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**COMPREHENSIVE ANNUAL FINANCIAL REPORT/AUDIT COMMITTEE PRESENTATION****POLICY ISSUE / SITUATION:**

The District Audit Committee met with the District's independent auditors in November to review the Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2017. The Committee Chair, Rob Drake, will present the CAFR to the School Board tonight.

**BACKGROUND INFORMATION:**

Audit committees play an important role in the private sector, facilitating communication between management, the independent auditors and the Board of Directors. The Government Finance Officers Association (GFOA) recommends that every government, regardless of size, formally establish an audit committee or its equivalent.

The audit committee's primary responsibility is to oversee the financial reporting and disclosure process, including all aspects of the independent audit, from the selection of the auditor to the resolution of audit findings. The audit committee presents to the governing board and management an annual report of how the committee has discharged its duties and met its responsibilities.

**Audit Committee Membership**

Rob Drake, Citizen Member - Chair  
Samiha Wahid, Citizen Member  
John Ng, Budget Committee Member

Lisa Ard, Citizen Member  
Eric Simpson, School Board Member  
Anne Bryan, School Board Member

**District representation on Committee:**

Claire Hertz, Chief Financial Officer  
Gayellyn Jacobson, Administrator for Fiscal Services  
Jason Guchereau, Finance Manager

**RECOMMENDATION:**

It is recommended that the School Board receive the Comprehensive Annual Financial Report as presented by the District Audit Committee.

BE IT RESOLVED that the School Board of Beaverton School District hereby receives the Comprehensive Annual Financial Report for the year ended June 30, 2017 now on file in the Office of the Chief Financial Officer.

**District Goal:** WE empower all students to achieve post-high school success.

The Beaverton School District recognizes the diversity and worth of all individuals and groups. It is the policy of the Beaverton School District that there will be no discrimination or harassment of individuals or groups based on race, color, religion, gender, sexual orientation, gender identity, gender expression, national origin, marital status, age, veterans' status, genetic information or disability in any educational programs, activities or employment.

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

for the year ended June 30, 2017



**are the Beaverton  
School District**



District Goal: WE empower all students to achieve post-high school success.

Beaverton School District • 16550 SW Merlo Rd. • Beaverton, Oregon 97003 | [www.beaverton.k12.or.us](http://www.beaverton.k12.or.us)





**BEAVERTON SCHOOL DISTRICT**  
Beaverton, Oregon

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Prepared by:  
Business Services Department

Don Grotting  
Superintendent of Schools

Claire Hertz  
Chief Financial Officer





**BEAVERTON SCHOOL DISTRICT**  
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# INTRODUCTORY SECTION

**WE** are the Beaverton  
School District







Beaverton School District  
16550 S.W. Merlo Road  
Beaverton, Oregon 97003  
503-356-4500



November 22, 2017

To Members of the Board of Education and Citizens of Beaverton School District:

The Comprehensive Annual Financial Report of Beaverton School District ("District") for the fiscal year ended June 30, 2017 is hereby submitted. State law requires that an independent audit be made of all District funds within six months following the close of the fiscal year. This report is published to fulfill the requirement for the fiscal year ended June 30, 2017, and consists of management's representations concerning the finances of the District together with the opinions of our auditor.

This report was prepared by the District's Business Services Department. Management assumes full responsibility for the completeness and reliability of the information contained in this report. The District's management has established and maintains a comprehensive internal control framework put in place to protect assets from loss, theft or misuse. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance the financial statements are free of any material misstatements. The internal control structure is subject to periodic evaluation by management. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

These financial statements are presented to compile sufficient reliable information for the preparation of the District's financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP).

Grove, Mueller & Swank, P.C., Certified Public Accountants, have issued an unmodified ("clean") opinion on the Beaverton School District's financial statements for the year ended June 30, 2017. The independent auditor's report is located at the front of the financial section of this report.

## FINANCIAL STATEMENT PRESENTATION

Designed to meet the needs of a broad spectrum of financial statement readers, this Comprehensive Annual Financial Report (CAFR) is divided into five major sections:

The *Introductory Section* includes this transmittal letter, the District's organizational chart and copies of certificates awarded for Beaverton School District's 2016 CAFR.

The *Financial Section* includes the Independent Auditor's Report, Management's Discussion and Analysis (MD&A), the basic financial statements including notes to the basic financial statements, required supplementary information, and supplementary information including the combining and individual fund financial statements.

The *Statistical Section* includes selected financial and demographic information, generally presented on a multi-year basis.



The *Single Audit Section* includes reports from the independent auditor regarding compliance requirements of the U.S. Office of Management and Budget (OMB) Uniform Guidance Compliance Supplement for major federal programs.

The *Compliance Section* contains the independent auditor's report required by the Minimum Standards for Audits of Oregon Municipal Corporations.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditor.

## PROFILE OF THE DISTRICT

Beaverton School District, a kindergarten through twelfth grade district, was formed July 1, 1960, following a successful vote for unification of twelve elementary school districts and one high school district.

The District is a financially independent, special-purpose municipal corporation exercising financial accountability for all public education within its boundaries. As required by accounting principles generally accepted in the United States of America, all significant activities and organizations have been included in the financial statements.

The District is located predominantly in Washington County, approximately 10 miles west of Portland, Oregon, and encompasses over 57 square miles of land. It serves the residents of the City of Beaverton and various outlying towns and municipalities and is the third largest school district in Oregon.

Student enrollment in the fall of 2016 was 40,912. October 1 enrollment counts are reported to the state in November of each year, allowing time for data entry and confirmation of student records. An enrolled student is defined as a student who attends one or more schools or programs within the District. Regardless of the number of schools or programs attended, each student is counted only once.

## ENROLLMENT AND FACILITIES

<u>Grade Level</u>	<u>Number of Programs</u>	<u>Enrollment</u>
Elementary School Programs	33	18,073
Middle School Programs	20	9,356
High School Programs	11	11,801
Special Education Programs	-	1,190
Charter School Programs	2	492
Total Programs and Enrollment	66	40,912

Growing from an enrollment of 37,789 in fall of 2007 to 40,912, the District has experienced a 8.3% growth in enrollment over the past ten years. According to a study prepared by the Population Research Center of Portland State University, the District will see continued enrollment growth, and is expected to reach an enrollment of 44,660 students by 2025.

The demographics of our school district reflect our rich cultural diversity. Our students speak more than 101 languages and dialects. The District's enrollment includes 51.3% of students of color, and 36.6% of students qualify for free and reduced lunch status.

The Beaverton School District Board, elected by a majority of the voting electorate, is the governing body responsible for the District's policy decisions. The seven-member Board has oversight responsibility and control over all activities related to the District. The Board is accountable for all fiscal matters that significantly influence operations.

District management includes a superintendent, two deputy superintendents, four chief officers, and 139 principals, vice-principals and district administrators. The District employs 3,981 full-time equivalent personnel, including principals, vice-principals, administrators, teachers, supervisors, secretarial staff, bus drivers, maintenance personnel, cafeteria staff and other support staff.

Under Oregon State law, school districts are independent municipal corporations empowered to provide elementary and secondary educational services for the children residing within their boundaries. The District discharges this responsibility by building, operating and maintaining school facilities, developing and maintaining approved educational programs and courses of study, including career/technical educational programs, and programs for English language learners and special needs students, and providing for transportation and feeding of students in accordance with District, State and Federal programs. This report includes all funds of the District.

## **ECONOMIC CONDITION**

Located in northwestern Oregon, Washington County is one of the six counties that comprise the Portland-Vancouver Primary Metropolitan Statistical Area (PMSA). The six counties are Washington, Multnomah, Clackamas, Yamhill and Columbia in Oregon, and Clark in Washington. According to the Portland State University, Population Research Center, Multnomah and Washington counties together have one-third of the State of Oregon's population. Washington County's three largest cities are Beaverton, Hillsboro and Tigard. Because the District lies within the PMSA, economic and demographic data is not available specifically for the District. Data is generally available for Washington County and for the PMSA.

Washington County covers 727 square miles and includes sixteen incorporated cities such as Beaverton, Hillsboro, Tigard and Tualatin, as well as a portion of the City of Portland.

Currently, manufacturing accounts for 17.2% of the total non-farm employment in the Portland PMSA, while trade, transportation and utilities also accounts for 17.5%, government jobs 8.2%, professional and business services 19.2%, education and health services 12.0%, and leisure and hospitality 8.7%.

A major manufacturing employer in the Beaverton area is Nike, an athletic footwear and apparel manufacturer. Its 286-acre world headquarters campus is located in Washington County, and according to the Beaverton Chamber of Commerce, it is Washington County's second leading employer with approximately 10,700 employees.

The Portland-Vancouver PMSA relies heavily on the manufacturing, high technology industries, wholesale trade and financial activities. According to the Oregon Employment Department, at the end of June 2017, the Portland-Vancouver PMSA unemployment rate was 3.7%, as compared to the Oregon unemployment rate of 3.7% and the nation's rate of 4.4%.

## **LONG-TERM FINANCIAL PLANNING**

The District's unrestricted general fund balance (the total of the committed, assigned and unassigned components of fund balance) at year-end was 14.6 percent of total General Fund revenues. This amount is above the policy guidelines set by Board policy for budgetary and planning purposes (a minimum 5.0 percent of total actual revenues and an additional 5.0 percent sustainability fund). The reserves are maintained to absorb economic downturns, state revenue-sharing reductions and other revenue shortfalls, and will prudently be used when needed to provide stability of core programs and legally required activities.

With continued enrollment growth forecasted, the District issued \$297.9 million in general obligation bonds in 2016-17 to support the construction of one high school, one middle school, one elementary school and land for an additional elementary school over the next few years. These were issued as part of the \$680 bond measure passed by voters in May 2014. As the average age of the District's buildings is in excess of 30 years, funds will also be used to rebuild and make extensive renovations to facilities throughout the District and enhance educational technology in the classroom.

## MISSION STATEMENT AND PRIORITIES

The District Goal is: *WE empower all students to achieve post-high school success.*

The Beaverton School District Board adopted the Strategic Plan:

### WE Expect Excellence

- WE teach students knowledge and skills for our evolving world
- WE seek, support and recognize our world-class employees

### WE Innovate

- WE engage students with a variety of relevant and challenging learning experiences
- WE create learning environments that promote student achievement

### WE Embrace Equity

- WE build honest, safe and inclusive relationships with our diverse students and their families
- WE provide needed support so that every student succeeds

### WE Collaborate

- WE work and learn in teams to understand student needs and improve learning outcomes
- WE partner with the community to educate and serve our students

## FINANCIAL INFORMATION

**Accounting Policies.** Governmental funds are used to account for the District's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available".) "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Expenditures are recorded when the liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, interfund transactions and certain compensated absences and claims and judgments which are recognized as expenditures because they will be liquidated with expendable financial resources.

The assets and liabilities of the agency fund are recorded on the modified accrual basis of accounting. The agency fund consists of the Private-Purpose Trust Fund.

The financial transactions for the proprietary fund type are recorded on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded at the time they are earned and expenses are recorded at the time liabilities are incurred.

The accrual and modified accrual basis of accounting as utilized by Beaverton School District are in accordance with generally accepted accounting principles.

**Budgetary Controls.** The District is required by the State of Oregon to adopt an annual budget for all funds

subject to the requirements of Local Budget Law as outlined in the Oregon Revised Statutes 294.305 through 294.565, inclusive. The Oregon Local Budget Law requires the appointment of a budget committee to review and approve the budget. The budget committee consists of the seven members of the Board of Directors and seven electors of the District who are appointed by the Board of Directors. The administration proposes a budget to the budget committee, and the budget committee may modify or approve the proposed budget.

A summary of the approved budget, together with a notice of public hearing, is published on the District website and in a newspaper having general circulation in the District. A public hearing is held to receive comments from the public concerning the approved budget. The Board of Directors adopts the budget, makes appropriations, and levies taxes after the public hearing and before the beginning of the year for which the budget has been prepared. After adoption, the budget may be revised through procedures specified in State statute and Board policy.

**Charter Schools.** Oregon statute provides state funding for charter schools that flows through the district for schools that local boards of education have granted a charter. The District has two charter schools, Arco Iris Spanish Immersion School and Hope Chinese Charter School, in operation during the 2016-17 fiscal year.

Arco Iris has completed its seventh year of operations. The school educates 263 full-time students in grades 1-8 and has renewed its charter through 2021-22. The school reports net position of \$47,319 as of June 30, 2016.

Hope Chinese has completed its fifth year of operations. The school educates 169 full time students in grades K-5, and has renewed its charter through 2017-18. The school reports net position of \$686,409 as of June 30, 2016.

## **INDEPENDENT AUDIT**

The Beaverton School District's financial statements have been audited by Grove, Mueller & Swank, P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the District for the fiscal year ended June 30, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall basic financial statement presentation. The independent auditor concluded, based upon their audit, that there was a reasonable basis for rendering an unmodified ("clean") opinion that the District's basic financial statements for the fiscal year ended June 30, 2017, are fairly presented in all material respects in conformity with U.S. GAAP. The independent auditor's report is presented as the first component of the Financial Section of this report.

The independent audit of the District's basic financial statements includes a federally mandated "Single Audit" designed to meet the special requirements of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the basic financial statements, but also on the District's internal control over financial reporting and on compliance and other matters, and on compliance related to the administration of federal awards. These reports are available in the Single Audit Section of this report.

## **AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Beaverton School District for its Comprehensive Annual Financial Report for the year ended June 30, 2016. This was the thirty-sixth consecutive year the District has received this prestigious award. In order to be awarded a Certificate of Achievement, the District published an easily readable and efficiently organized Comprehensive Annual Financial Report. This report complies with both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the Association of School Business Officials International (ASBO) awarded its Certificate of Excellence in Financial Reporting to Beaverton School District for its Comprehensive Annual Financial Report for the year ended June 30, 2016. The District has received this prestigious award for thirty-five consecutive years.

Receiving this Award is recognition that the District has met the highest standards of excellence in school financial reporting as adopted by ASBO. The District believes that the current Comprehensive Annual Financial Report, which will be submitted to ASBO for review, will also conform to these standards.

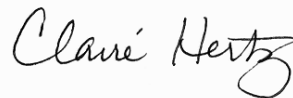
The preparation of the Comprehensive Annual Financial Report would not have been possible without the efficient and dedicated services of the entire staff of the Business Services Department. We would like to express our appreciation to all members of the department, who assisted and contributed to the preparation of this report.

We also thank the members of the School Board for their continued support and dedication to the financial operations of the School District.

Respectfully submitted,



Don Grotting  
Superintendent of Schools



Claire Hertz  
Chief Financial Officer



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Beaverton School District  
Oregon**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

A handwritten signature in black ink, reading "Jeffrey R. Emer". The signature is fluid and cursive.

Executive Director/CEO



ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting  
is presented to**

**Beaverton School District**

**for its Comprehensive Annual Financial Report (CAFR)  
for the Fiscal Year Ended June 30, 2016.**

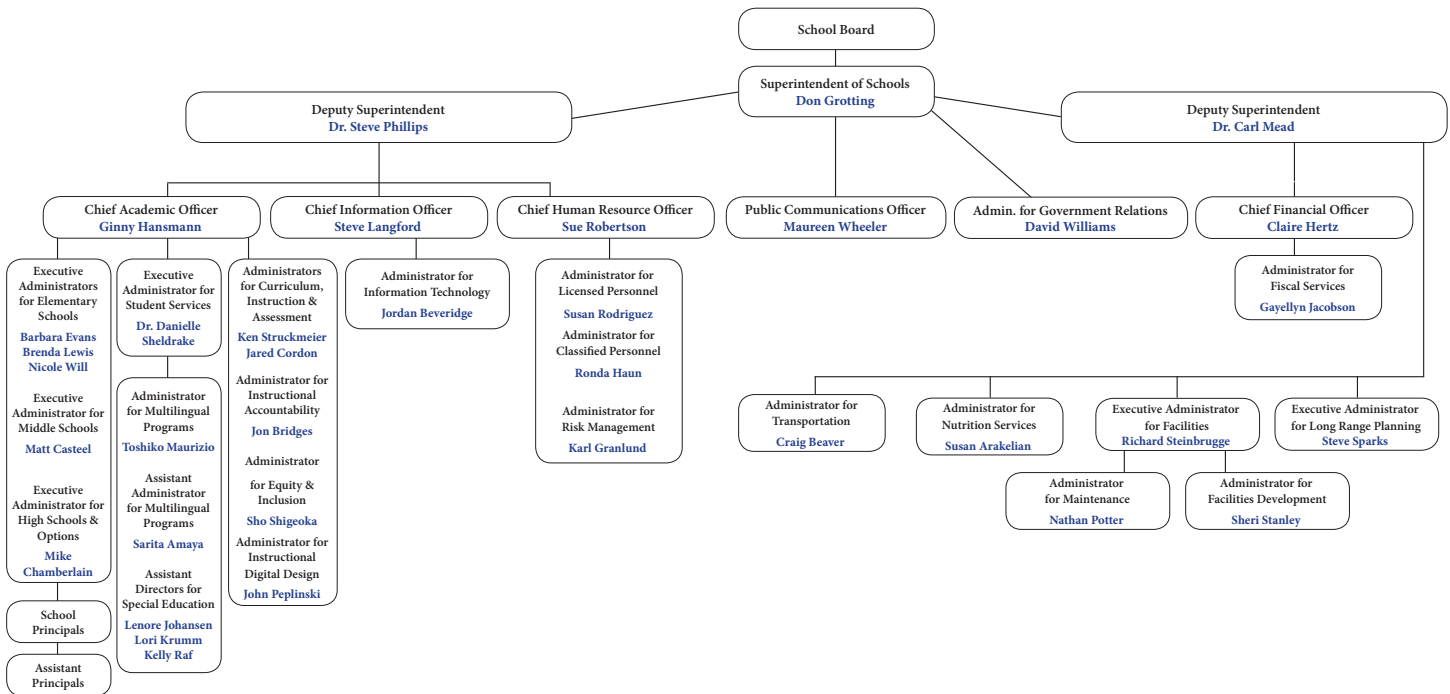
The CAFR has been reviewed and met or exceeded  
ASBO International's Certificate of Excellence standards.



**Anthony N. Dragona, Ed.D., RSBA**  
President

**John D. Musso, CAE**  
Executive Director

## Organizational Chart 2016-2017



(effective July, 2016)

### BEAVERTON SCHOOL DISTRICT Appointed and Elected Officials

Administrative Office:

16550 SW Merlo Road  
Beaverton, Oregon 97003

Don Grotting  
Steve Phillips  
Carl Mead

Superintendent and Clerk  
Deputy Superintendent  
Deputy Superintendent

#### School Board as of June 30, 2017

**Name and Title**  
Anne Bryan, Chair  
Becky Tymchuk, Vice Chair  
Susan Greenberg  
LeeAnn Larsen  
Eric Simpson  
Donna Tyner  
Tom Colett

**Term Expires**  
June 30, 2021  
June 30, 2019  
June 30, 2021  
June 30, 2021  
June 30, 2019  
June 30, 2021  
June 30, 2019

The above Board Members receive mail at the address below:

Beaverton School District  
16550 SW Merlo Road  
Beaverton OR 97003





# FINANCIAL SECTION



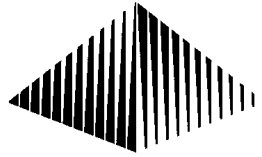
WE  
EXPECT  
EXCELLENCE





## **INDEPENDENT AUDITOR'S REPORT**





## 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  
Beaverton School District  
Beaverton, Oregon

#### ***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 Beaverton School District, Washington 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 Beaverton School District, Washington County, Oregon as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

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

The General Fund combining schedule and budgetary comparison information 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 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 introductory section, combining and individual fund financial statements and schedules, other financial schedules, and statistical section, are presented for purposes of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules, other financial schedules 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### ***Reports on Other Legal and Regulatory Requirements***

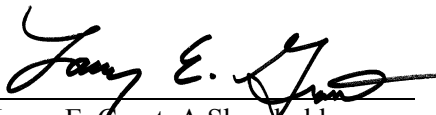
#### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 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 November 22, 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  
November 22, 2017





## **MANAGEMENT'S DISCUSSION AND ANALYSIS**



**BEAVERTON SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017**

As management of Beaverton School District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our Transmittal Letter, which can be found on pages i - vi of this report.

**NEW ACCOUNTING STANDARDS IMPLEMENTED**

The District implemented Governmental Accounting Standards Board (GASB) Statement 77, *Tax Abatement Disclosures* (GASB No. 77), Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans* (GASB No. 78), GASB Statement No. 79, *Certain External Investment Pools and Pool Participants* (GASB No. 79), and Statement No. 82 *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73* (GASB No. 82) in fiscal year 2016-17. The District anticipates no financial impact as a result of implementing these statements. Additional information can be found in Footnote 18 of the financial statements.

**FINANCIAL HIGHLIGHTS**

- In the government-wide statements, the assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at June 30, 2017 by \$11.6 million (net position).
- The District's total net position decreased by \$40.9 million for the fiscal year, a 77.9 percent decline in the District's financial position as compared to the prior year.
- The District's governmental funds report combined ending fund balance of \$459.5 million, an increase of \$119.1 million from the prior year. Approximately 8.3 percent of this total amount, \$38.1 million, is unassigned, available for appropriation at the District's discretion. The remaining fund balances are either nonspendable, restricted or committed: \$386.9 million for use on capital projects, \$2.2 million for debt service and the balance of \$32.3 million for other purposes.
- At the end of the current fiscal year, the unrestricted fund balance (the total of the committed and unassigned components of fund balance) for the General Fund was \$59.8 million, or about 14.6 percent of total General Fund revenue.
- Total cost of all the District's programs was \$551.6 million for the fiscal year, a decrease of \$40.0 million (6.8 percent) from the prior year.
- The District's total outstanding long-term debt increased \$281.4 million (31.8 percent) during the 2016-17 fiscal year due to a bond issue. Debt decreased by debt service payments and amortization of premiums. In addition to long-term debt, the District's total capital leases payable increased by \$2.6 million (100.0 percent) due to a new capital lease.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**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.

**BEAVERTON SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017**

*The Statement of Net Position.* The *Statement of Net Position* focuses on resources available for future operations. In simple terms, this statement presents a snapshot view of what the District owns (assets), what it owes (liabilities), and the net difference (net position). Net position may be further separated into amounts restricted for specific purposes and unrestricted amounts. Overtime, 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 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 but unused vacation leave).

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

The government-wide financial statements can be found on pages 21 - 22 of this report.

**Fund financial statements.** The *fund financial statements* provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Beaverton School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. To be considered a major fund, the fund must meet criteria established by generally accepted accounting principles.

**Governmental funds.** 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 government's near-term financing decisions. Both the governmental fund Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are reconciled to the government-wide Statements of Net Position and Activities.

The District maintains eight individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General, Debt Service, and Capital Projects Funds, all of which are considered to be major funds. Data from the two additional General Fund type funds is included as a separate presentation, which can be found in the appropriate sections following the notes to the basic financial statements. Data from five of these governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided as Other Supplementary Information.

**BEAVERTON SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017**

Additionally, the District adopts an annual appropriated budget for all funds as required by Oregon budget law. Budgetary comparison statements / schedules have been provided to demonstrate compliance elsewhere in this report.

The basic governmental fund financial statements can be found on pages 23 - 26.

***Proprietary funds.*** The District maintains one proprietary fund type (internal service fund). The internal service fund is an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses its internal service funds to account for insurance claims and premiums. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

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

The basic proprietary fund financial statements are provided on pages 27 - 29 of this report.

***Fiduciary funds.*** Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is the same as that used for proprietary funds.

The District maintains one fiduciary fund. The fund is used to report resources held in trust for students to use for scholarships.

The basic fiduciary fund financial statements are located on pages 30 - 31 of this report.

**Notes to the basic financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 32 - 62 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *Required Supplementary Information (RSI)* including budget to actual presentations for required major funds. This information can be found on pages 65 - 68 of this report. *Other Supplementary Information*, presented on pages 71 - 114, includes combining statements for the nonmajor governmental funds, budgetary comparison for nonmajor and other funds, and other financial schedules.

#### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Statement of Net Position.** 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, its assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$11.6 million at June 30, 2017.

Capital assets, which consist of the District's land, buildings, building improvements, construction in progress, vehicles and equipment, represent 59.8 percent of total assets.

The remaining assets consist mainly of cash and investments, grants and property taxes receivable.

The District's largest liability (91.1 percent) is for the repayment of long-term debt and obligations including post-employment benefit obligations, the PERS net pension obligation, and all general obligation and limited tax pension obligation bonds due in more than one year. Other liabilities, representing about 8.9

**BEAVERTON SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017**

percent of the District's total liabilities, consist principally of the debt and obligations due within one year, capital leases due within one year, payables on accounts, and accrued salaries and benefits.

Most of the District's net position (\$268.2 million) reflects its investment in capital assets (e.g. land, buildings, vehicles and equipment), less any related debt used to acquire those assets that is still outstanding and unspent bond proceeds. The District uses these capital assets to provide services to students and other District residents; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources (generally property taxes), since the capital assets themselves cannot be used to liquidate these liabilities.

The District's restricted net position (\$3.7 million) reflects resources that are subject to external restrictions on how they may be used. The remaining balance in net position (negative \$260.3 million) is unrestricted.

<b>Beaverton School District Net Position</b>			
	<b>Governmental Activities</b>		
	<b>June 30, 2016</b>	<b>June 30, 2017</b>	<b>Increase / (Decrease)</b>
Capital assets	\$ 658,909,755	\$ 839,537,137	\$ 180,627,382
Current and other assets	428,170,023	563,781,726	135,611,703
Total assets	<u>1,087,079,778</u>	<u>1,403,318,863</u>	<u>316,239,085</u>
Deferred Outflows of Resources	99,746,696	236,826,672	137,079,976
Total assets and deferred outflows of resources	<u>1,186,826,474</u>	<u>1,640,145,535</u>	<u>453,319,061</u>
Long-term liabilities	975,006,199	1,473,322,990	498,316,791
Other liabilities	123,074,058	144,410,839	21,336,781
Total liabilities	<u>1,098,080,257</u>	<u>1,617,733,829</u>	<u>519,653,572</u>
Deferred Inflows of Resources	36,166,451	10,775,172	(25,391,279)
Total liabilities and deferred inflows of resources	<u>1,134,246,708</u>	<u>1,628,509,001</u>	<u>494,262,293</u>
Net position:			
Net investment in capital assets	262,579,965	268,188,162	5,608,197
Restricted	5,261,017	3,748,594	(1,512,423)
Unrestricted	(215,261,216)	(260,300,222)	(45,039,006)
Total net position	<u>\$ 52,579,766</u>	<u>\$ 11,636,534</u>	<u>\$ (40,943,232)</u>

During the current fiscal year, the District's overall financial position changed as indicated by a decrease of \$40.9 million in net position. Unrestricted net position decreased by \$45.0 million due mainly to the change in the PERS net pension liability. At the same time, the District's investment in capital assets, net of related debt, increased by \$5.6 million due principally to payment of related debt during the year.

