

**CENTRAL CURRY SCHOOL
DISTRICT NO. 1
Gold Beach, Oregon**

ANNUAL FINANCIAL REPORT

June 30, 2017

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

DISTRICT OFFICIALS

June 30, 2017

BOARD OF DIRECTORS

Andy Wright, Chair
27781 Hunter Creek Road
Gold Beach, Oregon 97444

Scott McNair, Vice Chair
94369 11th Street
Gold Beach, Oregon 97444

Luke Martinez
95825 N. Bank Pistol River Road
Gold Beach, Oregon 97444

Brandon McGinnis
95380 Tututni Hollow Road
Gold Beach, Oregon 97444

Barbara Gaston
30520 Sandy Drive
Gold Beach, Oregon 97444

ADMINISTRATION

Roy Durfee
Superintendent
P.O. Box 725
Carlton, Oregon 97111

Kristal Carpenter
Business Manager
32774 Cedar Valley Road
Gold Beach, Oregon 97444

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

TABLE OF CONTENTS

June 30, 2017

Page
Number

INTRODUCTORY SECTION

Title Page	
District Officials	
Table of Contents	

FINANCIAL SECTION

Independent Auditor's Report.....	1-3
Management's Discussion and Analysis	4-12
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	13-14
Statement of Activities	15
Fund Financial Statements	
Balance Sheet – Governmental Funds	16
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	17
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Notes to Basic Financial Statements	20-46
Required Supplementary Information	
Schedule of the Proportionate Share of the Net Pension Liability	47
Schedule of Contributions	48
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual –	
General Fund.....	49
Special Revenue Fund	50
Other Supplementary Information – Individual Fund Schedules	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual –	
Debt Service Fund.....	51
Capital Projects Fund	52

OTHER FINANCIAL SCHEDULES

Revenue Summary – All Funds.....	53
Expenditure Summary –	
General Fund	54
Special Revenue Fund	55
Debt Service Fund	56
Capital Projects Fund	57
Schedule of Property Tax Transactions	58
Schedule of Expenditures of Federal Awards.....	59

STATISTICAL SECTION

Legal Debt Margin Information	60
Direct and Overlapping Governmental Activities Debt and Ratios of General Bonded Debt Outstanding	61
Assessed Valuation and Estimated Actual Values of Taxable Property.....	62
Principal Property Taxpayers	63
Property Tax Collections	64

AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS

Independent Auditor's Report Required by Oregon State Regulations	65-66
Supplemental Information Required by Oregon Department of Education.....	67

FINANCIAL SECTION



KOONTZ, PERDUE, BLASQUEZ & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Central Curry School District No. 1
Gold Beach, Oregon 97444

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the remaining fund information of Central Curry School District No. 1, Gold Beach, 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 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. 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 entity'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 entity'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 remaining fund information of Central Curry School District No. 1, Gold Beach, Oregon, as of June 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of the proportionate share of the net pension liability, schedule of contributions, and budgetary comparison information on pages 4 through 12, 47, 48, and 49 through 50, respectively, 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 management's discussion and analysis, schedule of the proportionate share of the net pension liability, and schedule of contributions 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 management's discussion and analysis, schedule of the proportionate share of the net pension liability, or schedule of contributions because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Central Curry School District No. 1's basic financial statements. The individual fund schedules, revenue and expenditure summaries, schedule of property tax transactions, schedule of expenditures of federal awards, statistical section, and supplemental information required by the Oregon Department of Education are presented for purposes of additional analysis and are not a required part of the basic financial statements.

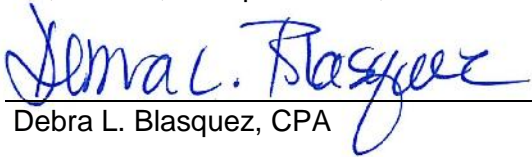
The individual fund schedules, revenue and expenditure summaries, and schedule of expenditures of federal awards are the responsibility of management, and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund schedules, other financial schedules, and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The schedule of property tax transactions, statistical section, and supplemental information required by the Oregon Department of Education 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.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 20, 2017 on our consideration of 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.

Koontz, Perdue, Blasquez & Co., P.C.

By: 
Debra L. Blasquez, CPA

Albany, Oregon
December 20, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

CENTRAL CURRY SCHOOL DISTRICT NO. 1

Gold Beach, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

INTRODUCTION

As management of Central Curry School District No. 1, Gold Beach, Oregon, we offer readers this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2017. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- At June 30, 2017, total net position of Central Curry School District No. 1 amounted to \$(379,806). Of this amount, \$1,256,781 was invested in capital assets, net of related debt. The remaining balance included \$36,747 restricted for debt service, \$26,753 restricted for special projects, \$173,599 restricted for student body activities, and \$(1,873,686) of unrestricted net position.
- At June 30, 2017, the District's governmental funds reported combined ending fund balances of \$1,225,416.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Central Curry School District No. 1's basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements 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.

The statement of net position presents information on all of the District's assets and liabilities with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. 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).

The government-wide financial statements can be found on pages 13 through 15 of this report.

Fund Financial Statements

The fund financial statements are designed to demonstrate compliance with finance-related legal requirements overseeing the use of fund accounting. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. All of the funds of Central Curry School District No. 1 are governmental funds.

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Governmental Funds

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 available resources, as well as on balances of available resources at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

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

The District maintains four 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, Special Revenue, and Capital Projects Funds, all of which are considered to be major governmental funds, as well as for the Debt Service Fund, which is considered to be a nonmajor governmental fund.

Central Curry School District No. 1 adopts an annual appropriated budget for all of its funds. A budgetary comparison statement has been provided for each fund individually to demonstrate compliance with their respective budgets.

The basic governmental fund financial statements can be found on pages 16 through 19 of this report.

Notes to the Basic Financial Statements

The notes to the basic financial statements 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 20 through 46 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which includes the schedule of the proportionate share of the net pension liability, schedule of contributions, and budgetary comparison information for the General and Special Revenue Funds. This required supplementary information can be found on pages 47 through 50 of this report.

Individual fund schedules can be found immediately following the required supplementary information on pages 51 through 52 of this report.

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. At June 30, 2017, the District's liabilities exceeded its assets by \$379,806.

A large portion of the District's net position reflects its investment in capital assets (e.g., land, buildings, and equipment) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets for classrooms and supporting services for providing kindergarten through twelfth grade education; consequently, these assets are not available for future spending. Although the District's investment in 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, since the capital assets themselves cannot be used to liquidate these liabilities.

District's Net Position

The District's net position decreased by \$206,059 during the current fiscal year. This decrease is primarily due to an increase in pension expenses.

Condensed statement of net position information is shown below.

Condensed Statement of Net Position

	Governmental Activities	
	2017	2016
Assets and deferred outflows of resources		
Current assets	\$ 1,023,692	\$ 1,596,690
Restricted assets	871,223	356,104
Net capital assets	3,505,676	3,635,798
Deferred outflows of resources	<u>3,130,944</u>	<u>672,548</u>
Total assets and deferred outflows of resources	<u>8,531,535</u>	<u>6,261,140</u>
Liabilities and deferred inflows of resources		
Current liabilities	804,906	857,552
Noncurrent liabilities	7,830,646	4,953,267
Deferred inflows of resources	<u>275,789</u>	<u>624,068</u>
Total liabilities and deferred inflows of resources	<u>8,911,341</u>	<u>6,434,887</u>
Net position		
Net investment in capital assets	1,256,781	1,047,505
Restricted for various purposes	237,099	286,522
Unrestricted	<u>(1,873,686)</u>	<u>(1,507,774)</u>
Total net position	<u>\$ (379,806)</u>	<u>\$ (173,747)</u>

District's Changes in Net Position

The condensed statement of activities information shown on the following page explains changes in net position.

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Changes in Net Position

	Governmental Activities	
	<u>2017</u>	<u>2016</u>
Program revenues		
Regular programs	\$ 19,963	\$ 30,482
Special programs	280,957	260,226
Student support services	163,566	285,916
Instructional staff support	1,296,566	462,298
Food services	<u>229,808</u>	<u>234,058</u>
Total program revenues	<u>1,990,860</u>	<u>1,272,980</u>
General revenues		
Property taxes - general	2,961,898	2,858,343
Property taxes - debt service	357,235	339,956
State school fund - general support	1,961,037	1,755,533
Common school fund	52,170	51,903
Unrestricted grants and contributions	2,910	3,114
Unrestricted federal revenue	8,221	99,058
Investment earnings	15,018	10,428
Amortization of bond premium	17,179	17,179
Miscellaneous	<u>126,325</u>	<u>113,833</u>
Total general revenues	<u>5,501,993</u>	<u>5,249,347</u>
Total revenues	<u>7,492,853</u>	<u>6,522,327</u>
Program expenses		
Regular programs	2,899,918	3,680,918
Special programs	472,460	531,579
Summer school programs	7,825	10,210
Student support services	239,597	282,311
Instructional staff support	123,814	161,522
General administrative support	140,402	162,505
School administrative support	584,625	588,195
Business support services	1,197,429	1,463,032
Central activities support	178,694	176,578
Food services	352,313	406,713
Capital outlay	1,283,026	445,523
Community services	229	229
Unallocated depreciation expense	130,122	138,462
Interest on long-term debt	<u>88,458</u>	<u>95,668</u>
Total program expenses	<u>7,698,912</u>	<u>8,143,445</u>
Change in net position	(206,059)	(1,621,118)
Net position - beginning of year, as restated	<u>(173,747)</u>	<u>1,447,371</u>
Net position - end of year	<u><u>\$ (379,806)</u></u>	<u><u>\$ (173,747)</u></u>

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Revenues

Since the District's mission is to provide a free and appropriate public education for kindergarten through twelfth grade students within its boundaries, the District may not charge for its core services. As expected, therefore, general revenues provide 73% of the funding required for governmental programs. Property taxes and state school funding combined for 96% of general revenues and 70% of total revenues.

