

COMPREHENSIVE ANNUAL FINANCIAL REPORT

for the year ended June 30, 2018



are the Beaverton
School District



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

Beaverton School District • 16550 SW Merlo Rd. • Beaverton, Oregon 97003 | www.beaverton.k12.or.us



BEAVERTON SCHOOL DISTRICT

Beaverton, Oregon

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Prepared by:
Business Services Department

Don Grotting
Superintendent of Schools

Gayellyn Jacobson
Chief Financial Officer

Jason Guchereau
Finance Manager



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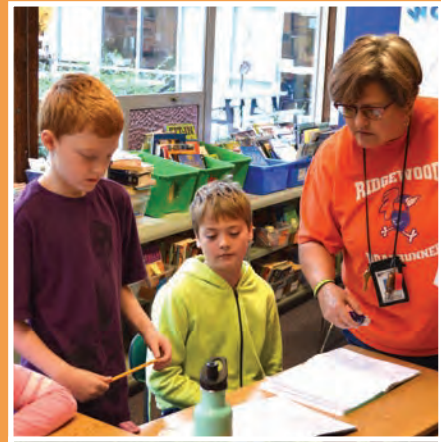
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INTRODUCTORY SECTION





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

WE EXPECT EXCELLENCE 

WE INNOVATE 

WE EMBRACE EQUITY 

WE COLLABORATE 

November 26, 2018

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

The Comprehensive Annual Financial Report of Beaverton School District (“District”) for the fiscal year ended June 30, 2018 is hereby submitted. State law requires that an independent audit be made of all District funds within six months following the close of the fiscal year. This report is published to fulfill the requirement for the fiscal year ended June 30, 2018 and consists of management’s representations concerning the finances of the District together with the opinions of our auditor.

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

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

Grove, Mueller & Swank, P.C., Certified Public Accountants, have issued an unmodified (“clean”) opinion on the Beaverton School District’s financial statements for the year ended June 30, 2018. The independent auditor’s report is located at the front of the financial section of this report.

FINANCIAL STATEMENT PRESENTATION

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

The *Introductory Section* includes this transmittal letter, the District’s organizational chart and copies of certificates awarded for Beaverton School District’s 2017 CAFR.

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

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

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

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

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

PROFILE OF THE DISTRICT

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

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

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

Student enrollment in the fall of 2017 was 41,016. October 1 enrollment counts are reported to the state in November of each year, allowing time for data entry and confirmation of student records. An enrolled student is defined as a student who attends one or more schools or programs within the District. Regardless of the number of schools or programs attended, each student is counted only once.

ENROLLMENT AND FACILITIES

<u>Grade Level</u>	<u>Number of Programs</u>	<u>Enrollment</u>
Elementary School Programs	34	17,802
Middle School Programs	20	9,354
High School Programs	11	11,697
Special Education Programs	-	1,613
Charter School Programs	2	550
Total Programs and Enrollment	67	41,016

Growing from an enrollment of 37,613 in fall of 2009 to 41,016, the District has experienced a 9.0% growth in enrollment over the past ten years. According to a study prepared by the Population Research Center of Portland State University, the District will see continued enrollment growth, and is expected to reach an enrollment of 44,660 students by 2025.

The demographics of our school district reflect our rich cultural diversity. Our students speak more than 101

languages and dialects. The District's enrollment includes 51.8% of students of color, and 35.7% of students qualify for free and reduced lunch status.

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

District management includes a superintendent, two deputy superintendents, four chief officers, and 139 principals, vice-principals and district administrators. The District employs 4,065 full-time equivalent personnel, including principals, vice-principals, administrators, teachers, supervisors, secretarial staff, bus drivers, maintenance personnel, cafeteria staff and other support staff.

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

ECONOMIC CONDITION

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

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

Currently, manufacturing accounts for 17% of the total non-farm employment in the Portland PMSA, while trade, transportation and utilities also accounts for 17%, government jobs 8%, professional and business services 19%, education and health services 12%, and leisure and hospitality 9%.

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

The Portland-Vancouver PMSA relies heavily on the manufacturing, high technology industries, wholesale trade and financial activities. According to the Oregon Employment Department, at the end of June 2018, the Portland-Vancouver PMSA unemployment rate was 3.7%, as compared to the Oregon unemployment rate of 4.0% and the nation's rate of 4.0%.

LONG-TERM FINANCIAL PLANNING

The District's unrestricted general fund balance (the total of the committed, assigned and unassigned components of fund balance) at year-end was 11.8 percent of total General Fund revenues. This amount is above the policy guidelines set by Board policy for budgetary and planning purposes (a minimum 5.0 percent of total actual revenues and an additional 5.0 percent sustainability fund). The reserves are maintained to absorb economic downturns, state

revenue-sharing reductions and other revenue shortfalls, and will prudently be used when needed to provide stability of core programs and legally required activities.