**BEAVERTON SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017**

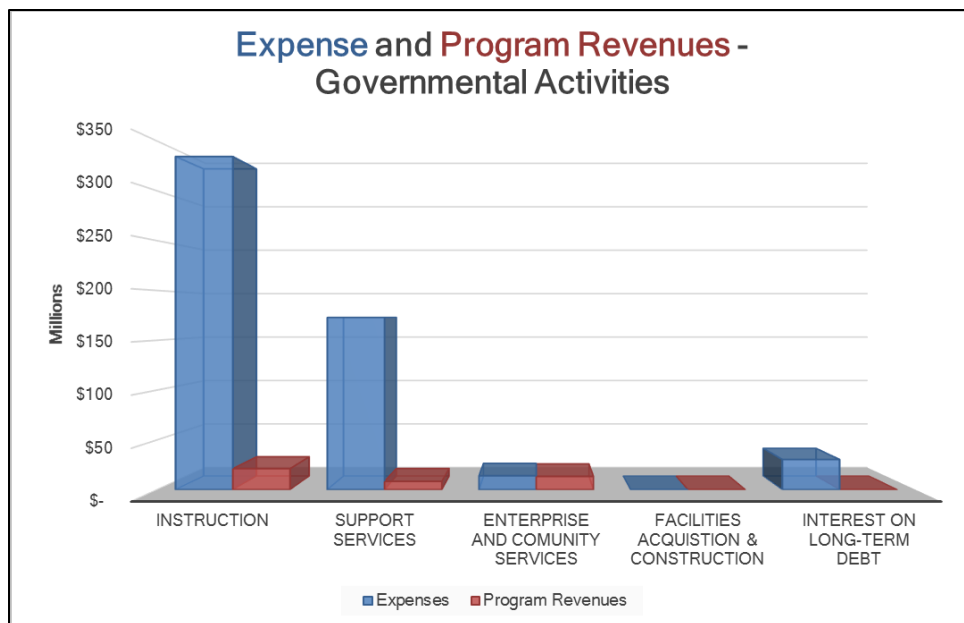
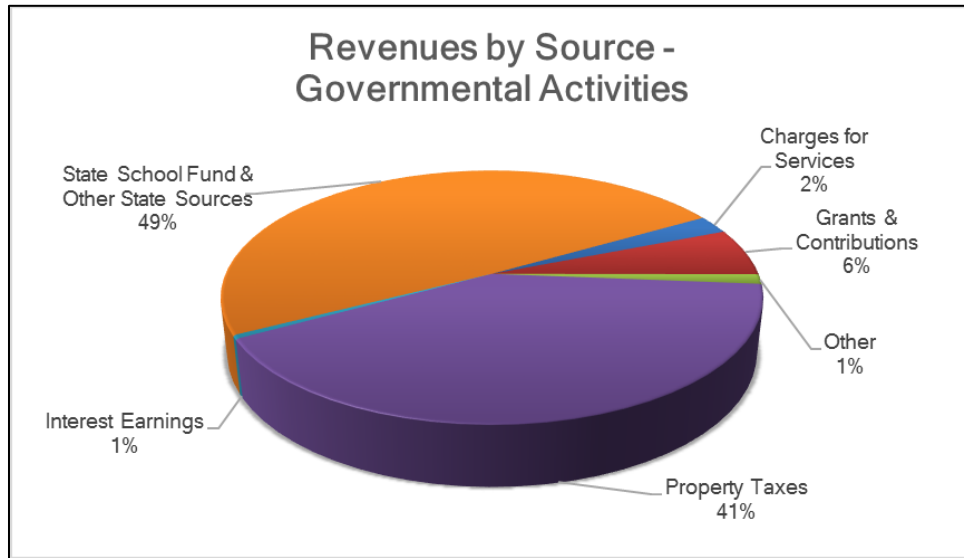
**Governmental activities.** During the 2016-17 fiscal year, the District's net position decreased by \$40.9 million. The key elements in this change are the following:

<b>Beaverton School District Changes in Net Position Year Ended June 30,</b>			
	<b>Governmental Activities</b>		<b>Increase /</b>
	<b>2016</b>	<b>2017</b>	<b>(Decrease)</b>
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 12,251,931	\$ 11,891,285	\$ (360,646)
Operating grants and contributions	28,805,495	30,565,670	1,760,175
Capital grants and contributions	1,226,334	361,917	(864,417)
General revenues:			
Property taxes	198,226,318	207,653,586	9,427,268
Construction excise tax	3,069,069	3,829,430	760,361
State school fund	228,865,870	231,739,269	2,873,399
Other state and local sources	17,697,992	19,779,176	2,081,184
Earnings on investments	3,198,636	2,351,393	(847,243)
Miscellaneous	1,583,912	2,516,646	932,734
Total revenues	<u>494,925,557</u>	<u>510,688,372</u>	<u>15,762,815</u>
<b>Expenses:</b>			
Instruction	365,077,171	334,402,483	(30,674,688)
Support services	174,994,114	172,910,114	(2,084,000)
Enterprise and community services	15,425,815	14,011,447	(1,414,368)
Interest on long-term debt	36,159,370	30,307,560	(5,851,810)
Total expenses	<u>591,656,470</u>	<u>551,631,604</u>	<u>(40,024,866)</u>
Increase (decrease) in net position	(96,730,913)	(40,943,232)	55,787,681
Net position - July 1	149,310,679	52,579,766	(96,730,913)
Net position - June 30	<u>\$ 52,579,766</u>	<u>\$ 11,636,534</u>	<u>\$ (40,943,232)</u>

- Program revenues increased by \$0.5 million in 2016-17 as a combination of a decrease of \$0.4 million in charges for services and an increase of \$0.9 million in grants and contributions.
- General revenues increased by \$15.2 million in 2016-17 due to increases from local property taxes and state school fund.
- Instruction expense decreased in 2016-17 both due to the large recognition of pension expense associated with the PERS net pension liability in the prior year and the pension expense recognized in the prior year associated with the payment into a side account for PERS UAL.



**BEAVERTON SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017**



**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

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

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

**BEAVERTON SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017**

At June 30, 2017, the District's governmental funds reported combined ending fund balances of \$459.5 million, an increase of \$119.1 million in comparison with the prior year. Approximately \$421.4 million (91.7 percent) of the ending fund balances constitutes *nonspendable, restricted or committed balances*. Restricted or committed ending fund balances are constrained to specific purposes by bondholders or governing body. Another \$38.1 million (8.3 percent) of the ending fund balances are unassigned and available for spending at the District's discretion. Of the fund balance, \$386.9 million or 84.2 percent is designated for capital projects, as authorized by voters and the Board, and an additional \$2.2 million (0.5 percent) is dedicated for debt service obligations.

*General Fund.* The General Fund is the chief operating fund of the District. As of June 30, 2017, committed fund balance was \$21.7 million to fund early retirement payments, long-term planning needs, and a stability fund. As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund revenues. At the end of the fiscal year, the General Fund balance was 14.6 percent of General Fund revenues. The fund balance decreased by \$4.1 million due to increased budgeted expenditures.

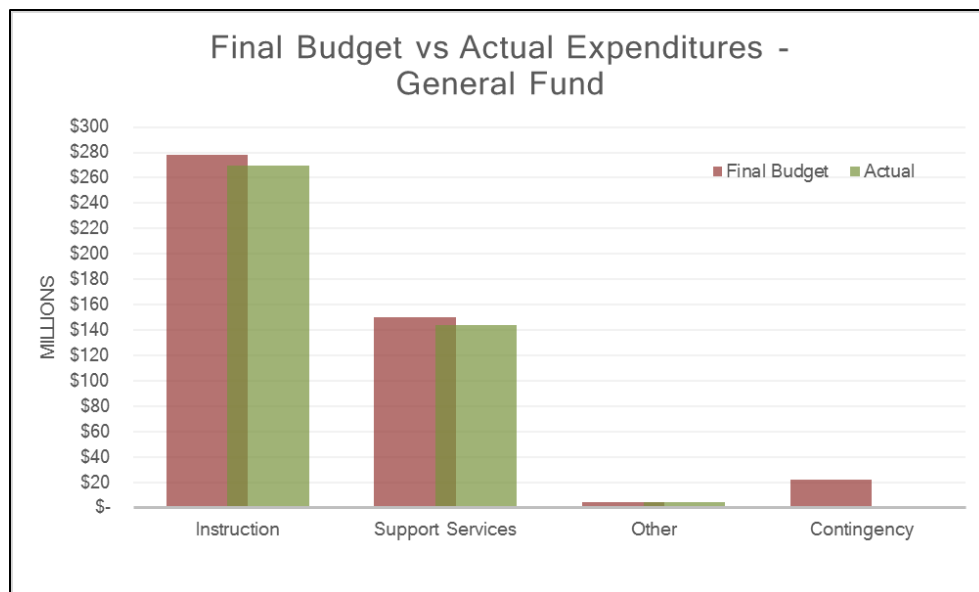
*Debt Service Fund.* The Debt Service Fund has a total fund balance of \$2.2 million, all of which is set aside for the payment of debt service. The net decrease in fund balance during the current year was \$1.4 million.

*Capital Projects Fund.* The Capital Projects Fund has a total fund balance of \$386.9 million, all of which is dedicated for ongoing capital projects. Capital expenditures reflect costs incurred as part of the Long Range Facilities Plan. All of the Capital Projects Fund balance is restricted or committed for capital improvements and repairs.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

*Original budget compared to final budget.* During the year, there was one supplemental budget with additional appropriations that was adopted for 2016-17.

*Final budget compared to actual results.* The most significant difference between estimated revenue and actual revenue was State and Local Sources. Estimated revenues were \$256.1 million and actual revenue was \$249.4 million with a difference of \$6.7 million. The decrease of the revenue source was attributed to a prior year adjustment in state revenue.



**BEAVERTON SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital assets.** The District's investment in capital assets includes land, buildings and improvements, vehicles and equipment, and construction in progress. As of June 30, 2017, the District had approximately \$839.5 million invested in capital assets, net of depreciation, as shown in the following table:

<b>Beaverton School District Accumulated Capital Assets (net of accumulated depreciation)</b>			
	<b>June 30, 2016</b>	<b>June 30, 2017</b>	<b>Increase (Decrease)</b>
Land	\$ 63,208,802	\$ 63,208,802	\$ -
Buildings and improvements	447,527,503	521,369,574	73,842,071
Vehicles and equipment	22,255,658	22,114,384	(141,274)
Construction in progress	125,917,792	232,844,377	106,926,585
Total capital assets, net of related accumulated depreciation	<u>\$ 658,909,755</u>	<u>\$ 839,537,137</u>	<u>\$ 180,627,382</u>

Additional information regarding the District's capital assets can be found in Note 6 on page 43 of this report.

**Long-term debt.** At the end of the current fiscal year, the District had total long-term debt outstanding of \$1,167.6 million, of the total \$1,188.3 million outstanding debt. The debt consisted of general obligation bonds, full faith and credit obligation bonds, pension obligation bonds, other postemployment benefit obligation (OPEB), capital leases and unamortized premium.

State statutes limit the amount of general obligation debt a school district may issue to 7.95 percent of its total real market value. The current debt limit is \$3.32 billion, which is significantly in excess of the District's outstanding general obligation debt.

The District maintains an "A+" rating from Standard & Poor's and an "Aa2" rating from Moody's for general obligation debt.

Additional information on the District's long-term debt can be found in Notes 8, 9, and 13 on pages 44 - 59 of this report.

<b>Beaverton School District Outstanding Debt (in thousands)</b>			
	<b>June 30, 2016</b>	<b>June 30, 2017</b>	<b>Increase (Decrease)</b>
General obligation bonds	\$ 563,109	\$ 832,135	\$ 269,026
Pension obligation bonds	226,295	215,470	(10,825)
Full faith and credit obligation bonds	18,750	18,115	(635)
Unamortized premium	78,037	101,872	23,835
Other postemployment benefit obligation (OPEB)	16,767	18,173	1,406
Capital leases	-	2,574	2,574
	<u>\$ 902,958</u>	<u>\$ 1,188,338</u>	<u>\$ 285,380</u>

**BEAVERTON SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

Resources supporting District General Fund operations primarily reflect local and state revenues, with additional income representing federal, county and other sources. The largest segment is determined by the State School Fund formula. The majority of funding provided by the State to the District is based on the District's average daily membership of students. Total student enrollment in 2016-17 increased from 2015-16. Slow continual growth trends are projected to continue in future years.

The state economic forecast reveals a slow, steady recovery and slow growth in State School funding for the District in the next few biennia.

The 2017-18 budget was based on a K-12 state funding level of \$8.2 billion, which is about 11% higher than the legislatively approved 2015-17 K-12 funding level. Local voters approved a local option levy in 2013-14 and it has restored 300 teaching positions reduced in previous years. The increased resource will continue through June of 2018 to support additional classroom teachers in an effort to lower class sizes. The Beaverton School Board is submitting a renewal for the local option levy in the May 2018 election.

In June 2017, the board adopted the District budget for the fiscal year 2017-18. The adopted budget for the General Fund for the year ending June 30, 2018 is \$478.9 million.

The School Board has set policy that the District will target 5 percent of annual operating revenues as ending fund balance and an additional 5 percent to a rainy day fund reserve. The District will also budget an annual operating contingency equal to 5 percent of budgeted revenues. The 2017-18 beginning fund balance meets board policy requirements.

**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 the District's Finance Manager at 16550 SW Merlo Road, Beaverton, Oregon 97003.



## **BASIC FINANCIAL STATEMENTS**



**BEAVERTON SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
JUNE 30, 2017

**ASSETS:**

Cash and investments	\$ 542,259,873
Receivables	21,080,546
Inventories	441,307
Capital assets not being depreciated:	
Land	63,208,802
Construction in progress	232,844,377
Capital assets, net of accumulated depreciation:	
Buildings and improvements	521,369,574
Vehicles and equipment	22,114,384

<b>TOTAL ASSETS</b>	<b><u>1,403,318,863</u></b>
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**DEFERRED OUTFLOWS OF RESOURCES:**

Deferred amount on refunding	1,286,337
PERS deferred outflows	235,540,335

<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b><u>236,826,672</u></b>
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<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b><u>1,640,145,535</u></b>
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**LIABILITIES:**

Accounts payable	41,141,105
Accrued salaries and benefits	41,186,982
Accrued interest payable	1,868,055
Unearned revenue	2,934,682
Accrued claims losses	2,631,000
Other accrued liabilities	3,208,354
Capital leases payable - due within one year	850,203
General obligation and full faith and credit obligation bonds - due within one year	38,860,458
Bonds payable - limited tax pension obligation bonds - due within one year	11,730,000
Other postemployment benefit obligation	18,172,954
Capital leases payable - due in more than one year	1,723,431
General obligation and full faith and credit obligation bonds - due in more than one year	913,261,231
Bonds payable - limited tax pension obligation bonds - due in more than one year	203,740,000
PERS net pension liability	336,425,374

<b>TOTAL LIABILITIES</b>	<b><u>1,617,733,829</u></b>
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**DEFERRED INFLOWS OF RESOURCES:**

PERS deferred inflows	10,775,172
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<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b><u>10,775,172</u></b>
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<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b><u>1,628,509,001</u></b>
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**NET POSITION:**

Net investment in capital assets	268,188,162
Restricted for debt service	569,986
Restricted for student body	3,178,608
Unrestricted	(260,300,222)

<b>TOTAL NET POSITION</b>	<b><u>\$ 11,636,534</u></b>
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**BEAVERTON SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
YEAR ENDED JUNE 30, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Change in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities:					
Regular programs	\$ 251,640,423	\$ 6,031,333	\$ 3,956,977	\$ -	\$ (241,652,113)
Special programs	81,559,619	-	10,792,276	-	(70,767,343)
Summer school programs	1,202,441	-	334,079	-	(868,362)
Student support services	38,745,667	-	3,258,542	-	(35,487,125)
Instructional staff support	20,507,887	-	1,867,044	-	(18,640,843)
General administration support	2,144,094	-	-	-	(2,144,094)
School administration	33,442,147	-	-	-	(33,442,147)
Business support services	56,468,112	1,119,944	1,441,476	361,917	(53,544,775)
Central activities support	21,562,471	308,797	16,425	-	(21,237,249)
Supplemental retirement program	39,736	-	-	-	(39,736)
Food services	14,006,876	4,431,211	8,897,168	-	(678,497)
Community services	4,571	-	1,683	-	(2,888)
Interest on long-term debt	30,307,560	-	-	-	(30,307,560)
Total governmental activities	<u>\$ 551,631,604</u>	<u>\$ 11,891,285</u>	<u>\$ 30,565,670</u>	<u>\$ 361,917</u>	<u>\$ (508,812,732)</u>
General revenues:					
Property taxes levied for general purposes					125,870,990
Local option taxes levied for general purposes					28,882,071
Property taxes levied for debt service					52,900,525
Construction excise tax					3,829,430
State school fund - general support					231,739,269
Common school fund					5,011,850
Unrestricted state and local sources					14,767,326
Earnings on investments					2,351,393
Gain on sale of capital asset					139,540
Miscellaneous					<u>2,377,106</u>
Total general revenues					<u>467,869,500</u>
<b>CHANGE IN NET POSITION</b>					<b>(40,943,232)</b>
NET POSITION, July 1, 2016					<u>52,579,766</u>
NET POSITION, June 30, 2017					<u><u>\$ 11,636,534</u></u>

**BEAVERTON SCHOOL DISTRICT**  
**BALANCE SHEET**  
GOVERNMENTAL FUNDS  
JUNE 30, 2017

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
<b>ASSETS</b>					
Equity in pooled cash and investments	\$ 96,504,965	\$ 71,169	\$ 422,713,005	\$ 12,287,503	\$ 531,576,642
Cash with fiscal agent	2,034	75,642	300,000	-	377,676
Receivables	4,105,790	191,698	1,844,774	5,289,536	11,431,798
Property taxes receivable	7,010,219	2,633,596	-	-	9,643,815
Due from other funds	1,231,966	1,619,653	-	-	2,851,619
Inventories	-	-	-	441,307	441,307
<b>TOTAL ASSETS</b>	<b>\$ 108,854,974</b>	<b>\$ 4,591,758</b>	<b>\$ 424,857,779</b>	<b>\$ 18,018,346</b>	<b>\$ 556,322,857</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 5,217,390	\$ -	\$ 35,044,784	\$ 608,917	\$ 40,871,091
Accrued salaries and benefits	35,663,670	-	65,310	2,122,190	37,851,170
Due to other funds	1,746,868	-	4,022	1,355,650	3,106,540
Unearned revenue	-	-	-	2,934,682	2,934,682
Other liabilities	12,344	-	2,829,076	366,934	3,208,354
<b>TOTAL LIABILITIES</b>	<b>42,640,272</b>	<b>-</b>	<b>37,943,192</b>	<b>7,388,373</b>	<b>87,971,837</b>
Deferred Inflows of Resources:					
Unavailable revenue - property taxes	6,443,355	2,434,661	-	-	8,878,016
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>49,083,627</b>	<b>2,434,661</b>	<b>37,943,192</b>	<b>7,388,373</b>	<b>96,849,853</b>
Fund Balances:					
Nonspendable					
Inventories	-	-	-	287,514	287,514
Restricted					
Debt Service Fund	-	3,380	-	-	3,380
Capital Projects Fund	-	-	382,060,011	-	382,060,011
Student Body Fund	-	-	-	3,178,608	3,178,608
Committed					
Debt Service Fund	-	2,153,717	-	-	2,153,717
Capital Projects Fund	-	-	4,854,576	-	4,854,576
Special Purpose Fund	-	-	-	1,247,371	1,247,371
Categorical Fund	-	-	-	2,534,954	2,534,954
Nutrition Services Fund	-	-	-	3,381,526	3,381,526
Pension Fund	71,037	-	-	-	71,037
Long-term Planning Fund	21,646,136	-	-	-	21,646,136
Unassigned	38,054,174	-	-	-	38,054,174
<b>TOTAL FUND BALANCES</b>	<b>59,771,347</b>	<b>2,157,097</b>	<b>386,914,587</b>	<b>10,629,973</b>	<b>459,473,004</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 108,854,974</b>	<b>\$ 4,591,758</b>	<b>\$ 424,857,779</b>	<b>\$ 18,018,346</b>	<b>\$ 556,322,857</b>

**BEAVERTON SCHOOL DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO STATEMENT OF  
NET POSITION**

JUNE 30, 2017

<b>TOTAL FUND BALANCES</b>		\$	459,473,004
Capital assets are not financial resources and therefore are not reported in the governmental funds:			
Cost	\$	1,107,356,455	
Accumulated depreciation		<u>(267,819,318)</u>	839,537,137
A portion of the District's revenues are collected after year-end, but are not available soon enough to pay for the current year's operations, and therefore are not reported in the governmental funds.			
			8,878,016
Internal service funds are used by the District to charge the costs of insurance premiums and claims to the individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.			
			7,656,472
Compensated absences are reported when earned as a liability in the Statement of Net Position while in the governmental funds only the portion that requires the use of current financial resources is reported as a liability.			
			(3,327,889)
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest on long-term debt and capital lease is not accrued in the governmental funds, but rather is recognized as an expenditure when due. These liabilities consist of:			
Accrued interest payable		(1,868,055)	
Bonds payable and unamortized premium		(1,167,591,689)	
Capital leases payable		<u>(2,573,634)</u>	(1,172,033,378)
Long-term pension assets / liabilities not payable in the current year are not reported as governmental fund liabilities. Actuarial changes create deferred outflows and inflows of resources. These consist of:			
PERS net pension liability		(336,425,374)	
PERS deferred outflow of resources		235,540,335	
PERS deferred inflows of resources		<u>(10,775,172)</u>	(111,660,211)
In 2015-16 bond refunding, a larger amount paid to the escrow agent than the premiums of the bonds being refunded that was recorded as interest expense. This deferred outflow of resources is recognized based on the schedule of maturities of the refunded bonds.			
			1,286,337
The liability for other postemployment benefits obligation due at year-end is not recorded in the governmental funds, but it is accrued as an expense and a liability in the government-wide statements.			
			<u>(18,172,954)</u>
<b>TOTAL NET POSITION</b>		<u>\$</u>	<u>11,636,534</u>

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

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
<b>REVENUES:</b>					
Property taxes	\$ 125,067,709	\$ 52,900,524	\$ -	\$ -	\$ 177,968,233
Local option levy	28,882,071	-	-	-	28,882,071
Construction excise tax	-	-	3,829,430	-	3,829,430
State and local sources	249,390,139	-	-	4,129,683	253,519,822
Federal sources	-	-	-	24,406,856	24,406,856
Charges for services	2,916,320	-	-	4,551,600	7,467,920
Rentals	818,631	-	33,030	1,386	853,047
Investment earnings	1,006,654	261,278	965,291	46,360	2,279,583
Extracurricular activities	-	-	-	3,577,223	3,577,223
Contributions and donations	9,354	-	567,060	2,666,944	3,243,358
Services to other funds	-	19,795,795	-	-	19,795,795
Recovery of prior years' expenditures	17,825	-	674	7,919	26,418
Other	1,916,861	-	361,917	1,078,547	3,357,325
<b>Total revenues</b>	<b>410,025,564</b>	<b>72,957,597</b>	<b>5,757,402</b>	<b>40,466,518</b>	<b>529,207,081</b>
<b>EXPENDITURES:</b>					
Current:					
Instruction	269,364,129	-	-	17,918,943	287,283,072
Support services	145,564,109	-	3,891,098	6,336,745	155,791,952
Enterprise and community services	-	-	-	13,160,253	13,160,253
Facilities acquisition and construction	561,624	-	206,907,428	576,788	208,045,840
Debt service					
Principal	873,366	40,284,436	-	-	41,157,802
Interest	-	35,381,003	-	-	35,381,003
<b>Total expenditures</b>	<b>416,363,228</b>	<b>75,665,439</b>	<b>210,798,526</b>	<b>37,992,729</b>	<b>740,819,922</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(6,337,664)</b>	<b>(2,707,842)</b>	<b>(205,041,124)</b>	<b>2,473,789</b>	<b>(211,612,841)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Sale of or compensation for loss of capital assets	-	-	138,684	-	138,684
Transfers in	2,087,989	1,334,200	-	5,420	3,427,609
Transfers out	(3,257,683)	-	(1,164,506)	(5,420)	(4,427,609)
Proceeds from capital leases	3,447,000	-	-	-	3,447,000
General obligation bonds issued	-	-	297,850,265	-	297,850,265
Premium on long-term debt issued	-	-	30,270,107	-	30,270,107
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>2,277,306</b>	<b>1,334,200</b>	<b>327,094,550</b>	<b>-</b>	<b>330,706,056</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(4,060,358)</b>	<b>(1,373,642)</b>	<b>122,053,426</b>	<b>2,473,789</b>	<b>119,093,215</b>
<b>FUND BALANCE, July 1, 2016</b>	<b>63,831,705</b>	<b>3,530,739</b>	<b>264,861,161</b>	<b>8,156,184</b>	<b>340,379,789</b>
<b>FUND BALANCE, June 30, 2017</b>	<b>\$ 59,771,347</b>	<b>\$ 2,157,097</b>	<b>\$ 386,914,587</b>	<b>\$ 10,629,973</b>	<b>\$ 459,473,004</b>

**BEAVERTON 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** **\$ 119,093,215**

*Amounts reported for governmental activities in the Statement of Activities are different because:*

Governmental funds report capital outlay as expenditures. 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 outlay exceeded depreciation in the current period:

Net change in capital assets	\$ 196,991,781	
Less net change in accumulated depreciation	<u>(16,364,399)</u>	180,627,382

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

Net change in PERS net pension liability / asset	(218,443,117)	
Net change in deferred outflow of resources	137,717,383	
Net change in deferred inflow of resources	<u>25,391,279</u>	(55,334,455)

Long-term debt proceeds and capital leases are reported as other financing sources in governmental funds. In the Statement of Net Position, however, this debt increases liabilities. Similarly, repayment of principal and amortization of bond premium are an expenditure in the governmental funds but reduce the liability in the Statement of Net Position. This is the amount by which repayments exceeded proceeds:

Debt issued	(328,120,372)	
Debt principal repaid	40,284,436	
Amortization expense	6,435,230	
Capital lease issued	(3,447,000)	
Capital lease debt principal repaid	<u>873,366</u>	(283,974,340)

In refunding bonds, the amount of new bonds in excess of the refunded bonds is a deferred outflow of resources for the Statement of Activities, whereas it is recorded as an interest expense in the year of refunding. (637,407)

In the Statement of Activities, interest is accrued on long-term debt, whereas in the governmental funds it is recorded as an interest expenditure when due. (724,380)

Certain revenues that do not meet the measurable and available criteria are not recognized in the current year in the governmental funds. In the Statement of Activities, they are recognized as revenue when earned. 803,281

Internal service funds are used by the District to charge the costs of insurance premiums and claims to the individual funds. The net income is reported with governmental activities. 814,875

Compensated absences are recognized as an expenditure in the governmental funds when they are paid. In the Statement of Activities compensated absences are recognized as an expense when earned. (205,212)

In the Statement of Activities, contributions for other postemployment benefits less than the actuarially determined contribution amount increase the other postemployment benefit obligation. In the governmental funds the entire contribution is recognized as an expenditure. This is the amount by which the obligation increased. (1,406,191)

**CHANGE IN NET POSITION** **\$ (40,943,232)**

**BEAVERTON SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
 PROPRIETARY FUNDS - INTERNAL SERVICE FUNDS  
 JUNE 30, 2017

**ASSETS**

Current assets:

Cash and cash equivalents	\$ 10,305,555
Receivables	4,933
Due from other funds	<u>255,207</u>

<b>TOTAL ASSETS</b>	<u><u>10,565,695</u></u>
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**LIABILITIES**

Current liabilities:

Accounts payable	270,014
Accrued claims losses	2,631,000
Accrued salaries and benefits	7,923
Due to other funds	<u>286</u>

<b>TOTAL LIABILITIES</b>	<u><u>2,909,223</u></u>
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**NET POSITION**

Unrestricted	<u>7,656,472</u>
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<b>TOTAL NET POSITION</b>	<u><u>\$ 7,656,472</u></u>
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**BEAVERTON SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
 PROPRIETARY FUNDS - INTERNAL SERVICE FUNDS  
 YEAR ENDED JUNE 30, 2017

**OPERATING REVENUES:**

Services to other funds	\$ 4,470,665
Recovery of prior years' expenditures	189,723
Other	<u>73,585</u>

**TOTAL OPERATING REVENUES**

4,733,973

**OPERATING EXPENSES:**

Losses and claims	1,499,516
Insurance premiums and assessments	1,868,474
Salaries and benefits	928,302
Services, supplies and materials	500,572
Facilities acquisition and construction	<u>194,046</u>

**TOTAL OPERATING EXPENSES**

4,990,910

**OPERATING INCOME (LOSS)**

(256,937)

**NONOPERATING REVENUE:**

Investment earnings	<u>71,812</u>
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**TOTAL NONOPERATING REVENUES**

71,812

**INCOME (LOSS) BEFORE TRANSFERS**

(185,125)

**TRANSFERS:**

Transfers in	<u>1,000,000</u>
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**TOTAL TRANSFERS**

1,000,000

**CHANGE IN NET POSITION**

814,875

**NET POSITION, July 1, 2016**

6,841,597

**NET POSITION, June 30, 2017**

\$ 7,656,472

**BEAVERTON SCHOOL DISTRICT**  
**STATEMENT OF CASH FLOWS**  
 PROPRIETARY FUNDS - INTERNAL SERVICE FUNDS  
 YEAR ENDED JUNE 30, 2017

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Received from interfund services provided	\$ 4,617,711
Received from recovery of prior years' expenditures	189,724
Paid for goods and services	(2,399,703)
Paid to claimants	(1,508,150)
Paid to employees	<u>(817,302)</u>

**NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES** 82,280

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:**

Transfer from other funds	<u>1,000,000</u>
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**NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES** 1,000,000

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Interest received	<u>71,812</u>
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**NET CASH FLOWS FROM INVESTING ACTIVITIES** 71,812

**NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** 1,154,092

**CASH AND CASH EQUIVALENTS, July 1, 2016** 9,151,463

**CASH AND CASH EQUIVALENTS, June 30, 2017** \$ 10,305,555

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:**

Operating income (loss)	\$ (256,936)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Changes in assets and liabilities	
Receivables	23,565
Due from other funds	50,539
Accounts payable	163,389
Accrued claims losses	111,000
Accrued salaries and benefits	(8,634)
Due to other funds	<u>(643)</u>

**NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES** \$ 82,280



**BEAVERTON SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
 FIDUCIARY FUND - PRIVATE PURPOSE TRUST FUND  
 JUNE 30, 2017

**ASSETS**

Equity in pooled cash and investments	\$ 318,545
Receivables	<u>300</u>

<b>TOTAL ASSETS</b>	<u>318,845</u>
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**LIABILITIES**

Accounts payable	11,300
Scholarships payable	<u>43,000</u>

<b>TOTAL LIABILITIES</b>	<u>54,300</u>
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**NET POSITION**

Held in trust for:	
Scholarships	<u>264,545</u>

<b>TOTAL NET POSITION</b>	<u><u>\$ 264,545</u></u>
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**BEAVERTON SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN NET POSITION**  
 FIDUCIARY FUND - PRIVATE PURPOSE TRUST FUND  
 YEAR ENDED JUNE 30, 2017

**ADDITIONS:**

Contributions and donations	\$ 73,955
Investment earnings	<u>2,222</u>
Total additions	<u>76,177</u>

**DEDUCTIONS:**

Scholarships	<u>81,446</u>
Total deductions	<u>81,446</u>

<b>CHANGE IN NET POSITION</b>	(5,269)
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<b>NET POSITION, July 1, 2016</b>	<u>269,814</u>
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<b>NET POSITION, June 30, 2017</b>	<u><u>\$ 264,545</u></u>
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## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Reporting Entity**

Beaverton School District (the District), a consolidation of several districts, was organized under provisions of Oregon Statutes pursuant to ORS Chapter 332 for the purpose of operating elementary and secondary schools. The District is governed by a separately elected seven-member Board which approves the administrative officials. The daily functioning of the District is under the supervision of the Superintendent. As required by generally accepted accounting principles, all activities of the District have been included in 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. There are various governmental agencies and special service districts, which provide service within the District's boundaries. However, the District is not financially accountable for any of these entities, and therefore, none of them are considered component units or included in these basic financial statements.