Charges for services make up only 2% of total revenues and are composed of the following items for which it is appropriate that the District charge tuition or fees:

• Food service charges for breakfast and lunch	\$ 44,151
• Various student extracurricular activities	<u>130,295</u>
Total charges for services	<u>\$ 174,446</u>

Operating grants and contributions represent 24% of total revenues. Included in this category are \$1,816,414 for grants and contributions to support various educational activities.

Expenses

Expenses related to governmental activities are presented in several broad functional categories. Costs of direct classroom instruction activities account for 44% of the total expenses of \$7,698,912. In addition, approximately 37% of the costs in supporting services relate to students, instructional staff, and school administration.

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 near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measurement of the District's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the District's governmental funds reported combined fund balances of \$1,225,416. Of this amount, \$977,862 constitutes unassigned fund balance, which is available for spending at the District's discretion.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, total fund balance of the General Fund was \$988,317. Of this amount, \$977,862 constitutes unassigned fund balance.

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

A comparison of current year and prior year revenues and expenditures is shown below.

	<u>2017</u>	<u>2016</u>
Revenues		
Taxes	\$ 3,290,649	\$ 3,203,407
Intergovernmental	3,790,915	2,825,532
Charges for services	174,446	261,956
Miscellaneous	<u>191,180</u>	<u>219,361</u>
Total revenues	<u>7,447,190</u>	<u>6,510,256</u>
Expenditures		
Current		
Instruction	3,163,572	3,130,734
Support services	2,293,450	2,230,123
Enterprise and community services	334,285	336,406
Debt service	393,831	436,552
Facilities acquisition and construction	<u>1,283,026</u>	<u>445,523</u>
Total expenditures	<u>7,468,164</u>	<u>6,579,338</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (20,974)</u>	<u>\$ (69,082)</u>

The following denotes explanations for the significant changes in amounts between the current and prior year:

- Intergovernmental: Intergovernmental revenues increased 34% over the prior year due to proceeds received from the seismic rehabilitation grant.
- Charges for services: Charges for services decreased 33% from the prior year due to no football camp in the 2016-2017 fiscal year.
- Facilities acquisition and construction: Facilities acquisition and construction expenditures increased 188% over the prior year due to the expenditure of seismic rehabilitation grant funds.

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

BUDGETARY HIGHLIGHTS

Budget amounts shown in the financial statements reflect the original budget amounts.

The table below compares revenues and expenditures of the District to budgeted amounts used by the District to monitor performance during the year. The overall change in fund balances was budgeted at a net decrease of \$1,083,975. Total actual expenditures exceeded total revenues by \$20,974. The favorable variance of \$1,063,001 can be attributed to expenditures being less than anticipated.

	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues			
Local revenue	\$ 3,760,761	\$ 3,656,275	\$ (104,486)
State revenue	4,489,213	3,318,254	(1,170,959)
Federal revenue	<u>634,200</u>	<u>472,661</u>	<u>(161,539)</u>
Total revenues	<u>8,884,174</u>	<u>7,447,190</u>	<u>(1,436,984)</u>
Expenditures			
Current			
Instruction	3,692,249	3,163,572	(528,677)
Support services	2,834,929	2,293,450	(541,479)
Enterprise and community services	382,927	334,285	(48,642)
Debt service	393,831	393,831	-
Facilities acquisition and construction	2,534,213	1,283,026	(1,251,187)
Contingency	<u>130,000</u>	<u>-</u>	<u>(130,000)</u>
Total expenditures	<u>9,968,149</u>	<u>7,468,164</u>	<u>(2,499,985)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,083,975)</u>	<u>(20,974)</u>	<u>1,063,001</u>
Other financing sources (uses)			
Transfers in	1,000	-	(1,000)
Transfers out	<u>(1,000)</u>	<u>-</u>	<u>(1,000)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(1,083,975)	(20,974)	1,063,001
Fund balance - beginning	<u>1,175,500</u>	<u>1,246,390</u>	<u>70,890</u>
Fund balance - ending	<u>\$ 91,525</u>	<u>\$ 1,225,416</u>	<u>\$ 1,133,891</u>

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

The following denotes explanations for some of the major variances between budgeted and actual amounts above:

- State revenue was budgeted for \$4,489,213. Actual revenue was \$3,318,254 (26% under budget) due to the timing of the receipt of seismic rehabilitation grant monies.
- Facilities acquisition and construction was budgeted for \$2,534,213. Actual expenditures were \$1,283,026 (49% under budget) due to the timing of expenditure of seismic rehabilitation grant funds.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2017 amounted to \$3,505,676, net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, furniture and fixtures, land improvements, and machinery and equipment. The total depreciation related to the District's investment in capital assets for the current fiscal year was \$130,122.

Additional information on the District's capital assets can be found in Note III-B on pages 29 through 30 of this report.

Long-Term Liabilities

At the end of the current fiscal year, the District had total debt outstanding of \$2,443,895. This amount is comprised of general obligation bonds, capital leases, and a settlement. The District's total debt decreased by \$435,398 during the current fiscal year.

Additional information on the District's long-term debt can be found in Note III-E on pages 31 through 32 of this report.

KEY ECONOMIC FACTORS AND BUDGET INFORMATION FOR THE FUTURE

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that could affect its future health:

- It is anticipated that the costs of providing medical insurance coverage to employees will continue to rise.
- PERS rates are expected to continue to rise drastically in the coming years.
- Due to the age and condition of the District's facilities, costs for repair and maintenance are expected to increase.

All of these factors were considered in preparing the District's budget for fiscal year 2017-2018.

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

The ending General Fund unassigned balance of \$977,862 will be available for program resources in fiscal year 2017-2018.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in the report or requests for additional information should be addressed to: Kristal Carpenter, Business Manager, Central Curry School District No. 1, 29516 Ellensburg Avenue, Gold Beach, Oregon 97444.

BASIC FINANCIAL STATEMENTS

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

STATEMENT OF NET POSITION

June 30, 2017

	<u>Governmental Activities</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
Current assets	
Cash and cash equivalents	\$ 687,719
Undistributed taxes with county	15,031
Property taxes receivable	281,484
Accounts receivable	29,003
Inventories	<u>10,455</u>
Total current assets	<u>1,023,692</u>
Restricted assets	
Cash and cash equivalents	109,819
Undistributed taxes with county	1,842
Property taxes receivable, debt service	37,531
Accounts receivable	<u>722,031</u>
Total restricted assets	<u>871,223</u>
Capital assets	
Land	25,330
Capital assets, net of accumulated depreciation	<u>3,480,346</u>
Total capital assets	<u>3,505,676</u>
Total assets	<u>5,400,591</u>
Deferred outflows of resources	
Deferred charge on refunding	99,669
Net deferred outflow of pension related resources	<u>3,031,275</u>
Total deferred outflows of resources	<u>3,130,944</u>
Total assets and deferred outflows of resources	<u>8,531,535</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	
Current liabilities	
Accounts payable	31,707
Payroll payables	335,650
Accrued interest payable	6,587
Compensated absences payable, current portion	7,813
Bonds payable, current portion	295,000
Capital leases payable, current portion	38,149
Settlement payable, current portion	<u>90,000</u>
Total current liabilities	<u>804,906</u>

(Continued)

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

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

STATEMENT OF NET POSITION

June 30, 2017

(Continued)

	<u>Governmental Activities</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES (Continued)	
Noncurrent liabilities	
Compensated absences payable, less current portion	\$ 110,310
Net pension liability	5,699,590
Bonds payable, less current portion	1,876,644
Capital leases payable, less current portion	39,102
Settlement payable, less current portion	<u>105,000</u>
 Total noncurrent liabilities	 <u>7,830,646</u>
 Total liabilities	 8,635,552
Deferred inflows of resources	
Net deferred inflow of pension related resources	<u>275,789</u>
 Total liabilities and deferred inflows of resources	 <u>8,911,341</u>
NET POSITION	
Net investment in capital assets	1,256,781
Restricted for:	
Debt service	36,747
Special projects	26,753
Student body activities	173,599
Unrestricted	<u>(1,873,686)</u>
 Total net position	 <u>\$ (379,806)</u>

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

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for	Operating	Capital	Revenue and
		Services	Grants and	Grants and	Changes in
			Contributions	Contributions	Net Position
					Governmental
					Activities
Governmental activities					
Regular programs	\$ 2,899,918	\$ 14,516	\$ 5,447	\$ -	\$ (2,879,955)
Special programs	472,460	-	280,957	-	(191,503)
Summer school programs	7,825	-	-	-	(7,825)
Student support services	239,597	115,779	47,787	-	(76,031)
Instructional staff support	123,814	-	1,296,566	-	1,172,752
General administrative support	140,402	-	-	-	(140,402)
School administrative support	584,625	-	-	-	(584,625)
Business support services	1,197,429	-	-	-	(1,197,429)
Central activities support	178,694	-	-	-	(178,694)
Food services	352,313	44,151	185,657	-	(122,505)
Capital outlay	1,283,026	-	-	-	(1,283,026)
Community services	229	-	-	-	(229)
Unallocated depreciation expense	130,122	-	-	-	(130,122)
Interest on long-term debt	88,458	-	-	-	(88,458)
Total governmental activities	<u>\$ 7,698,912</u>	<u>\$ 174,446</u>	<u>\$ 1,816,414</u>	<u>\$ -</u>	<u>(5,708,052)</u>
General revenues					
Property taxes levied for general purposes					2,961,898
Property taxes levied for debt service					357,235
State school fund - general support					1,961,037
Common school fund					52,170
Unrestricted grants and contributions					2,910
Unrestricted federal revenue					8,221
Investment earnings					15,018
Amortization of bond premium					17,179
Miscellaneous					<u>126,325</u>
Total general revenues					<u>5,501,993</u>
Change in net position					(206,059)
Net position - beginning, as restated					<u>(173,747)</u>
Net position - ending					<u>\$ (379,806)</u>