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

MISSION STATEMENT AND PRIORITIES

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

The Beaverton School District Board adopted the Strategic Plan:

WE Expect Excellence

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

WE Innovate

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

WE Embrace Equity

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

WE Collaborate

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

FINANCIAL INFORMATION

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

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

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

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

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

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

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

Charter Schools. Oregon statute provides state funding for charter schools that flows through the district for schools that local boards of education have granted a charter. The District has two charter schools, Arco Iris Spanish Immersion Charter School and Hope Chinese Charter School, in operation during the 2017-18 fiscal year.

Arco Iris has completed its eighth year of operations. The school educates 310 full-time students in grades 1-8 and has renewed its charter through 2021-22. The school reports net position of \$213,490 as of June 30, 2017.

Hope Chinese has completed its sixth year of operations. The school educates 194 full time students in grades K-5, and has renewed its charter through 2022-23. The school reports net position of \$692,232 as of June 30, 2017.

INDEPENDENT AUDIT

The Beaverton School District's financial statements have been audited by Grove, Mueller & Swank, P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the District for the fiscal year ended June 30, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall basic financial statement presentation. The independent auditor concluded, based upon their audit, that there was a reasonable basis for rendering an unmodified ("clean") opinion that the District's basic financial statements for the fiscal year ended June 30, 2018, are fairly presented in all material respects in conformity with U.S. GAAP. The independent auditor's report is presented as the first component of the Financial Section of this report.

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

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Beaverton School District for its Comprehensive Annual Financial Report for the year ended

June 30, 2017. This was the thirty-seventh consecutive year the District has received this prestigious award. In order to be awarded a Certificate of Achievement, the District published an easily readable and efficiently organized Comprehensive Annual Financial Report. This report complies with both generally accepted accounting principles and applicable legal requirements.

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

In addition, the Association of School Business Officials International (ASBO) awarded its Certificate of Excellence in Financial Reporting to Beaverton School District for its Comprehensive Annual Financial Report for the year ended June 30, 2017. The District has received this prestigious award for thirty-six consecutive years.

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

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

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

Respectfully submitted,



Don Grotting
Superintendent of Schools



Gayellyn Jacobson
Chief Financial Officer



Government Finance Officers Association

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

Presented to

**Beaverton School District
Oregon**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Beaverton School District

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2017.**

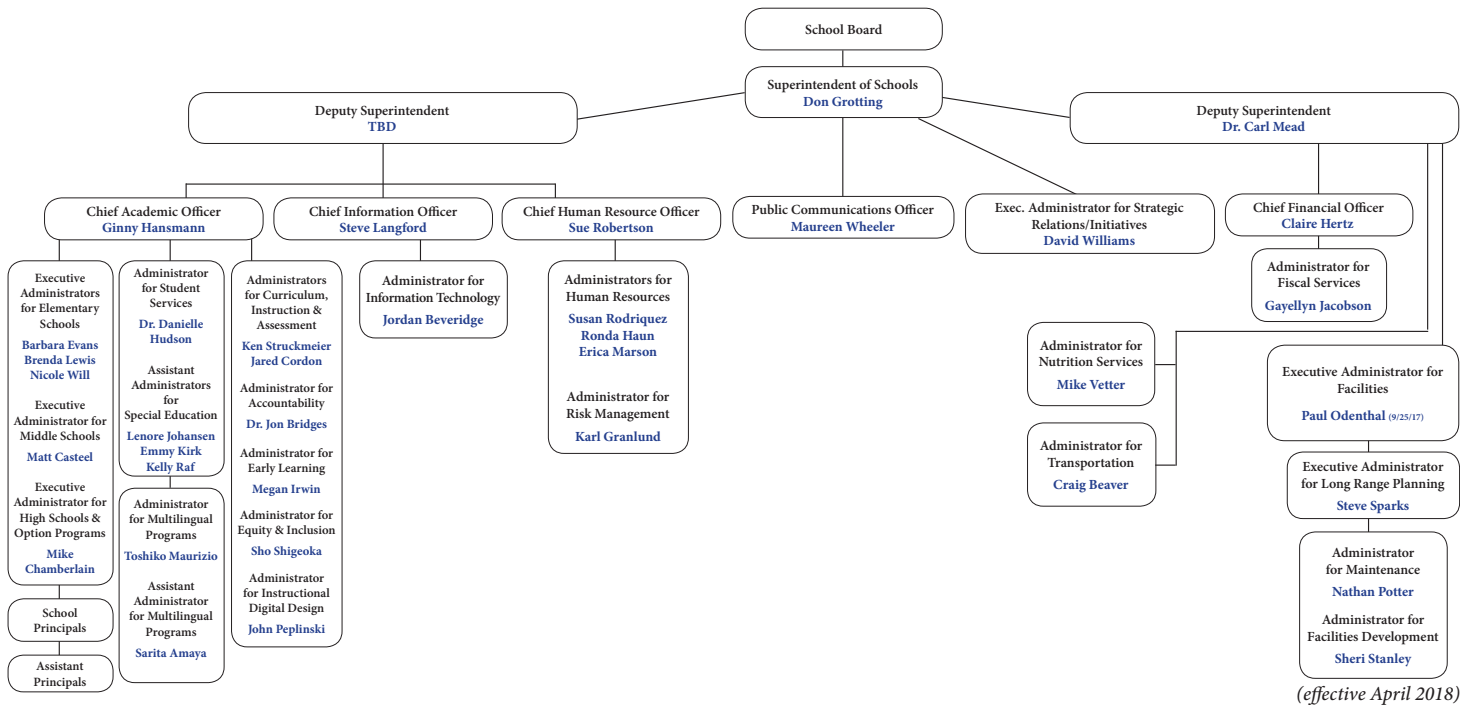
The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards.