The District has granted charter to two public charter schools, Arco Iris Spanish Immersion Charter School and Hope Chinese Charter School. These public charter schools are legally separate, tax-exempt organizations governed by their own board of directors, and their financial statements may be obtained by contacting their administrative offices.

### **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, except fiduciary activities. Eliminations have been made to minimize the double counting of internal activities, except that interfund services provided and used, are not eliminated in the process of consolidation. 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 or 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, (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. Certain functional expenditures contain an element of indirect cost.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

Net position is reported as restricted when constraints placed on net position 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 including those of a fiduciary nature. Separate statements for each fund category (governmental, proprietary and fiduciary) are

**BEAVERTON SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as other governmental funds.

The District reports the following major governmental funds:

General Fund - is the District's primary operating fund and accounts for all revenues and expenditures except those required to be accounted for in another fund. This includes the Pension sub-fund to account for the accumulation of resources to be used for payments to employees who receive supplemental early retirement stipends and post-employment health care benefits and the Long-term Planning sub-fund to account for funds set aside for a specific purpose carrying over one year.

Debt Service Fund - provides for the payment of principal and interest on long-term general obligation debt, full faith and credit obligation debt, and pension obligation debt of governmental funds. Principal revenue sources are property taxes, construction excise tax, general fund transfer and charges to other funds.

Capital Projects Fund - accounts for activities related to the acquisition, construction, and equipping of facilities. Principal revenue sources are proceeds from the sale of bonds and interest earnings.

Additionally, the District reports the following fund types:

Special Revenue Funds account for revenue sources that are legally restricted to expenditures for specific purposes such as federal and state grants, classroom supplies and equipment, capital improvements, the receipts, disbursements and cash balances of the various schools' student body activity funds, individual school activity programs and revenues and expenditures for the food dispensing programs.

Internal Service Funds account for insurance services provided to other departments of the District on a cost-reimbursement basis.

Private-Purpose Trust Fund is used to account for scholarship resources held by the District in a fiduciary capacity for use by students. Disbursements from this fund are made in accordance with the trust and donor agreements.

### **Measurement Focus and Basis of Accounting**

Government-wide, internal service, and fiduciary fund 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 state school fund support, property taxes, grants, entitlements and donations. On the accrual basis of accounting, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net positions available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

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, claims and judgments, and accrued vacation which are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's internal service funds are charges for insurance services. Operating expenses for internal service funds include the cost of materials and supplies, insurance premiums, losses and claims, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

#### **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 corporate securities, U.S. Government Treasury securities, U.S. Government Agency securities, state and local government obligations, bank deposits and savings accounts, and the State of Oregon Treasurer's Local Government Investment Pool (LGIP). The District's investments are reported at fair value based upon quoted market rates. Changes in the fair value of investments are recorded as investment earnings. The LGIP is stated at cost which approximates fair value. Fair value of the LGIP is the same as the District's value in the pool shares.

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

#### **Property Taxes Receivable**

Property taxes are levied and become a lien on July 1. Collection dates are November 15, February 15, and May 15 following the lien date. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

Uncollected property taxes are recorded on the Statement of Net Position. Uncollected taxes are deemed to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established. All property taxes receivable are due from property owners within the District.

#### **Accounts and Other Receivables**

Accounts and other receivables are comprised primarily of State school support, claims for reimbursement of costs under various federal and state grants, and investment interest. Amounts are periodically reviewed for collectability. At June 30, 2017, no allowance for doubtful accounts is considered necessary.

### Grants

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

### Inventories

Inventories consist of supplies held for sale. Inventories are charged as expenditures when consumed and are stated at cost using the first-in, first-out (FIFO) method. A portion of the inventory consists of donated United States Department of Agriculture (USDA) commodities. Commodities are recorded as expenditures when consumed and are stated at their fair market value based on guidelines provided by the USDA. Commodities on hand at year-end are recorded as unearned revenue.

### Capital Assets

Capital assets are recorded at original or estimated original cost. Donated capital assets are recorded at their acquisition value on the date donated. The District defines capital assets as assets with an initial cost of more than \$5,000 and an estimated life in excess of one year. Maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	10 to 50 years
Vehicles and equipment	5 to 30 years

### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and balance sheet 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 government has two items that arise only under a full accrual basis of accounting that qualify for reporting in this category. The statement of net position reports one type related to the net PERS pension liability and one type related to bond refunding. These amounts are deferred and recognized as an outflow of resources in the period that the amounts become available.

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

### 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 2003 Oregon Legislature passed PERS reform legislation and essentially created a new retirement plan for employees hired on or after August 29, 2003. These employees become 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.

In addition, until June 30, 2004, the District offered an early retirement incentive program to certified and eligible administrators at age fifty-eight with ten years of regular service who qualified for early retirement benefits which were funded at actuarially determined amounts and charged to expenses/expenditures.

The District has also offered other retirement benefits programs to eligible staff in 2011 and 2012. However, these plans are no longer active, as the eligibility period has past and all required benefits have been disbursed.

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

#### **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 vacation pay is considered to be current as the District policy states that vacation will lapse if not taken within six months following the year end. It is accrued when earned in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only as they come due, 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. 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. Savings realized from advance refunding of debt are recorded as deferred outflows of resources and amortized over the remaining life of the related defeased debt.

In the fund financial statements, bond premiums and discounts, as well as bond issuance costs, are recognized when incurred and are 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. All principal and interest debt payments are paid by the Debt Service Fund.

#### **Net Position**

Net position is comprised of the various net earnings from operations, nonoperating revenues, expenses and contributions of capital. Net position is classified in the following three categories:

Net investment in capital assets - consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the

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acquisition, construction, or improvement of those assets. The District has unspent bond proceeds in the form of cash and investments to fund bond expenditures in subsequent years.

Restricted - consists of external constraints placed on asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. There are net positions restricted for debt service and student body.

Unrestricted net position - consists of all other assets that are not included in other categories previously mentioned.

**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 affect 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 could differ from those estimates.

**Subsequent Events**

The date to which events occurring after June 30, 2017, the date of the most recent statement of net position, has been evaluated for possible adjustment to the financial statements or disclosure is November 22, 2017, which is the date on which the financial statements were available to be issued.

**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.

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 use of committed funds would be approved by resolution. The School Board can modify or rescind the commitment at any time through an amending 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. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body. The Superintendent and Chief



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Financial Officer have been granted the authority to assign fund balances, pursuant to School Board Resolution number 13-314.

- 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.

The governing body has approved the following order of spending regarding fund balance categories: Restricted resources are spent first when both restricted and unrestricted (committed, assigned or unassigned) resources are available for expenditures. When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable), and unassigned.

**Definitions of Governmental Fund Types**

The General Fund is used to account for all financial resources not accounted for in another fund. In addition, certain funds budgeted as Special Revenue Funds are reported as part of the General Fund because their source of funds is primarily transfers from the General 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.

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.

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.

**Fund Balance Policy**

School Board policy mandates that the District budget a minimum of five percent of its General Fund revenue as contingency, and that a five percent fund balance be maintained. An additional five percent fund balance is maintained in a sustainability fund to support long-term financial stability and can only be accessed through Board action to moderate future revenue declines.

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budget**

A budget is prepared and legally adopted for each governmental fund type, proprietary fund type, and private-purpose trust fund 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 and private-purpose trust fund, except capital outlay expenditures, including items below the District's capitalization level, which are budgeted by major function in the governmental fund types. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations.

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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. 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, there was one supplemental budget with additional appropriations that was adopted for 2016-17. Appropriations lapse at the end of each fiscal year.

**Over-Expenditure of Appropriations**

Oregon law prohibits expenditures in excess of Board approved appropriations. The Board approves appropriations at the major function level for each fund. For the year ended June 30, 2017, expenditures exceeded appropriations as follows:

	<u>Appropriation</u>	<u>Expenditure</u>	<u>Variance</u>
General Fund			
Debt Service	\$ 0	\$ 873,366	\$ (873,366)

The District had appropriated budget within General Fund Instruction for an operating lease that was determined to be a capital lease with the expenditure recognized as Debt Service. This change has been incorporated into future budgets appropriately.

**3. CASH AND INVESTMENTS**

The District maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the balance sheet as "Equity in pooled cash and investments." In addition, cash and investments are separately held by several of the District's funds.

Cash and investments are comprised of the following at June 30, 2017:

Cash with fiscal agent	\$ 377,676
Deposits with banks	55,753,401
Investments	<u>486,447,341</u>
	<u>\$ 542,578,418</u>

Cash and investments are shown on the basic financial statements as:

Statement of Net Position	
Cash and investments	\$ 542,259,873
Statement of Net Position Fiduciary Funds	
Equity in pooled cash and investments	<u>318,545</u>
	<u>\$ 542,578,418</u>

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At year-end, the District's deposits with various financial institutions had a bank value of \$57,248,761 and a book value of \$55,753,401. All deposits not covered by FDIC insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon. 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 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 participating 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.

Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned. The Federal Depositary Insurance Corporation (FDIC) provides insurance for the District's deposits with financial institutions up to \$250,000 each for the aggregate of all non-interest bearing accounts and the aggregate of all interest bearing accounts at each institution. Deposits in excess of FDIC coverage with institutions with institutions participating in the Oregon Public Funds Collateralization Program (PFCP) are collateralized with securities held by the Federal Home Loan Bank of Seattle in the name of the institution. As of June 30, 2017, \$56,748,761 of the District's bank balances were exposed to custodial credit risk as they were collateralized with securities held by the pledging financial institution's agent, but not in the District's name.

As of June 30, 2017 the District held the following investments and maturities:

Investment Type	Fair Value	Weighted Average Maturity in Years	% of Investment Portfolio
U.S. Treasury securities	\$ 43,725,533	0.881	9.0%
U.S. Agency securities	263,322,828	1.652	54.1%
State and local government obligations	1,713,848	0.126	0.4%
Corporate securities	112,734,550	0.860	23.2%
Bank deposits and savings accounts	20,063,240	0.003	4.1%
Local Government Investment Pool	44,887,342	0.003	9.2%
	<u>\$ 486,447,341</u>	<u>1.174</u>	<u>100.0%</u>

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).

The "weighted average maturity in years" calculation assumes that all investments are held until maturity.

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As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy limits investment as follows:

Investment Type	Maximum % of Portfolio	Maximum Length to Maturity
U.S. Treasury securities	100%	18 months for operating funds, 3 years for capital project funds
U.S. Agency securities	100%	18 months for operating funds, 3 years for capital project funds
State and local government obligations	30%	18 months for operating funds, 3 years for capital project funds
Time certificates of deposits	50%	18 months
Repurchase agreements	25%	30 days
Bankers' acceptances	25%	6 months
Corporate securities	35%	18 months
Bank deposits and savings accounts	10%	N/ A
Local Government Investment Pool	100%	N/ A

The maximum amount of pooled investments to be placed in the LGIP is limited by Oregon State Statutes and will increase proportionately with the Portland Consumer Price Index. The limit can be temporarily exceeded for ten business days and does not apply either to pass-through funds or to funds invested on behalf of another governmental unit.

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District minimizes custodial credit risk by limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, brokers/dealers, intermediaries and advisors with which the District will do business. All of the investments above, except for the investment in the LGIP which is not evidenced by securities, are held in safekeeping by the financial institution counterparty in the financial institution's general customer account name.

The District's credit risk policy, which adheres to State of Oregon law, is to limit its investments to the following: Issuers within Oregon must be rated "A" (bonds) or A-2 / P-2 (commercial paper) or better by Standard and Poor's, Moody's Investors Service or any other nationally recognized statistical rating organization, issuers not in Oregon must be rated AA / Aa (bonds) or A-1 / P-1 (commercial paper) or better. There was one corporate security investment that had met the credit risk policy but was subsequently downgraded to Baa / BBB as of June 30, 2017.

At June 30, 2017, the District's investments were rated as follows:

Highest Rating from Moody's Investors Service or Standard & Poor's Corporation						
Investment Type	Total	Aaa/AAA	Aa/AA	A/A	Baa/BBB	Not Rated
U.S. Treasury securities	\$ 43,725,533	\$ 43,725,533	\$ -	\$ -	\$ -	\$ -
U.S. Agency securities	263,322,828	238,328,703	24,994,125	-	-	-
State and local government obligations	1,713,848	-	-	1,713,848	-	-
Corporate securities	112,734,550	24,962,754	52,036,274	32,714,219	3,021,303	-
Bank deposits and savings accounts	20,063,240	-	-	-	-	20,063,240
Local Government Investment Pool	44,887,342	-	-	-	-	44,887,342
	<u>\$ 486,447,341</u>	<u>\$ 307,016,990</u>	<u>\$ 77,030,399</u>	<u>\$ 34,428,067</u>	<u>\$ 3,021,303</u>	<u>\$ 64,950,582</u>

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The Oregon State Treasurer maintains the Oregon Short-Term Fund, of which the LGIP is a part and is not registered with the U.S. Securities and Exchange Commission. 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 Statute, funds are invested as a prudent investor would do, exercising reasonable care, skill and caution. The LGIP was created to offer a short-term investment alternative to Oregon local governments. The investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). Separate financial statements for the Oregon Short-Term Fund are available from the Oregon State Treasurer. The State of Oregon LGIP is unrated for credit quality.

The District's policy for investing in individual issuers varies depending on the type of investments. U.S. Treasury and Agency securities do not have restrictions regarding concentration with any one issuer. No more than 25% of the total portfolio of investments may be invested in a single issuer of bankers' acceptances. At the time of purchase, investments in corporate securities of any one issuer may not exceed 5% of the investment portfolio. At June 30, 2017, more than 5% of the District's portfolio was invested in Federal Home Loan Bank Discount Notes, Federal Home Loan Mortgage Corporation Discount Notes, Federal Farm Credit Bank Discount Notes, and Royal Bank of Canada Notes securities. These investments were 27.5%, 17.4%, 5.1%, and 5.1%, respectively, of the District's total investments.

#### **4. RECEIVABLES**

Receivables are comprised of the following as of June 30, 2017:

<u>Account</u>	<u>Amount</u>
Property taxes receivable	
General fund	\$ 7,010,219
Debt service fund	<u>2,633,596</u>
Total property taxes receivable	<u>9,643,815</u>
Grants receivable	
Other governmental funds	<u>5,033,711</u>
Total grants receivable	<u>5,033,711</u>
Interest and other receivables	
General fund	4,105,790
Debt service fund	191,698
Capital projects fund	1,844,774
Other governmental funds	255,825
Internal service funds	<u>4,933</u>
Total interest and other receivables	<u>6,403,020</u>
Total receivables	<u><u>\$ 21,080,546</u></u>

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**5. INTERFUND RECEIVABLES AND PAYABLES**

The composition of interfund balances as of June 30, 2017 is as follows:

	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>
General fund	\$ 1,746,868	\$ 1,231,966
Debt service fund	-	1,619,653
Capital projects fund	4,022	-
Other governmental funds	1,355,650	-
Internal service funds	<u>286</u>	<u>255,207</u>
Total	<u>\$ 3,106,826</u>	<u>\$ 3,106,826</u>

There is a \$1,231,966 interfund balance in the General Fund to fund reimbursable expenditures in the Grant Fund. The remaining \$1,874,860 interfund balances between funds are the result of payroll accruals at year-end.

**6. CAPITAL ASSETS**

Capital assets activity for the year was as follows:

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2017</u>
Capital assets not being depreciated:				
Land	\$ 63,208,802	\$ -	\$ -	\$ 63,208,802
Construction in progress	<u>125,917,792</u>	<u>174,822,781</u>	<u>(67,896,196)</u>	<u>232,844,377</u>
Total capital assets not being depreciated	<u>189,126,594</u>	<u>174,822,781</u>	<u>(67,896,196)</u>	<u>296,053,179</u>
Capital assets being depreciated:				
Buildings and improvements	677,851,548	90,841,846	(3,935,951)	764,757,443
Vehicles and equipment	<u>43,386,532</u>	<u>5,955,642</u>	<u>(2,796,341)</u>	<u>46,545,833</u>
Total capital assets being depreciated	<u>721,238,080</u>	<u>96,797,488</u>	<u>(6,732,292)</u>	<u>811,303,276</u>
Less accumulated depreciation for:				
Buildings and improvements	(230,324,045)	(15,528,671)	2,464,847	(243,387,869)
Vehicles and equipment	<u>(21,130,874)</u>	<u>(3,675,680)</u>	<u>375,105</u>	<u>(24,431,449)</u>
Total accumulated depreciation	<u>(251,454,919)</u>	<u>(19,204,351)</u>	<u>2,839,952</u>	<u>(267,819,318)</u>
Total capital assets being depreciated, net	<u>469,783,161</u>	<u>77,593,137</u>	<u>(3,892,340)</u>	<u>543,483,958</u>
Total capital assets, net	<u>\$ 658,909,755</u>	<u>\$ 252,415,918</u>	<u>\$ (71,788,536)</u>	<u>\$ 839,537,137</u>

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

Regular programs	\$ 9,641,541
Special programs	3,069,414
Summer school programs	53,637
Student support services	1,540,348
Instructional staff support	742,704
General administration support	78,997
School administration	1,388,609
Business support services	1,583,012
Central activities support	791,027
Food services	314,913
Community services	149
	<u>\$ 19,204,351</u>

**7. COMPENSATED ABSENCES**

The General Fund is the primary fund where the compensated absences liability is liquidated.

Activity for compensated absences for the year ended June 30, 2017, all of which are considered due within one year, as follows:

	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017
Compensated Absences	<u>\$ 3,122,677</u>	<u>\$ 2,961,338</u>	<u>\$ (2,756,126)</u>	<u>\$ 3,327,889</u>

**8. CAPITAL LEASES**

The District entered into a master lease purchase agreement as lessee for financing the acquisition of teacher computers. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the net present value of their future minimum lease payments as of the inception date. During the fiscal year, the initial payment of \$873,366 on the capital lease obligations was made. The computers have a cost of \$3.4 million at June 30, 2017. Since the computers did not reach the thresholds for capitalization, no fixed assets or depreciation was recorded. The capital lease obligations were paid from the General Fund.

The District also entered into a master equity lease agreement as lessee for financing the acquisition of vehicles. As of June 30, 2017, vehicles had been ordered but no vehicles had been delivered to the District under this agreement, therefore, no accounting entries were recorded.

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Future minimum lease obligations and the net present value of these minimum lease payments are as follows:

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2018	\$ 850,203	\$ 23,163	\$ 873,366
2019	857,855	15,511	873,366
2020	865,576	7,790	873,366
	<u>\$ 2,573,634</u>	<u>\$ 46,464</u>	<u>\$ 2,620,098</u>

**9. LONG-TERM DEBT**

**Bonds Payable**

**General Obligation Bonds**

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 20-year serial bonds with equal amounts of principal maturing each year.

On April 2, 2009, the District issued \$42,810,000 in General Obligation Bonds, Series 2009 to finance the second phase of capital construction and improvements related to the \$195 million bond measure passed by voters on November 7, 2006. Interest rates on the bonds range from 3.00% to 5.00%, payable semiannually in June and December. Principal is paid annually in June, with a final maturity in June 2018. The Series 2009 Bonds are not subject to redemption prior to their maturities.

On August 25, 2011, the District issued \$42,175,000 in General Obligation Bonds, Series 2011 to refund Series 2001 Bonds, Series 2002 Bonds, and Series 2003 Bonds and obtain a savings in total debt service requirement. Interest rates on the bonds range from 2.00% to 5.00%, payable semiannually in June and December. Principal is paid annually in June, with a final maturity in June 2023. The Series 2011 Bonds maturing on or after June 15, 2022 are subject to redemption prior to maturity at a price of par plus accrued interest on or after June 15, 2021.

On December 11, 2012, the District issued \$33,075,000 in General Obligation Bonds, Series 2012A and \$126,325,000 in General Obligation Bonds, Series 2012B to refund Series 2004A Bonds and Series 2007 Bonds, and obtain a savings in total debt service requirement. Interest rates on the Series 2012A Bonds range from 0.362% to 1.717%. Interest on the Series 2012B Bonds range from 1.75% to 4.00%. Interest is payable semiannually in June and December. Principal is paid annually in June, with a final maturity in June 2019 and June 2026 for the Series 2012A Bonds and Series 2012B Bonds respectively. The Series 2012B Bonds maturing on or after June 15, 2023 are subject to redemption prior to maturity at a price of par plus accrued interest on or after June 15, 2022.

On August 7, 2014, the District issued \$20,393,784 in General Obligation Bonds, Series 2014A and \$361,755,000 in General Obligation Bonds, Series 2014B to finance the first phase of capital construction and improvements related to the \$680 million bond measure passed by voters on May 20, 2014. Interest rates on the Series 2014A Bonds range from 0.93% to 2.15%. Interest on the Series



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2014B Bonds range from 2.00% to 5.00%. Interest is payable semiannually in June and December. Principal is paid annually in June, with a final maturity in June 2020 and June 2034 for the Series 2014A Bonds and Series 2014B Bonds respectively. The Series 2014B Bonds maturing on or after June 15, 2025 are subject to redemption prior to maturity at a price of par plus accrued interest on or after June 15, 2024.

On May 11, 2017, the District issued \$38,990,000 in General Obligation Bonds, Series 2017A, \$76,483,176 in General Obligation Bonds, Series 2017B, \$32,980,000 in General Obligation Bonds, Series 2017C, and \$149,397,089 in General Obligation Bonds, Series 2017D to finance the second phase of capital construction and improvements related to the \$680 million bond measure passed by voters on May 20, 2014. Principal is paid in June, with a final maturity in June 2028 for the Series 2017A Bonds, June 2034 for the Series 2017B Bonds, June 2035 for the Series 2017C Bonds, and June 2036 for the Series 2017D Bonds.

The Series 2017A are taxable bonds with interest rates from 1.49% to 3.23%. Interest is payable semiannually in June and December for the Series 2017A Bonds. The Series 2017A Bonds maturing on June 15, 2028 are subject to redemption prior to maturity at a price of par plus accrued interest on or after June 15, 2027.

The Series 2017B are deferred interest bonds with interest rates from 3.57% to 4.13%. Interest on the Series 2017B Bonds is payable only at maturity. The Series 2017B Bonds are subject to redemption prior to maturity at a price of 100 percent of the accreted par value on the redemption date on or after June 15, 2027.

The Series 2017C are current interest bonds with an interest rate of 5.00%. Interest is payable semiannually in June and December for the Series 2017C Series Bonds. The Series 2017C Bonds maturing in 2028 and 2035 are subject to redemption prior to maturity at a price of par plus accrued interest on or after June 15, 2027.

The Series 2017D are convertible deferred interest bonds with an interest rates of 5.00%. The Series 2017D Bonds will convert into current interest bonds in June 2018, after which interest will be payable semiannually in June and December. The 2017D Series Bonds maturing in 2035 and 2036 are subject to redemption prior to maturity at a price of 100 percent of accreted par value plus accrued interest on or after June 15, 2027.

**Full Faith and Credit Obligation Bonds**

On March 19, 2009 the District issued \$22,650,000 full faith and credit obligation bonds to provide funds for the construction of the Transportation Service Center, an option school auditorium, bus particulate traps and an option school remodel. Interest rates on the bonds range from 2.50% to 5.13% with a final maturity date of June 1, 2036. On April 27, 2016, the District issued \$16,260,000 full faith and credit obligation bonds, placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on the old obligations. Interest rates on the 2016 bonds range from 2.00% to 4.00% with a final maturity date of June 1, 2036.

**Limited Tax Pension Obligation Bonds**

On June 21, 2005 the District participated with thirteen Oregon school districts and two educational service districts in a pooled issuance of taxable pension obligation bonds to finance the District's estimated PERS unfunded actuarial liability. The District issued \$189,935,000 in debt as part of a pooled issuance of \$475,205,000. Except for the payment of its pension bond payments and additional charges when due, each school district has no obligation or liability to any other participating school district's pension bonds or liabilities to PERS.

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Bond proceeds were paid to the Oregon Public Employees Retirement System. An intercept agreement with the State of Oregon was required as a condition of issuance; therefore, a portion of State School Fund support is withheld on a monthly basis to repay debt. Funds are accumulated and invested by a trust officer and annual principal and interest payments are made each June 30, beginning June 2005 and ending June 2028. The bond interest rates range from 4.11% to 4.76%.

On February 26, 2015 the District issued \$79,220,000 taxable pension obligation bonds to finance District's estimated PERS unfunded actuarial liability. The bond proceeds were paid to the Oregon Public Employees Retirement System. No intercept agreement exists for the bonds issued in 2015. Annual principal and interest payments are made each June 30, beginning in June 2015 and ending June 2034. The bond interest rates range from 0.35% to 4.06%.

The District recorded the amounts deposited with PERS as a deferred outflow of resources, as required by GASB 68 for contributions made after the measurement date. The reduction in pension expense resulting from the side account will be reflected as a reduction in the District's proportionate share of the PERS net pension liability or an increase in the District's proportionate share of the PERS net pension asset.

**Debt Activity**

Long-term debt activity for the year ended June 30, 2017 is as follows:

	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable:					
General obligation bonds	\$ 563,108,784	\$ 297,850,265	\$ 28,824,436	\$ 832,134,613	\$ 31,164,513
Pension obligation bonds	226,295,000	-	10,825,000	215,470,000	11,730,000
Full Faith & Credit obligations	18,750,000	-	635,000	18,115,000	660,000
Unamortized premium	78,037,199	30,270,107	6,435,230	101,872,076	7,035,945
Total bonds payable, net	<u>\$ 886,190,983</u>	<u>\$ 328,120,372</u>	<u>\$ 46,719,666</u>	<u>\$ 1,167,591,689</u>	

Payments on the general obligation bonds are made by the Debt Service Fund from property taxes and earnings on investments. Payments on pension bonds are made by the Debt Service Fund from revenue from charges to other funds. The payments on the full faith and credit obligation bonds are made by the General Fund and Capital Projects Fund. Federal arbitrage restrictions apply to substantially all debt.