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

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund
ASSETS			
Cash and cash equivalents	\$ 1,279,318	\$ 76,757	\$ -
Undistributed taxes with county	15,031	-	-
Property taxes receivable	281,484	-	-
Accounts receivable	29,002	123,607	598,425
Inventories	<u>10,455</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 1,615,290</u>	<u>\$ 200,364</u>	<u>\$ 598,425</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Book overdraft	\$ -	\$ -	\$ 591,599
Accounts payable	24,869	12	6,826
Payroll payables	<u>335,650</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>360,519</u>	<u>12</u>	<u>598,425</u>
Deferred inflows of resources			
Unavailable revenue - property taxes	<u>266,454</u>	<u>-</u>	<u>-</u>
Fund balances			
Nonspendable	10,455	-	-
Restricted	-	200,352	-
Unassigned	<u>977,862</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>988,317</u>	<u>200,352</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,615,290</u>	<u>\$ 200,364</u>	<u>\$ 598,425</u>

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

Nonmajor Governmental Fund Debt Service	Total Governmental Funds
\$ 33,062	\$ 1,389,137
1,842	16,873
37,531	319,015
-	751,034
-	10,455
<u>\$ 72,435</u>	<u>\$ 2,486,514</u>

\$ -	\$ 591,599
-	31,707
-	335,650
-	958,956

<u>35,688</u>	<u>302,142</u>
---------------	----------------

-	10,455
36,747	237,099
-	977,862
<u>36,747</u>	<u>1,225,416</u>

<u>\$ 72,435</u>	<u>\$ 2,486,514</u>
------------------	---------------------

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES**

June 30, 2017

Total fund balances		\$ 1,225,416
Capital assets are not financial resources and are therefore not reported in the governmental funds.		
Cost	8,371,066	
Accumulated depreciation and amortization	<u>(4,865,390)</u>	3,505,676
Property tax revenue is recognized in the net position of governmental activities when the taxes are levied; however, in the governmental fund statements, it is recognized when available to be used for current year operations. Taxes not collected within 30 days of the end of the year are not considered available to pay for current year operations and are therefore not reported as revenue in the governmental funds.		
		302,142
The net pension liability is not payable in the current period and is therefore not reported in governmental funds.		
		(5,699,590)
Liabilities not payable in the current year are not reported as governmental fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. These liabilities consist of:		
Accrued interest payable	(6,587)	
Compensated absences payable	(118,123)	
Bonds payable	(2,171,644)	
Capital leases payable	(77,251)	
Settlement payable	<u>(195,000)</u>	(2,568,605)
Deferred charges related to refunding bonds are not considered current assets and therefore are not reported in the governmental funds.		
Deferred charges	193,726	
Amortization of deferred charges	<u>(94,057)</u>	99,669
Current year PERS contributions are deferred outflows of resources that will be recognized as expenditures in the subsequent year.		
		<u>2,755,486</u>
Net position of governmental activities		<u><u>\$ (379,806)</u></u>

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

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund
REVENUES			
Taxes	\$ 2,936,689	\$ -	\$ -
Intergovernmental	2,213,392	294,497	1,283,026
Charges for services	58,667	115,779	-
Miscellaneous	<u>72,801</u>	<u>116,455</u>	<u>-</u>
Total revenues	<u>5,281,549</u>	<u>526,731</u>	<u>1,283,026</u>
EXPENDITURES			
Current			
Instruction	2,663,284	500,288	-
Support services	2,215,679	77,771	-
Enterprise and community services	334,056	229	-
Debt service	40,081	-	-
Facilities acquisition and construction	<u>-</u>	<u>-</u>	<u>1,283,026</u>
Total expenditures	<u>5,253,100</u>	<u>578,288</u>	<u>1,283,026</u>
Excess (deficiency) of revenues over (under) expenditures	28,449	(51,557)	-
Fund balances - beginning	<u>959,868</u>	<u>251,909</u>	<u>-</u>
Fund balances - ending	<u>\$ 988,317</u>	<u>\$ 200,352</u>	<u>\$ -</u>

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

Nonmajor Governmental Fund Debt Service	Total Governmental Funds
\$ 353,960	\$ 3,290,649
-	3,790,915
-	174,446
<u>1,924</u>	<u>191,180</u>
<u>355,884</u>	<u>7,447,190</u>
-	3,163,572
-	2,293,450
-	334,285
353,750	393,831
<u>-</u>	<u>1,283,026</u>
<u>353,750</u>	<u>7,468,164</u>
2,134	(20,974)
<u>34,613</u>	<u>1,246,390</u>
<u>\$ 36,747</u>	<u>\$ 1,225,416</u>

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2017

Net change in fund balances			\$ (20,974)
Amounts reported for governmental activities in the statement of activities are different because:			
Some expenses reported in the statement of activities do not require the use of current financial resources and are therefore not reported as expenditures in the governmental funds.			
Compensated absences			4,453
Governmental funds report capital outlay as expenditures; however, in the statement of activities, the costs of these assets are allocated over their estimated useful lives and reported as depreciation expense.			
Less current year depreciation			(130,122)
Long-term debt proceeds are reported as other financing sources in the governmental funds. In the statement of net position, however, issuing long-term debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net position.			
Amortization of bond premiums	17,179		
Debt principal paid	322,219		
Settlements paid	<u>96,000</u>		435,398
The refunding of bonds results in an increase in debt for which no proceeds are received. This increase in debt is recorded as an addition to deferred charges and is amortized over the life of the refunding bond.			
Amortization of deferred charges			(16,846)
Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the statement of activities, property taxes are recognized when levied.			
			28,484
Changes in the net pension assets and liabilities, as well as the related changes in deferred outflows and deferred inflows of resources, are not recognized in the governmental funds.			
			<u>(506,452)</u>
Change in net position			<u>\$ (206,059)</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Central Curry School District No. 1 have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Reporting Entity

Central Curry School District No. 1 functions as a local education agency consisting of one elementary school and one high school. The District is governed by a five-member board of directors.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on the activities of the District.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges for goods and services provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, as well as expenditures related to compensated absences, are recorded only when payment is due.

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Property taxes, investment earnings, and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and have therefore been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

General Fund – The General Fund is the primary operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. The primary sources of revenue are property taxes and state revenues.

Special Revenue Fund – The Special Revenue Fund accounts for the proceeds of specific revenue sources that have restricted expenditures for specific purposes. The principal sources of revenue are grants from county and state sources and federal grants passed through the state. The primary uses of revenue are for salaries and employment benefits, education program enhancement, and equipment purchases.

Capital Projects Fund – The Capital Projects Fund is utilized to account for major capital improvements within the District. The principal source of revenue is governmental grants. The primary use of revenue is facilities acquisition and construction.

Additionally, the District reports the following nonmajor governmental fund:

Debt Service Fund – The Debt Service Fund accounts for the repayment of the District's long-term debt. The principal source of revenue is property taxes. The primary use of revenue is payment of interest and principal due on long-term debt.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Equity

1. Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the District to invest in legally issued general obligations of the United States, the agencies and instrumentalities of the United States and the states of Oregon, Washington, Idaho, or California, certain interest-bearing bonds, time deposit open accounts, certificates of deposit, and savings accounts in banks, mutual savings banks, and savings and loan associations that maintain a head office or a branch in this state in the capacity of a bank, mutual savings bank, or savings and loan association, and share accounts and savings accounts in credit unions in the name of, or for the benefit of, a member of the credit union pursuant to a plan of deferred compensation.

2. Property Taxes

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic remittances of collection to entities levying taxes. Property taxes are levied and become a lien as of July 1 on property values assessed as of June 30. Property taxes are payable in three installments, which are due on November 15, February 15, and May 15.

Uncollected property taxes are shown as assets in the governmental funds. Property taxes collected within approximately 30 days of fiscal year-end are recognized as revenue, while the remaining amount of taxes receivable are recorded as unavailable revenue because they are not deemed available to finance operations of the current period.

3. Accounts Receivable

Receivables are recorded as revenue when earned. No allowance for uncollectible accounts has been established, as management deems all receivables collectible.

4. Inventories

Inventories of food are valued at cost using the first-in, first-out method. Donated commodities are valued at their estimated fair market value at the date of donation. Inventories consist of donated commodities and purchased food. Inventories are recorded as expenditures when consumed, rather than when purchased.

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Equity (Continued)

5. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost where no historical records exist. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance or repairs that do not add to the value of an asset or materially extend its life are charged to expenditures as incurred and are not capitalized.

Major capital outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation of capital assets are computed on the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Office equipment and furniture	5-7
Equipment	10
Buildings and building improvements	50

6. Compensated Absences

Amounts of vested or accumulated vacation leave that are expected to be liquidated with expendable available financial resources are reported as expenditures when paid. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as long-term liabilities on the statement of net position. In accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

7. Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the lives of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Equity (Continued)

7. Long-Term Liabilities (Continued)

In the fund financial statements, governmental fund types recognize bond premiums, discounts, and issuance costs during the current period. The face amounts of debt issued are reported as other financing sources. Premiums received on debt issuance are reported as other financing sources, while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Retirement Plan

Most of the District's employees participate in the Oregon Public Employees Retirement System (OPERS). Contributions are made on a current basis as required by the plan and are recorded as expenditures.

9. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position and/or 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 and so will not be recognized as an outflow of resources until then. The District has two items that qualify for reporting in this category, which are deferred charges on refunding and deferred amounts related to pensions. These amounts are deferred and recognized as outflows of resources when the District recognizes the related expenditures. Deferred outflows of these amounts are included in the government-wide statement of net position.

In addition to liabilities, the statement of net position and/or 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 and therefore, will not be recognized as an inflow of resources until that time. The District has two items that qualify for reporting in this category, which are unavailable revenue from property taxes and deferred amounts related to pensions. Unavailable revenue from property taxes is deferred and recognized as an inflow of resources in the period that the amount becomes available. Unavailable revenue from property taxes is reported in the balance sheet. Deferred amounts related to pensions are deferred and recognized as inflows of resources in the period when the District recognizes pension income. Deferred inflows of amounts related to pensions are included in the government-wide statement of net position.

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Equity (Continued)

9. Deferred Outflows and Inflows of Resources (Continued)

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense information about the net position of the Oregon Public Employees Retirement System (OPERS) and additions to/deductions from OPERS' net position have been determined on the same basis as they are reported by OPERS. 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.