Charles E. Peterson, Jr., SFO, RSBA, MBA
President

John D. Musso, CAE
Executive Director

Organizational Chart 2017-2018



BEAVERTON SCHOOL DISTRICT Appointed and Elected Officials

Administrative Office

16550 SW Merlo Road
Beaverton, Oregon 97003

Don Grotting
Carl Mead
Steve Phillips
Ginny Hansmann

Superintendent and Clerk
Deputy Superintendent
Deputy Superintendent (FY 2017-18)
Deputy Superintendent (FY 2018-19)

School Board as of June 30, 2018

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

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

The above Board Members receive mail at the address below:

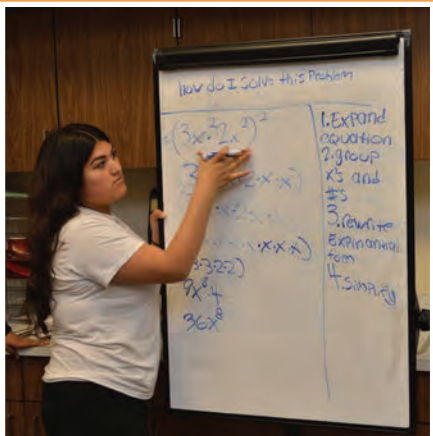
Beaverton School District
16550 SW Merlo Road
Beaverton, Oregon 97003



FINANCIAL SECTION

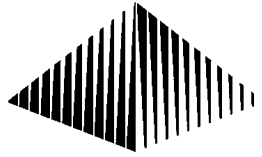


WE
EXPECT
EXCELLENCE



INDEPENDENT AUDITOR'S REPORT





GROVE, MUELLER & SWANK, P.C.

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

INDEPENDENT AUDITOR'S REPORT

School Board
Beaverton School District
Beaverton, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Beaverton School District, Washington County, Oregon (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Beaverton School District, Washington County, Oregon as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter – Change in Accounting Principle

As discussed in notes to the basic financial statements, as of and for the year ended June 30, 2018, the District adopted new accounting guidance in implementing Government Accounting Standards Board Statement (GASBS) No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A), and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information (except as mentioned in the following paragraph) in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The combining schedule and budgetary comparison information presented as required supplementary information, as listed in the table of contents, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, other financial schedules, and statistical section, are presented for purposes of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal, state and local awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules, other financial schedules and the schedule of expenditures of federal, state and local awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Reports on Other Legal and Regulatory Requirements


Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Other Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 26, 2018, on our consideration of the District's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

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

By: 
Larry E. Grant, A Shareholder
November 26, 2018



MANAGEMENT'S DISCUSSION AND ANALYSIS



**BEAVERTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

As management of Beaverton School District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our Transmittal Letter, which can be found on pages i - vi of this report.

NEW ACCOUNTING STANDARDS IMPLEMENTED

The District implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB No. 75), Statement 81, *Irrevocable Split-Interest Agreements* (GASB No. 81), Statement No. 82, *Omnibus 2017* (GASB No. 82), and GASB Statement No. 86, *Certain Debt Extinguishment Issues* (GASB No. 86) in fiscal year 2017-18. The District anticipates no financial impact as a result of implementing GASB 81, GASB 82, and GASB 86. The District restated net position as a result of implementing GASB 75. Additional information can be found in Footnote 18 and 19 of the financial statements.

FINANCIAL HIGHLIGHTS

- In the government-wide statements, the liabilities and deferred inflows of resources exceeded the assets and deferred outflows of resources of the by \$29.7 million (net position).
- The District's total net position decreased by \$41.3 million for the fiscal year, which includes a change of \$31.5 for activity that occurred in the current year and a decrease of \$9.8 million due to restatement of the prior period net position.
- The District's governmental funds report combined ending fund balance of \$362.4 million, an decrease of \$97.1 million from the prior year. Approximately 8.2 percent of this total amount, \$29.7 million, is unassigned, available for appropriation at the District's discretion. The remaining fund balances are either nonspendable, restricted or committed: \$296.6 million for use on capital projects, \$2.2 million for debt service and the balance of \$33.9 million for other purposes.
- At the end of the current fiscal year, the unrestricted fund balance (the total of the committed and unassigned components of fund balance) for the General Fund was \$52.5 million, or about 11.8 percent of total General Fund revenue.
- Total cost of all the District's programs was \$594.0 million for the fiscal year, an increase of \$42.4 million (7.7 percent) from the prior year.
- The District's total outstanding long-term debt decreased \$50.6 million (4.3 percent) during the 2017-18 fiscal year due to debt service payments and amortization of premiums.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

**BEAVERTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)**

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. The *Statement of Net Position* focuses on resources available for future operations. In simple terms, this statement presents a snapshot view of what the District owns (assets), what it owes (liabilities), and the net difference (net position). Net position may be further separated into amounts restricted for specific purposes and unrestricted amounts. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities. The *Statement of Activities* presents information showing how the net position of the District changed over the year by tracking revenues, expenses and other transactions that increase or reduce net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

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

Governmental funds. The *governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are reconciled to the government-wide Statements of Net Position and Activities.