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

Issue Date	Original Issue	Principal			Outstanding at June 30, 2017	Interest Rates
		Outstanding at June 30, 2016	Additions	Reductions		
<u>General Obligation Bonds:</u>						
April 2, 2009	\$ 42,810,000	\$ 22,475,000	\$ -	\$ 9,750,000	\$ 12,725,000	3.00 - 5.00%
August 25, 2011	42,175,000	24,140,000	-	3,015,000	21,125,000	5.00%
December 11, 2012	33,075,000	10,995,000	-	7,750,000	3,245,000	0.36 - 1.72%
December 11, 2012	126,325,000	125,335,000	-	6,985,000	118,350,000	1.75 - 4.00%
August 7, 2014	20,393,784	20,393,784	-	1,324,436	19,069,348	0.93 - 2.15%
August 7, 2014	361,755,000	359,770,000	-	-	359,770,000	2.00 - 5.00%
May 11, 2017	38,990,000	-	38,990,000	-	38,990,000	1.49 - 3.23%
May 11, 2017	76,483,176	-	76,483,176	-	76,483,176	3.57 - 4.13%
May 11, 2017	32,980,000	-	32,980,000	-	32,980,000	5.00%
May 11, 2017	149,397,089	-	149,397,089	-	149,397,089	5.00%
		<u>563,108,784</u>	<u>297,850,265</u>	<u>28,824,436</u>	<u>832,134,613</u>	
<u>Limited Tax Pension Obligation Bonds:</u>						
June 21, 2005	189,935,000	151,515,000	-	7,155,000	144,360,000	4.30 - 4.76%
February 26, 2015	79,220,000	74,780,000	-	3,670,000	71,110,000	0.35 - 4.06%
		<u>226,295,000</u>	<u>-</u>	<u>10,825,000</u>	<u>215,470,000</u>	
<u>Full Faith and Credit Obligation Bonds:</u>						
March 19, 2009	22,650,000	2,490,000	-	585,000	1,905,000	2.50 - 5.13%
April 27, 2016	16,260,000	16,260,000	-	50,000	16,210,000	2.00 - 4.00%
		<u>18,750,000</u>	<u>-</u>	<u>635,000</u>	<u>18,115,000</u>	
<u>Total G.O. and Pension Bonds</u>		<u>808,153,784</u>	<u>297,850,265</u>	<u>40,284,436</u>	<u>1,065,719,613</u>	
<u>Unamortized Premium</u>		<u>78,037,199</u>	<u>30,270,107</u>	<u>6,435,230</u>	<u>101,872,076</u>	
Total		<u>\$ 886,190,983</u>	<u>\$ 328,120,372</u>	<u>\$ 46,719,666</u>	<u>\$ 1,167,591,689</u>	

**Debt Maturities**

Future bond maturities are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 43,554,513	\$ 37,453,959	\$ 81,008,472
2019	38,724,593	44,174,895	82,899,488
2020	43,160,242	42,301,557	85,461,799
2021	47,635,000	40,471,591	88,106,591
2022	52,345,000	38,427,933	90,772,933
2023-2027	299,471,304	157,955,191	457,426,495
2028-2032	279,486,289	126,674,440	406,160,729
2033-2037	261,342,672	61,364,554	322,707,226
	<u>\$ 1,065,719,613</u>	<u>\$ 548,824,120</u>	<u>\$ 1,614,543,733</u>

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**Debt Defeased**

In April 27, 2016, the District issued \$16,260,000 full faith and credit obligation bonds with interest rates ranging between 2.00% and 4.00%. The District issued the bonds to advance refund \$15,880,000 of the outstanding series 2009 full faith and credit obligation bonds with interest rates ranging between 4.625% and 5.125%. The District used the net proceeds along with other resources to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the 2009 series bonds. As a result, the 2009 series bonds are considered defeased, and the District has removed the liability from its accounts. The trust account assets and the liabilities for the defeased obligations are not included in the District's basic financial statements. At June 30, 2017, the outstanding principal of the defeased bonds is \$15,880,000.

The advance refunding reduced total debt service payments over the life of the issue by nearly \$2.7 million. This resulted in an economic gain (the difference between the present value of the debt service payments on the old and new debt) of \$2.2 million.

**10. INTERFUND TRANSFERS**

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

	<u>Transfer In</u>	<u>Transfer Out</u>
General fund	\$ 2,087,989	\$ 3,257,683
Debt service fund	1,334,200	-
Capital projects fund	-	1,164,506
Other governmental funds	5,420	5,420
Internal service fund	1,000,000	-
Total	<u>\$ 4,427,609</u>	<u>\$ 4,427,609</u>

The District made transfers from the General Fund in the amount of \$1,000,000 to the Internal Service Fund to fund property insurance premiums. Transfers were made from the Capital Projects Funds to the Debt Service Fund totaling \$1,164,506 to pay principal and interest payments on the full faith and credit obligations. The District also made transfers from the General Fund to the Debt Service Fund totaling \$169,694 to pay principal and interest payments on the full faith and credit obligations. Within the General Fund, transfers totaling \$2,087,989 were made between the sub-funds, with funds going into the Long-term Planning Fund. A transfer was made from the Food Service Fund to the Special Purpose Fund totaling \$5,420 for volunteer donations.

**11. EARLY RETIREMENT SUPPLEMENT PROGRAM**

**Early Retirement Plan 2004**

**Plan description** - The District maintains a single-employer early retirement supplement program for its employees. This program covers all full-time certified, classified and eligible administrative personnel of the District who qualified prior to June 30, 2004, when the program was closed. The District does not issue a stand-alone report for this plan.

This program was established under separate collective bargaining agreements and provide provisions for early retirement after 30 years of service or age 58 with at least 10 years of continuous District service

immediately preceding retirement. For eligible administrators, this optional early retirement program provides the employee with medical benefits are provided until age 62.

**Summary of significant accounting policies** - The plan is accounted for in the Pension Fund. The District's contributions are recognized when due and a formal commitment to provide the contributions has been made. Plan investments are a part of the District's investment pool, reported at fair value. Benefits and refunds in the Pension Fund are recognized when due and payable in accordance with the terms of the plans.

**Funding policy** - The benefits from this sunsetted program are fully paid by the District and, consequently, no contributions by employees are required. Although there is no obligation on the part of the District to fund these benefits in advance, the District fully funded the obligation in the Pension Sub-Fund of the General Fund. The Pension Sub-Fund also accounts for resources and payments of post-employment health care benefits for early retirees. The available committed balance of the Pension Sub-Fund at June 30, 2017 is \$71,037. The District's total remaining estimated liability for the plan is \$15,000 and will end December 2017.

**Contributions** - Contributions were financed by a transfer from the General Fund. A transfer to the Pension Sub-Fund of \$500,000 was made in fiscal year 2014 to fully fund this program as well as an additional single-employer early retirement supplement program from 2012 which has been completed. There were also transfers of \$750,000 and \$1,050,000 in fiscal years 2013 and 2012, respectively, to fund both programs. Expenditures are recorded in the Pension Sub-Fund on the pay-as-you-go basis. The cost of these benefits for the Plan 2004 in fiscal years 2017, 2016, and 2015 was \$39,736, \$38,011, and \$46,016 respectively.

Program membership for Plan 2004 consisted of 183 retirees receiving benefits at July 1, 2006, the date of the last actuarial valuation. Retirees receiving early retirement supplement benefits totaled 2, 2, and 3 for fiscal years 2017, 2016, and 2015 respectively.

## **12. PENSION PLAN**

### **Plan Overview Description**

The Oregon Public Employees Retirement System (PERS) consists of a single cost-sharing multiple-employer 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>

### **Tier One / Tier Two Retirement Benefit Plan - ORS Chapter 238**

Tier One / Tier Two Retirement 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 it results in greater benefits.

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 one or more of the following conditions are met:

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

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

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

#### **Oregon Public Service Retirement Plan Pension Program (OPSRP DB) - ORS Chapter 238A**

The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.

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

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

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

A member of the OPSRP 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.

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**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 \$21,355,242, excluding amounts to fund employer specific liabilities. Approximately \$19,796,000 was charged for the year ended June 30, 2017 as PERS benefits expenditures to be used for bond payments as they become due. Approximately \$55,334,000 was recognized as employer pension expense during the reporting period.

At June 30, 2017, the District reported a net pension liability of \$336,425,374 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 2.24 percent, which was an increase of 0.19 from its proportion measured as of December 31, 2013.

	Deferred Outflow of Resources	Deferred (Inflow) of Resources	Net
Differences between expected and actual experience	\$ 11,130,422	\$ -	
Changes of assumptions	71,751,448	-	
Net difference between projected and actual earnings on investments	66,463,539	-	
Changes in proportionate share	10,017,386	(8,835,901)	
Differences between employer contributions and employer's proportionate share of system contributions	54,822,298	(1,939,271)	
Subtotal - Amortized Deferrals	214,185,093	(10,775,172)	\$ 203,409,921
District contributions subsequent to measurement date	21,355,242	-	
Total deferred outflow (inflow) of resources	\$ 235,540,335	\$ (10,775,172)	\$ 224,765,163

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

Fiscal year ending June 30,	Amount
2018	\$ 42,368,585
2019	42,368,584
2020	66,724,932
2021	45,975,830
2022	5,971,990
Thereafter	-
Total	<u>\$ 203,409,921</u>

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated February 8, 2017, which can be found at:

<http://www.oregon.gov/pers/emp/pages/GASB.aspx> .

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), and (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

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

### **Actuarial Methods and Assumptions:**

Valuation date	December 31, 2014
Measurement date	June 30, 2016
Experience Study	2014, published September 2015
Actuarial assumptions:	
Inflation rate	2.50 percent (reduced from 2.75%)
Long-term expected rate of return	7.50 percent (reduced from 7.75%)
Discount rate	7.50 percent (reduced from 7.75%)
Projected salary increases	3.50 percent (reduced from 3.75%)
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25% / 0.15%) in accordance with <i>Moro</i> decision; blend based on service.

(Source: June 30, 2016 Oregon PERS CAFR; Table 29; page 65)



Mortality	<p><b>Healthy retirees and beneficiaries:</b>  RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation.</p> <p><b>Active members:</b>  Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p><b>Disabled retirees:</b>  Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table.</p>
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(Source: June 30, 2016 Oregon PERS CAFR; Table 29; 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 plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

**Depletion Date Projection** - GASB 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 GASB 67 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 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.
- GASB 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.

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Based on these circumstances, the detailed depletion date projections outlined in GASB 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**

<b>Asset Class / Strategy</b>	<b>OIC Policy Range</b>	<b>Current Year Target</b>
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%
<b>Total</b>		<b>100.0 %</b>

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

**Long-Term Expected Rate of Return**

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

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Annual Arithmetic Return</b>	<b>Compound Annual (Geometric)</b>	<b>Standard Deviation</b>
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 Fund - 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 %

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

**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 or 1-percentage-point higher than the current rate.

	Decrease 1% 6.50%	Current Rate 7.50%	Increase 1% 8.50%
District's proportionate share of the net pension liability / (asset)	\$ 543,214,805	\$ 336,425,374	\$ 163,585,590

Additional disclosures related to Oregon PERS not applicable to specific employers are available online at the below website, or by contacting Oregon PERS at the following address: P.O. 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 lump-sum payment.

**Contributions** - Employees of the District pay 6 percent of their covered payroll. The District did not make any optional contributions to member IAP accounts for the year ended June 30, 2017.

### **13. OTHER POSTEMPLOYMENT BENEFITS (OPEB)s**

#### **Postemployment Health Insurance Subsidy**

**Plan description** - The District operates a single-employer retiree benefit plan that provides postemployment health, dental, vision and life insurance benefits to eligible employees and their spouses. There are 4,206 active and 213 retired members in the plan. Benefits and eligibility for members are established through the collective bargaining agreements and Oregon State law.

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The District's post-retirement healthcare plan was established in accordance with Oregon Revised Statutes (ORS) 243.303. ORS stipulate that for the purpose of establishing healthcare premiums, the rate must be based on all plan members, including both active employees and retirees. The difference between retiree claims costs, which because of the effect of age is generally higher in comparison to all plan members, and the amount of retiree healthcare premiums represents the District's implicit employer contribution.

The District did not establish an irrevocable trust (or equivalent arrangement) to account for the plan. Instead, the activities of the plan are reported in the General Fund. The plan does not have a separate, audited GAAP-basis postemployment benefit plan report.

**Funding policy** - The benefit from this program is paid by the retired employees on a self-pay basis and the required contribution is based on projected pay-as-you go financing requirements. There is no obligation on the part of the District to fund these benefits in advance.

**Annual OPEB cost and net OPEB obligation** - The District's annual other postemployment benefit cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance within the parameters of GASB 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) over a closed period not to exceed thirty years.

The following table shows the components of the OPEB obligation at the end of the year:

	2015	2016	2017
Annual required contribution	\$ 3,703,544	\$ 3,571,617	\$ 3,571,617
Interest on net pension obligation	470,108	496,880	544,920
Adjustment to annual required contribution	(1,001,614)	(1,144,358)	(1,254,997)
Annual OPEB cost	3,172,038	2,924,139	2,861,540
Contributions made	(1,315,055)	(1,446,002)	(1,455,349)
Increase in net OPEB obligation	1,856,983	1,478,137	1,406,191
Net OPEB obligation- beginning of year	13,431,643	15,288,626	16,766,763
Net OPEB obligation- end of year	<u>\$ 15,288,626</u>	<u>\$ 16,766,763</u>	<u>\$ 18,172,954</u>
Percentage of Annual OPEB Cost Contributed	41.5%	49.5%	50.9%

**Funded status and funding progress** - As of July 1, 2015, the most recent actuarial valuation date, for the periods ended June 30, 2016 and June 30, 2017; the District's actuarial accrued liability (AAL) measured on an entry age basis for benefits was \$30,835,971, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$30,835,971. The covered payroll is \$266,160,397. The ratio of the total UAAL to annual covered payroll is 11.6%. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Actuarial methods and assumptions** - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective and techniques designed to reduce short-term volatility were used.

In the July 1, 2015 actuarial valuation, the aggregate actuarial cost method was used. The aggregate method does not identify or separately amortize unfunded liabilities. Instead, for an unfunded plan the present value of all projected benefits is recognized in the normal cost calculation, which is effectively equivalent to financial statement recognition over the remaining projected future service career of current actives. In the 2015 valuation, this recognition period was 13.4 years. The actuarial assumptions included an investment return rate of 3.25 percent and a 50 percent assumption of participants who elect medical coverage at retirement. They also assume medical and prescription drug costs would increase at 1.7 percent inflation for the current year, followed by 6.9 percent inflation in the next few years before gradually grading down to an annual rate of 4.4 percent over sixty years which is consistent with expectations for long-term health care cost inflation. The projected salary increases and cost of living adjustments are non-applicable as the benefits are unrelated to pay and are not linked to general inflation. The demographic assumptions, such as mortality rates, disability incidence rates, retirement rates, and withdrawal rates, are the same as those used by Oregon PERS for school districts for its December 31, 2014 and December 31, 2015 actuarial valuations.

#### **Tax Sheltered Annuity**

The District offers its employees two tax deferred annuity programs established pursuant to Sections 403(b) and 457(b) of the Internal Revenue Code (the Code). Contributions are made through salary reductions from participating employees up to the amounts specified in the code. No contributions are required from the District. As of June 30, 2017, 1,004 employees were participating in the 403(b) traditional plan, 207 employees were participating in the 403(b) Roth plan and 119 employees were participating in the 457(b) plan.

#### **Retirement Health Insurance Account (RHIA)**

**Plan description** - As a member of Oregon Public Employees Retirement System (OPERS), the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA resides with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, OR 97281-3700.

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

Participating employers are contractually required to contribute to RHIA at a rate assessed each year by OPERS, currently 0.53% Tier 1 and Tier 2 payroll and 0.45% of OPSRP of annual covered payroll. The

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OPERS Board of Trustees sets the employer contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined. 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 approximately \$1,216,000, \$1,162,000, and \$1,839,000 which equaled the required contributions each year.

**14. RISK MANAGEMENT**

**Self-Insurance**

Internal Service Funds (Insurance Reserve and Workers' Compensation Funds) account for the costs incurred for workers' compensation claims, general liability claims, and property and fire losses.

The District provides currently for estimated losses to be incurred from pending claims and for claims incurred but not reported (IBNR). IBNR claims are claims that are incurred through the end of the fiscal year, but not reported until after that date. These liabilities are based on actuarial valuations or District estimates.

The District is self-insured for costs up to policy deductible limits as follows:

- General Liability and School Board errors and omissions - \$500,000 per occurrence
- Fire loss, property damage, all risk (theft, vandalism, etc.) - \$500,000 per occurrence
- Workers' compensation claims - \$400,000 per claim
- Long-term disability claims - payment of all claims for the first fifty-one months of disability for eligible administrator and classified staff. Eligible certified staff are fully insured for disability claims.

The District is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. The District does not engage in risk financing activities where the risk is greater than the self-insurance amounts. Settlements have not exceeded insurance coverage for the years ended June 30, 2017, 2016, and 2015. There have also been no reductions to the District's insurance coverage during the year. The District anticipates that all accrued claims losses will be paid within twelve months.

Changes in the balances of claims liabilities at the end of the year are as follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Accrued claims losses, July 1	\$ 2,520,000	\$ 1,942,000	\$ 1,861,000
Incurred claims, including an estimate of claims incurred but not reported (IBNR)	1,610,516	2,473,543	1,468,202
Claims payments	<u>(1,499,516)</u>	<u>(1,895,543)</u>	<u>(1,387,202)</u>
Accrued claim losses, June 30	<u>\$ 2,631,000</u>	<u>\$ 2,520,000</u>	<u>\$ 1,942,000</u>

#### **15. SCHOOL FUNDING**

The District is dependent on the State of Oregon for a substantial portion of its operating funds. Due to funding fluctuations at the State level, future funding for school districts is impacted by the economic growth statewide. The ultimate effect of this on the District's future operations is not yet determinable.

The largest segment is determined by the State School Fund formula, with the majority of funding provided by the State to the District based on the District's average daily membership of students (ADMr). The State gives additional weightings for certain categories of individuals including students in poverty, students in ESL programs, and students on Individual Education Plans. The State then proportions the State School Fund based on the resulting weighted average daily membership (ADMw) of the District compared that of the State. For 2016-17, the District had an estimated ADMw of 48,744.56 within the State estimated ADMw of 707,042. For 2015-16, these were 48,668.62 and 701,304, respectively.

#### **16. TAX ABATEMENTS**

##### **Washington County Tax Abatements**

The District's property tax revenues were reduced by approximately \$310,000 under agreements entered into by Washington County.

#### **17. COMMITMENTS AND CONTINGENCIES**

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

The District is committed under various accepted bid agreements and contracts for approximately \$94.7 million for goods, services, and construction of facilities, as follows:

General fund	\$ 6,102,991
Capital projects fund	87,220,046
Other governmental funds	1,116,832
Internal service funds	<u>244,087</u>
Total	<u><u>\$ 94,683,956</u></u>

The District, in the regular course of business, is named as a defendant in various lawsuits. The likely outcome of these lawsuits is not presently determinable.

#### **18. NEW ACCOUNTING STANDARDS IMPLEMENTED**

For the fiscal year ended June 30, 2017, the District implemented the following new accounting standards:

GASB Statement No. 77 *"Tax Abatement Disclosures."* The statement establishes accounting and reporting guidance on tax abatement agreements for governments. The statement is effective for fiscal years beginning after December 15, 2015. This information is provided in Footnote 16.

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

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

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

#### **19. NEW PRONOUNCEMENTS**

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."* The statement establishes accounting and financial reporting requirements related to other postemployment benefits (OPEB), replacing GASB Statements No. 45 and No. 57. The statement is effective for fiscal years beginning after June 15, 2017.

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

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



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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**



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

Year Ended June 30,	Employer's proportion of the net pension liability (NPL)	Employer's proportionate share of the net pension liability (NPL) <sup>1</sup>	Employer's covered payroll <sup>2</sup>	NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2017 <sup>5</sup>	2.24%	\$ 336,425,374	\$ 243,813,517	138.0%	80.5%
2016 <sup>4</sup>	2.05%	117,982,257	219,944,988	53.6%	91.9%
2015 <sup>3</sup>	2.72%	(61,675,451)	200,544,298	-30.8%	103.6%
2014	2.72%	138,852,440	187,686,710	74.0%	92.0%

**BEAVERTON SCHOOL DISTRICT**  
**SCHEDULE OF CONTRIBUTIONS FOR PERS**  
JUNE 30, 2017

Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2017	\$ 21,355,242	\$ 21,355,242	\$ -	\$ 266,160,397	8.0%
2016	20,427,165	20,427,165	-	243,813,517	8.4%
2015	29,448,081	29,448,081	-	219,944,988	13.4%
2014	28,332,951	28,332,951	-	200,544,298	14.1%

**Notes:**

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

<sup>1</sup> The amounts presented for each fiscal year were actuarially determined at December 31 and rolled forward to the measurement date.

<sup>2</sup> Amounts for covered payroll use the prior year's data to match the measurement date used by the pension plan for each fiscal year.

<sup>3</sup> The June 30, 2015 NPL reflects benefit changes from the Senate Bills 822 and 861.

<sup>4</sup> 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.

<sup>5</sup> 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%.

**BEAVERTON SCHOOL DISTRICT**  
**SCHEDULE OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT BENEFITS**  
JUNE 30, 2017

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2015	\$ -	\$ 30,835,971	\$ 30,835,971	0.0%	\$ 219,944,988	14.0%
July 1, 2013	-	31,047,373	31,047,373	0.0%	187,686,710	16.5%
July 1, 2011	-	28,686,568	28,686,568	0.0%	204,240,671	14.0%

**BEAVERTON SCHOOL DISTRICT  
RECONCILIATION OF BUDGETARY TO REPORTING FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE (GAAP BASIS)**

GENERAL FUND  
YEAR ENDED JUNE 30, 2017

	Budgetary Funds			Total (reported as General Fund)
	General Fund	Pension	Long-Term Planning	
<b>REVENUES:</b>				
Property taxes	\$ 125,067,709	\$ -	\$ -	\$ 125,067,709
Local option levy	28,882,071	-	-	28,882,071
State and local sources	249,390,139	-	-	249,390,139
Charges for services	2,607,523	-	308,797	2,916,320
Rentals	818,631	-	-	818,631
Investment earnings	987,625	883	18,146	1,006,654
Contributions and donations	9,354	-	-	9,354
Recovery of prior years' expenditures	17,825	-	-	17,825
Other	1,916,861	-	-	1,916,861
<b>TOTAL REVENUES</b>	<b>409,697,738</b>	<b>883</b>	<b>326,943</b>	<b>410,025,564</b>
<b>EXPENDITURES:</b>				
Current:				
Instruction	269,360,129	-	4,000	269,364,129
Support services	144,193,875	39,736	1,330,498	145,564,109
Facilities acquisition and construction	493,672	-	67,952	561,624
Debt service:				
Principal	873,366	-	-	873,366
<b>TOTAL EXPENDITURES</b>	<b>414,921,042</b>	<b>39,736</b>	<b>1,402,450</b>	<b>416,363,228</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(5,223,304)</b>	<b>(38,853)</b>	<b>(1,075,507)</b>	<b>(6,337,664)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	2,087,989	2,087,989
Transfers out	(3,257,683)	-	-	(3,257,683)
Proceeds from capital leases	3,447,000	-	-	3,447,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>189,317</b>	<b>-</b>	<b>2,087,989</b>	<b>2,277,306</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(5,033,987)</b>	<b>(38,853)</b>	<b>1,012,482</b>	<b>(4,060,358)</b>
<b>FUND BALANCE, July 1, 2016</b>	<b>42,979,287</b>	<b>109,890</b>	<b>20,742,528</b>	<b>63,831,705</b>
<b>FUND BALANCE, June 30, 2017</b>	<b>\$ 37,945,300</b>	<b>\$ 71,037</b>	<b>\$ 21,755,010</b>	<b>\$ 59,771,347</b>

**BEAVERTON SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

GENERAL FUND  
YEAR ENDED JUNE 30, 2017

	Budget			Variance with
	Adopted	Final	Actual	Final Budget
<b>REVENUES:</b>				
Property taxes	\$ 124,575,000	\$ 124,575,000	\$ 125,067,709	\$ 492,709
Local option levy	28,000,000	28,000,000	28,882,071	882,071
State and local sources	256,078,017	256,078,017	249,390,139	(6,687,878)
Charges for services	2,165,000	2,165,000	2,607,523	442,523
Rentals	607,000	607,000	818,631	211,631
Investment earnings	450,000	450,000	987,625	537,625
Contributions and donations	-	-	9,354	9,354
Recovery of prior years' expenditures	50,000	50,000	17,825	(32,175)
Other	1,700,000	1,700,000	1,916,861	216,861
<b>Total revenues</b>	<b>413,625,017</b>	<b>413,625,017</b>	<b>409,697,738</b>	<b>(3,927,279)</b>
<b>EXPENDITURES:</b>				
Instruction	277,911,555	277,911,555	269,360,129	8,551,426
Support services	149,988,946	149,988,946	144,193,875	5,795,071
Facilities acquisition and construction	-	500,000	493,672	6,328
Debt service:				
Principal	-	-	873,366	(873,366)
Contingencies	22,742,698	22,242,698	-	22,242,698
<b>Total expenditures</b>	<b>450,643,199</b>	<b>450,643,199</b>	<b>414,921,042</b>	<b>35,722,157</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(37,018,182)</b>	<b>(37,018,182)</b>	<b>(5,223,304)</b>	<b>31,794,878</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(4,210,694)	(4,210,694)	(3,257,683)	953,011
Proceeds from capital leases	-	-	3,447,000	3,447,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(4,210,694)</b>	<b>(4,210,694)</b>	<b>189,317</b>	<b>4,400,011</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(41,228,876)</b>	<b>(41,228,876)</b>	<b>(5,033,987)</b>	<b>36,194,889</b>
<b>FUND BALANCE, July 1, 2016</b>	<b>41,228,876</b>	<b>41,228,876</b>	<b>42,979,287</b>	<b>1,750,411</b>
<b>FUND BALANCE, June 30, 2017</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 37,945,300</b>	<b>\$ 37,945,300</b>

**Note:** GAAP serves as the basis of budgeting.

## OTHER SUPPLEMENTARY INFORMATION





**BEAVERTON SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

DEBT SERVICE FUND  
YEAR ENDED JUNE 30, 2017

	Budget			Variance with
	Adopted	Final	Actual	Final Budget
<b>REVENUES:</b>				
Property taxes	\$ 52,658,970	\$ 52,658,970	\$ 52,900,524	\$ 241,554
Investment earnings	60,000	60,000	261,278	201,278
Services to other funds	18,064,036	18,064,036	19,795,795	1,731,759
Total revenues	70,783,006	70,783,006	72,957,597	2,174,591
<b>EXPENDITURES:</b>				
Debt service:				
Principal	40,284,436	40,284,436	40,284,436	-
Interest	35,520,908	35,520,908	35,381,003	139,905
Total expenditures	75,805,344	75,805,344	75,665,439	139,905
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(5,022,338)	(5,022,338)	(2,707,842)	2,314,496
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	1,466,838	1,466,838	1,334,200	(132,638)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	1,466,838	1,466,838	1,334,200	(132,638)
<b>NET CHANGE IN FUND BALANCE</b>	(3,555,500)	(3,555,500)	(1,373,642)	2,181,858
<b>FUND BALANCE, July 1, 2016</b>	3,555,500	3,555,500	3,530,739	(24,761)
<b>FUND BALANCE, June 30, 2017</b>	\$ -	\$ -	\$ 2,157,097	\$ 2,157,097

**BEAVERTON SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

CAPITAL PROJECTS FUND  
YEAR ENDED JUNE 30, 2017

	Budget			Variance with
	Adopted	Final	Actual	Final Budget
<b>REVENUES:</b>				
Construction excise tax	\$ 3,005,000	\$ 3,005,000	\$ 3,829,430	\$ 824,430
Rentals	35,000	35,000	33,030	(1,970)
Investment earnings	2,011,000	2,011,000	965,291	(1,045,709)
Contributions and donations	4,500,000	4,500,000	567,060	(3,932,940)
Recovery of prior years' expenditures	-	-	674	674
Other	-	-	361,917	361,917
<b>Total revenues</b>	<b>9,551,000</b>	<b>9,551,000</b>	<b>5,757,402</b>	<b>(3,793,598)</b>
<b>EXPENDITURES:</b>				
Support services	5,933,632	6,433,632	3,891,098	2,542,534
Facilities acquisition and construction	315,850,224	635,350,224	206,907,428	428,442,796
Contingencies	50,000,000	50,000,000	-	50,000,000
<b>Total expenditures</b>	<b>371,783,856</b>	<b>691,783,856</b>	<b>210,798,526</b>	<b>480,985,330</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(362,232,856)</b>	<b>(682,232,856)</b>	<b>(205,041,124)</b>	<b>477,191,732</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Sale of or compensation for loss of capital assets	-	-	138,684	138,684
Transfers out	(1,297,144)	(1,297,144)	(1,164,506)	132,638
Issuance of debt	92,000,000	412,000,000	297,850,265	(114,149,735)
Premium on long-term debt issued	-	-	30,270,107	30,270,107
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>90,702,856</b>	<b>410,702,856</b>	<b>327,094,550</b>	<b>(83,608,306)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(271,530,000)</b>	<b>(271,530,000)</b>	<b>122,053,426</b>	<b>393,583,426</b>
<b>FUND BALANCE, July 1, 2016</b>	<b>271,530,000</b>	<b>271,530,000</b>	<b>264,861,161</b>	<b>(6,668,839)</b>
<b>FUND BALANCE, June 30, 2017</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 386,914,587</b>	<b>\$ 386,914,587</b>

## GENERAL FUND

These funds account for the accumulation of resources for particular activities or functions from designated sources. Funds included in this category combine into the General Fund in the combined basic financial statements and are:

*General Fund* - accounts for the basic financial operations of the District.