10. Fund Equity

The District reports fund equity in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance – amounts that are in nonspendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., board of directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest-level action to remove or change the constraint.
- Assigned fund balance – amounts the District intends to use for a specific purpose. Intent can be expressed by the board of directors or by an official or body to which the board of directors delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

Commitment of fund balance is accomplished through adoption of a resolution or ordinance by the board of directors. Further, commitments of fund balance may be modified or rescinded only through approval of the board of directors via resolution or ordinance. Authority to assign fund balances has been granted to the Superintendent and Business Manager.

The District has not formally adopted a minimum fund balance policy.

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The District budgets all funds in accordance with the requirements of state law. Annual appropriated budgets are adopted for the general, special revenue, debt service, and capital projects funds. All funds are budgeted on the modified accrual basis of accounting with certain exceptions relating to accrual of available revenue.

The District begins its budgeting process by appointing budget committee members. The budget officer prepares a budget, which is reviewed by the budget committee. The budget is then published in proposed form and is presented at public hearings to obtain taxpayer comments and approval from the budget committee. The budget is legally adopted by the board of directors by resolution prior to the beginning of the District's fiscal year. The board resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total instruction, support services, community services, debt service, facilities acquisition and construction, interfund transfers, and operating contingencies are the levels of control for the funds established by the resolution. The detailed budget document, however, is required to contain more specific detailed information for the aforementioned expenditure categories and management may revise the detailed line item budgets within appropriation 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 of directors at a regular board 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 of directors. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the board of directors. During the year, there were no supplemental budgets. The District does not use encumbrances and appropriations lapse at year-end.

Budget amounts shown in the financial statements reflect the original budget amounts.

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

Central Curry School District No. 1 maintains a cash and cash equivalents pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the fund financial statements as cash and cash equivalents. Additionally, several funds held separate cash accounts.

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

A. Deposits and Investments (Continued)

Investments, including amounts held in pooled cash and investments, are stated at fair value. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments with a remaining maturity of more than one year at the time of purchase are stated at fair value. Fair value is determined at the quoted market price, if available; otherwise, the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. Investments in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value.

The Oregon State Treasury administers the LGIP. The LGIP is an open-ended, no-load, diversified portfolio offered to any agency, political subdivision, or public corporation of the state that by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. To provide regulatory oversight, the Oregon Legislature established the Oregon Short-Term Fund Board and LGIP investments are approved by the Oregon Investment Council. The fair value of the District's position in the LGIP is the same as the value of the pool shares.

Credit Risk

Oregon statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the Local Government Investment Pool. The District has not adopted an investment policy regarding credit risk; however, investments comply with state statutes.

Investments

As of June 30, 2017, the District had the following investments:

	<u>Credit Quality Rating</u>	<u>Maturities</u>	<u>Fair Value</u>
Oregon Local Government Investment Pool	Unrated	-	<u>\$ 337,443</u>

Interest Rate Risk

The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increases in interest rates.

Concentration of Credit Risk

The District does not have a formal policy that places a limit on the amount that may be invested in any one insurer. 100% of the District's investments are in the Oregon Local Government Investment Pool.

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

A. Deposits and Investments (Continued)

Custodial Credit Risk – Investments

This is the risk that, in the event of the failure of a counterparty, the District will not be able to recover the value of its investments that are in the possession of an outside party. The District does not have a policy that limits the amount of investments that can be held by counterparties.

Custodial Credit Risk – Deposits

This is the risk that, in the event of a bank failure, the District's deposits may not be returned. All District deposits not covered by Federal Depository Insurance Corporation (FDIC) insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon, organized in accordance with ORS 295. The PFCP is a shared liability structure for participating bank depositories. Barring any exceptions, a bank depository is required to pledge collateral valued at a minimum of 10% of their quarter-end public fund deposits if they are considered well capitalized, 25% of their quarter-end public fund deposits if they are considered adequately capitalized, or 110% of their quarter-end public fund deposits if they are considered undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities.

The District holds accounts at Umpqua Bank, for which the FDIC provides insurance coverage of \$250,000 for demand deposit accounts and an additional \$250,000 for time and savings accounts. At June 30, 2017, the District had deposits of \$250,000 insured by the FDIC and \$513,798 covered by the PFCP.

Deposits

The District's deposits and investments at June 30, 2017 are as follows:

Petty cash	\$ 700
Checking accounts	459,395
Total investments	<u>337,443</u>
 Total deposits and investments	 <u>\$ 797,538</u>

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

A. Deposits and Investments (Continued)

Cash and investments by fund:

Governmental activities - unrestricted	
General Fund	\$ 1,279,318
Capital Projects Fund (book overdraft)	<u>(591,599)</u>
Total governmental activities - unrestricted	<u>687,719</u>
Governmental activities - restricted	
Special Revenue Fund	76,757
Debt Service Fund	<u>33,062</u>
Total governmental activities - restricted	<u>109,819</u>
Total cash and investments	<u><u>\$ 797,538</u></u>

Restricted cash is for expenditures for special projects, student body activities, and for future payments of principal and interest on long-term debt.

B. Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows:

	Beginning Balance, <u>As Restated</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 25,330	\$ -	\$ -	\$ 25,330
Capital assets being depreciated				
Buildings and improvements	7,132,815	-	-	7,132,815
Furniture and fixtures	117,422	-	-	117,422
Land improvements	172,912	-	-	172,912
Machinery and equipment	<u>922,587</u>	<u>-</u>	<u>-</u>	<u>922,587</u>
Total capital assets being depreciated	<u>8,345,736</u>	<u>-</u>	<u>-</u>	<u>8,345,736</u>
Less accumulated depreciation for				
Buildings and improvements	(3,908,502)	(86,378)	-	(3,994,880)
Furniture and fixtures	(117,422)	-	-	(117,422)
Land improvements	(37,462)	(3,458)	-	(40,920)
Machinery and equipment	<u>(671,882)</u>	<u>(40,286)</u>	<u>-</u>	<u>(712,168)</u>
Total accumulated depreciation	<u>(4,735,268)</u>	<u>(130,122)</u>	<u>-</u>	<u>(4,865,390)</u>
Total capital assets being depreciated, net	<u>3,610,468</u>	<u>(130,122)</u>	<u>-</u>	<u>3,480,346</u>
Governmental activities capital assets, net	<u><u>\$ 3,635,798</u></u>	<u><u>\$ (130,122)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,505,676</u></u>

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

B. Capital Assets (Continued)

Capital assets are reported on the statement of net position as follows:

	<u>Capital Assets</u>	<u>Accumulated Depreciation</u>	<u>Net Capital Assets</u>
Governmental activities			
Land	\$ 25,330	\$ -	\$ 25,330
Buildings and improvements	7,132,815	(3,994,880)	3,137,935
Furniture and fixtures	117,422	(117,422)	-
Land improvements	172,912	(40,920)	131,992
Machinery and equipment	<u>922,587</u>	<u>(712,168)</u>	<u>210,419</u>
Total capital assets	<u>\$ 8,371,066</u>	<u>\$ (4,865,390)</u>	<u>\$ 3,505,676</u>

Depreciation was not charged to specific functions or programs of the District. Capital assets of the District are for the use of the entire District and are therefore unallocated. Depreciation expense is recorded on the statement of activities as follows:

Unallocated depreciation expense	<u>\$ 130,122</u>
----------------------------------	-------------------

C. Compensated Absences

The following is a summary of compensated absences transactions for the year:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Compensated absences	<u>\$ 122,576</u>	<u>\$ -</u>	<u>\$ (4,453)</u>	<u>\$ 118,123</u>

D. Operating Leases

The District leases copy machines, servers, and postage machines under noncancelable operating leases. For the year ended June 30, 2017, total lease payments amounted to \$21,960.

Future minimum payments for the leases are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2018	\$ 16,869
2019	12,791
2020	6,345
2021	<u>5,759</u>
Total	<u>\$ 41,764</u>

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

E. Long-Term Liabilities

1. Changes in Long-Term Liabilities

The following is a summary of long-term liabilities transactions for the year:

	Interest Rates	Original Amount	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities							
General obligation bonds							
Refunding series 2011	1-4%	<u>\$ 3,150,000</u>	<u>\$ 2,355,000</u>	<u>\$ -</u>	<u>\$ 285,000</u>	<u>\$ 2,070,000</u>	<u>\$ 295,000</u>
Unamortized premium on bonds	N/A	<u>197,560</u>	<u>118,823</u>	<u>-</u>	<u>17,179</u>	<u>101,644</u>	<u>-</u>
Capital leases							
Bus lease #1	2.50%	<u>128,949</u>	<u>77,502</u>	<u>-</u>	<u>25,199</u>	<u>52,303</u>	<u>25,829</u>
Bus lease #2	2.50%	<u>61,508</u>	<u>36,968</u>	<u>-</u>	<u>12,020</u>	<u>24,948</u>	<u>12,320</u>
Total capital leases		<u>190,457</u>	<u>114,470</u>	<u>-</u>	<u>37,219</u>	<u>77,251</u>	<u>38,149</u>
Settlement payable	N/A	<u>518,400</u>	<u>291,000</u>	<u>-</u>	<u>96,000</u>	<u>195,000</u>	<u>90,000</u>
Total governmental activities		<u>\$ 4,056,417</u>	<u>\$ 2,879,293</u>	<u>\$ -</u>	<u>\$ 435,398</u>	<u>\$ 2,443,895</u>	<u>\$ 423,149</u>

For governmental activities, compensated absences and accrued interest payable are liquidated by the General Fund.

2. General Obligation Bonds – Refunding Series 2011

On December 15, 2011, the District issued general obligation bonds in the amount of \$3,150,000 to advance refund general obligation bonds that were originally issued in 2003. General obligation bonds are direct obligations that pledge the full faith and credit of the District and are payable from ad valorem debt service levy proceeds. The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. Interest is fixed and ranges between 1% and 4%. Interest rates increase in accordance with the original bond agreements. Interest is due semiannually on June 15 and December 15.