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

**BEAVERTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)**

funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided as Other Supplementary Information.

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

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

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

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

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

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

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

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

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 32 - 66 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *Required Supplementary Information (RSI)* including budget to actual presentations for required major funds. This information can be found on pages 69 - 73 of this report. *Other Supplementary Information*, presented on pages 77 - 120, includes combining statements for the nonmajor governmental funds, budgetary comparison for nonmajor and other funds, and other financial schedules.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, its liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by \$29.7 million at June 30, 2018.

**BEAVERTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)**

Capital assets, which consist of the District's land, buildings, building improvements, construction in progress, vehicles and equipment, represent 67.3 percent of total assets.

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

The District's largest liability (91.8 percent) is for the repayment of long-term debt and obligations including post-employment benefit obligations, the PERS net pension obligation, and all general obligation and limited tax pension obligation bonds due in more than one year. Other liabilities, representing about 8.2 percent of the District's total liabilities, consist principally of the debt and obligations due within one year, capital leases due within one year, payables on accounts, and accrued salaries and benefits.

Most of the District's net position (\$290.8 million) reflects its investment in capital assets (e.g. land, buildings, vehicles and equipment), less any related debt used to acquire those assets that is still outstanding and unspent bond proceeds. The District uses these capital assets to provide services to students and other District residents; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources (generally property taxes), since the capital assets themselves cannot be used to liquidate these liabilities.

The District's restricted net position (\$3.5 million) reflects resources that are subject to external restrictions on how they may be used. The remaining balance in net position (negative \$324.0 million) is unrestricted.

Beaverton School District Net Position			
	Governmental Activities		
	June 30, 2017	June 30, 2018	Increase / (Decrease)
Capital assets	\$ 839,537,137	\$ 917,764,280	\$ 78,227,143
Current and other assets	563,781,726	446,473,991	(117,307,735)
Total assets	1,403,318,863	1,364,238,271	(39,080,592)
Deferred outflows of resources	236,826,672	179,283,306	(57,543,366)
Total assets and deferred outflows of resources	1,640,145,535	1,543,521,577	(96,623,958)
Long-term liabilities	1,473,322,990	1,430,914,710	(42,408,280)
Other liabilities	144,410,839	128,013,896	(16,396,943)
Total liabilities	1,617,733,829	1,558,928,606	(58,805,223)
Deferred inflows of resources	10,775,172	14,244,449	3,469,277
Total liabilities and deferred inflows of resources	1,628,509,001	1,573,173,055	(55,335,946)
Net position:			
Net investment in capital assets	268,188,162	290,846,498	22,658,336
Restricted	3,748,594	3,532,119	(216,475)
Unrestricted	(260,300,222)	(324,030,095)	(63,729,873)
Total net position	\$ 11,636,534	\$ (29,651,478)	\$ (41,288,012)

BEAVERTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)

The District's overall financial position changed as indicated by a decrease of \$41.3 million in net position, which includes a change of \$31.5 for activity that occurred in the current year and a decrease of \$9.8 million due to restatement of the prior period net position. Unrestricted net position decreased by \$63.7 million due mainly to the change in the PERS net pension liability. At the same time, the District's investment in capital assets, net of related debt, increased by \$22.7 million due principally to payment of related debt during the year.

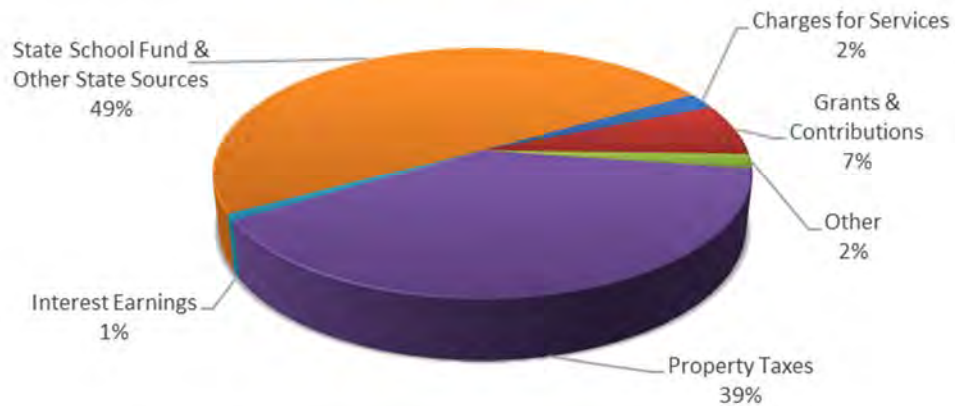
Governmental activities. During the 2017-18 fiscal year, the District's net position decreased by \$41.3 million. The key elements in this change are the following:

Beaverton School District				
Changes in Net Position				
Year Ended June 30,				
	<u>Governmental Activities</u>		<u>Increase /</u>	
	<u>2017</u>	<u>2018</u>	<u>(Decrease)</u>	
Revenues:				
Program revenues:				
Charges for services	\$ 11,891,285	\$ 11,716,641	\$	(174,644)
Operating grants and contributions	30,565,670	37,291,667		6,725,997
Capital grants and contributions	361,917	472,169		110,252
General revenues:				
Property taxes	178,771,515	187,038,021		8,266,506
Local option taxes	28,882,071	31,005,163		2,123,092
Construction excise tax	3,829,430	3,217,459		(611,971)
State school fund	231,739,269	258,157,569		26,418,300
Other state and local sources	19,779,176	21,452,058		1,672,882
Earnings on investments	2,351,393	4,943,574		2,592,181
Miscellaneous	2,516,646	7,232,558		4,715,912
Total revenues	<u>510,688,372</u>	<u>562,526,879</u>		<u>51,838,507</u>
Expenses:				
Instruction	334,402,483	354,196,558		19,794,075
Support services	172,910,114	190,885,022		17,974,908
Enterprise and community services	14,011,447	14,904,678		893,231
Interest on long-term debt	30,307,560	34,035,456		3,727,896
Total expenses	<u>551,631,604</u>	<u>594,021,714</u>		<u>42,390,110</u>
Increase (decrease) in net position	(40,943,232)	(31,494,835)		9,448,397
Net position – July 1 (as restated)	<u>52,579,766</u>	<u>1,843,357</u>		<u>(50,736,409)</u>
Net position – June 30	<u>\$ 11,636,534</u>	<u>\$ (29,651,478)</u>	<u>\$</u>	<u>(41,288,012)</u>

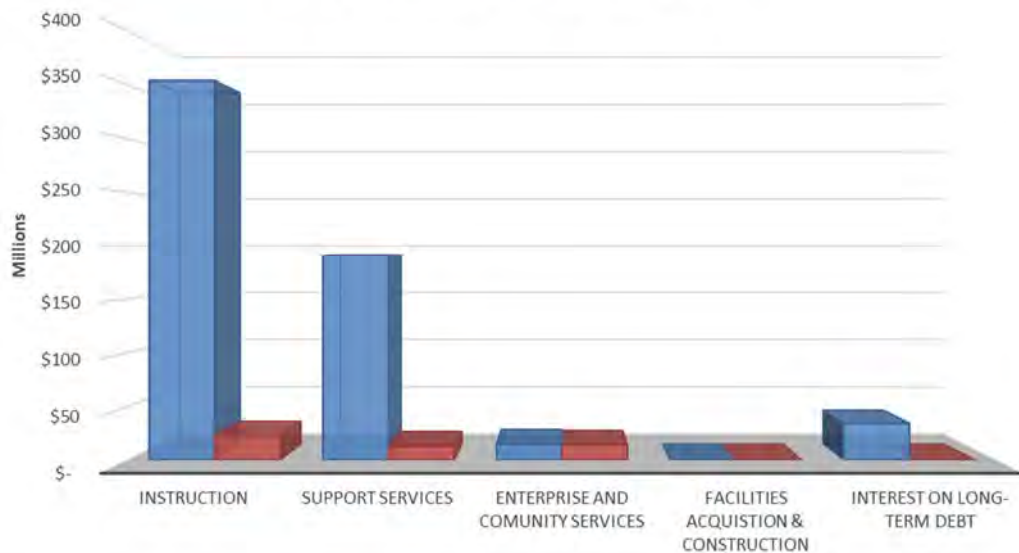
- Program revenues increased by \$6.7 million in 2017-18 as a combination of a decrease of \$175 thousand in charges for services and an increase of \$6.8 million in grants and contributions.
- General revenues increased by \$45.2 million in 2017-18 largely due to increases from local property taxes and state school fund.

**BEAVERTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)**

**Revenues by Source -
Governmental Activities**



**Expense and Program Revenues -
Governmental Activities**



**BEAVERTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

At June 30, 2018, the District's governmental funds reported combined ending fund balances of \$362.4 million, a decrease of \$97.1 million in comparison with the prior year. Approximately \$332.7 million (91.8 percent) of the ending fund balances constitutes *nonspendable, restricted or committed balances*. Restricted or committed ending fund balances are constrained to specific purposes by bondholders or the governing body. Another \$29.7 million (8.2 percent) of the ending fund balances are unassigned and available for spending at the District's discretion. Of the fund balance, \$296.6 million or 81.8 percent is designated for capital projects, as authorized by voters and the Board, and an additional \$2.2 million (0.6 percent) is dedicated for debt service obligations.

General Fund. The General Fund is the chief operating fund of the District. As of June 30, 2018, committed fund balance was \$22.9 million to fund early retirement payments, long-term planning needs, and a stability fund. As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund revenues. At the end of the fiscal year, the General Fund balance was 11.8 percent of General Fund revenues. The fund balance decreased by \$7.3 million due to increased budgeted expenditures.