*Pension Fund* - accounts for the accumulation of resources to be used for payments to employees who earned supplemental early retirement stipends and post-employment health care benefits. Resources are contributed by the District's General Fund at actuarially determined amounts. These are special revenue funds in control of the District and not held in trust.

*Long-Term Planning Fund* - accounts for funds for capital equipment replacement and sustainability. Principal resources are transfers from other funds and state grants.



**BEAVERTON SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

PENSION FUND  
YEAR ENDED JUNE 30, 2017

	Budget		Actual	Variance with Final Budget
	Adopted	Final		
<b>REVENUES:</b>				
Investment earnings	\$ -	\$ -	\$ 883	\$ 883
Total revenues	-	-	883	883
<b>EXPENDITURES:</b>				
Support services	45,000	45,000	39,736	5,264
Contingencies	70,000	70,000	-	70,000
Total expenditures	115,000	115,000	39,736	75,264
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(115,000)	(115,000)	(38,853)	76,147
<b>NET CHANGE IN FUND BALANCE</b>	(115,000)	(115,000)	(38,853)	76,147
<b>FUND BALANCE, July 1, 2016</b>	115,000	115,000	109,890	(5,110)
<b>FUND BALANCE, June 30, 2017</b>	\$ -	\$ -	\$ 71,037	\$ 71,037

**BEAVERTON SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
LONG-TERM PLANNING FUND  
YEAR ENDED JUNE 30, 2017

	Budget			Variance with
	Adopted	Final	Actual	Final Budget
<b>REVENUES:</b>				
Charges for services	\$ -	\$ -	\$ 308,797	\$ 308,797
Investment earnings	5,000	5,000	18,146	13,146
Contributions and donations	250,000	250,000	-	(250,000)
Total revenues	255,000	255,000	326,943	71,943
<b>EXPENDITURES:</b>				
Instruction	50,000	50,000	4,000	46,000
Support services	3,391,000	3,391,000	1,330,498	2,060,502
Facilities acquisition and construction	70,000	70,000	67,952	2,048
Contingencies	19,800,000	19,800,000	-	19,800,000
Total expenditures	23,311,000	23,311,000	1,402,450	21,908,550
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(23,056,000)</u>	<u>(23,056,000)</u>	<u>(1,075,507)</u>	<u>21,980,493</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	2,306,000	2,306,000	2,087,989	(218,011)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>2,306,000</u>	<u>2,306,000</u>	<u>2,087,989</u>	<u>(218,011)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(20,750,000)</u>	<u>(20,750,000)</u>	<u>1,012,482</u>	<u>21,762,482</u>
<b>FUND BALANCE, July 1, 2016</b>	<u>20,750,000</u>	<u>20,750,000</u>	<u>20,742,528</u>	<u>(7,472)</u>
<b>FUND BALANCE, June 30, 2017</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,755,010</u>	<u>\$ 21,755,010</u>

**BEAVERTON SCHOOL DISTRICT  
RECONCILIATION OF BUDGETARY TO REPORTING FUNDS  
COMBINING BALANCE SHEET**  
GENERAL FUND  
JUNE 30, 2017

	Budgetary Funds			Total (reported as General Fund)
	General Fund	Pension	Long-Term Planning	
<b>ASSETS</b>				
Equity in pooled cash and investments	\$ 74,570,044	\$ 71,037	\$ 21,863,884	\$ 96,504,965
Cash with fiscal agent	2,034	-	-	2,034
Receivables	4,105,790	-	-	4,105,790
Property taxes receivable	7,010,219	-	-	7,010,219
Due from other funds	1,231,966	-	-	1,231,966
<b>TOTAL ASSETS</b>	<b>\$ 86,920,053</b>	<b>\$ 71,037</b>	<b>\$ 21,863,884</b>	<b>\$ 108,854,974</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 5,108,516	\$ -	\$ 108,874	\$ 5,217,390
Accrued salaries and benefits	35,663,670	-	-	35,663,670
Due to other funds	1,746,868	-	-	1,746,868
Other liabilities	12,344	-	-	12,344
<b>TOTAL LIABILITIES</b>	<b>42,531,398</b>	<b>-</b>	<b>108,874</b>	<b>42,640,272</b>
Deferred Inflows of Resources:				
Property tax revenue	6,443,355	-	-	6,443,355
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>48,974,753</b>	<b>-</b>	<b>108,874</b>	<b>49,083,627</b>
Fund Balances:				
Committed	-	71,037	21,646,136	21,717,173
Unassigned	37,945,300	-	108,874	38,054,174
<b>TOTAL FUND BALANCES</b>	<b>37,945,300</b>	<b>71,037</b>	<b>21,755,010</b>	<b>59,771,347</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 86,920,053</b>	<b>\$ 71,037</b>	<b>\$ 21,863,884</b>	<b>\$ 108,854,974</b>





## **NONMAJOR GOVERNMENTAL FUNDS**

These funds account for revenues and expenditures restricted for specific educational projects, the District's food dispensing program and student participation fees. Included are the following funds:

*Student Body Fund* - accounts for the receipts, disbursements and cash balances of the various schools' student body activity funds.

*Special Purpose Fund* - accounts for the District's individual school activity programs. The major sources of revenue are contributions and miscellaneous revenue.

*Categorical Fund* - accounts for resources reserved for expenditures on classroom supplies and equipment, capital improvements and replacements. Principal revenue source is the State of Oregon facility grant.

*Grant Fund* - accounts for revenues and expenditures of grants restricted for specific educational projects. Principal revenue sources are federal and state grants.

*Nutrition Services Fund* - accounts for revenues and expenditures for the food dispensing programs. Principal revenue sources are sales of food and subsidies under the National School Lunch and Breakfast Programs received through the State of Oregon.



**BEAVERTON SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2017

	Special Revenue Funds					Total
	Student Body	Special Purpose	Categorical	Grant	Nutrition Services	
<b>ASSETS</b>						
Equity in pooled cash and investments	\$ 3,181,861	\$ 1,190,318	\$ 4,770,641	\$ -	\$ 3,144,683	\$ 12,287,503
Receivables	-	242,766	-	3,415,401	1,631,369	5,289,536
Inventories	-	-	-	-	441,307	441,307
<b>TOTAL ASSETS</b>	<u>\$ 3,181,861</u>	<u>\$ 1,433,084</u>	<u>\$ 4,770,641</u>	<u>\$ 3,415,401</u>	<u>\$ 5,217,359</u>	<u>\$ 18,018,346</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 633	\$ 91,393	\$ 39,832	\$ 312,281	\$ 164,778	\$ 608,917
Accrued salaries and benefits	2,276	89,018	-	1,213,093	817,803	2,122,190
Due to other funds	171	5,302	-	1,304,993	45,184	1,355,650
Unearned revenue	-	-	2,195,855	585,034	153,793	2,934,682
Other liabilities	173	-	-	-	366,761	366,934
<b>TOTAL LIABILITIES</b>	3,253	185,713	2,235,687	3,415,401	1,548,319	7,388,373
Fund Balances:						
Nonspendable	-	-	-	-	287,514	287,514
Restricted	3,178,608	-	-	-	-	3,178,608
Committed	-	1,247,371	2,534,954	-	3,381,526	7,163,851
<b>TOTAL FUND BALANCES</b>	<u>3,178,608</u>	<u>1,247,371</u>	<u>2,534,954</u>	<u>-</u>	<u>3,669,040</u>	<u>10,629,973</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 3,181,861</u>	<u>\$ 1,433,084</u>	<u>\$ 4,770,641</u>	<u>\$ 3,415,401</u>	<u>\$ 5,217,359</u>	<u>\$ 18,018,346</u>

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

	Special Revenue Funds					
	Student Body	Special Purpose	Categorical	Grant	Nutrition Services	Total
<b>REVENUES:</b>						
State and local sources	\$ -	\$ -	\$ 1,867,626	\$ 2,022,193	\$ 239,864	\$ 4,129,683
Federal sources	-	-	-	15,698,266	8,708,590	24,406,856
Charges for services	120,225	1,550	-	-	4,429,825	4,551,600
Rentals	-	-	-	-	1,386	1,386
Investment earnings	-	-	27,197	-	19,163	46,360
Extracurricular activities	3,577,223	-	-	-	-	3,577,223
Contributions and donations	8,447	2,066,743	137,811	453,943	-	2,666,944
Recovery of prior years' expenditures	-	2,914	-	-	5,005	7,919
Other	1,858	1,075,698	991	-	-	1,078,547
<b>Total revenues</b>	<b>3,707,753</b>	<b>3,146,905</b>	<b>2,033,625</b>	<b>18,174,402</b>	<b>13,403,833</b>	<b>40,466,518</b>
<b>EXPENDITURES:</b>						
Instruction	3,909,139	1,970,629	-	12,039,175	-	17,918,943
Support services	-	465,154	2,126	5,857,278	12,187	6,336,745
Enterprise and community services	-	2,471	-	191,731	12,966,051	13,160,253
Facilities, acquisition and construction	-	305,434	185,136	86,218	-	576,788
<b>Total expenditures</b>	<b>3,909,139</b>	<b>2,743,688</b>	<b>187,262</b>	<b>18,174,402</b>	<b>12,978,238</b>	<b>37,992,729</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(201,386)</b>	<b>403,217</b>	<b>1,846,363</b>	<b>-</b>	<b>425,595</b>	<b>2,473,789</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	-	5,420	-	-	-	5,420
Transfers out	-	-	-	-	(5,420)	(5,420)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>5,420</b>	<b>-</b>	<b>-</b>	<b>(5,420)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(201,386)</b>	<b>408,637</b>	<b>1,846,363</b>	<b>-</b>	<b>420,175</b>	<b>2,473,789</b>
<b>FUND BALANCE, July 1, 2016</b>	<b>3,379,994</b>	<b>838,734</b>	<b>688,591</b>	<b>-</b>	<b>3,248,865</b>	<b>8,156,184</b>
<b>FUND BALANCE, June 30, 2017</b>	<b>\$ 3,178,608</b>	<b>\$ 1,247,371</b>	<b>\$ 2,534,954</b>	<b>\$ -</b>	<b>\$ 3,669,040</b>	<b>\$ 10,629,973</b>

**BEAVERTON SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

STUDENT BODY FUND

YEAR ENDED JUNE 30, 2017

	Budget			Variance with
	Adopted	Final	Actual	Final Budget
<b>REVENUES:</b>				
Charges for services	\$ -	\$ -	\$ 120,225	\$ 120,225
Extracurricular activities	7,700,000	7,700,000	3,577,223	(4,122,777)
Contributions and donations	-	-	8,447	8,447
Other	-	-	1,858	1,858
Total revenues	7,700,000	7,700,000	3,707,753	(3,992,247)
<b>EXPENDITURES:</b>				
Instruction	10,700,000	10,700,000	3,909,139	6,790,861
Total expenditures	10,700,000	10,700,000	3,909,139	6,790,861
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(3,000,000)	(3,000,000)	(201,386)	2,798,614
<b>NET CHANGE IN FUND BALANCE</b>	(3,000,000)	(3,000,000)	(201,386)	2,798,614
<b>FUND BALANCE, July 1, 2016</b>	3,000,000	3,000,000	3,379,994	379,994
<b>FUND BALANCE, June 30, 2017</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,178,608</u>	<u>\$ 3,178,608</u>

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

	Budget			Variance with
	Adopted	Final	Actual	Final Budget
<b>REVENUES:</b>				
Charges for services	\$ -	\$ -	\$ 1,550	\$ 1,550
Contributions and donations	2,345,694	2,345,694	2,066,743	(278,951)
Recovery of prior years' expenditures	-	-	2,914	2,914
Other	2,100,000	2,100,000	1,075,698	(1,024,302)
Total revenues	4,445,694	4,445,694	3,146,905	(1,298,789)
<b>EXPENDITURES:</b>				
Instruction	2,943,143	2,943,143	1,970,629	972,514
Support services	742,551	742,551	465,154	277,397
Enterprise and community services	200,000	200,000	2,471	197,529
Facilities acquisition and construction	1,270,000	1,270,000	305,434	964,566
Total expenditures	5,155,694	5,155,694	2,743,688	2,412,006
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(710,000)	(710,000)	403,217	1,113,217
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	60,000	60,000	5,420	(54,580)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	60,000	60,000	5,420	(54,580)
<b>NET CHANGE IN FUND BALANCE</b>	(650,000)	(650,000)	408,637	1,058,637
<b>FUND BALANCE, July 1, 2016</b>	650,000	650,000	838,734	188,734
<b>FUND BALANCE, June 30, 2017</b>	\$ -	\$ -	\$ 1,247,371	\$ 1,247,371

**BEAVERTON SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**

CATEGORICAL FUND

YEAR ENDED JUNE 30, 2017

	Budget			Variance with
	Adopted	Final	Actual	Final Budget
<b>REVENUES:</b>				
State and local sources	\$ -	\$ 2,500,000	\$ 1,867,626	\$ (632,374)
Investment earnings	-	-	27,197	27,197
Contributions and donations	600,000	600,000	137,811	(462,189)
Other	-	-	991	991
Total revenues	600,000	3,100,000	2,033,625	(1,066,375)
<b>EXPENDITURES:</b>				
Support services	125,000	125,000	2,126	122,874
Facilities acquisition and construction	1,125,000	3,625,000	185,136	3,439,864
Total expenditures	1,250,000	3,750,000	187,262	3,562,738
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(650,000)</u>	<u>(650,000)</u>	<u>1,846,363</u>	<u>2,496,363</u>
<b>NET CHANGE IN FUND BALANCE</b>	(650,000)	(650,000)	1,846,363	2,496,363
<b>FUND BALANCE, July 1, 2016</b>	<u>650,000</u>	<u>650,000</u>	<u>688,591</u>	<u>38,591</u>
<b>FUND BALANCE, June 30, 2017</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,534,954</u>	<u>\$ 2,534,954</u>



**BEAVERTON SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

GRANT FUND

YEAR ENDED JUNE 30, 2017

	Budget			Variance with
	Adopted	Final	Actual	Final Budget
<b>REVENUES:</b>				
State and local sources	\$ 1,807,115	\$ 1,807,115	\$ 2,022,193	\$ 215,078
Federal sources	25,067,020	25,067,020	15,698,266	(9,368,754)
Contributions and donations	1,332,158	1,332,158	453,943	(878,215)
Total revenues	28,206,293	28,206,293	18,174,402	(10,031,891)
<b>EXPENDITURES:</b>				
Instruction	17,244,703	17,244,703	12,039,175	5,205,528
Support services	9,826,895	9,826,895	5,857,278	3,969,617
Enterprise and community services	369,695	369,695	191,731	177,964
Facilities acquisition and construction	765,000	765,000	86,218	678,782
Total expenditures	28,206,293	28,206,293	18,174,402	10,031,891
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-	-
<b>FUND BALANCE, July 1, 2016</b>	-	-	-	-
<b>FUND BALANCE, June 30, 2017</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Budget			Variance with
	Adopted	Final	Actual	Final Budget
<b>REVENUES:</b>				
State and local sources	\$ 125,000	\$ 125,000	\$ 239,864	\$ 114,864
Federal sources	8,928,234	8,928,234	8,708,590	(219,644)
Charges for services	7,000,000	7,000,000	4,429,825	(2,570,175)
Rentals	-	-	1,386	1,386
Investment earnings	11,000	11,000	19,163	8,163
Recovery of prior years' expenditures	168,459	168,459	5,005	(163,454)
Total revenues	16,232,693	16,232,693	13,403,833	(2,828,860)
<b>EXPENDITURES:</b>				
Support services	18,264	18,264	12,187	6,077
Enterprise and community services	16,752,429	16,752,429	12,966,051	3,786,378
Contingencies	2,509,005	2,509,005	-	2,509,005
Total expenditures	19,279,698	19,279,698	12,978,238	6,301,460
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(3,047,005)</u>	<u>(3,047,005)</u>	<u>425,595</u>	<u>3,472,600</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	<u>(60,000)</u>	<u>(60,000)</u>	<u>(5,420)</u>	<u>54,580</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(60,000)</u>	<u>(60,000)</u>	<u>(5,420)</u>	<u>54,580</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(3,107,005)</u>	<u>(3,107,005)</u>	<u>420,175</u>	<u>3,527,180</u>
<b>FUND BALANCE, July 1, 2016</b>	<u>3,107,005</u>	<u>3,107,005</u>	<u>3,248,865</u>	<u>141,860</u>
<b>FUND BALANCE, June 30, 2017</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,669,040</u>	<u>\$ 3,669,040</u>



## **INTERNAL SERVICE FUNDS**

Internal service funds are used to account for the financing of goods or services provided by one District department to other District departments, on a cost reimbursement basis. Included are:

*Insurance Reserve Fund* - accounts for costs incurred by the District under its self-insurance programs, except workers' compensation, up to insurance policy deductible limits.

*Workers' Compensation Fund* - accounts for workers' compensation claims relating to on-the-job injuries up to insurance policy deductible limits.



**BEAVERTON SCHOOL DISTRICT**  
**COMBINING STATEMENT OF NET POSITION**  
INTERNAL SERVICE FUNDS  
JUNE 30, 2017

	Insurance Reserve	Workers' Compensation	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 5,365,353	\$ 4,940,202	\$ 10,305,555
Receivables	4,914	19	4,933
Due from other funds	134,426	120,781	255,207
<b>TOTAL ASSETS</b>	<b>5,504,693</b>	<b>5,061,002</b>	<b>10,565,695</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	270,014	-	270,014
Accrued claims losses	797,000	1,834,000	2,631,000
Accrued salaries and benefits	1,382	6,541	7,923
Due to other funds	71	215	286
<b>TOTAL LIABILITIES</b>	<b>1,068,467</b>	<b>1,840,756</b>	<b>2,909,223</b>
<b>NET POSITION</b>			
Unrestricted	4,436,226	3,220,246	7,656,472
<b>TOTAL NET POSITION</b>	<b>\$ 4,436,226</b>	<b>\$ 3,220,246</b>	<b>\$ 7,656,472</b>

**BEAVERTON SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2017

	Insurance Reserve	Workers' Compensation	Total
<b>OPERATING REVENUES:</b>			
Services to other funds	\$ 1,917,078	\$ 2,553,587	\$ 4,470,665
Recovery of prior years' expenditures	168,362	21,361	189,723
Other	73,585	-	73,585
<b>TOTAL OPERATING REVENUES</b>	<b>2,159,025</b>	<b>2,574,948</b>	<b>4,733,973</b>
<b>OPERATING EXPENSES:</b>			
Losses and claims	349,796	1,149,720	1,499,516
Insurance premiums and assessments	1,745,205	123,269	1,868,474
Salaries and benefits	618,388	309,914	928,302
Services, supplies and materials	406,045	94,527	500,572
Facilities acquisition and construction	194,046	-	194,046
<b>TOTAL OPERATING EXPENSES</b>	<b>3,313,480</b>	<b>1,677,430</b>	<b>4,990,910</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(1,154,455)</b>	<b>897,518</b>	<b>(256,937)</b>
<b>NONOPERATING REVENUE:</b>			
Investment earnings	37,035	34,777	71,812
<b>TOTAL NONOPERATING REVENUES</b>	<b>37,035</b>	<b>34,777</b>	<b>71,812</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>(1,117,420)</b>	<b>932,295</b>	<b>(185,125)</b>
<b>TRANSFERS:</b>			
Transfers in	1,000,000	-	1,000,000
<b>TOTAL TRANSFERS</b>	<b>1,000,000</b>	<b>-</b>	<b>1,000,000</b>
<b>CHANGE IN NET POSITION</b>	<b>(117,420)</b>	<b>932,295</b>	<b>814,875</b>
<b>NET POSITION, July 1, 2016</b>	<b>4,553,646</b>	<b>2,287,951</b>	<b>6,841,597</b>
<b>NET POSITION, June 30, 2017</b>	<b>\$ 4,436,226</b>	<b>\$ 3,220,246</b>	<b>\$ 7,656,472</b>

**BEAVERTON SCHOOL DISTRICT**  
**COMBINING STATEMENT OF CASH FLOWS**  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2017

	Insurance Reserve	Workers' Compensation	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Received from interfund services provided	\$ 1,974,929	\$ 2,642,782	\$ 4,617,711
Received from recovery of prior years' expenditures	168,362	21,361	189,723
Paid for goods and services	(2,135,094)	(264,609)	(2,399,703)
Paid to claimants	(348,476)	(1,159,673)	(1,508,149)
Paid to employees	(584,388)	(232,914)	(817,302)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	(924,667)	1,006,947	82,280
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfer from other funds	1,000,000	-	1,000,000
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	1,000,000	-	1,000,000
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest received	37,035	34,777	71,812
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	37,035	34,777	71,812
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	112,368	1,041,724	1,154,092
<b>CASH AND CASH EQUIVALENTS, July 1, 2016</b>	5,252,985	3,898,478	9,151,463
<b>CASH AND CASH EQUIVALENTS, June 30, 2017</b>	<u>\$ 5,365,353</u>	<u>\$ 4,940,202</u>	<u>\$ 10,305,555</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ (1,154,455)	\$ 897,518	\$ (256,937)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Changes in assets and liabilities			
Receivables	(4,459)	28,024	23,565
Due from other funds	(11,345)	61,884	50,539
Accounts payable	210,202	(46,813)	163,389
Accrued claims losses	34,000	77,000	111,000
Accrued salaries and benefits	1,320	(9,953)	(8,633)
Due to other funds	70	(713)	(643)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ (924,667)</u>	<u>\$ 1,006,947</u>	<u>\$ 82,280</u>



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

	Budget			Variance with
	Adopted	Final	Actual	Final Budget
<b>REVENUES:</b>				
Investment earnings	\$ 18,000	\$ 18,000	\$ 37,035	\$ 19,035
Services to other funds	1,875,878	1,875,878	1,917,078	41,200
Recovery of prior years' expenditures	120,000	120,000	168,362	48,362
Other	35,000	35,000	73,585	38,585
Total revenues	2,048,878	2,048,878	2,196,060	147,182
<b>EXPENDITURES:</b>				
Support services	5,181,646	5,181,646	3,119,434	2,062,212
Facilities acquisition and construction	260,308	560,308	194,046	366,262
Contingencies	2,341,924	2,041,924	-	2,041,924
Total expenditures	7,783,878	7,783,878	3,313,480	4,470,398
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(5,735,000)	(5,735,000)	(1,117,420)	4,617,580
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	1,735,000	1,735,000	1,000,000	(735,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	1,735,000	1,735,000	1,000,000	(735,000)
<b>NET CHANGE IN FUND BALANCE</b>	(4,000,000)	(4,000,000)	(117,420)	3,882,580
<b>FUND BALANCE, July 1, 2016</b>	4,000,000	4,000,000	4,553,646	553,646
<b>FUND BALANCE, June 30, 2017</b>	\$ -	\$ -	\$ 4,436,226	\$ 4,436,226

**BEAVERTON SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
WORKERS' COMPENSATION FUND  
YEAR ENDED JUNE 30, 2017

	Budget			Variance with
	Adopted	Final	Actual	Final Budget
<b>REVENUES:</b>				
Investment earnings	\$ 11,000	\$ 11,000	\$ 34,777	\$ 23,777
Services to other funds	2,638,213	2,638,213	2,553,587	(84,626)
Recovery of prior years' expenditures	35,000	35,000	21,361	(13,639)
Total revenues	2,684,213	2,684,213	2,609,725	(74,488)
<b>EXPENDITURES:</b>				
Support services	2,360,486	2,360,486	1,677,430	683,056
Contingencies	1,128,727	1,128,727	-	1,128,727
Total expenditures	3,489,213	3,489,213	1,677,430	1,811,783
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(805,000)</u>	<u>(805,000)</u>	<u>932,295</u>	<u>1,737,295</u>
<b>NET CHANGE IN FUND BALANCE</b>	(805,000)	(805,000)	932,295	1,737,295
<b>FUND BALANCE, July 1, 2016</b>	<u>805,000</u>	<u>805,000</u>	<u>2,287,951</u>	<u>1,482,951</u>
<b>FUND BALANCE, June 30, 2017</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,220,246</u>	<u>\$ 3,220,246</u>



## **FIDUCIARY FUND**

This fund accounts for the District's scholarship program provided by bequests and donations. Included is:

*Private Purpose Trust Fund* - accounts for fund-raising and scholarship resources received and held by the District in a fiduciary capacity. Disbursements from this fund are made in accordance with the trust and fund-raising agreements.