3. Capital Leases

a. Bus Leases

On July 11, 2014, the District entered into two lease agreements as lessee for financing the acquisition of school buses. These lease agreements qualified as capital leases for accounting purposes and were therefore recorded at the present value of minimum lease payments as of the inception date.

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

E. Long-Term Liabilities (Continued)

3. Capital Leases (Continued)

b. Leased Capital Assets

The leased capital assets and related accumulated amortization under the capital leases are as follows:

Equipment	\$ 190,457
Less: accumulated amortization	<u>(57,138)</u>
Net value	<u>\$ 133,319</u>

Amortization of the leased capital assets is included with depreciation expense.

4. Settlement Payable

On December 19, 2013, the District signed a settlement agreement in relation to a claim asserted against the District in October 2011. The total amount that the District is required to pay under the settlement agreement is \$518,400, which is to be paid quarterly over a period of six years. Payments are due on the first day of each quarter, beginning January 1, 2014.

5. Future Maturities of Long-Term Liabilities

Year Ending June 30	Bonds		Leases		Settlement		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 295,000	\$ 63,050	\$ 38,149	\$ 1,931	\$ 90,000	\$ -	\$ 423,149	\$ 64,981
2019	315,000	57,150	39,102	978	90,000	-	444,102	58,128
2020	330,000	50,850	-	-	15,000	-	345,000	50,850
2021	350,000	37,650	-	-	-	-	350,000	37,650
2022	375,000	27,150	-	-	-	-	375,000	27,150
2023	<u>405,000</u>	<u>12,150</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>405,000</u>	<u>12,150</u>
Total	<u>\$ 2,070,000</u>	<u>\$ 248,000</u>	<u>\$ 77,251</u>	<u>\$ 2,909</u>	<u>\$ 195,000</u>	<u>\$ -</u>	<u>\$ 2,342,251</u>	<u>\$ 250,909</u>

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

F. Constraints on Fund Balances

Constraints on fund balances reported on the balance sheet are as follows:

	General Fund	Special Revenue Fund	Nonmajor Governmental Fund Debt Service	Total Governmental Funds
Fund balances:				
Nonspendable	\$ 10,455	\$ -	\$ -	\$ 10,455
Restricted for:				
Debt service	-	-	36,747	36,747
Special projects	-	26,753	-	26,753
Student body activities	-	173,599	-	173,599
Unassigned	<u>977,862</u>	<u>-</u>	<u>-</u>	<u>977,862</u>
Total fund balances	<u>\$ 988,317</u>	<u>\$ 200,352</u>	<u>\$ 36,747</u>	<u>\$ 1,225,416</u>

IV. OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. There was no significant reduction in insurance coverage from the previous year. There were no insurance settlements exceeding insurance coverage in any of the past three years.

B. Pension Plan

1. Plan Description

Employees of the District are provided with pensions through the Oregon Public Employees Retirement System (OPERS), a cost-sharing, multiple-employer, defined benefit pension plan. The Oregon Legislature has delegated authority to the Public Employees Retirement System Board to administer and manage the system. All benefits of the system are established by the legislature, pursuant to Oregon Revised Statutes (ORS) Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues a publicly available comprehensive annual financial report and actuarial valuation, both of which can be obtained at: <http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>.

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

IV. OTHER INFORMATION (Continued)

B. Pension Plan (Continued)

2. Benefits Provided

a. Tier One/Tier Two Retirement Benefit (ORS Chapter 238)

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 (1.67% for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer. General service employees may retire after reaching age 55. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 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 a 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.

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

IV. OTHER INFORMATION (Continued)

B. Pension Plan (Continued)

2. Benefits Provided (Continued)

a. Tier One/Tier Two Retirement Benefit (ORS Chapter 238) (Continued)

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 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 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 of equity investments. Under ORS 238.630, monthly benefits are adjusted annually through cost-of-living adjustments (COLA). The COLA is capped at 2.0%.

b. OPSRP Pension Program (Defined Benefit)

Pension Benefits

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

General service: 1.5% 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.

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

IV. OTHER INFORMATION (Continued)

B. Pension Plan (Continued)

2. Benefits Provided (Continued)

b. OPSRP Pension Program (Defined Benefit) (Continued)

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% 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 credit before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45% of the member's salary determined as of the last full month of employment before the disability occurred.

c. OPSRP Individual Account Program (IAP)

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 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-, or 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.

Recordkeeping

OPERS contracts with Voya Financial to maintain IAP participant records.

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

IV. OTHER INFORMATION (Continued)

B. Pension Plan (Continued)

3. 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. This 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. Employer contributions for the year ended June 30, 2017 were \$450,388, excluding amounts to fund employer-specific liabilities. The rates in effect for the fiscal year ended June 30, 2017 were 22.33% for Tier One/Tier Two general service members, 17.64% for OPSRP Pension Program general service members, and 6% for OPSRP IAP.

C. Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the District reported a liability of \$5,699,590 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013 rolled forward to June 30, 2016. 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 entities, actuarially determined. At June 30, 2016, the District's proportion was 0.0380%, which decreased from its proportion of 0.0413% measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense (income) of \$506,452. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 188,567	\$ -
Changes of assumptions	1,215,586	-
Net difference between projected and actual earnings on investments	1,126,000	-
Changes in proportion	-	267,405
Differences between employer contributions and proportionate share of contributions	<u>50,734</u>	<u>8,384</u>
Total (prior to post measurement date contributions)	2,580,887	275,789
Contributions subsequent to the measurement date	<u>450,388</u>	-
Total	<u>\$ 3,031,275</u>	<u>\$ 275,789</u>

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

IV. OTHER INFORMATION (Continued)

C. Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Amortization Period Ending June 30</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
2018	\$ 917,911	\$ 70,916
2019	467,523	70,916
2020	882,667	69,628
2021	668,433	51,912
2022	<u>94,741</u>	<u>12,417</u>
	<u>\$ 3,031,275</u>	<u>\$ 275,789</u>

D. Actuarial Assumptions

The employer contribution rates effective July 1, 2013 through June 30, 2015, and effective July 1, 2015 through June 30, 2017, were set using the projected unit credit 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 (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) 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 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) 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.

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

IV. OTHER INFORMATION (Continued)

D. Actuarial Assumptions (Continued)

The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2014
Measurement Date	June 30, 2016
Experience Study Report	2014, published September 2015
Actuarial Assumptions:	
Inflation Rate	2.50% (reduced from 2.75%)
Long-Term Expected Rate of Return ¹	7.50% (reduced from 7.75%)
Discount Rate	7.50% (reduced from 7.75%)
Projected Salary Increases	3.50% (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.
Mortality	<p>Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation</p> <p>Disabled retirees: Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table.</p>

¹ At its September 25, 2015 meeting, the Public Employees Retirement System Board reduced the assumed rate of return on investments from 7.75% to 7.50%.

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

IV. OTHER INFORMATION (Continued)

D. Actuarial Assumptions (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even-numbered years. The methods and assumptions shown above are based on the 2014 Experience Study, which reviewed experience for the four-year period ended on December 31, 2014.

E. 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 Public Employees Retirement System 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 displays the OIC approved asset allocation policy for fiscal years beginning in 2014. The previous allocation was amended to reduce debt securities and public equity holdings and to increase private equity, real estate, and alternative equity holdings.

<u>Asset Class</u>	<u>Target Allocation</u>
Cash	0.00 %
Debt Securities	20.00 %
Public Equity	37.50 %
Private Equity	17.50 %
Real Estate	12.50 %
Alternative Equity	12.50 %
Opportunity Portfolio	<u>0.00 %</u>
Total	<u>100.00 %</u>

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

IV. OTHER INFORMATION (Continued)

E. Long-Term Expected Rate of Return (Continued)

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 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 of the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation	Compound Annual (Geometric) Return
Core Fixed Income	8.00 %	4.00 %
Short-Term Bonds	8.00 %	3.61 %
Bank/Leveraged Loans	3.00 %	5.42 %
High Yield Bonds	1.00 %	6.20 %
Large/Mid Cap US Equities	15.75 %	6.70 %
Small Cap US Equities	1.31 %	6.99 %
Micro Cap US Equities	1.31 %	7.01 %
Developed Foreign Equities	13.13 %	6.73 %
Emerging Market Equities	4.10 %	7.25 %
Non-US Small Cap Equities	1.88 %	7.22 %
Private Equity	17.50 %	7.97 %
Real Estate (Property)	10.00 %	5.84 %
Real Estate (REITS)	2.50 %	6.69 %
Hedge Fund of Funds - Diversified	2.50 %	4.64 %
Hedge Fund - Event-driven	0.63 %	6.72 %
Timber	1.88 %	5.85 %
Farmland	1.88 %	6.37 %
Infrastructure	3.75 %	7.13 %
Commodities	<u>1.88 %</u>	4.58 %
Total	<u>100.00 %</u>	
Assumed Inflation - Mean		2.50 %

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

IV. OTHER INFORMATION (Continued)

F. Depletion Date Projection

GASB Statement No. 68 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 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 net position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB Statement No. 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB Statement No. 68 (paragraph 67) does allow for alternative evaluations of projected solvency if such evaluation can reliably be made. The Governmental Accounting Standards Board 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 for sufficiency for PERS:

- OPERS 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 Statement No. 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate 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 that might impact the plan's funded position.

Based on these circumstances, it is our independent actuary's opinion that the detailed depletion date projections outlined in GASB Statement No. 68 would clearly indicate that the net position is always projected to be sufficient to cover benefit payments and administrative expenses.

G. Discount Rate

The discount rate used to measure the total pension liability was 7.50% 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 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.

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

IV. OTHER INFORMATION (Continued)

H. 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%, 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 one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability (asset)	\$ 9,202,932	\$ 5,699,590	\$ 2,771,405

I. Pension Plan Net Position

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

J. Changes in Plan Provisions During the Measurement Period

The Oregon Supreme Court decision in *Moro v. State of Oregon* issued on April 30, 2015 reversed a significant portion of the reductions that the 2013 Oregon Legislature made to future COLA through Senate Bills 822 and 861.