Debt Service Fund. The Debt Service Fund has a total fund balance of \$2.2 million, all of which is set aside for the payment of debt service. The fund balance stayed stable during the current year, with a net increase of \$42 thousand.

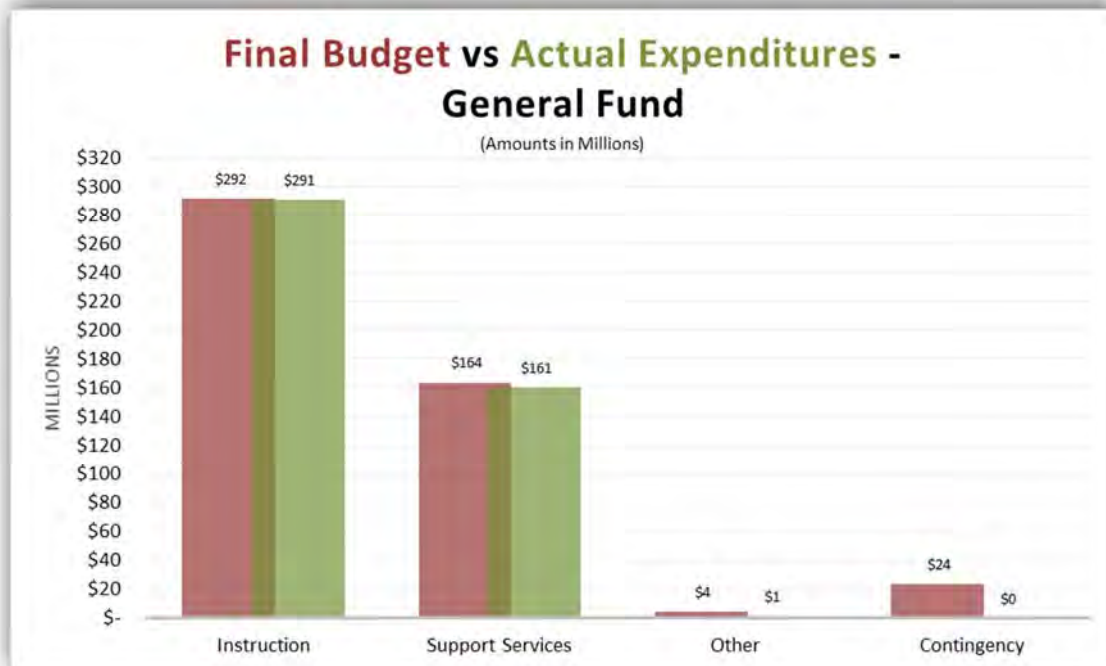
Capital Projects Fund. The Capital Projects Fund has a total fund balance of \$296.6 million, all of which is dedicated for ongoing capital projects. Capital expenditures reflect costs incurred as part of the Long Range Facilities Plan. All of the Capital Projects Fund balance is restricted or committed for capital improvements and repairs.

GENERAL FUND BUDGETARY HIGHLIGHTS

Original budget compared to final budget. During the year, there were two supplemental budgets with additional appropriations that were adopted for 2017-18.

Final budget compared to actual results. The most significant difference between estimated revenue and actual revenue was State and Local Sources. Estimated revenues were \$278.3 million and actual revenue was \$277.2 million with a difference of \$1.2 million. The decrease of the revenue source was attributed to a change in the common school fund revenues compared to estimates.

**BEAVERTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)**



CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The District's investment in capital assets includes land, buildings and improvements, vehicles and equipment, and construction in progress. As of June 30, 2018, the District had approximately \$917.8 million invested in capital assets, net of depreciation, as shown in the following table:

Beaverton School District Accumulated Capital Assets (net of accumulated depreciation)			
	June 30, 2017	June 30, 2018	Increase (Decrease)
Land	\$ 63,208,802	\$ 71,449,746	\$ 8,240,944
Buildings and improvements	521,369,574	774,132,908	252,763,334
Vehicles and equipment	22,114,384	25,416,119	3,301,735
Construction in progress	232,844,377	46,765,507	(186,078,870)
Total capital assets, net of related accumulated depreciation	<u>\$ 839,537,137</u>	<u>\$ 917,764,280</u>	<u>\$ 78,227,143</u>

Additional information regarding the District's capital assets can be found in Note 8 on page 44 of this report.

**BEAVERTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)**

Long-term debt. At the end of the current fiscal year, the District had total long-term debt outstanding of \$1,117 million, of the total \$1,119.6 million outstanding debt. The debt consisted of general obligation bonds, full faith and credit obligation bonds, pension obligation bonds, capital leases and unamortized premium.

State statutes limit the amount of general obligation debt a school district may issue to 7.95 percent of its total real market value. The current debt limit is \$3.69 billion, which is significantly in excess of the District's outstanding general obligation debt.

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

Additional information on the District's long-term debt can be found in Notes 9 and 10 on pages 44 - 49 of this report.