**BEAVERTON SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL**  
PRIVATE PURPOSE TRUST FUND  
YEAR ENDED JUNE 30, 2017

	Budget			Variance with
	Adopted	Final	Actual	Final Budget
<b>REVENUES:</b>				
Investment earnings	\$ -	\$ -	\$ 2,222	\$ 2,222
Contributions and donations	100,000	100,000	73,955	(26,045)
Total revenues	100,000	100,000	76,177	(23,823)
<b>EXPENDITURES:</b>				
Enterprise and community services	400,000	400,000	81,446	318,554
Total expenditures	400,000	400,000	81,446	318,554
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(300,000)	(300,000)	(5,269)	294,731
<b>NET CHANGE IN FUND BALANCE</b>	(300,000)	(300,000)	(5,269)	294,731
<b>FUND BALANCE, July 1, 2016</b>	300,000	300,000	312,814	12,814
<b>FUND BALANCE, June 30, 2017</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 307,545</u>	<u>\$ 307,545</u>

**RECONCILIATION TO GAAP BASIS:**

<b>FUND BALANCE, June 30, 2017</b>	\$ 307,545
Scholarships payable	<u>(43,000)</u>
<b>NET POSITION, June 30, 2017</b>	<u>\$ 264,545</u>



## **OTHER FINANCIAL SCHEDULES**





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

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 600	Fund 700	Total
<b>Local Sources</b>							
1111 Current year taxes	\$ 123,755,696	\$ -	\$ 52,380,593	\$ -	\$ -	\$ -	\$ 176,136,289
1112 Prior year taxes	1,302,546	-	516,594	-	-	-	1,819,140
1114 Payments in lieu of property taxes	9,467	-	3,338	-	-	-	12,805
1121 Current year local option levy	28,628,829	-	-	-	-	-	28,628,829
1122 Prior year local option levy	253,242	-	-	-	-	-	253,242
1130 Construction excise tax	-	-	-	3,829,430	-	-	3,829,430
1300 Tuition	367,324	-	-	-	-	-	367,324
1410 Fees - transportation	268,283	-	-	-	-	-	268,283
1500 Earnings on investments	987,625	65,389	261,277	965,292	71,812	2,222	2,353,617
1600 Food service sales	-	4,429,825	-	-	-	-	4,429,825
1710 Admissions	190,809	8,691	-	-	-	-	199,500
1740 Fees - district events	1,781,107	414,174	-	-	-	-	2,195,281
1750 Commissions	-	802	-	-	-	-	802
1760 Fund raising	-	914,076	-	-	-	-	914,076
1790 Extracurricular activities	-	3,577,223	-	-	-	-	3,577,223
1910 Rentals	818,631	1,386	-	33,030	-	-	853,047
1920 Contributions	9,354	2,666,946	-	567,060	-	73,955	3,317,315
1950 Textbook sales	-	911	-	-	-	-	911
1960 Recovery of prior years' expenditures	17,825	7,919	-	673	189,724	-	216,141
1970 Services to other funds	-	-	19,795,795	-	4,470,665	-	24,266,460
1980 Fees charged to grants	536,036	-	-	-	-	-	536,036
1990 Miscellaneous	1,232,071	170,462	-	361,917	73,585	-	1,838,035
1994 Third party billing	147,898	-	-	-	-	-	147,898
1995 Proceeds from the sale of capital assets	856	-	-	-	-	-	856
Total local sources	160,307,599	12,257,804	72,957,597	5,757,402	4,805,786	76,177	256,162,365
<b>Intermediate Sources</b>							
2101 County school fund	569,007	-	-	-	-	-	569,007
2102 ESD apportionment	9,264,799	-	-	-	-	-	9,264,799
2200 Restricted revenue	-	268,873	-	-	-	-	268,873
Total intermediate sources	9,833,806	268,873	-	-	-	-	10,102,679
<b>State Sources</b>							
3101 State school fund	231,739,269	-	-	-	-	-	231,739,269
3102 State school fund match	-	121,380	-	-	-	-	121,380
3103 Common school fund	5,011,850	-	-	-	-	-	5,011,850
3199 Other unrestricted grants-in-aid	2,805,214	2,006,926	-	-	-	-	4,812,140
3299 Other restricted grants-in-aid	-	1,732,504	-	-	-	-	1,732,504
Total state sources	239,556,333	3,860,810	-	-	-	-	243,417,143

**BEAVERTON SCHOOL DISTRICT  
REVENUE SUMMARY - ALL FUNDS (Continued)  
YEAR ENDED JUNE 30, 2017**

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 600	Fund 700	Total
<b>Federal Sources</b>							
4300 Restricted direct from federal	\$ -	\$ 229,163	\$ -	\$ -	\$ -	\$ -	\$ 229,163
4500 Restricted through state	-	23,170,530	-	-	-	-	23,170,530
4700 Federal grants	-	70,713	-	-	-	-	70,713
4910 Commodities	-	936,450	-	-	-	-	936,450
Total federal sources	-	24,406,856	-	-	-	-	24,406,856
<b>Other Sources</b>							
5110 Proceeds from the sale of bonds	-	-	-	297,850,265	-	-	297,850,265
5120 Proceeds from bond premium	-	-	-	30,270,107	-	-	30,270,107
5160 Proceeds from capital leases	3,447,000	-	-	-	-	-	3,447,000
5200 Transfers in	-	2,093,409	1,334,200	-	1,000,000	-	4,427,609
5300 Sale/compensation for loss of capital assets	-	-	-	138,684	-	-	138,684
Total other sources	3,447,000	2,093,409	1,334,200	328,259,056	1,000,000	-	336,133,665
<b>TOTAL REVENUES</b>	\$ 413,144,738	\$ 42,887,752	\$ 74,291,797	\$ 334,016,458	\$ 5,805,786	\$ 76,177	\$ 870,222,708

**BEAVERTON SCHOOL DISTRICT  
GENERAL FUND (100) EXPENDITURE SUMMARY  
YEAR ENDED JUNE 30, 2017**

Instruction	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	Total
1110 Elementary programs	\$ 65,775,043	\$ 31,219,407	\$ 458,838	\$ 5,502,226	\$ 6,120	\$ 1,712	\$ -	\$ 102,963,346
1120 Middle school programs	28,199,333	12,819,150	123,320	1,948,959	7,165	3,588	-	43,101,515
1130 High school programs	38,981,712	17,172,164	1,151,191	2,857,781	6,423	39,405	-	60,208,676
1210 Talented and gifted programs	191,521	54,242	1,443	101,676	-	5,460	-	354,342
1220 Restrictive programs	12,492,920	7,864,788	1,157,635	58,806	809	-	-	21,574,958
1250 Resource rooms	6,943,639	3,227,580	141	342	-	-	-	10,171,702
1280 Alternative education	1,825,631	873,472	4,480,966	274,215	-	1,424	-	7,455,708
1290 Designated programs	14,825,943	6,909,005	776,102	123,060	-	174,898	-	22,809,008
1410 Summer school - elementary school	29,677	7,642	2,040	4,851	-	-	-	44,210
1420 Summer school - middle school	61,577	15,793	22,735	5,611	-	-	-	105,716
1430 Summer school - high school	195,731	53,060	600	1,470	-	-	-	250,861
1460 Summer school programs	241,370	73,346	371	952	-	-	-	316,039
1490 Other summer school	-	-	3,739	309	-	-	-	4,048
Total instruction	169,764,097	80,289,649	8,179,121	10,880,258	20,517	226,487	-	269,360,129
Support services								
2110 Attendance and social work services	2,419,490	1,643,396	254,650	211,462	-	785	-	4,529,783
2120 Guidance services	8,252,241	4,032,002	287,988	54,833	-	647	-	12,627,711
2130 Health services	1,318,401	722,051	27,820	39,734	14,050	-	-	2,122,056
2140 Psychological services	1,934,735	843,422	4,247	31,150	-	60	-	2,813,614
2150 Speech pathology and audiology services	3,608,333	1,601,762	134,705	13,608	-	1,825	-	5,360,233
2190 Service direction - student support services	2,474,036	1,085,830	187,914	72,343	5,200	23,489	-	3,848,812
2210 Improvement of instruction services	1,864,026	766,029	50,172	16,599	-	83,790	-	2,780,616
2220 Educational media services	4,264,267	2,324,537	16,652	640,335	-	375	-	7,246,166
2230 Assessment and testing	235,649	164,161	-	285,576	-	-	-	685,386
2240 Instructional staff development	2,797,915	1,354,226	1,220,418	234,704	-	79,269	-	5,686,532
2310 Board of education services	-	-	176,752	8,240	-	3,600	-	188,592
2320 Executive administration services	1,035,354	473,709	78,339	29,565	-	30,165	-	1,647,132
2410 Office of the principal services	17,613,028	9,022,841	103,914	248,939	12,916	29,187	-	27,030,825
2490 Other support services - school administration	1,632,231	769,143	142,280	109,339	-	552	-	2,653,545
2510 Direction of business support services	198,259	97,240	4,702	13,483	-	375	-	314,059
2520 Fiscal services	1,090,255	519,140	125,021	25,048	-	7,586	-	1,767,050
2540 Operation and maintenance of plant services	11,507,512	6,297,788	9,315,273	1,842,448	763,735	13,459	-	29,740,215
2550 Student transportation services	8,663,785	6,140,972	346,109	1,834,044	145,769	3,854	-	17,134,533
2570 Internal services	471,054	252,643	659,515	62,137	22,181	1,760	-	1,469,290
2620 Planning and development services	332,184	148,210	14,057	12,632	7,361	15,608	-	530,052
2630 Information services	472,390	237,664	60,572	23,934	-	1,868	-	796,428
2640 Staff services	2,031,919	851,973	184,442	107,810	-	2,590	-	3,178,734
2660 Technology services	4,501,317	2,210,583	1,736,225	1,359,762	232,268	2,356	-	10,042,511
Total support services	78,718,381	41,559,322	15,131,767	7,277,725	1,203,480	303,200	-	144,193,875

**BEAVERTON SCHOOL DISTRICT  
GENERAL FUND (100) EXPENDITURE SUMMARY (Continued)  
YEAR ENDED JUNE 30, 2017**

	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	Total
Facilities acquisition and construction								
4150 Building acquisition, construction and improvement services	\$ 503	\$ 126	\$ 271,916	\$ 52	\$ 199,519	\$ 21,556	\$ -	\$ 493,672
Total facilities acquisition and construction	503	126	271,916	52	199,519	21,556	-	493,672
Other uses								
5110 Debt Service	-	-	-	-	-	873,366	-	873,366
5200 Transfers of funds	-	-	-	-	-	-	3,257,683	3,257,683
Total other uses	-	-	-	-	-	873,366	3,257,683	4,131,049
<b>TOTAL EXPENDITURES</b>	<b>\$ 248,482,981</b>	<b>\$ 121,849,097</b>	<b>\$ 23,582,804</b>	<b>\$ 18,158,035</b>	<b>\$ 1,423,516</b>	<b>\$ 1,424,609</b>	<b>\$ 3,257,683</b>	<b>\$ 418,178,725</b>

**BEAVERTON SCHOOL DISTRICT  
SPECIAL REVENUE FUNDS (200) EXPENDITURE SUMMARY  
YEAR ENDED JUNE 30, 2017**

Instruction	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	Total
1110 Elementary programs	\$ 105,472	\$ 32,675	\$ 166,310	\$ 787,424	\$ 51,258	\$ 797	\$ -	\$ 1,143,936
1120 Middle school programs	83,543	26,968	157,150	632,147	-	475	-	900,283
1130 High school programs	480,694	108,558	395,592	3,571,169	19,849	21,249	-	4,597,111
1220 Restrictive programs	1,839,381	1,099,570	958	17,008	5,011	10	-	2,961,938
1250 Resource rooms	1,072,874	461,819	-	-	-	-	-	1,534,693
1270 Educationally disadvantaged	3,129,528	1,590,124	314,676	707,171	-	310	-	5,741,809
1280 Alternative education	10,760	3,295	3,091	4,238	-	-	-	21,384
1290 Designated programs	207,972	109,308	182,832	138,020	38,685	8,309	-	685,126
1410 Summer school - elementary school	33,047	8,704	-	-	-	-	-	41,751
1490 Other summer school	181,979	46,067	59,709	7,154	-	-	-	294,909
Total instruction	7,145,250	3,487,088	1,280,318	5,864,331	114,803	31,150	-	17,922,940
Support services								
2110 Attendance and social work services	284,018	139,096	99,799	46,827	-	450	-	570,190
2120 Guidance services	22,985	2,173	8,681	3,723	-	-	-	37,562
2130 Health services	109,852	59,458	1,440	469	-	-	-	171,219
2140 Psychological services	426,901	213,177	-	-	-	-	-	640,078
2150 Speech pathology and audiology services	97,285	70,920	-	-	-	-	-	168,205
2190 Service direction - student support services	399,992	156,083	1,149,430	8,042	-	-	-	1,713,547
2210 Improvement of instruction services	475,236	173,274	60,531	109,782	-	-	-	818,823
2220 Educational media services	495	44	3,814	81,572	5,497	-	-	91,422
2230 Assessment and testing	-	-	-	30,381	-	-	-	30,381
2240 Instructional staff development	655,824	266,330	209,412	14,633	-	21,206	-	1,167,405
2410 Office of the principal services	-	-	2,400	16,465	-	-	-	18,865
2520 Fiscal services	8,694	3,492	-	-	-	536,036	-	548,222
2540 Operation and maintenance of plant services	-	-	194,317	70,087	160,571	9,298	-	434,273
2550 Student transportation services	-	-	7,802	-	966,736	-	-	974,538
2570 Internal services	-	-	74,973	3,233	715	-	-	78,921
2630 Information services	-	-	54	8,782	-	-	-	8,836
2640 Staff services	123,898	41,572	-	-	-	163	-	165,633
2660 Technology services	2,776	703	16,733	8,914	-	-	-	29,126
2700 Supplemental retirement program	-	39,736	-	-	-	-	-	39,736
Total support services	2,607,956	1,166,058	1,829,386	402,910	1,133,519	567,153	-	7,706,982
Enterprise and community services								
3110 Service area direction	916,868	448,096	40,361	1,074,730	-	1,346	-	2,481,401
3120 Food preparation and dispensing services	3,338,216	2,306,579	84,509	4,712,003	-	122	-	10,441,429
3140 Food services - summer school	109,411	28,560	3,167	92,118	-	-	-	233,256
3360 Welfare activities services	1,356	276	-	-	-	-	-	1,632
3390 Other community services	705	227	940	664	-	-	-	2,536
Total enterprise and community services	4,366,556	2,783,738	128,977	5,879,515	-	1,468	-	13,160,254

**BEAVERTON SCHOOL DISTRICT  
SPECIAL REVENUE FUNDS (200) EXPENDITURE SUMMARY (Continued)  
YEAR ENDED JUNE 30, 2017**

	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	Total
Facilities acquisition and construction								
4150 Building acquisition, construction and improvement services	\$ 14,569	\$ 7,176	\$ 364,479	\$ 27,421	\$ 230,275	\$ 820	\$ -	\$ 644,740
Total facilities acquisition and construction	14,569	7,176	364,479	27,421	230,275	820	-	644,740
Other uses								
5200 Transfers of funds	-	-	-	-	-	-	5,420	5,420
Total other uses	-	-	-	-	-	-	5,420	5,420
<b>TOTAL EXPENDITURES</b>	<b>\$ 14,134,331</b>	<b>\$ 7,444,060</b>	<b>\$ 3,603,160</b>	<b>\$ 12,174,177</b>	<b>\$ 1,478,597</b>	<b>\$ 600,591</b>	<b>\$ 5,420</b>	<b>\$ 39,440,336</b>

BEAVERTON SCHOOL DISTRICT  
DEBT SERVICE FUND (300) EXPENDITURE SUMMARY  
YEAR ENDED JUNE 30, 2017

	Object 600	Total
Other uses		
5110 Debt Service	\$ 75,665,439	\$ 75,665,439
Total other uses	75,665,439	75,665,439
<b>TOTAL EXPENDITURES</b>	<b>\$ 75,665,439</b>	<b>\$ 75,665,439</b>



**BEAVERTON SCHOOL DISTRICT  
CAPITAL PROJECTS FUND (400) EXPENDITURE SUMMARY  
YEAR ENDED JUNE 30, 2017**

	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	Total
Support services								
2510 Fiscal services	\$ -	\$ -	\$ 1,441,659	\$ -	\$ -	\$ 264,375	\$ -	\$ 1,706,034
2550 Student transportation services	-	-	-	-	1,976,317	-	-	1,976,317
2620 Planning and development services	143,359	65,389	-	-	-	-	-	208,748
Total support services	143,359	65,389	1,441,659	-	1,976,317	264,375	-	3,891,099
Facilities acquisition and construction								
4110 Service area direction	2,754,864	1,210,957	65,859	103,336	-	3,538,954	-	7,673,970
4150 Building acquisition, construction and improvement services	-	-	7,614,069	1,908,966	182,978,435	1,322,992	-	193,824,462
4180 Other capital items	378	51	14,253	4,477,662	916,653	-	-	5,408,997
Total facilities acquisition and construction	2,755,242	1,211,008	7,694,181	6,489,964	183,895,088	4,861,946	-	206,907,429
Other uses								
5200 Transfers of funds	-	-	-	-	-	-	1,164,506	1,164,506
Total other uses	-	-	-	-	-	-	1,164,506	1,164,506
<b>TOTAL EXPENDITURES</b>	<b>\$ 2,898,601</b>	<b>\$ 1,276,397</b>	<b>\$ 9,135,840</b>	<b>\$ 6,489,964</b>	<b>\$ 185,871,405</b>	<b>\$ 5,126,321</b>	<b>\$ 1,164,506</b>	<b>\$ 211,963,034</b>

**BEAVERTON SCHOOL DISTRICT**  
**INTERNAL SERVICE FUND (600) EXPENDITURE SUMMARY**  
YEAR ENDED JUNE 30, 2017

	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Total
Support services							
2320 Executive administration services	\$ 59,502	\$ 19,094	\$ 16,351	\$ -	\$ -	\$ -	\$ 94,947
2640 Staff services	191,421	96,407	53,635	-	-	-	341,463
2690 Other support services	393,560	168,318	262,346	166,239	2,000	3,367,990	4,360,453
Total support services	644,483	283,819	332,332	166,239	2,000	3,367,990	4,796,863
Facilities acquisition and construction							
4150 Building acquisition, construction and improvement services	-	-	-	-	194,046	-	194,046
Total facilities acquisition and construction	-	-	-	-	194,046	-	194,046
<b>TOTAL EXPENDITURES</b>	<b>\$ 644,483</b>	<b>\$ 283,819</b>	<b>\$ 332,332</b>	<b>\$ 166,239</b>	<b>\$ 196,046</b>	<b>\$ 3,367,990</b>	<b>\$ 4,990,909</b>

BEAVERTON SCHOOL DISTRICT  
FIDUCIARY FUND (700) EXPENDITURE SUMMARY (NON-GAAP BASIS)  
YEAR ENDED JUNE 30, 2017

	Object 300	Object 400	Total
Enterprise and community services			
3390 Other community services	\$ 50,300	\$ 31,146	\$ 81,446
Total enterprise and community services	50,300	31,146	81,446
<b>TOTAL EXPENDITURES</b>	<b>\$ 50,300</b>	<b>\$ 31,146</b>	<b>\$ 81,446</b>

**BEAVERTON SCHOOL DISTRICT  
SUPPLEMENTAL INFORMATION AS REQUIRED BY THE 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	\$ 4,634,553
Function 2550	-

**B Replacement of Equipment - General Fund:**

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

Exclude these functions:

1113, 1122 & 1132

1140

1300

1400

Co-curricular Activities

Pre-Kindergarten

Continuing Education

Summer School

Exclude these functions:

2550 Pupil Transportation

3100 Food Service

3300 Community Services

4150 Construction

\$	70,703
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**BEAVERTON SCHOOL DISTRICT**  
**SUPPLEMENTAL INFORMATION AS REQUIRED BY BOND DISCLOSURE AGREEMENTS**  
GENERAL FUND ADOPTED BUDGETS  
FOR FISCAL YEARS 2016-17 AND 2017-18

	<b>Fiscal Years</b>	
	<b>2016-17</b>	<b>2017-18</b>
<b><u>Resources</u></b>		
Local Sources	\$ 157,547,000	\$ 167,487,000
Intermediate Sources	8,360,904	11,193,180
State Sources	247,717,113	261,489,977
Miscellaneous	41,228,876	38,714,583
Total Resources	<u>\$ 454,853,893</u>	<u>\$ 478,884,740</u>
<b><u>Expenditures</u></b>		
Salaries	\$ 248,588,379	\$ 254,014,813
Associated Payroll Costs	136,273,507	147,556,770
Purchased Services	23,497,269	24,139,287
Supplies and Materials	19,260,409	20,665,726
Capital Outlay	231,595	3,100,125
Other Objects	549,342	2,002,088
Transfers	4,210,694	3,461,694
Other Uses of Funds	22,242,698	23,944,237
Total Expenditures	<u>\$ 454,853,893</u>	<u>\$ 478,884,740</u>

# STATISTICAL SECTION



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## **STATISTICAL SECTION OVERVIEW**

This section provides further details as a context for a better understanding of the financial statements.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<i>Financial Trends</i> These schedules contain trend information to help the reader understand how financial performance has changed over time.	117
<i>Revenue Capacity</i> These schedules contain information to help the reader assess the Beaverton School District's most significant local revenue sources, state school fund and property taxes.	124
<i>Debt Capacity</i> These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the ability to issue additional debt in the future.	128
<i>Demographic and Economic Information</i> These schedules offer demographic and economic indicators to help the reader understand the environment within which the School District's financial activities take place.	131
<i>Operating Information</i> These schedules contain service and infrastructure data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs.	133

**Sources:** The information in these schedules is derived from the comprehensive annual financial reports for fiscal years ended June 30, 2008-17, unless otherwise noted. Beaverton School District implemented GASB Statement 65 in Fiscal Year 2013.





**BEAVERTON SCHOOL DISTRICT**  
**NET POSITION BY COMPONENT**

LAST TEN FISCAL YEARS

(accrual basis of accounting)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental activities										
Net investment in capital assets	\$ 268,188,162	\$ 262,579,965	\$ 263,555,013	\$ 251,817,765	\$ 218,858,636	\$ 210,353,998	\$ 188,502,503	\$ 168,112,175	\$ 152,810,342	\$ 129,859,453
Restricted	3,748,594	5,261,017	4,930,638	5,266,089	5,322,870	6,435,958	5,433,174	7,007,695	2,403,428	5,934,773
Unrestricted	(260,300,222)	(215,261,216)	(119,174,972)	1,484,312	(20,953,952)	(12,888,743)	5,544,039	17,131,784	15,908,625	23,913,941
Total primary government net position	\$ 11,636,534	\$ 52,579,766	\$ 149,310,679	\$ 258,568,166	\$ 203,227,554	\$ 203,901,213	\$ 199,479,716	\$ 192,251,654	\$ 171,122,395	\$ 159,708,167

Note: Fiscal year 2013 net position was restated due to GASB 65.

**BEAVERTON SCHOOL DISTRICT  
EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE**

LAST TEN FISCAL YEARS

*(accrual basis of accounting)*

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Expenses</b>										
Governmental activities:										
Regular programs	\$ 251,640,423	\$ 278,194,402	\$ 151,695,546	\$ 171,453,815	\$ 155,558,206	\$ 165,967,152	\$ 155,823,545	\$ 147,327,559	\$ 140,652,507	\$ 139,998,945
Special programs	81,559,619	85,436,319	52,710,940	62,135,870	61,313,169	58,727,067	58,135,083	55,074,926	52,117,226	53,781,655
Summer school programs	1,202,441	1,446,450	823,881	746,800	361,380	424,405	462,055	321,879	779,413	705,112
Students support services	38,745,667	39,284,776	21,318,056	25,864,345	24,276,743	25,290,719	24,318,965	23,424,865	22,610,312	22,499,120
Instructional staff support	20,507,887	20,225,200	10,122,238	10,435,278	9,523,879	14,046,573	16,324,138	15,908,765	20,347,527	19,634,716
General administration support	2,144,094	2,325,564	1,453,617	1,560,440	1,452,533	1,453,474	1,527,173	1,563,192	1,832,985	1,424,567
School administration	33,442,147	34,893,849	19,465,092	24,474,041	23,328,668	22,895,754	22,373,286	22,098,423	23,114,665	23,208,163
Business support services	56,468,112	55,384,931	41,631,222	46,057,995	44,054,090	43,878,022	44,761,271	45,919,247	45,243,492	44,903,541
Central activities support	21,562,471	22,841,783	13,373,047	16,829,201	15,898,939	15,304,425	16,137,172	14,583,749	14,509,009	14,976,455
Supplemental retirement	39,736	38,011	100,893	796,395	1,364,077	712,529	85,307	82,494	179,037	-
Nutrition services	14,006,876	15,413,542	11,736,797	12,763,646	12,801,512	12,620,976	12,590,877	12,178,818	11,898,361	11,984,452
Community services	4,571	12,273	47,469	138,592	128,385	67,660	140,908	120,909	130,491	112,324
Custody and care of children services	-	-	-	-	-	37,544	37,083	90,857	86,772	87,337
Facilities Services	-	-	-	-	-	-	1,332,465	1,100,757	585,880	-
Interest on long-term debt	30,307,560	36,159,370	34,413,599	16,163,540	35,719,584	24,764,671	24,552,195	26,185,245	24,991,499	25,316,093
Total primary government expenses	551,631,604	591,656,470	358,892,397	389,439,958	385,781,165	386,190,971	378,601,523	365,981,685	359,079,176	358,632,480
<b>Program Revenues</b>										
Governmental activities:										
Charges for services	6,031,333	6,964,291	10,217,286	10,098,793	10,003,939	9,571,654	9,341,231	8,222,022	1,014,574	1,108,135
Instruction	1,428,741	860,873	877,606	904,645	878,076	821,016	841,385	1,405,269	1,791,522	1,083,008
Support services										
Enterprise and community services	4,431,211	4,426,767	4,190,202	4,137,738	4,335,594	4,690,877	4,736,978	4,894,440	5,054,123	5,332,832
Operating grants and contributions	30,565,670	28,805,495	28,314,126	29,592,463	26,430,911	28,815,557	45,694,904	41,722,109	30,898,351	22,888,821
Capital grants and contributions	361,917	1,226,334	-	-	-	-	560,751	1,384,570	5,933,674	993,093
Total primary government program revenues	42,818,872	42,283,760	43,599,220	44,733,639	41,648,520	43,899,104	61,175,249	57,628,410	44,692,244	31,405,889
<b>Net (Expense)/Revenue</b>										
Total primary government net expense	\$ (508,812,732)	\$ (549,372,710)	\$ (315,293,177)	\$ (344,706,319)	\$ (344,132,645)	\$ (342,291,867)	\$ (317,426,274)	\$ (308,353,275)	\$ (314,386,932)	\$ (327,226,591)

Note: Fiscal year 2013 net position was restated due to GASB 65.

**BEAVERTON SCHOOL DISTRICT  
GENERAL REVENUES AND TOTAL CHANGE IN NET POSITION**

LAST TEN FISCAL YEARS

(accrual basis of accounting)

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Net (Expense) / Revenue</b>										
Total primary government net expense	\$ (508,812,732)	\$ (549,372,710)	\$ (315,293,177)	\$ (344,706,319)	\$ (344,132,645)	\$ (342,291,867)	\$ (317,426,274)	\$ (308,353,275)	\$ (314,386,932)	\$ (327,226,591)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes levied for general purposes	125,870,990	120,530,968	114,933,952	110,583,679	106,074,191	104,258,668	100,540,188	97,635,238	94,730,145	89,855,636
Local option taxes levied for general purposes	28,882,071	26,192,500	24,213,931	19,060,210	-	-	32	10,757	39,316	54,801
Property taxes levied for debt service	52,900,525	51,502,850	51,440,929	49,732,072	47,152,740	48,141,562	44,848,328	45,541,764	37,766,753	39,095,179
Construction excise tax	3,829,430	3,069,069	2,997,116	2,407,510	1,863,969	1,157,042	1,180,614	1,343,893	1,113,898	313,311
State school fund	231,739,269	228,865,870	216,460,563	199,569,316	172,475,674	167,737,344	157,658,272	164,168,392	171,866,019	173,257,834
Common school fund	5,011,850	4,691,786	3,796,074	3,537,242	3,655,130	3,262,020	3,419,944	3,487,822	2,833,379	3,757,889
Unrestricted state and local sources	14,767,326	13,006,206	15,770,697	12,110,552	8,490,373	17,833,330	11,638,640	9,902,461	12,158,536	10,433,342
Earnings on investments	2,351,393	3,198,636	2,541,728	517,574	503,144	617,642	790,559	614,622	3,444,218	9,631,356
Gain on sale of capital asset	139,540	15,250	200	767,803	-	-	-	-	-	-
Miscellaneous	2,377,106	1,568,662	4,114,307	1,760,973	3,243,765	3,705,756	4,577,759	4,737,257	1,848,896	1,274,003
Total primary government	467,869,500	452,641,797	436,269,497	400,046,931	343,458,986	346,713,364	324,654,336	327,442,206	325,801,160	327,673,351
<b>Change in Net Position</b>										
Total primary government	\$ (40,943,232)	\$ (96,730,913)	\$ 120,976,320	\$ 55,340,612	\$ (673,659)	\$ 4,421,497	\$ 7,228,062	\$ 19,088,931	\$ 11,414,228	\$ 446,760

Note: Fiscal year 2013 net position was restated due to GASB 65.