The Public Employees Retirement System Board adopted assumption changes that were used to measure the June 30, 2016 total pension liability. The changes include the lowering of the long-term expected rate of return to 7.50% and the lowering of the assumed inflation to 2.50%. In addition, the healthy mortality assumption was changed to reflect an updated mortality improvement scale for all groups, and assumptions were updated for merit increases, unused sick leave, and vacation pay.

K. Changes in Plan Provision Subsequent to Measurement Date

There were no changes subsequent to the June 30, 2016 measurement date.

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

IV. OTHER INFORMATION (Continued)

L. Deferred Compensation Plan

The District has authorized a deferred compensation plan to be made available to its employees wherein they may execute an individual agreement with the District for amounts earned by them, not to be paid until a future date when they are terminated by reason of death, permanent disability, retirement, or separation. The deferred compensation plan is authorized under IRC Section 403(b) and has been approved by the Internal Revenue Service. The District matches between \$20 and \$50 based on years of service for some employees. The District has no liability for any losses that may be incurred under the plan. Cost to the District for the year ended June 30, 2017 was \$6,480.

M. Other Post-Employment Benefits

1. 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 post-employment 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 reside 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 PERS, P.O. Box 23700, Tigard, Oregon 97281-3700, by calling (503) 598-7377, or by accessing the PERS website at <http://www.oregon.gov/PERS/pages/index.aspx>.

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

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

IV. OTHER INFORMATION (Continued)

M. Other Post-Employment Benefits (Continued)

1. Retirement Health Insurance Account (RHIA) (Continued)

Funding Policy

Participating entities are contractually required to contribute to RHIA at a rate assessed each year by OPERS; currently 0.59% of PERS covered payroll and 0.49% of OPSRP covered payroll. The OPERS board of trustees sets the employer contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance within the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed 30 years. The District's contributions to RHIA for the years ended June 30, 2015, 2016, and 2017 were \$12,720, \$11,513, and \$11,190, respectively, which equaled the required contributions each year.

N. Concentrations

1. Collective Bargaining Agreements

At June 30, 2017, the District had a total of approximately 71 employees. Of this total, approximately 79% are covered under collective bargaining agreements and 41% are licensed staff represented by a union. The current union agreement was signed on November 19, 2014, updated on January 20, 2016, and expired on June 30, 2017. A new collective bargaining agreement for licensed staff was signed on October 31, 2017. Approximately 38% of employees are classified staff, the majority of which are covered by a collective bargaining agreement, which was signed November 24, 2014, updated on January 20, 2016, and expired on June 30, 2017. A new collective bargaining agreement for classified staff was signed on October 26, 2017.

O. Restatement

To correct misstatements of beginning balances of capital assets, the District restated the beginning net position for governmental activities as follows:

	<u>Governmental Activities</u>
Net position - beginning, as originally reported	\$ 261,816
Capital asset balance adjustment	<u>(435,563)</u>
Net position - beginning, as restated	<u>\$ (173,747)</u>

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

IV. OTHER INFORMATION (Continued)

P. New Pronouncements

The Governmental Accounting Standards Board (GASB) has issued the following pronouncements that have future effective dates that will impact future financial presentations. Management has not currently determined what impact implementation of the following statements will have on future financial statements.

GASB Statement No. 85, *Omnibus 2017*, will be effective for the District beginning with its fiscal year ending June 30, 2018. The objective of this statement is to address practice issues that have been identified during implementation and application of certain GASB statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and post-employment benefits.

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, will be effective for the District beginning with its fiscal year ending June 30, 2018. The primary objective of this statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt. This statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

GASB Statement No. 83, *Certain Asset Retirement Obligations*, will be effective for the District beginning with its fiscal year ending June 30, 2019. This statement addresses accounting and financial reporting for certain asset retirement obligations.

GASB Statement No. 84, *Fiduciary Activities*, will be effective for the District beginning with its fiscal year ending June 30, 2020. This statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

GASB Statement No. 87, *Leases*, will be effective for the District beginning with its fiscal year ending June 30, 2021. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting of leases by governments.

Q. Subsequent Events

Management has evaluated subsequent events through December 20, 2017, which was the date that the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended June 30	(a) District's proportion of the net pension liability (asset)	(b) District's proportionate share of the net pension liability (asset)	(c) District's covered payroll	(b/c) District's proportionate share of the net position liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2017	0.03796608%	\$ 5,699,590	\$ 2,099,533	271.47%	80.50%
2016	0.04127202%	2,369,617	2,214,823	106.99%	91.90%
2015	0.04801285%	(1,088,314)	2,038,983	(53.38)%	103.60%
2014	0.04801285%	2,450,166	2,179,572	112.42%	91.97%

Changes in Benefit Terms

The Oregon Supreme Court decision in *Moro v. State of Oregon* issued on April 30, 2015 reversed a significant portion of the reductions that the 2013 Oregon Legislature made to future COLA through Senate Bills 822 and 861. This reversal increased the proportionate share of the net pension liability (asset) as of June 30, 2015 as compared to June 30, 2014.

Changes of Assumptions

The Public Employees Retirement System Board adopted assumption changes that were used to measure the June 30, 2016 total pension liability. The changes include the lowering of the long-term expected rate of return to 7.50% and the lowering of the assumed inflation to 2.50%. In addition, the healthy mortality assumption was changed to reflect an updated mortality improvement scale for all groups, and assumptions were updated for merit increases, unused sick leave, and vacation pay.

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

SCHEDULE OF CONTRIBUTIONS

Year Ended June 30	(a) Statutorily required contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution deficiency (excess)	(c) District's covered payroll	(b/c) Contributions as a percent of covered payroll
2017	\$ 450,388	\$ 450,388	\$ -	\$ 2,269,395	19.85%
2016	420,332	420,332	-	2,099,533	20.02%
2015	465,201	465,201	-	2,214,823	21.00%
2014	425,207	425,207	-	2,038,983	20.85%

Changes in Benefit Terms

The Oregon Supreme Court decision in *Moro v. State of Oregon* issued on April 30, 2015 reversed a significant portion of the reductions that the 2013 Oregon Legislature made to future COLA through Senate Bills 822 and 861. This reversal increased the proportionate share of the net pension liability (asset) as of June 30, 2015 as compared to June 30, 2014.

Changes of Assumptions

The Public Employees Retirement System Board adopted assumption changes that were used to measure the June 30, 2016 total pension liability. The changes include the lowering of the long-term expected rate of return to 7.50% and the lowering of the assumed inflation to 2.50%. In addition, the healthy mortality assumption was changed to reflect an updated mortality improvement scale for all groups, and assumptions were updated for merit increases, unused sick leave, and vacation pay.

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended June 30, 2017

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
REVENUES			
Local revenue	\$ 3,056,961	\$ 11,196	\$ 3,068,157
State revenue	1,930,000	91,688	2,021,688
Federal revenue	<u>273,000</u>	<u>(81,296)</u>	<u>191,704</u>
Total revenues	<u>5,259,961</u>	<u>21,588</u>	<u>5,281,549</u>
EXPENDITURES			
Current			
Instruction	2,873,196	(209,912)	2,663,284
Support services	2,703,257	(487,578)	2,215,679
Enterprise and community services	377,427	(43,371)	334,056
Debt service	40,081	-	40,081
Contingency	<u>130,000</u>	<u>(130,000)</u>	<u>-</u>
Total expenditures	<u>6,123,961</u>	<u>(870,861)</u>	<u>5,253,100</u>
Excess (deficiency) of revenues over (under) expenditures	(864,000)	892,449	28,449
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(1,000)</u>	<u>(1,000)</u>	<u>-</u>
Net change in fund balance	(865,000)	893,449	28,449
Fund balance - beginning	<u>925,000</u>	<u>34,868</u>	<u>959,868</u>
Fund balance - ending	<u>\$ 60,000</u>	<u>\$ 928,317</u>	<u>\$ 988,317</u>

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

SPECIAL REVENUE FUND

For the Year Ended June 30, 2017

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
REVENUES			
Local revenue	\$ 350,025	\$ (117,791)	\$ 232,234
State revenue	25,000	(11,460)	13,540
Federal revenue	<u>361,200</u>	<u>(80,243)</u>	<u>280,957</u>
Total revenues	<u>736,225</u>	<u>(209,494)</u>	<u>526,731</u>
EXPENDITURES			
Current			
Instruction	819,053	(318,765)	500,288
Support services	131,672	(53,901)	77,771
Enterprise and community services	<u>5,500</u>	<u>(5,271)</u>	<u>229</u>
Total expenditures	<u>956,225</u>	<u>(377,937)</u>	<u>578,288</u>
Excess (deficiency) of revenues over (under) expenditures	(220,000)	168,443	(51,557)
Fund balance - beginning	<u>220,000</u>	<u>31,909</u>	<u>251,909</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 200,352</u>	<u>\$ 200,352</u>

OTHER SUPPLEMENTARY INFORMATION

INDIVIDUAL FUND SCHEDULES

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

DEBT SERVICE FUND

For the Year Ended June 30, 2017

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
REVENUES			
Local revenue	\$ 353,775	\$ 2,109	\$ 355,884
EXPENDITURES			
Debt service	<u>353,750</u>	<u>-</u>	<u>353,750</u>
Excess (deficiency) of revenues over (under) expenditures	25	2,109	2,134
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>1,000</u>	<u>(1,000)</u>	<u>-</u>
Net change in fund balance	1,025	1,109	2,134
Fund balance - beginning	<u>30,500</u>	<u>4,113</u>	<u>34,613</u>
Fund balance - ending	<u><u>\$ 31,525</u></u>	<u><u>\$ 5,222</u></u>	<u><u>\$ 36,747</u></u>

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

CAPITAL PROJECTS FUND

For the Year Ended June 30, 2017

	Original and Final Budget	Variance with Final Budget Over (Under)	<u>Actual</u> GAAP Basis
REVENUES			
State revenue	\$ 2,534,213	\$ (1,251,187)	\$ 1,283,026
EXPENDITURES			
Facilities acquisition and construction	<u>2,534,213</u>	<u>(1,251,187)</u>	<u>1,283,026</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