Beaverton School District Outstanding Debt (in thousands)			
	June 30, 2017	June 30, 2018	Increase (Decrease)
General obligation bonds	\$ 832,135	\$ 800,970	\$ (31,165)
Pension obligation bonds	215,470	203,740	(11,730)
Full faith and credit obligation bonds	18,115	17,455	(660)
Unamortized premium	101,872	94,836	(7,036)
Capital leases	2,574	2,607	33
	<u>\$ 1,170,165</u>	<u>\$ 1,119,608</u>	<u>\$ (50,557)</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Resources supporting District General Fund operations primarily reflect local and state revenues, with additional income representing federal, county and other sources. The largest segment is determined by the State School Fund formula. The majority of funding provided by the State to the District is based on the District's average daily membership of students. Total student enrollment in 2017-18 increased from 2016-17. Slow continual growth trends are projected to continue in future years.

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

The 2018-19 budget was based on a K-12 state funding level of \$8.2 billion, which is about 11% higher than the legislatively approved 2015-17 K-12 funding level. Local voters approved a local option levy in 2013-14 and it was renewed by the voters in the May 2018 election. This has restored 300 teaching positions reduced in previous years and will continue through June of 2023 to support additional classroom teachers in an effort to reduce class sizes.

In June 2018, the board adopted the District budget for the fiscal year 2018-19. The adopted budget for the General Fund for the year ending June 30, 2019 is \$488.3 million.

**BEAVERTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)**

The School Board has set policy that the District will target 5 percent of annual operating revenues as ending fund balance and an additional 5 percent to a rainy-day fund reserve. The District will also budget an annual operating contingency equal to 5 percent of budgeted revenues. The 2018-19 beginning fund balance meets board policy requirements.

REQUESTS FOR INFORMATION

This financial report is designed to present the user (citizens, taxpayers, investors, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the District's Finance Manager at 16550 SW Merlo Road, Beaverton, Oregon 97003.

BASIC FINANCIAL STATEMENTS



BEAVERTON SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

ASSETS:

Cash and investments	\$	424,931,438
Receivables		20,009,798
Inventories		515,050
OPEB net asset - RHIA		1,017,705
Capital assets not being depreciated:		
Land		71,449,746
Construction in progress		46,765,507
Capital assets, net of accumulated depreciation:		
Buildings and improvements		774,132,908
Vehicles and equipment		25,416,119
TOTAL ASSETS		1,364,238,271

DEFERRED OUTFLOWS OF RESOURCES:

Deferred amount on refunding		645,480
PERS deferred outflows		175,955,715
OPEB deferred outflows		2,682,111
TOTAL DEFERRED OUTFLOWS OF RESOURCES		179,283,306

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

1,543,521,577

LIABILITIES:

Accounts payable		22,847,784
Accrued salaries and benefits		45,726,181
Accrued interest payable		4,772,146
Unearned revenue		2,887,555
Accrued claims losses		2,690,000
Other accrued liabilities		2,507,218
Capital leases payable - due within one year		1,007,620
General obligation and full faith and credit obligation bonds - due within one year		33,075,392
Bonds payable - limited tax pension obligation bonds - due within one year		12,500,000
Capital leases payable - due in more than one year		1,599,571
General obligation and full faith and credit obligation bonds - due in more than one year		880,185,839
Bonds payable - limited tax pension obligation bonds - due in more than one year		191,240,000
PERS net pension liability		328,358,025
OPEB total liability - PHIS		29,531,275
TOTAL LIABILITIES		1,558,928,606

DEFERRED INFLOWS OF RESOURCES:

PERS deferred inflows		12,015,611
OPEB deferred inflows		2,228,838
TOTAL DEFERRED INFLOWS OF RESOURCES		14,244,449

TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES

1,573,173,055

NET POSITION:

Net investment in capital assets		290,846,498
Restricted for student body		3,532,119
Unrestricted		(324,030,095)
TOTAL NET POSITION	\$	(29,651,478)

BEAVERTON SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Regular programs	\$ 261,781,198	\$ 5,270,449	\$ 6,045,650	\$ -	\$ (250,465,099)
Special programs	90,816,316	-	11,110,441	-	(79,705,875)
Summer school programs	1,599,044	-	485,873	-	(1,113,171)
Student support services	43,245,977	-	3,783,505	-	(39,462,472)
Instructional staff support	21,579,054	-	1,778,375	-	(19,800,679)
General administration support	2,233,419	-	-	-	(2,233,419)
School administration	36,716,727	-	-	-	(36,716,727)
Business support services	62,356,966	1,213,871	4,948,714	472,169	(55,722,212)
Central activities support	24,743,049	348,175	172,123	-	(24,222,751)
Supplemental retirement program	9,830	-	-	-	(9,830)
Food services	14,889,225	4,884,146	8,953,030	-	(1,052,049)
Community services	15,453	-	13,956	-	(1,497)
Interest on long-term debt	34,035,456	-	-	-	(34,035,456)
Total governmental activities	<u>\$ 594,021,714</u>	<u>\$ 11,716,641</u>	<u>\$ 37,291,667</u>	<u>\$ 472,169</u>	<u>(544,541,237)</u>
General revenues:					
Property taxes levied for general purposes					128,140,820
Local option taxes levied for general purposes					31,005,163
Property taxes levied for debt service					58,897,201
Construction excise tax					3,217,459
State school fund - general support					258,157,569
Common school fund					4,191,413
Unrestricted state and local sources					17,260,645
Earnings on investments					4,943,574
Gain on sale of capital asset					298,016
Miscellaneous					<u>6,934,542</u>
Total general revenues					<u>513,046,402</u>
CHANGE IN NET POSITION					(31,494,835)
NET POSITION, July 1, 2017 as originally reported					11,636,534
Restatement (see Note 19)					<u>(9,793,177)</u>
NET POSITION, July 1, 2017 as restated					<u>1,843,357</u>
NET POSITION, June 30, 2018					<u>\$ (29,651,478)</u>

The notes to basic financial statements are an integral part of this statement.