**BEAVERTON SCHOOL DISTRICT  
FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS**

*(modified accrual basis of accounting)*

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund										
Unreserved										
Committed	\$ 21,717,173	\$ 20,852,418	\$ -	\$ -	\$ 969,517	\$ 1,612,745	\$ 1,362,113	\$ 1,688,104	\$ 17,182,975	\$ 9,708,337
Unassigned	38,054,174	42,979,287	1,599,028	789,822	7,550,548	7,969,481	20,156,857	26,486,138	-	-
Total general fund	<u>\$ 59,771,347</u>	<u>\$ 63,831,705</u>	<u>\$ 1,599,028</u>	<u>\$ 789,822</u>	<u>\$ 8,520,065</u>	<u>\$ 9,582,226</u>	<u>\$ 21,518,970</u>	<u>\$ 28,174,242</u>	<u>\$ 17,182,975</u>	<u>\$ 9,708,337</u>
All Other Governmental Funds										
Unreserved, reported in:										
Debt service fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,403,428	\$ 5,934,773
Capital projects funds	-	-	-	-	-	-	-	-	72,864,172	80,339,282
Special revenue funds	-	-	-	-	-	-	-	-	13,812,287	20,345,523
Non-spendable	287,514	287,230	290,613	391,594	346,922	363,240	395,505	383,175	-	-
Restricted	385,241,999	265,786,893	411,190,925	4,679,163	15,246,617	21,458,042	23,776,761	36,964,939	-	-
Committed	14,172,144	10,473,961	9,390,147	9,507,482	8,485,568	8,130,111	11,417,612	10,165,139	-	-
Total all other governmental funds	<u>\$ 399,701,657</u>	<u>\$ 276,548,084</u>	<u>\$ 420,871,685</u>	<u>\$ 14,578,239</u>	<u>\$ 24,079,107</u>	<u>\$ 29,951,393</u>	<u>\$ 35,589,878</u>	<u>\$ 47,513,253</u>	<u>\$ 89,079,887</u>	<u>\$ 106,619,578</u>

**Note:** GASB Statement No. 54 was implemented in fiscal year 2011. Fiscal year 2010 balances were restated.

**BEAVERTON SCHOOL DISTRICT  
GOVERNMENTAL FUNDS REVENUES**  
LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Federal sources:</b>										
Federal grants	\$ 15,698,266	\$ 14,962,424	\$ 15,797,793	\$ 14,572,186	\$ 15,786,503	\$ 18,209,732	\$ 36,055,519	\$ 32,479,021	\$ 22,966,422	\$ 15,402,495
Food services	8,708,590	8,924,874	8,534,126	8,307,010	8,100,523	8,253,743	7,890,362	7,315,965	6,476,041	5,947,121
<b>Total federal sources</b>	<b>24,406,856</b>	<b>23,887,298</b>	<b>24,331,919</b>	<b>22,879,196</b>	<b>23,887,026</b>	<b>26,463,475</b>	<b>43,945,881</b>	<b>39,794,986</b>	<b>29,442,463</b>	<b>21,349,616</b>
<b>State and intermediate sources:</b>										
State school support	238,165,429	232,618,495	218,446,776	201,133,195	174,134,811	178,776,160	164,851,674	170,175,911	182,178,041	176,212,759
Common school fund	5,011,850	4,691,786	3,796,074	3,537,242	3,655,130	3,262,020	126,639	124,261	2,833,379	3,757,889
Nutrition services	239,864	263,666	156,832	158,702	163,368	150,503	150,503	152,866	126,938	133,309
Other	10,102,679	10,454,984	14,746,576	10,387,971	6,687,868	6,644,011	8,148,791	8,490,207	7,653,250	8,287,664
<b>Total state and intermediate sources</b>	<b>253,519,822</b>	<b>248,028,931</b>	<b>237,146,258</b>	<b>215,217,110</b>	<b>184,641,177</b>	<b>188,832,694</b>	<b>173,277,607</b>	<b>178,943,245</b>	<b>192,791,608</b>	<b>188,391,621</b>
<b>Local sources:</b>										
Ad valorem taxes	177,968,234	171,027,470	166,521,730	159,534,598	153,682,815	150,618,996	145,659,724	142,849,247	131,218,334	128,162,210
Local option levy	28,882,071	26,192,500	24,213,931	19,060,210	989	1,233	32	10,757	39,316	54,801
Food service sales	4,429,825	4,425,669	4,188,510	4,137,738	4,335,594	4,642,615	4,690,790	4,804,659	4,952,460	5,256,072
Interest and other income	37,522,902	37,754,679	35,445,125	33,485,753	27,556,044	26,936,013	25,942,763	25,114,830	9,510,706	14,578,333
Other revenues	2,477,371	2,628,817	3,892,912	1,151,631	2,071,823	3,179,995	4,100,831	4,136,871	11,021,749	9,704,797
<b>Total local sources</b>	<b>251,280,403</b>	<b>242,029,135</b>	<b>234,262,208</b>	<b>217,369,930</b>	<b>187,647,265</b>	<b>185,378,852</b>	<b>180,394,140</b>	<b>176,916,364</b>	<b>156,742,565</b>	<b>157,756,213</b>
<b>Total revenues</b>	<b>\$ 529,207,081</b>	<b>\$ 513,945,364</b>	<b>\$ 495,740,385</b>	<b>\$ 455,466,236</b>	<b>\$ 396,175,468</b>	<b>\$ 400,675,021</b>	<b>\$ 397,617,628</b>	<b>\$ 395,654,595</b>	<b>\$ 378,976,636</b>	<b>\$ 367,497,450</b>

**BEAVERTON SCHOOL DISTRICT  
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO  
LAST TEN FISCAL YEARS**

*(modified accrual basis of accounting)*

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Instruction	\$ 287,283,072	\$ 272,408,774	\$ 252,459,576	\$ 227,532,904	\$ 207,207,837	\$ 218,652,203	\$ 209,144,733	\$ 198,896,644	\$ 188,542,067	\$ 188,329,573
Student personnel services	34,603,010	31,090,493	27,894,246	25,123,920	23,332,596	24,593,504	23,722,270	22,768,827	22,134,153	21,848,902
Instructional media services	7,337,588	6,009,525	4,233,576	3,428,633	3,403,331	6,737,873	7,052,598	7,046,696	7,172,032	7,146,052
Instruction and curriculum development services	4,315,206	4,568,815	4,180,073	4,122,174	3,280,985	3,060,568	4,933,657	4,825,938	7,567,589	8,842,212
Instructional staff training	6,853,937	6,082,223	4,116,070	2,642,056	2,475,496	3,787,847	3,934,336	3,630,603	5,125,872	3,125,866
Board of education	188,592	174,222	184,223	104,179	166,447	131,476	177,570	105,529	275,864	184,538
General administration	1,647,132	1,606,548	1,473,662	1,423,055	1,236,521	1,284,038	1,317,619	1,420,229	1,522,419	1,203,654
School administration	29,703,235	27,598,638	25,589,396	23,727,536	22,394,165	22,225,585	21,808,208	21,439,584	22,682,452	22,462,904
Fiscal services	4,335,365	2,600,984	4,641,006	2,257,450	2,057,740	2,276,466	2,499,882	2,631,837	2,948,368	2,336,876
Central services	16,508,280	15,508,597	13,450,587	13,445,566	12,643,189	12,684,917	12,809,288	14,755,944	15,294,568	13,927,923
Student transportation services	20,085,388	20,201,661	19,809,756	16,701,748	15,830,750	15,648,651	17,251,379	15,049,227	17,079,625	17,112,898
Operation and maintenance of plant	30,174,482	26,972,370	26,274,101	24,441,755	23,399,588	23,506,371	22,836,444	23,201,941	23,507,619	23,653,905
Supplemental retirement	39,736	38,011	145,163	764,112	1,291,171	704,595	85,019	81,193	-	-
Community services	13,160,253	13,664,440	13,341,409	12,714,904	12,715,302	12,554,327	12,572,108	12,235,486	12,010,508	12,047,652
Capital outlay										
Facilities acquisition/construction	208,045,840	147,718,421	42,591,476	16,608,797	6,889,659	5,679,030	15,507,726	42,237,995	82,949,169	78,045,230
Other capital outlay	-	-	-	-	-	-	-	-	-	-
Debt service										
Principal	41,157,802	36,742,349	33,850,765	45,375,306	41,348,283	38,323,249	33,994,798	29,744,444	27,335,773	22,480,622
Interest	35,381,003	36,726,785	33,567,947	19,620,481	22,468,382	24,746,840	26,637,751	28,548,173	26,076,306	29,254,294
Bond issuance costs	-	158,054	544,615	-	1,013,347	281,899	-	-	-	-
Total expenditures	\$ 740,819,921	\$ 649,870,910	\$ 508,347,647	\$ 440,034,576	\$ 403,154,789	\$ 416,879,439	\$ 416,285,386	\$ 428,620,290	\$ 462,224,384	\$ 452,003,101
Expenditures for capital assets	\$ 196,991,781	\$ 126,008,956	\$ 32,779,553	\$ 15,481,603	\$ 7,199,924	\$ 6,305,864	\$ 14,370,060	\$ 41,748,748	\$ 86,305,084	\$ 79,848,844
Debt service as a percentage of noncapital expenditures	14.07%	14.02%	14.18%	15.31%	16.12%	15.36%	15.09%	15.15%	14.21%	13.90%

**BEAVERTON SCHOOL DISTRICT**  
**OTHER FINANCING SOURCES AND USES AND NET CHANGE IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**

*(modified accrual basis of accounting)*

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Excess of revenues over / (under) expenditures</b>	\$ (211,612,841)	\$ (135,925,546)	\$ (12,607,262)	\$ 15,431,660	\$ (6,979,321)	\$ (16,204,418)	\$ (18,667,758)	\$ (30,965,695)	\$ (83,247,748)	\$ (84,505,651)
<b>Other Financing Sources / (Uses)</b>										
Sale of or compensation for loss of capital assets	138,684	8,325	200	767,803	6,312	-	-	-	-	-
Transfers in	3,427,609	22,002,909	3,121,052	2,373,991	3,177,796	6,929,535	4,377,445	6,412,278	18,422,773	11,063,733
Transfers out	(4,427,609)	(23,737,909)	(5,351,052)	(4,460,226)	(4,177,796)	(8,564,535)	(6,132,445)	(8,062,278)	(19,622,773)	(12,083,733)
Capital leases	3,447,000	-	-	-	-	-	1,844,111	-	2,837,449	2,692,476
Issuance of debt	297,850,265	-	461,368,784	-	-	-	-	-	65,460,000	-
Premium on long-term debt issued	30,270,107	-	63,295,961	-	-	-	-	-	3,355,265	-
PERS UAL lump sum payment	-	-	(78,670,639)	-	-	-	-	-	-	-
Refunding bonds issued	-	16,260,000	-	-	159,400,000	42,175,000	-	-	-	-
Refunding bonds premium	-	1,766,329	-	-	20,961,752	5,668,811	-	-	-	-
Payment to refunded bond escrow agent	-	(17,863,763)	-	-	(179,342,751)	(47,560,061)	-	-	-	-
Total other financing sources / (uses)	330,706,056	(1,564,109)	443,764,306	(1,318,432)	25,313	(1,351,250)	89,111	(1,650,000)	70,452,714	1,672,476
<b>Net change in fund balances</b>	\$ 119,093,215	\$ (137,489,655)	\$ 431,157,044	\$ 14,113,228	\$ (6,954,008)	\$ (17,555,668)	\$ (18,578,647)	\$ (32,615,695)	\$ (12,795,034)	\$ (82,833,175)



**BEAVERTON SCHOOL DISTRICT**  
**ASSESSED VALUE AND REAL MARKET VALUE OF TAXABLE PROPERTY**  
 LAST TEN FISCAL YEARS

Fiscal Year	Assessed Value		Total Taxable Value	Total Direct Rate <sup>a</sup>	Real Market Value <sup>b</sup>		Total Real Market Value	Assessed Value as a percentage of RMV
	Residential Property	Personal Property			Residential Property	Personal Property		
2017	\$ 26,724,297,636	\$ 852,885,982	\$ 27,577,183,618	\$ 7.921	\$ 40,875,891,989	\$ 852,885,982	\$ 41,728,777,971	66.09 %
2016	25,474,574,888	827,083,328	26,301,658,216	7.957	36,434,229,379	827,083,328	37,261,312,707	70.59
2015	24,377,039,678	766,409,601	25,143,449,279	8.037	33,933,616,189	766,409,601	34,700,025,790	72.46
2014	23,358,556,710	756,361,921	24,114,918,631	8.054	30,645,539,168	756,361,921	31,401,901,089	76.79
2013	22,579,021,200	742,141,580	23,321,162,780	6.775	28,888,144,155	742,141,580	29,630,285,735	78.71
2012	21,897,521,030	719,492,406	22,617,013,436	6.860	29,322,657,487	719,492,406	30,042,149,893	75.28
2011	21,269,293,890	698,324,971	21,967,618,861	6.784	30,622,355,726	698,324,971	31,320,680,697	70.14
2010	20,647,926,140	694,175,279	21,342,101,419	6.879	32,405,737,871	694,175,279	33,099,913,150	64.48
2009	19,879,698,122	756,844,311	20,636,542,433	6.564	34,596,844,797	756,844,311	35,353,689,108	58.37
2008	18,840,746,410	714,828,590	19,555,575,000	6.736	33,577,338,341	714,828,590	34,292,166,931	57.03

<sup>a</sup> Per \$1,000 of assessed value.

<sup>b</sup> Real Market Value is the actual value, based on what a property would sell for in a competitive market if the property were used in its highest and best use.

**Source:** Washington County Dept. of Assessment & Taxation

# BEAVERTON SCHOOL DISTRICT DIRECT AND OVERLAPPING PROPERTY TAX RATES LAST TEN FISCAL YEARS

(rate per \$1,000 of assessed value)

Fiscal Year	District Direct Rates				Overlapping Rates													
	General Purposes	Local		Total	Portland Community College	City of Hillsboro	City of Portland	City of Tigard	Tualatin Hills Park & Recreation	Tualatin Valley Fire & Rescue	City of Beaverton	Washington County	Metro Service District	Tri-Met	Port of Portland	Multnomah County	NW Regional ESD	
		Option	Bonds															
2017	\$ 4,693	\$ 1,250	\$ 1,978	\$ 7,921	\$ 0,679	\$ 5,387	\$ 7,971	\$ 4,967	\$ 1,619	\$ 2,098	\$ 4,375	\$ 2,959	\$ 0,397	\$ -	\$ 0,070	\$ 4,393	\$ 0,154	
2016	4,693	1,250	2,014	7,957	0,586	5,387	7,763	6,283	1,625	2,108	4,377	2,838	0,388	-	0,070	4,487	0,154	
2015	4,693	1,250	2,094	8,037	0,722	5,387	7,892	4,178	1,717	1,891	4,377	2,838	0,459	-	0,070	4,491	0,154	
2014	4,693	1,250	2,111	8,054	0,734	5,387	7,980	3,376	1,728	1,906	4,376	2,968	0,467	-	0,070	4,511	0,154	
2013	4,693	-	2,082	6,775	0,665	7,541	7,363	6,350	1,730	1,915	4,238	2,970	0,404	-	0,070	5,424	0,154	
2012	4,693	-	2,167	6,860	0,598	6,464	7,688	3,795	1,739	1,930	4,179	2,974	0,315	0,058	0,070	5,440	0,154	
2011	4,693	-	2,091	6,784	0,636	5,387	7,808	2,722	1,743	1,883	4,203	2,980	0,409	0,088	0,070	5,385	0,154	
2010	4,693	-	2,186	6,879	0,633	5,387	7,824	2,727	1,734	1,895	4,199	2,984	0,437	0,086	0,070	5,403	0,154	
2009	4,693	-	1,871	6,564	0,503	5,387	7,392	2,688	1,429	1,843	4,115	2,984	0,398	0,080	0,070	5,394	0,154	
2008	4,693	-	2,043	6,736	0,505	4,767	7,110	2,739	1,434	1,869	4,184	3,033	0,429	0,086	0,070	5,233	0,154	

The permanent and local option tax rates are determined by the State of Oregon Constitution and State Statutes. Existing districts cannot increase their permanent rate authority. Local option levies are limited to five years for operations and ten years for capital projects. Elections for local option levies must meet the double majority election test, except in the November general election in even numbered years. Rates for debt service are set based on each year's requirements.

**Source:** Washington Co. and Multnomah Co. Departments of Assessment and Taxation.

**BEAVERTON SCHOOL DISTRICT**  
**PRINCIPAL PROPERTY TAXPAYERS**  
CURRENT YEAR AND NINE YEARS PRIOR

Taxpayer	June 2017					June 2008				
	Beaverton School District			Washington County		Beaverton School District			Washington County	
	Taxable Assessed Value	Rank	% of Total Taxable Value	Taxable Assessed Value	Rank	Taxable Assessed Value	Rank	% of Total Taxable Value	Taxable Assessed Value	Rank
Nike, Inc.	\$ 573,454,213	1	2.08	\$ 771,794,723	2	\$ 342,893,089	1	1.75	\$ 348,297,116	3
PPR Washington Square LLC	126,215,574	5	0.46			91,205,441	9	0.47		
Maxim Integrated Products, Inc.	97,213,870	6	0.35			134,951,810	4	0.69	169,355,293	7
Nike, IHM Inc.	96,534,290	7	0.35							
Harsch Investment Properties, LLC	75,394,389	9	0.27							
Beaverton LLC	91,196,380	10	0.33							
Intel				2,185,034,921	1				1,073,118,274	1
Pacific Realty Associates				352,595,837	5				261,692,224	5
Solarworld Industries America Inc.				208,615,230	7					
Genentech Inc.				179,135,460	10					
Tektronix Inc						136,940,413	3	0.70	137,506,673	9
ERP Operating Ltd Partnership						112,051,390	6	0.57	112,051,390	10
PS Business Parks LP						98,541,817	7	0.50		
Amberglen, LLC						65,478,890	10	0.33		
<b>Public Utilities</b>										
Comcast Corporation	274,622,900	2	1.00	417,021,800	4					
Portland General Electric Co.	152,150,122	3	0.55	512,979,756	3	120,631,800	5	0.62	330,799,810	4
Northwest Natural Gas	140,787,000	4	0.51	329,744,350	6	94,574,800	8	0.48	275,283,690	6
Frontier Communications	91,048,000	8	0.33	190,901,000	8					
Verizon Communications				187,423,000	9	167,409,161	2	0.86	345,285,461	2
Sprint Nextel Corporation									133,617,362	8
(formerly Verizon Local Wireline & Cable TV Operations)										
Subtotal of Ten Largest Taxpayers	1,718,616,738		6.23	5,335,246,077		1,364,678,611		6.98	3,187,007,293	
All Other Taxpayers	25,858,566,880		93.77	54,111,452,378		18,190,896,389		93.02	38,374,755,229	
Total Assessed Value of Tax District	\$ 27,577,183,618		100.00	\$ 59,446,698,455		\$ 19,555,575,000		100.00	\$ 41,561,762,522	

**Note:** Ranked based on taxes levied.

**Source:** Washington County Department of Assessment & Taxation

**BEAVERTON SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

Fiscal Year	Taxes Levied for the Fiscal Year <sup>(1)</sup>	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years <sup>(2)</sup>	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2017	\$ 213,119,699	\$ 203,451,291	95.46 %	-	\$ 203,451,291	95.46 %
2016	202,813,119	193,825,317	95.57	1,599,993	195,425,310	96.36
2015	195,294,087	186,692,754	95.60	2,001,549	188,694,303	96.62
2014	183,560,233	174,630,884	95.14	2,885,787	177,516,671	96.71
2013	157,726,841	150,601,309	95.48	2,773,612	153,374,921	97.24
2012	155,139,570	147,593,679	95.14	2,359,471	149,953,150	96.66
2011	148,921,305	140,983,744	94.67	2,673,730	143,657,474	96.47
2010	146,696,578	138,507,814	94.42	3,900,823	142,408,637	97.08
2009	135,514,754	127,776,537	94.29	4,305,878	132,082,415	97.47
2008	131,816,688	125,156,223	94.95	3,240,602	128,396,825	97.41

<sup>(1)</sup> Amounts are based upon the tax collection year July 1 to June 30.

<sup>(2)</sup> Collections in subsequent years includes current year revenue received for taxes levied in prior years.

**Source:** Washington County Department of Assessment and Taxation and Beaverton School District financial records.

# BEAVERTON SCHOOL DISTRICT OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

(dollars in thousands, except per capita)

Fiscal Year	Net General Bonded Debt					Total Debt							
	General Obligation Bonds	Un-amortized Premium	Less Amount Available for Repayment	General Bonded Debt	As Percentage of Actual Value of Property	Per Capita <sup>a</sup>	Pension Obligation Bonds <sup>b</sup>	FFC Obligation Bonds	Capital Leases	Primary Government	As Percentage of Taxable Value	As Percentage of Personal Income <sup>c</sup>	Per Capita <sup>a</sup>
2017	\$ 832,135	\$ 101,044	\$ (570)	\$ 932,609	2,235 %	\$ 3,329	\$ 215,470	\$ 18,115	\$ 873	\$ 1,167,637	4,234 %	n/a	\$ 4,168
2016	563,109	78,037	(1,881)	639,265	1,716	2,334	226,295	18,750	-	886,191	3,369	n/a	3,236
2015	589,344	82,057	(2,064)	669,337	1,929	2,488	236,040	18,935	197	926,573	3,685	3,108 %	3,444
2014	233,560	24,782	(2,323)	256,019	0,815	971	163,375	19,480	583	441,780	1,832	1,680	1,675
2013	272,895	28,192	(2,591)	298,496	1,007	1,156	168,195	20,175	1,108	490,565	2,104	1,975	1,900
2012	307,620	13,948	(3,939)	317,629	1,057	1,233	172,345	21,030	2,212	517,155	2,287	2,127	2,008
2011	341,575	11,186	(3,030)	349,731	1,117	1,372	175,870	22,040	4,080	554,751	2,525	2,176	2,176
2010	370,250	13,007	(3,371)	379,886	1,148	1,506	178,815	22,595	4,056	588,722	2,800	2,727	2,333
2009	395,935	14,828	(2,403)	408,360	1,162	1,645	181,225	22,650	5,650	620,288	3,000	2,925	2,499
2008	377,140	13,137	(5,935)	384,342	1,138	1,565	183,135	-	4,223	577,635	3,000	3,104	2,316

<sup>a</sup> See Demographic and Economic Statistics for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

<sup>b</sup> Pension Obligation Bonds are not included in the Net General Bonded Debt since they are not repaid directly with property tax dollars.

n/a - Information not available as of printing.

**BEAVERTON SCHOOL DISTRICT  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
AS OF JUNE 30, 2017

<u>Governmental Unit</u>	<u>Net Property-tax Backed Debt Outstanding<sup>a</sup></u>	<u>Percent Within School District</u>	<u>Estimated Share of Direct and Overlapping Debt<sup>b</sup></u>
Beaverton School District	\$ 1,065,719,613	100.00 %	\$ 1,166,763,913 <sup>c</sup>
Washington County	232,130,277	47.79	110,934,363
Tualatin Hills Park and Recreation District	82,524,818	96.99	80,040,079
Portland Community College	302,090,000	19.19	57,969,863
City of Beaverton	34,567,076	98.20	33,945,353
Metro	183,510,000	15.30	28,070,791
Tualatin Valley Fire and Rescue	48,820,000	52.19	25,478,084
City of Hillsboro	45,250,000	11.52	5,213,434
City of Tigard	22,427,479	17.48	3,919,718
Multnomah County	143,743,241	0.11	163,005
City of Portland	155,468,265	0.09	145,518
Washington City Enhanced Patrol District	75,877	82.68	62,738
Hillsboro School District	238,850,000	0.02	37,022
Hillsboro School District - Bond	4,006,806	0.02	637
Subtotal, overlapping debt			345,980,605
<b>Total direct and overlapping debt</b>			<b>\$ 1,512,744,518</b>

**Note:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the District. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

<sup>a</sup> Net Property-tax Backed Debt is Gross Property-tax Backed Debt less Self-supporting Unlimited-tax GO debt and less Self-supporting Full Faith & Credit debt.

<sup>b</sup> Overlapping Debt is calculated by using Net Property-tax Backed Debt times Percent Overlapping that are provided by Oregon State Treasury, Debt Management Division.

<sup>c</sup> Includes unamortized premium of \$101,044,300.

**Source:** State of Oregon - Office of the Treasurer

**BEAVERTON SCHOOL DISTRICT  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS**

**Legal Debt Margin Calculation for Fiscal Year 2017**

Real Market Value	\$ 41,728,777,971
Debt Limit (7.95% of Real Market Value <sup>1</sup> )	3,317,437,849
Debt Applicable to Limit	832,135,000
Legal Debt Margin	<u>\$ 2,485,302,849</u>

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to the Limit as a Percentage of Debt Limit
2017	\$ 3,317,437,849	\$ 832,135,000	\$ 2,485,302,849	25.08 %
2016	2,962,274,360	563,109,000	2,399,165,360	19.01
2015	2,758,652,050	589,344,000	2,169,308,050	21.36
2014	2,496,451,137	233,560,000	2,262,891,137	9.36
2013	2,355,607,716	272,895,000	2,082,712,716	11.58
2012	2,388,350,916	307,620,000	2,080,730,916	12.88
2011	2,489,994,115	341,575,000	2,148,419,115	13.72
2010	2,631,443,095	370,250,000	2,261,193,095	14.07
2009	2,810,618,284	395,935,000	2,414,683,284	14.09
2008	2,726,227,271	377,140,000	2,349,087,271	13.83

<sup>1</sup> ORS 328.245 establishes a parameter of bonded indebtedness for school districts. Aggregates are governed by real market value of all taxable properties within the District based on:

For each grade from kindergarten to eighth for which the District operates schools, fifty-five one-hundredths of one percent (.0055) of the real market value. <sup>A</sup>  
For each grade from ninth to twelfth for which the District operates schools, seventy-five one-hundredths of one percent (.0075) of the real market value. <sup>B</sup>

Allowable Percentage of Real Market Value:

<sup>A</sup> Kindergarten through eighth grade, 9 x .0055

<sup>B</sup> Ninth through twelfth grade, 4 x .0075

Allowable Percentage

4.95%
3.00%
<u>7.95%</u>

**BEAVERTON SCHOOL DISTRICT**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
 LAST TEN CALENDAR YEARS

Calendar Year	Population <sup>a</sup> <i>Estimated</i>	Personal Income <sup>b</sup> <i>(In Thousands)</i>	Per Capita Personal Income	Unemployment Rate <sup>c</sup> <i>(Washington County)</i>
2017	280,126	n/a	n/a	n/a
2016	273,845	n/a	n/a	4.2 %
2015	269,023	\$ 29,812,561	\$ 51,909	4.8
2014	263,778	26,299,466	46,713	5.7
2013	258,199	24,839,911	44,757	6.3
2012	257,562	24,314,346	44,396	7.1
2011	254,914	23,042,656	42,639	7.7
2010	252,293	21,586,715	40,606	9.1
2009	248,264	21,205,286	39,465	9.1
2008	249,399	21,185,612	40,188	9.3

**Notes:**

n/a - Information not available as of printing.

<sup>a</sup> Bureau of Economic and Business Research and BSD estimates based on PSU Population Research Center data.

<sup>b</sup> U.S. Department of Commerce, Bureau of Economic Analysis.

<sup>c</sup> Oregon Labor Market, Labor Force Data for Washington County. Not seasonally adjusted.



**BEAVERTON SCHOOL DISTRICT  
PRINCIPAL EMPLOYERS FOR THE PORTLAND METRO AREA  
CURRENT AND NINE YEARS PRIOR**

<u><b>Employer</b></u>	<u><b>December 31, 2016</b></u>			<u><b>December 31, 2007</b></u>		
	<u><b>Employees</b></u>	<u><b>Rank</b></u>	<u><b>Percentage of Total Employment</b></u>	<u><b>Employees</b></u>	<u><b>Rank</b></u>	<u><b>Percentage of Total Employment</b></u>
<b>Ten Largest Employers</b>						
Intel Corp.	19,500	1	1.60 %	16,740	1	1.54 %
Providence Health System	17,378	2	1.43	14,639	2	1.35
Oregon Health & Science University	15,424	3	1.27	11,500	3	1.06
Fred Meyer Stores	11,200	4	0.92	8,500	4	0.78
Kaiser Permanente Northwest	10,269	5	0.84	8,221	5	0.76
Legacy Health System	9,300	6	0.76	8,196	6	0.75
Nike Inc.	8,500	7	0.70	7,648	7	0.70
Portland Public Schools	7,678	8	0.63			
Multnomah County	6,189	9	0.51			
City of Portland	5,667	10	0.47			
Wells Fargo				4,873	8	0.45
Greenbriar Cos. Inc.				3,972	9	0.37
Freightliner Corp				3,500	10	0.32
<b>Subtotal of Ten Largest Employers</b>	<b>111,105</b>		<b>9.14</b>	<b>87,789</b>		<b>8.07</b>
<b>All Other Employers</b>	<b>1,104,783</b>		<b>90.86</b>	<b>1,000,195</b>		<b>91.93</b>
<b>Total Portland PMSA<sup>1</sup> Employment</b>	<b>1,215,888</b>		<b>100.00 %</b>	<b>1,087,984</b>		<b>100.00 %</b>

<sup>1</sup> Portland MSA is the Portland-Vancouver-Hillsboro Metropolitan Statistical Area which includes Multnomah, Washington, Clackamas, Columbia and Yamhill counties in Oregon, as well as Clark and Skamania counties in Washington.