OTHER FINANCIAL SCHEDULES

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

REVENUE SUMMARY - ALL FUNDS

June 30, 2017

Revenue from Local Sources

	Fund 100	Fund 200	Fund 300	Fund 400
1110 Ad Valorem Taxes Levied by District	\$ 2,936,689	\$ -	\$ 353,960	\$ -
1500 Earnings on Investments	13,042	52	1,924	-
1600 Food Service	44,151	-	-	-
1700 Extracurricular Activities	8,840	115,779	-	-
1910 Rentals	5,676	-	-	-
1920 Contributions and Donations From Private Sources	2,050	47,787	-	-
1990 Miscellaneous	57,709	68,616	-	-
Total Revenue from Local Sources	\$ 3,068,157	\$ 232,234	\$ 355,884	\$ -

Revenue from State Sources

	Fund 100	Fund 200	Fund 300	Fund 400
3101 State School Fund - General Support	\$ 1,961,037	\$ -	\$ -	\$ -
3102 State School Fund - School Lunch Match	2,174	-	-	-
3103 Common School Fund	52,170	-	-	-
3199 Other Unrestricted Grants-in-Aid	860	-	-	-
3299 Other Restricted Grants-in-Aid	5,447	13,540	-	1,283,026
Total Revenue from State Sources	\$ 2,021,688	\$ 13,540	\$ -	\$ 1,283,026

Revenue from Federal Sources

	Fund 100	Fund 200	Fund 300	Fund 400
4300 Restricted Revenue From the Federal Government	\$ -	\$ 15,648	\$ -	\$ -
4500 Restricted Revenue From the Federal Government Through the State	166,549	265,309	-	-
4801 Federal Forest Fees	8,221	-	-	-
4900 Revenue for/on Behalf of the District	16,934	-	-	-
Total Revenue from Federal Sources	\$ 191,704	\$ 280,957	\$ -	\$ -

Revenue from Other Sources

	Fund 100	Fund 200	Fund 300	Fund 400
5400 Resources - Beginning Fund Balance	\$ 959,868	\$ 251,909	\$ 34,613	\$ -
Total Revenue from Other Sources	\$ 959,868	\$ 251,909	\$ 34,613	\$ -

Grand Totals

\$ 6,241,417	\$ 778,640	\$ 390,497	\$ 1,283,026
---------------------	-------------------	-------------------	---------------------

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

EXPENDITURE SUMMARY - GENERAL FUND

June 30, 2017

Instruction Expenditures

	Totals	Object 100	Object 200
1111 Elementary, K-5 or K-6	\$ 923,369	\$ 546,550	\$ 354,839
1121 Middle/Junior High Programs	545,314	308,301	224,590
1122 Middle/Junior High School Extracurricular	23,447	16,910	2,947
1131 High School Programs	750,964	436,194	284,214
1132 High School Extracurricular	120,908	67,123	20,561
1210 Programs for the Talented and Gifted	2,400	1,416	451
1220 Restrictive Programs for Students with Disabilities	111,695	-	-
1250 Less Restrictive Programs for Students with Disabilities	172,881	80,517	75,131
1291 English Second Language Programs	12,306	6,949	3,578
Total Instruction Expenditures	\$ 2,663,284	\$ 1,463,960	\$ 966,311

Support Services Expenditures

	Totals	Object 100	Object 200
2120 Guidance Services	\$ 58,380	\$ 40,757	\$ 15,557
2140 Psychological Services	51,806	-	-
2150 Speech Pathology and Audiology Services	32,667	-	-
2160 Other Student Treatment Services	31,069	-	-
2190 Service Direction, Student Support Services	21,246	-	-
2210 Improvement of Instruction Services	4,746	-	4,303
2220 Educational Media Services	93,514	44,058	44,970
2230 Assessment & Testing	7,036	5,456	1,475
2310 Board of Education Services	33,391	-	-
2320 Executive Administration Services	102,159	62,237	35,152
2410 Office of the Principal Services	517,329	282,293	217,628
2490 Other Support Services - School Administration	88	-	-
2520 Fiscal Services	180,170	101,446	68,969
2540 Operation and Maintenance of Plant Services	603,550	139,744	108,066
2550 Student Transportation Services	332,242	155,961	87,087
2640 Staff Services	848	-	-
2660 Technology Services	145,438	32,310	32,535
Total Support Services Expenditures	\$ 2,215,679	\$ 864,262	\$ 615,742

Enterprise and Community Services Expenditures

	Totals	Object 100	Object 200
3100 Food Services	\$ 334,056	\$ 89,188	\$ 94,922
Total Enterprise and Community Services Expenditures	\$ 334,056	\$ 89,188	\$ 94,922

Other Uses Expenditures

	Totals	Object 100	Object 200
5100 Debt Service	\$ 40,081	\$ -	\$ -
Total Other Uses Expenditures	\$ 40,081	\$ -	\$ -

Grand Total

\$ 5,253,100	\$ 2,417,410	\$ 1,676,975
---------------------	---------------------	---------------------

Object 300	Object 400	Object 600
\$ 8,740	\$ 13,005	\$ 235
5,962	6,185	276
3,590	-	-
9,840	19,986	730
28,588	140	4,496
-	533	-
111,695	-	-
15,872	1,426	(65)
-	1,779	-
\$ 184,287	\$ 43,054	\$ 5,672

Object 300	Object 400	Object 600
\$ 2,016	\$ -	\$ 50
51,806	-	-
32,667	-	-
31,069	-	-
20,544	702	-
291	27	125
-	4,469	17
-	105	-
28,889	137	4,365
2,563	888	1,319
11,691	3,898	1,819
-	88	-
7,179	713	1,863
244,821	47,903	63,016
37,328	40,317	11,549
767	-	81
61,030	19,488	75
\$ 532,661	\$ 118,735	\$ 84,279

Object 300	Object 400	Object 600
\$ 7,469	\$ 141,126	\$ 1,351
\$ 7,469	\$ 141,126	\$ 1,351

Object 300	Object 400	Object 600
\$ -	\$ -	\$ 40,081
\$ -	\$ -	\$ 40,081

\$ 724,417	\$ 302,915	\$ 131,383
-------------------	-------------------	-------------------

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

EXPENDITURE SUMMARY - SPECIAL REVENUE FUND

June 30, 2017

Instruction Expenditures

	Totals	Object 100	Object 200
1111 Elementary, K-5 or K-6	\$ 23,362	\$ 7,269	\$ 605
1121 Middle/Junior High Programs	9,654	4,644	387
1122 Middle/Junior High School Extracurricular	23,186	-	-
1131 High School Programs	27,776	-	-
1132 High School Extracurricular	183,474	6,433	2,319
1250 Less Restrictive Programs for Students with Disabilities	114,268	64,601	48,129
1272 Title I	111,822	56,002	49,352
1400 Summer School Programs	6,746	5,017	1,729
Total Instruction Expenditures	\$ 500,288	\$ 143,966	\$ 102,521

Support Services Expenditures

	Totals	Object 100	Object 200
2120 Guidance Services	\$ 37,871	\$ 17,092	\$ 4,880
2230 Assessment & Testing	1,015	-	-
2240 Instructional Staff Development	8,170	1,636	186
2540 Operation and Maintenance of Plant Services	4,590	-	-
2640 Staff Services	22,447	4,470	375
2660 Technology Services	3,678	-	-
Total Support Services Expenditures	\$ 77,771	\$ 23,198	\$ 5,441

Enterprise and Community Services Expenditures

	Totals	Object 100	Object 200
3300 Community Services	\$ 229	\$ -	\$ -
Total Enterprise and Community Services Expenditures	\$ 229	\$ -	\$ -

Grand Total

\$ 578,288	\$ 167,164	\$ 107,962
-------------------	-------------------	-------------------

Object 300	Object 400	Object 600
\$ -	\$ 15,488	\$ -
-	4,623	-
318	21,844	1,024
10,000	17,776	-
18,470	54,804	101,448
-	1,538	-
1,501	4,967	-
-	-	-
\$ 30,289	\$ 121,040	\$ 102,472

Object 300	Object 400	Object 600
\$ 2,218	\$ 13,681	\$ -
-	1,015	-
3,344	156	2,848
600	3,990	-
5,695	3,030	8,877
-	3,678	-
\$ 11,857	\$ 25,550	\$ 11,725

Object 300	Object 400	Object 600
\$ -	\$ 229	\$ -
\$ -	\$ 229	\$ -
\$ 42,146	\$ 146,819	\$ 114,197

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

EXPENDITURE SUMMARY - DEBT SERVICE FUND

June 30, 2017

Other Uses Expenditures

5100 Debt Service

	Totals	Object 600
	\$ 353,750	\$ 353,750
Total Other Uses Expenditures	\$ 353,750	\$ 353,750
Grand Total	\$ 353,750	\$ 353,750

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

EXPENDITURE SUMMARY - CAPITAL PROJECTS FUND

June 30, 2017

		Totals	Object 300	Object 400	Object 600
Facilities Acquisition and Construction					
4150 Building Acquisition, Construction, and Improvement Services		\$ 1,283,026	\$ 1,274,437	\$ 34	\$ 8,555
Total Facilities Acquisition and Construction Expenditures		\$ 1,283,026	\$ 1,274,437	\$ 34	\$ 8,555
Grand Total		\$ 1,283,026	\$ 1,274,437	\$ 34	\$ 8,555

