>
\$ -	\$ -	\$ -	\$ 137,218	\$ -
-	-	-	-	160,372
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 137,218</u>	<u>\$ 160,372</u>

CRESWELL SCHOOL DISTRICT

SCHEDULE OF SUPPLEMENTAL INFORMATION AS REQUIRED BY OREGON DEPARTMENT OF EDUCATION

YEAR ENDED JUNE 30, 2017

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

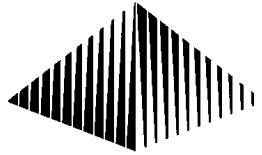
	Objects 325 & 326
Function 2540	\$ 220,762
Function 2550	\$ -

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

\$	-
----	---

- | | |
|--|---------------------------|
| Exclude these functions: | Exclude these functions: |
| 1113, 1122 & 1132 Co-curricular Activities | 4150 Construction |
| 1140 Pre-Kindergarten | 2550 Pupil Transportation |
| 1300 Continuing Education | 3100 Food Service |
| 1400 Summer School | 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, 2017, and have issued our report thereon dated December 29, 2017.

Compliance and Other Matters

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

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

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

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

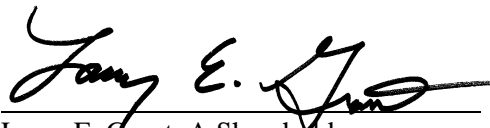
Internal Control

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

Restriction on Use

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

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

By: 
Larry E. Grant, A Shareholder
December 29, 2017

CRESWELL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017

<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			
Passed through Oregon Department of Education			
Title I Grants to Local Education Agencies	35949	84.010	\$ 27,099
Title I Grants to Local Education Agencies	41033	84.010	188,840
<i>Subtotal Title I Grants to Local Education Agencies</i>			<u>215,939</u>
Special Education - Grants to States	38295	84.027	664
Special Education - Grants to States	42620	84.027	2,353
Special Education - Grants to States	36831	84.027	24,570
Special Education - Grants to States	41488	84.027	221,665
Special Education - Grants to States	37825	84.027	1,379
<i>Subtotal Special Education - Grants to States</i>			<u>250,631</u>
Special Education - Preschool Grants	40572	84.173	2,624
<i>Subtotal Special Education Cluster (IDEA)</i>			<u>253,255</u>
Supporting Effective Instruction State Grants	36146	84.367	12,651
Supporting Effective Instruction State Grants	41288	84.367	28,259
<i>Subtotal Supporting Effective Instruction State Grants</i>			<u>40,910</u>
Passed through Lane County Education Service District			
Career and Technical Education	N/A	84.048	7,381
Fund for the Improvement of Education	N/A	84.215	1,882
Transition Programs for Students with Intellectual Disabilities into Higher Education	N/A	84.407	39,045
<i>Total U.S. Department of Education</i>			<u>558,412</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			
Passed through United Way of Lane County			
Social Innovation Fund	N/A	94.019	92,934
<i>Total Corporation for National and Community Service</i>			<u>92,934</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed through Oregon Department of Education			
National School Lunch - Breakfast	N/A	10.553	82,299
National School Lunch - Lunch	N/A	10.555	202,397
National School Lunch - non cash commodities	N/A	10.555	33,000
<i>Subtotal Child Nutrition Cluster</i>			<u>317,696</u>
State Administrative Expenses for Child Nutrition	N/A	10.560	705
<i>Total U.S. Department of Agriculture</i>			<u>318,401</u>
TOTALS			<u>\$ 969,747</u>
RECONCILIATION TO FEDERAL REVENUE RECOGNIZED			
Expenditures of Federal Awards reported on the SEFA			\$ 969,747
Federal interest subsidy not required to be included on the SEFA			16,386
TOTAL FEDERAL REVENUE RECOGNIZED			<u>\$ 986,133</u>

See notes to schedule of expenditures of federal awards.

CRESWELL SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2017

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, 2017. 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, 2017.

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

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

We have audited, in accordance with 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, 2017, 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 29, 2017.

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 29, 2017



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, 2017. 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, 2017.

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 29, 2017

CRESWELL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017

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

Identification of major program:

CFDA Number(s)

Name of Federal Program or Cluster

84.027 & 84.173

Special Education Cluster (IDEA)

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
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Auditee qualified as low-risk auditee?	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, 2017

PRIOR YEAR FINANCIAL STATEMENT FINDINGS

None.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.