**Source:** Portland Business Journal Book of Lists and Oregon Employment Department Labor Market Information System (OLMIS)

**BEAVERTON SCHOOL DISTRICT  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE  
LAST TEN FISCAL YEARS**

	2017 Salary Range			Full-time Equivalent Employees as of June 30										% Change 2016 to 2017
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008				
<b>Instruction</b>														
Certified Support	\$ 41,715 26,565	\$ 85,604 55,092	1,763.45 131.70	1,730.90 127.28	1,569.59 103.02	1,446.03 109.28	1,319.92 98.51	1,578.05 77.65	1,582.68 76.30	1,572.87 78.03	1,590.00 85.60	1,611.53 92.31	1.88 % 3.48	
<b>Special Programs</b>														
Certified Support Administration	41,715 26,565 108,032	85,604 69,461 265,000	442.90 260.78 -	420.91 236.11 -	413.00 228.23 -	383.86 213.81 -	393.41 225.06 -	397.72 259.69 1.00	436.59 256.25 1.00	435.50 278.56 1.00	420.10 263.54 3.00	436.05 268.64 3.00	5.22 10.45 -	
<b>Student Support Services</b>														
Certified Support Administration	41,715 24,392 108,032	85,604 120,588 265,000	219.85 98.23 6.00	213.77 85.94 5.00	192.58 73.55 4.00	176.58 66.59 3.97	170.80 64.44 3.89	183.67 76.72 2.97	188.86 76.00 3.47	196.46 69.22 5.00	192.22 70.96 3.88	184.11 68.70 3.94	2.84 14.31 20.00	
<b>Instructional Staff Support</b>														
Certified Support Administration	41,715 26,565 108,032	85,604 63,650 265,000	67.78 47.03 3.81	52.11 47.76 2.94	31.99 45.51 3.00	20.34 43.60 2.96	16.27 43.58 2.96	71.82 32.82 2.00	101.09 32.80 2.00	99.01 36.36 3.00	146.59 36.74 3.00	122.66 37.09 3.00	30.06 (1.53) 29.64	
<b>General Administration Support</b>														
Support Administration	26,565 108,032	148,755 265,000	5.72 3.63	5.31 3.71	5.30 2.75	5.03 2.75	1.53 2.75	5.03 3.00	5.00 3.00	5.17 3.00	6.00 3.00	5.45 3.00	7.85 (2.14)	
<b>School Administration</b>														
Certified Support Administration	41,715 26,565 108,032	85,604 63,650 265,000	11.30 120.25 109.54	9.37 110.15 103.65	9.20 103.84 97.35	12.37 103.83 88.56	15.20 103.10 83.75	12.93 104.35 89.30	10.86 106.86 91.40	10.38 104.61 91.38	15.05 106.25 96.73	18.42 103.23 95.42	20.65 9.17 5.68	
<b>Business Support Services</b>														
General Business Support Administration Facilities	26,565 108,032	93,644 265,000	16.82 2.00	16.90 2.00	16.36 2.00	14.99 2.00	12.31 1.41	16.34 1.00	18.09 1.00	18.45 1.43	18.34 2.00	17.80 2.00	(0.46) -	
Support Administration Transportation	28,528 108,032	93,644 265,000	228.80 2.00	214.54 2.00	208.91 2.00	201.63 1.00	190.54 1.00	206.19 1.00	212.52 1.00	213.67 1.00	209.38 1.00	200.21 1.00	6.65 -	
Support Administration Other Administration Support	26,565 108,032	93,644 265,000	173.13 1.23	165.56 1.25	167.57 1.25	170.05 1.25	169.00 1.25	176.72 1.00	180.72 1.00	179.98 1.00	194.33 1.00	190.31 1.00	4.57 (1.80)	
Support	26,565	80,610	9.79	8.40	7.70	8.78	8.00	9.67	10.00	9.75	10.52	10.63	16.52	
<b>Central Support Services</b>														
Certified Support Administration	41,715 26,565 108,032	85,604 97,386 265,000	4.55 99.14 9.00	5.00 87.69 8.13	4.50 69.50 7.82	4.20 67.09 7.00	4.52 60.00 7.00	5.29 60.87 6.51	5.30 66.87 7.00	4.49 68.44 7.90	5.50 69.80 8.00	5.50 64.14 7.96	(8.97) 13.05 10.66	

**BEAVERTON SCHOOL DISTRICT  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE (Continued)  
LAST TEN FISCAL YEARS**

	2017 Salary Range		Full-time Equivalent Employees as of June 30										% Change 2016 to 2017
	2017		2016	2015	2014	2013	2012	2011	2010	2009	2008		
<b>Food Services</b>													
Support	\$ 22,220	\$ 55,537	101.54	101.15	100.46	102.07	97.83	103.01	103.55	103.19	99.15	94.90	0.69 %
Administration	108,032	265,000	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	-
<b>Community Services &amp; Custody and Care of Children Services</b>													
Certified	41,715	85,604	-	-	0.38	0.37	0.52	0.53	0.54	0.53	0.54	0.54	(100.00)
Support	24,392	97,386	-	-	-	1.35	1.11	1.69	1.55	2.49	1.25	1.25	-
<b>Facilities Acquisition and Construction</b>													
Certified	41,715	85,604	5.00	4.19	1.00	-	-	-	-	-	-	-	319.49
Support	93,644	93,644	33.55	29.48	17.05	4.50	3.57	3.14	10.49	14.20	15.62	15.60	72.89
Administration	108,032	265,000	1.00	0.99	1.00	1.91	1.16	1.00	1.81	2.00	2.00	1.92	(1.18)
<b>Total</b>			3,980.55	3,803.21	3,491.42	3,268.75	3,105.39	3,493.68	3,596.78	3,619.24	3,682.25	3,672.50	

	2017 Salary Range	Number of Teachers
Bachelor's Range	\$ 41,715 \$ 78,869	326
Master's Range	\$ 45,289 \$ 85,604	2,188
Average Teacher Salary	\$ 66,654	

**Notes:**

Full-time certified employees of the district are employed for 193 days, at eight hours per day or 1,544 hours per year. Total work hours by certified employees are divided by 1,544 to obtain full-time-equivalent employment. Full-time-equivalent employment for all other positions is determined based on 2,080 hours per year (260 days at eight hours).

The data presented has been updated to reflect actuals. In prior years, the data presented was budgeted information.

**Source:** Beaverton School District records.

**BEAVERTON SCHOOL DISTRICT  
OPERATING STATISTICS**  
LAST TEN FISCAL YEARS

Fiscal Year	Enrollment	ADMw	Operating Expenditures <sup>a</sup>	Cost per Student	Percentage Change	Expenses <sup>b</sup>	Cost per Student	Percentage Change	Certified Staff <sup>c</sup>	Student-Certified Staff Ratio	Percentage of Students Receiving Free or Reduced-Price Meals
2017	40,912	48,744.56	\$ 456,235,276	\$ 11,152	5.98 %	\$ 740,819,921	\$ 18,108	13.47 %	2,515	16.27	34.5 %
2016	40,725	48,668.62	428,525,301	10,522	5.57	649,870,910	15,958	25.28	2,436	16.72	37.3
2015	39,910	45,797.18	397,792,844	9,967	9.87	508,347,647	12,737	14.36	2,222	17.96	39.3
2014	39,509	45,087.84	358,429,992	9,072	7.92	440,034,576	11,138	8.93	2,044	19.33	38.7
2013	39,427	44,796.05	331,435,118	8,406	(5.62)	403,154,789	10,225	(4.21)	1,921	20.53	39.4
2012	39,054	44,823.44	347,848,421	8,907	1.64	416,879,439	10,674	(0.47)	2,250	17.36	40.6
2011	38,814	44,647.62	340,145,111	8,763	2.36	416,285,386	10,725	(4.24)	2,326	16.69	39.8
2010	38,090	43,933.45	326,089,678	8,561	(1.13)	426,620,290	11,200	(8.86)	2,319	16.43	38.8
2009	37,613	43,471.30	325,688,733	8,659	1.55	462,224,384	12,289	2.74	2,370	16.44	35.8
2008	37,789	43,419.90	322,222,955	8,527	6.80	452,003,101	11,961	23.07	2,379	15.95	32.8

**Notes:**

- <sup>a</sup> Operating expenditures are all governmental fund expenditures less debt service and capital outlays.
- <sup>b</sup> Expenses include capital projects and debt service activity.
- <sup>c</sup> Includes classroom, music, physical education, special education teachers, and counselors.
- n/a - Information not available as of printing.

**Source:** Beaverton School District records.

**BEAVERTON SCHOOL DISTRICT  
CAPITAL ASSET INFORMATION**  
LAST TEN FISCAL YEARS

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	Average Age of Buildings (in years)
<b>SCHOOLS</b>											
<b>Elementary</b>											
Buildings	33	33	33	33	33	33	33	33	32	32	48
Square feet	2,039,682	2,012,047	2,012,047	2,012,047	2,012,047	2,012,047	2,012,047	2,012,047	1,865,333	1,874,720	
Capacity	21,417	21,377	21,312	21,189	21,207	21,207	21,225	21,140	19,849	19,162	
Enrollment	18,073	18,345	17,919	17,987	17,952	17,917	17,818	17,445	17,801	17,693	
Percent used	84%	86%	84%	85%	85%	84%	84%	83%	90%	92%	
<b>Middle</b>											
Buildings	8	8	8	8	8	8	8	8	8	8	42
Square feet	1,016,538	1,016,538	1,016,538	1,016,538	1,016,538	1,016,538	1,016,538	1,016,538	1,016,538	1,024,714	
Capacity	8,394	8,520	8,394	8,254	8,254	8,254	8,247	8,225	8,190	8,176	
Enrollment	9,356	9,200	9,067	8,870	8,842	8,734	8,567	8,405	8,124	8,265	
Percent used	111%	108%	108%	107%	107%	106%	104%	102%	99%	101%	
<b>High</b>											
Buildings	9	9	9	9	9	9	9	9	9	7	55
Square feet	1,669,292	1,653,308	1,653,308	1,653,308	1,665,108	1,665,108	1,665,108	1,664,726	1,544,724	1,435,263	
Capacity	12,428	12,322	12,306	12,302	12,374	12,374	12,354	12,351	11,823	10,696	
Enrollment	11,801	11,588	11,405	11,262	11,227	11,340	11,311	11,055	11,688	11,831	
Percent used	95%	94%	93%	92%	91%	92%	92%	90%	99%	111%	
<b>Other</b>											
Buildings	2	2	2	2	2	2	2	2	3	3	32
Square feet	40,607	40,607	40,607	40,607	40,607	40,607	40,607	40,607	50,607	50,607	
<b>ADMINISTRATIVE</b>											
Buildings	1	1	1	1	1	1	1	1	1	1	45
Square feet	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	
<b>TRANSPORTATION</b>											
Garages/Buildings	4	4	4	4	4	4	4	4	4	4	40
Buses	310	311	357	318	317	317	317	300	320	320	

**Source:** Beaverton School District Annual District Statistics.

# SINGLE AUDIT SECTION



WE  
EMBRACE  
EQUITY







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

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

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

School Board  
Beaverton School District  
Beaverton, Oregon

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 Beaverton School District, Washington 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 November 22, 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

November 22, 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  
Beaverton School District  
Beaverton, Oregon

#### ***Report on Compliance for Each Major Federal Program***

We have audited Beaverton 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, Beaverton 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

November 22, 2017

**BEAVERTON SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL, STATE, AND LOCAL AWARDS**  
YEAR ENDED JUNE 30, 2017

<b>Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Entity Number</b>	<b>Period Covered</b>	<b>Grant Amount</b>	<b>2016-17 Revenue and Expenditures</b>
<b>U.S. Department of Education</b>					
Direct:					
Indian Education Grants to Local Education Agencies	84.060	S060A162500	07/01/16 - 06/30/17	\$ 37,437	\$ 33,908
					<u>33,908</u>
Beaverton Active Students Succeed (PEP)	84.215	S215F160097	10/1/16 - 09/30/19	669,484	195,255
					<u>195,255</u>
<b>Total Direct</b>					<u><u>229,163</u></u>
Passed through Oregon Department of Education:					
Title I					
Title I Grants to Local Educational Agencies	84.010	41009	07/01/16 - 09/30/17	6,348,852	5,156,060
Title I Grants to Local Educational Agencies	84.010	35925	07/01/15 - 09/30/17	5,414,679	736,489
Title I Grants to Local Educational Agencies	84.010	32534	07/01/14 - 09/30/16	5,777,527	51,349
Total Title I					<u>5,943,898</u>
Migrant Education					
Migrant Education - State Grant Program	84.011	41212	07/01/16 - 09/30/17	208,108	206,554
Migrant Education - State Grant Program	84.011	41231	07/01/16 - 09/30/17	11,531	7,749
Migrant Education - State Grant Program	84.011	33593	07/01/14 - 09/30/16	239,141	15,498
Migrant Education - State Grant Program	84.011	37730	07/01/15 - 09/30/16	9,852	2,768
Migrant Education - State Grant Program	84.011	40007	04/01/16 - 09/30/16	47,554	38,841
Migrant Education - State Grant Program	84.011	43674	04/01/17 - 09/30/17	48,512	8,666
Migrant Education - State Grant Program	84.011	37711	07/01/15 - 09/30/17	207,370	10,574
Total Migrant Education Program					<u>290,650</u>
Migrant Education - Consortium Incentive Grants	84.144	44029	06/01/17 - 09/30/17	2,400	99
Total Migrant Education Consortium Incentive					<u>99</u>
Improving Teacher Quality					
Improving Teacher Quality State Grants	84.367	41264	07/01/16 - 09/30/17	797,875	668,337
Improving Teacher Quality State Grants	84.367	36122	07/01/15 - 09/30/16	801,127	84,923
Total Improving Teacher Quality					<u>753,260</u>
English Language Acquisition					
English Language Acquisition State Grants	84.365	41741	07/01/16 - 09/30/17	657,274	185,552
English Language Acquisition State Grants	84.365	41731	07/01/16 - 09/30/17	14,720	14,491
English Language Acquisition State Grants	84.365	36305	07/01/15 - 09/30/16	628,902	307,115
Total English Language Acquisition					<u>507,158</u>
Career and Technical Education					
Career and Technical Education - Basic Grants to States	84.048	36398	07/01/15 - 09/30/16	273,758	8,937
Career and Technical Education - Basic Grants to States	84.048	40305	07/01/16 - 09/30/17	311,796	248,339
Total Career and Technical Education					<u>257,276</u>
Special Education Cluster					
Special Education Grants to States	84.027	41469	07/01/16 - 09/30/18	6,848,534	6,618,951
Special Education Grants to States	84.027	33224	07/01/14 - 09/30/16	6,449,729	3,447
Special Education Grants to States	84.027	36811	07/01/15 - 09/30/17	6,522,240	643,288
Special Education Grants to States	84.027	41942	07/01/16 - 06/30/17	15,300	15,300
Special Education Grants to States	84.027	40766	07/01/16 - 06/30/17	19,021	19,021
Special Education Grants to States	84.027	42594	10/01/16 - 09/30/17	21,218	21,218
Special Education Grants to States	84.027	38269	10/01/15 - 09/30/16	21,218	20,460
Total Special Education					<u>7,341,685</u>
Special Education Preschool Grants	84.173	37128	07/01/15 - 09/30/17	24,337	4,800
Special Education Preschool Grants	84.173	40555	07/01/16 - 09/30/18	27,004	27,004
Total Special Education Preschool					<u>31,804</u>
Total Special Education Cluster (IDEA)					<u><u>7,373,489</u></u>

See additional information in the Notes to Schedule of Expenditures of Federal, State, and Local Awards.

**BEAVERTON SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL, STATE, AND LOCAL AWARDS (continued)**  
YEAR ENDED JUNE 30, 2017

<b>Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Entity Number</b>	<b>Period Covered</b>	<b>Grant Amount</b>	<b>2016-17 Revenue and Expenditures</b>
<b>U.S. Department of Education (continued)</b>					
Passed through Oregon Department of Education (continued):					
Statewide Data Systems					
Statewide Data Systems, Recovery Act RDWP ARRA	84.384	25099	05/01/12 - open	\$ 99,993	\$ 5,058
Total Statewide Data Systems					<u>5,058</u>
<b>Total Passed through Oregon Department of Education:</b>					<u><u>15,130,888</u></u>
<b>Total U.S. Department of Education</b>					<u><u>15,360,051</u></u>
<b>U.S. Department of Health &amp; Human Services</b>					
Passed through Administration for Children and Families					
CCDF Cluster					
Child Care and Development Block Grant	93.575	9931 (14-039)	07/01/13 - 06/30/17	605,000	197,438
Total CCDF Cluster					<u>197,438</u>
<b>Total U.S. Department of Health &amp; Human Services</b>					<u><u>197,438</u></u>
<b>U.S. Department of Agriculture</b>					
Passed through Oregon Department of Education:					
Child Nutrition Cluster:					
School Breakfast Program	10.553	N/A	07/01/16 - 06/30/17	1,361,088	1,361,088
National School Lunch Program	10.555	N/A	07/01/16 - 06/30/17	5,758,754	5,758,754
National School Lunch Program Commodities	10.555	N/A	07/01/16 - 06/30/17	936,450	936,450
Summer Food Service Program for Children	10.559	N/A	07/01/16 - 06/30/17	317,677	317,677
Total Child Nutrition Cluster					<u>8,373,969</u>
Child and Adult Food Care Program	10.558	N/A	07/01/15 - open	22,324	16,640
Child and Adult Food Care Program	10.558	N/A	07/01/16 - 06/30/17	313,745	313,745
					<u>330,385</u>
Fresh Fruits and Vegetable - Vose	10.582	41461	07/01/16 - 09/30/16	3,845	2,773
Fresh Fruits and Vegetable - Vose	10.582	42984	10/01/16 - 06/30/17	28,111	28,179
Fresh Fruits and Vegetable - William Walker	10.582	41462	07/01/16 - 09/30/16	2,487	2,336
Fresh Fruits and Vegetable - William Walker	10.582	43025	10/01/16 - 06/30/17	20,815	20,138
					<u>53,426</u>
Reallocation SAE	10.560	N/A	07/01/16 - 06/30/17	20,874	20,874
<b>Total U.S. Department of Agriculture</b>					<u><u>8,778,654</u></u>
<b>U.S. Department of Transportation</b>					
Passed through Metro					
Federal Transit Cluster					
Federal Transit - Formula Grants (Urbanized Area)	20.507	933347	07/01/15 - 06/30/17	158,000	70,713
Total Federal Transit Cluster					<u>70,713</u>
<b>Total Federal Awards</b>					<u><u>\$ 24,406,856</u></u>
<b>State and local awards:</b>					
State Farm YAB Grant (Terra Nova)	N/A	N/A	07/01/11 - open	\$ 64,080	\$ 1,129
Intel STEM Highland Park	N/A	N/A	05/20/14 - open	10,000	231
U of O CTL Fusion	N/A	N/A	11/01/16 - 07/18/17	58,625	9,385
Lowe's AHS Library Shelving Project	N/A	N/A	04/11/16 - 04/11/18	19,379	19,379
Confucius Classroom	N/A	N/A	03/01/14 - open	39,940	9,569
AHS Building Construction Tech	N/A	42155	10/25/16 - 06/30/17	12,819	12,819

See additional information in the Notes to Schedule of Expenditures of Federal, State, and Local Awards.

**BEAVERTON SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL, STATE, AND LOCAL AWARDS (continued)**  
YEAR ENDED JUNE 30, 2017

Program Title	Federal CFDA Number	Pass Through Entity Number	Period Covered	Grant Amount	2016-17 Revenue and Expenditures
<b>State and local awards (continued):</b>					
Investigations in the Properties of CCD	N/A	N/A	04/30/14 - open	\$ 7,000	\$ 841
Washington County Kindergarten Partnership Innovation	N/A	CA 16-0269	10/01/15 - 06/30/17	319,110	118,363
ELWC Washington County Early Learning Community Hub	N/A	16-0120	01/01/16 - 06/30/17	255,000	150,509
SRHS Marketing	N/A	42161	10/25/16 - 06/30/17	16,024	16,024
AHS Automotive Mechanics	N/A	42156	10/25/16 - 06/30/17	36,855	36,855
Farm to School	N/A	38835	07/01/15 - 06/30/17	252,984	129,793
Regional Data Warehouse 12-13	N/A	25099	05/01/12 - open	115,500	800
Arts for Learning Matching Funds	N/A	N/A	10/01/10 - open	796,000	8,248
UO: ROOTS Research	N/A	N/A	09/01/13 - open	59,996	477
SRHS Nike Engineering Digital Filmmaking	N/A	N/A	11/17/16 - open	12,055	5,076
BEF: Five Oaks Extended Day	N/A	N/A	09/05/16 - 06/14/17	5,000	5,000
Kaiser: Child Healthcare Program	N/A	N/A	07/01/16 - 06/30/17	25,000	25,000
Westview CTSO Chapter Grant	N/A	43238	11/01/16 - 04/15/17	3,500	3,499
HS2 CTSO Chapter Grant	N/A	43236	11/01/16 - 04/15/17	1,000	1,000
BHS ORTOP Oregon Robotics	N/A	N/A	12/01/15 - 12/31/16	13,100	9,627
WHS FIRST Tech Challenge	N/A	N/A	09/13/16 - 05/31/17	5,000	5,000
Aspire Oregon	N/A	N/A	01/14/11 - open	4,000	725
WHS Restaurant/Food Services	N/A	42166	10/25/16 - 06/30/17	35,253	25,459
Mentor Grant	N/A	38084	09/01/15 - 06/30/17	1,084,400	589,543
STAR Training from ORPATS	N/A	N/A	07/01/16 - 06/30/17	898	898
SRHS Nike Innovation	N/A	N/A	12/12/15 - 12/31/16	20,000	18,851
SHS Nike Innovation	N/A	N/A	12/08/15 - 12/31/16	20,000	9,545
BHS FIRST Robotics	N/A	N/A	09/09/16 - 06/30/16	5,000	5,000
Gray Family Foundation Outdoor School	N/A	N/A	07/01/16 - open	57,800	40,357
CTE Revitalization SHS	N/A	38787	01/01/16 - 06/30/17	325,642	324,640
SHS Student Leadership	N/A	43237	11/01/16 - 04/15/17	3,500	3,497
Intel Science Fair	N/A	N/A	07/01/14 - open	12,876	2,632
Child Care 3 Star Rating	N/A	N/A	04/01/16 - open	1,500	116
BHS Marketing	N/A	42158	10/25/16 - 06/30/17	45,000	45,000
Beaverton Rotary HELP Center	N/A	N/A	05/18/17 - 06/30/17	1,500	1,500
SRHS Design Technology Curriculum, Murdock	N/A	N/A	05/31/16 - 04/01/18	7,000	4,453
BEF: Future Bus	N/A	N/A	05/14/16 - open	20,000	15,169
BHS Health Diagnostic	N/A	42157	10/25/16 - 06/30/17	42,464	42,464
BHS Health Diagnostic	N/A	39033	12/01/15 - 06/30/16	25,456	49
Vose Aspiring Leaders	N/A	42577	08/01/16 - 06/30/17	46,474	23,796
Barnes Aspiring Leaders	N/A	41931	08/01/16 - 06/30/17	66,223	62,603
10th Grade College Reading	N/A	N/A	06/01/17 - 06/30/17	30,381	30,381
WHS CAD Drafting	N/A	42165	10/25/16 - 06/30/17	8,012	7,444
TAP Seismic Assessment	N/A	43657	09/01/16 - 03/21/18	25,000	22,545
BEF: Highland Park Extended Day	N/A	N/A	09/29/16 - 06/30/17	6,000	5,876
BEF: Mountain View Extended Day	N/A	N/A	09/06/16 - 06/22/17	7,000	6,962
BEF: Meadow Park Extended Day	N/A	N/A	08/03/16 - 08/03/17	6,500	6,500
Oregon Statewide Transition Conference	N/A	43414	02/14/17 - 02/18/17	1,100	300
Whitford Aspiring Leaders	N/A	41930	08/01/16 - 06/30/17	53,037	35,821
BHS Nike Innovation	N/A	N/A	12/19/16 - 06/30/17	10,000	3,607
Nike NSIF AVID Training	N/A	N/A	02/01/16 - 06/15/17	336,096	95,373
Washington Mutual: ELL Learning Communities	N/A	N/A	10/05/04 - open	25,000	1,023
Post School Outcomes - Interviews	84.027	42806	11/01/16 - 05/30/17	5,115	5,115
WHS Digital Communication	N/A	42164	10/25/16 - 06/30/17	2,000	2,000
Summer Meals and Afterschool Meals/Snacks	N/A	39826	04/22/16 - 09/23/16	19,501	6,817
Vose Verizon STEM	N/A	N/A	01/11/16 - 06/30/18	20,000	8,159
IB Testing Program	N/A	N/A	06/01/17 - 06/30/17	56,260	56,260
Intel Science Fair	N/A	N/A	07/01/13 - open	8,600	233
HS2 CTE PreEngineering	N/A	42159	10/25/16 - 06/30/17	45,000	45,000
SHS CTE Computer Engineering	N/A	42162	10/25/16 - 06/30/17	27,241	25,789
SRHS Computer Engineering	N/A	42160	10/25/16 - 06/30/17	4,006	4,006
SHS CTE Marketing	N/A	42163	10/25/16 - 06/30/17	45,000	44,115
Hope Chinese Lead Testing Reimbursement	N/A	43540	03/01/16 - 06/30/17	175	175
Lead Testing Reimbursement	N/A	43482	03/01/16 - 06/30/17	139,125	139,125
NSIF Nike School Innovation Fund	N/A	N/A	03/01/17 - 06/30/18	247,680	71,004

See additional information in the Notes to Schedule of Expenditures of Federal, State, and Local Awards.

**BEAVERTON SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL, STATE, AND LOCAL AWARDS (continued)**  
YEAR ENDED JUNE 30, 2017

<b>Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Entity Number</b>	<b>Period Covered</b>	<b>Grant Amount</b>	<b>2016-17 Revenue and Expenditures</b>
<b>State and local awards (continued):</b>					
BEF: Terra Linda, Bethany, Rock Creek Summer School	N/A	N/A	04/07/16 - 09/30/16	\$ 30,000	\$ 15,386
BEF: Cedar Mill, Ridgewood, West TV Summer School	N/A	N/A	04/07/16 - 09/30/16	30,000	20,155
BEF: Greenway Home Visit	N/A	N/A	07/01/16 - 06/30/17	5,000	2,446
BEF: Raleigh Park Summer School	N/A	N/A	04/07/16 - 09/30/16	10,000	6,210
BEF: Cedar Park Extended Day	N/A	N/A	08/16/16 - 08/16/17	6,000	6,000
BEF: Conestoga Extended Day	N/A	N/A	06/28/16 - 06/28/17	7,000	5,604
BEF: Stoller Extended Day	N/A	N/A	10/05/16 - 06/19/17	5,500	5,091
BEF: Whitford Extended Day	N/A	N/A	08/03/16 - 08/03/17	7,500	6,697
<b>Total State and Local Awards</b>					<b>\$ 2,476,140</b>
<b>Total Federal, State, and Local Awards</b>					<b>\$ 26,882,996</b>

See additional information in the Notes to Schedule of Expenditures of Federal, State, and Local Awards.

**BEAVERTON SCHOOL DISTRICT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL, STATE, AND LOCAL AWARDS**  
YEAR ENDED JUNE 30, 2017

**PURPOSE OF THE SCHEDULE**

The accompanying Schedule of Expenditures of Federal, State and Local 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.



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

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**SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

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

**Federal Awards**

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

Identification of major federal programs:

**CFDA Number(s)**

**Name of Federal Program or Cluster**

84.027 & 84.173  
84.365

Special Education Cluster (IDEA)  
English Language Acquisition

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

**FINANCIAL STATEMENT FINDINGS**

None.

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None.

**PRIOR YEAR FINANCIAL STATEMENT FINDINGS**

None.

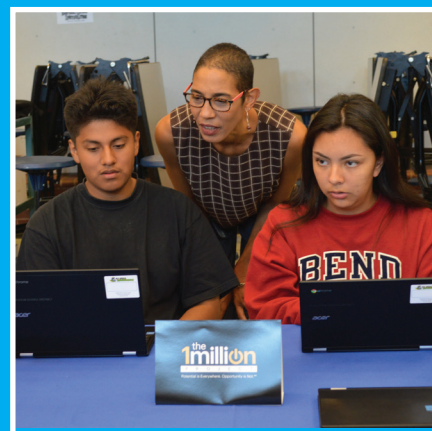
**PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None.

# COMPLIANCE SECTION



WE  
COLLABORATE





## **INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS**

Oregon Administrative Rules 162-10-000 through 162-10-320 incorporated in the *Minimum Standards for Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy; enumerate the financial statements, schedules, and comments and disclosures required in all audit reports. The required statements and schedules are set forth in the preceding sections of this report. Required independent auditor's report and comments and disclosures related to the audit of such statements and schedules are set forth in the following pages.





## 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  
Beaverton School District  
Beaverton, Oregon

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 Beaverton School District, Washington County, Oregon (the District) as of and for the year ended June 30, 2017, and have issued our report thereon dated November 22, 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 as follows:

- Expenditures exceeded appropriations as described 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 Beaverton 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  
November 22, 2017