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

SCHEDULE OF PROPERTY TAX TRANSACTIONS

For the Year Ended June 30, 2017

<u>Tax Year</u>	<u>Taxes Receivable July 1, 2016</u>	<u>2016-2017 Levy</u>	<u>Adjustments</u>	<u>Collections</u>	<u>Taxes Receivable June 30, 2017</u>
2016-2017	\$ -	\$ 3,340,469	\$ (82,941)	\$ 3,129,356	\$ 128,172
2015-2016	122,508	-	(425)	55,230	66,853
2014-2015	67,578	-	(232)	19,368	47,978
2013-2014	44,056	-	(107)	19,648	24,301
2012-2013	22,262	-	(52)	8,494	13,716
2011-2012	12,352	-	(52)	245	12,055
2010-2011	8,725	-	(4)	168	8,553
Prior	<u>18,756</u>	<u>-</u>	<u>-</u>	<u>1,369</u>	<u>17,387</u>
Subtotal - Prior	<u>296,237</u>	<u>-</u>	<u>(872)</u>	<u>104,522</u>	<u>190,843</u>
	<u>\$ 296,237</u>	<u>\$ 3,340,469</u>	<u>\$ (83,813)</u>	<u>3,233,878</u>	<u>\$ 319,015</u>
Add:					
Other taxes and interest				50,540	
Undistributed taxes with county, July 1, 2016				<u>23,104</u>	
Total available				3,307,522	
Less: Turnovers to District				<u>(3,290,649)</u>	
Undistributed taxes with county, June 30, 2017				<u>\$ 16,873</u>	

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2017

Federal Grantor, Pass through Grantor, Program Title	Grant Period	CFDA	Expenditures
<u>U.S. Department of Education</u>			
Direct Grant			
Small Rural School Achievement Program	2015-2017	84.358	\$ 15,648
Passed through Oregon State Department of Education			
Title I, Part A Cluster			
Title I Grants to Local Educational Agencies	2015-2017	84.010	113,465
Special Education Cluster			
IDEA Special Education Grants To States	2015-2018	84.027	114,269
Title IIA Improving Teaching Quality State Grants	2015-2017	84.367	<u>37,575</u>
Total passed through Oregon State Department of Education			<u>265,309</u>
Total U.S. Department of Education			<u>280,957</u>
<u>U.S. Department of Agriculture</u>			
Passed through Oregon State Department of Education			
Child Nutrition Cluster			
School Breakfast Program		10.553	46,579
National School Lunch Program		10.555	115,221
Food Donation - National School Lunch Program		10.555	16,934
Summer Food Service Program for Children		10.559	<u>4,749</u>
Total passed through Oregon State Department of Education			183,483
Passed through Curry County			
Schools and Roads - Grants to States		10.665	<u>8,221</u>
Total U.S. Department of Agriculture			<u>191,704</u>
Total federal expenditures			<u>\$ 472,661</u>

STATISTICAL SECTION

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

LEGAL DEBT MARGIN INFORMATION

Real Market Value (Fiscal Year 2017)	\$ 919,297,208
Debt Capacity	
General Obligation Debt Capacity (7.95% of Real Market Value)	\$ 73,084,128
Less: Outstanding Debt Subject to Limit	<u>(2,070,000)</u>
Remaining General Obligation Debt Capacity	\$ 71,014,128
Percent of Capacity Issued	2.83%

Issuer Type	School District
Capacity	7.95%

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT AND
RATIOS OF GENERAL BONDED DEBT OUTSTANDING**

Real Market Value	\$	919,297,208	
Estimated Population		5,440	
Per Capita Real Market Value	\$	168,988	
		Gross Direct Debt⁽¹⁾	Net Direct Debt⁽²⁾
Debt Information			
District Direct Debt	\$	2,147,251	\$ 2,147,251
Bonded Debt Ratios			
District Direct Debt to Real Market Value		0.23%	0.23%
Per Capita District Direct Debt	\$	395	\$ 395

(1) **Gross Direct Debt** = all limited and unlimited debt (GO & FFCO)

(2) **Net Debt** = Gross debt - Self-supporting (any GO or FFCOs paid from revenue streams other than property taxes or GF revenues)

Short-term debt is not included in either calculation.

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

ASSESSED VALUATION AND ESTIMATED ACTUAL VALUES OF TAXABLE PROPERTY

Fiscal Year	Real Market Value⁽¹⁾	Total Assessed Valuation	Urban Renewal Excess	AV Used to Calculate Rates⁽²⁾
2017	\$ 919,297,208	\$ 762,943,512	\$ 2,459,499	\$ 760,484,013
2016	858,483,710	738,631,415	-	738,631,415
2015	841,118,808	720,150,098	-	720,150,098
2014	818,521,792	694,324,994	-	694,324,994
2013	812,202,891	676,347,946	-	676,347,946
2012	863,721,304	671,847,569	-	671,847,569
2011	917,665,708	655,935,020	-	655,935,020
2010	1,045,918,431	642,118,377	-	642,118,377
2009	1,144,322,439	616,361,179	-	616,361,179
2008	1,132,563,054	592,326,112	-	592,326,112

(1) Value represents the Real Market Value of taxable properties, including special assessed properties such as farms. This value is also commonly referred to as the "Measure 5 value" by county assessors.

(2) Assessed Value of property in the District on which the permanent tax rate limit is applied to derive *ad valorem* property taxes, excluding urban renewal and any other offsets.

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

PRINCIPAL PROPERTY TAXPAYERS

Central Curry School District No. 1

Taxpayer	Business/Service	Tax ⁽¹⁾	Assessed Value ⁽²⁾	Percent of Value
Rayonier WA Timberlands Co., LLC	Forest Mgmt./Timber	\$ 78,933	\$ 7,338,580	0.96%
Pistol Resources LLC	Lumber Mill	74,101	10,739,520	1.41%
Charter Communications	Telecommunications	68,931	6,630,600	0.87%
Chetco Resources LLC	Forest Mgmt./Timber	60,976	8,613,720	1.13%
Jots Resort	Recreational Resort	52,825	4,972,350	0.65%
Rogue Resources LLC	Forest Mgmt./Timber	51,443	5,873,640	0.77%
Frontier Communications	Telecommunications	47,666	4,824,000	0.63%
Ireland's at Gold Beach, LLC	Hotel	38,082	3,360,620	0.44%
Pacific Reef Condominiums, LLC	Condos	28,937	2,555,900	0.34%
Treffers, John Trustee	Property Management	26,756	3,227,570	0.42%
Subtotal - ten of District's largest taxpayers			58,136,500	7.64%
All other District's taxpayers			702,347,513	92.36%
Total District			<u>\$ 760,484,013</u>	<u>100.00%</u>

Curry County

Taxpayer	Business/Service	Tax ⁽¹⁾	Assessed Value ⁽²⁾	Percent of Value
South Coast Lumber Co. (SOCOMI)	Lumber Mill	\$ 427,224	\$ 54,549,363	1.92%
Fred Meyer Stores, Inc.	Grocery Store	127,561	12,532,754	0.44%
Frontier Communications	Telecommunications	109,746	11,448,000	0.40%
Charter Communications	Telecommunications	99,670	10,621,100	0.37%
Chetco Resources LLC	Wood Products	95,880	14,128,230	0.50%
Pistol Resources LLC	Mining	74,101	8,736,860	0.31%
Sea View Assisted Living, LLC Etal	Assisted Living Center	64,849	9,754,070	0.34%
Rayonier WA Timberlands Co., LLC	Wood Products	62,175	7,368,410	0.26%
Rogue Resources	Mining	56,525	6,468,310	0.23%
Goh Properties, LLC	Property Management	55,907	8,409,080	0.30%
Subtotal - ten of County's largest taxpayers			144,016,177	5.08%
All other County taxpayers			2,693,293,834	94.92%
Total County taxpayers			<u>\$ 2,837,310,011</u>	<u>100.00%</u>

(1) Tax amount is the total tax paid by the taxpayer within the boundaries of the District and County, respectively. This amount is distributed to individual local governments by the County. A breakdown of amounts paid to each individual local government is not available.

(2) Assessed value does not exclude offsets such as urban renewal and farm tax credits.

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

PROPERTY TAX COLLECTIONS

Curry County
Tax Collections⁽¹⁾

Fiscal Year	Percent Collected as of	
	Levy Year ⁽²⁾	6/30/2017 ⁽³⁾
2017	96.16%	96.16%
2016	96.21%	97.49%
2015	95.82%	98.46%
2014	95.49%	99.20%
2013	94.87%	99.52%
2012	94.91%	99.59%
2011	95.18%	99.68%
2010	95.27%	99.66%

(1) Percentage of total tax levy collection in the County. Pre-payment discounts are considered to be **collected** when outstanding taxes are calculated. The tax rates are before offsets.

(2) The percentage of taxes collected in the "year of levy" represents taxes collected in a single levy year, beginning July 1 and ending June 30.

(3) The percentage of taxes shown in the column represents taxes collected cumulatively from July 1 of a given levy year through June 20, 2017.

**AUDIT COMMENTS AND DISCLOSURES REQUIRED BY
STATE REGULATIONS**



KOONTZ, PERDUE, BLASQUEZ & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Directors
Central Curry School District No. 1
Gold Beach, Oregon 97444

We have audited the basic financial statements of Central Curry School District No. 1 as of and for the year ended June 30, 2017, and have issued our report thereon dated December 20, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether Central Curry School District No. 1'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 162-010-0000 through 162-010-0320 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 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.

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:

Accounting records

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 that the District was not in substantial compliance with certain provisions of laws, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-010-0230 Internal Control

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting. However, we noted certain matters that we have reported to management of the District in a separate letter dated December 20, 2017.

This report is intended solely for the information and use of the board of directors and management of Central Curry School District No. 1 and the Oregon Secretary of State, and is not intended to be and should not be used by anyone other than these parties.

Koontz, Perdue, Blasquez & Co., P.C.

Koontz, Perdue, Blasquez & Co., P.C.

December 20, 2017

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

SUPPLEMENTAL INFORMATION REQUIRED BY OREGON DEPARTMENT OF EDUCATION

For the Year Ended June 30, 2017

Part A is needed for computing Oregon's full allocation for ESEA, Title I, and other Federal Funds for Education.

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

	Objects 325 and 326
Function 2540	\$ 139,525
Function 2550	\$ 3,106

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

\$ -

Exclude these functions:

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

Exclude these functions:

4150 Construction
2550 Pupil Transportation
3100 Food Service
3300 Community Services