BEAVERTON SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
ASSETS					
Equity in pooled cash and investments	\$ 89,781,644	\$ 330,566	\$ 311,476,243	\$ 13,824,124	\$ 415,412,577
Cash with fiscal agent	2,035	125,124	300,000	-	427,159
Receivables	3,889,728	162,803	3,383,170	5,432,693	12,868,394
Property taxes receivable	5,129,275	1,992,348	-	-	7,121,623
Due from other funds	2,296,860	1,348,058	-	-	3,644,918
Inventories	-	-	-	515,050	515,050
TOTAL ASSETS	\$ 101,099,542	\$ 3,958,899	\$ 315,159,413	\$ 19,771,867	\$ 439,989,721
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND					
FUND BALANCES					
Liabilities:					
Accounts payable	\$ 5,035,440	\$ -	\$ 16,404,371	\$ 654,005	\$ 22,093,816
Accrued salaries and benefits	37,558,925	-	72,674	2,328,152	39,959,751
Due to other funds	1,500,126	-	3,484	2,406,781	3,910,391
Unearned revenue	-	-	-	2,887,555	2,887,555
Other liabilities	6,098	-	2,115,066	386,054	2,507,218
TOTAL LIABILITIES	44,100,589	-	18,595,595	8,662,547	71,358,731
Deferred Inflows of Resources:					
Unavailable revenue - property taxes	4,486,927	1,759,310	-	-	6,246,237
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	48,587,516	1,759,310	18,595,595	8,662,547	77,604,968
Fund Balances:					
Nonspendable					
Inventories	-	-	-	515,050	515,050
Restricted					
Debt Service Fund	-	561,085	-	-	561,085
Capital Projects Fund	-	-	288,305,160	-	288,305,160
Student Body Fund	-	-	-	3,532,119	3,532,119
Committed					
Debt Service Fund	-	1,638,504	-	-	1,638,504
Capital Projects Fund	-	-	8,258,658	-	8,258,658
Special Purpose Fund	-	-	-	1,110,005	1,110,005
Categorical Fund	-	-	-	2,705,099	2,705,099
Nutrition Services Fund	-	-	-	3,247,047	3,247,047
Pension Fund	61,970	-	-	-	61,970
Long-term Planning Fund	22,790,054	-	-	-	22,790,054
Unassigned	29,660,002	-	-	-	29,660,002
TOTAL FUND BALANCES	52,512,026	2,199,589	296,563,818	11,109,320	362,384,753
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 101,099,542	\$ 3,958,899	\$ 315,159,413	\$ 19,771,867	\$ 439,989,721

BEAVERTON SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2018

TOTAL FUND BALANCES		\$	362,384,753
Capital assets are not financial resources and therefore are not reported in the governmental funds:			
Cost	\$	1,206,583,217	
Accumulated depreciation		<u>(288,818,937)</u>	917,764,280
A portion of the District's revenues are collected after year-end, but are not available soon enough to pay for the current year's operations, and therefore are not reported in the governmental funds.			
			6,246,237
Internal service funds are used by the District to charge the costs of insurance premiums and claims to the individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.			
			5,899,335
Compensated absences are reported when earned as a liability in the Statement of Net Position while in the governmental funds only the portion that requires the use of current financial resources is reported as a liability.			
			(5,732,777)
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest on long-term debt and capital lease is not accrued in the governmental funds, but rather is recognized as an expenditure when due. These liabilities consist of:			
Accrued interest payable		(4,772,146)	
Bonds payable and unamortized premium		(1,117,001,231)	
Capital leases payable		<u>(2,607,191)</u>	(1,124,380,568)
Long-term pension assets / liabilities not payable in the current year are not reported as governmental fund liabilities. Actuarial changes create deferred outflows and inflows of resources. These consist of:			
PERS net pension liability		(328,358,025)	
PERS deferred outflow of resources		175,955,715	
PERS deferred inflows of resources		<u>(12,015,611)</u>	(164,417,921)
In 2015-16 bond refunding, a larger amount paid to the escrow agent than the premiums of the bonds being refunded that was recorded as interest expense. This deferred outflow of resources is recognized based on the schedule of maturities of the refunded bonds.			
			645,480
Long-term other postemployment benefits obligation assets / liabilities not payable in the current year are not reported as governmental fund liabilities. Actuarial changes create deferred outflows and inflows of resources. These consist of:			
Total OPEB asset		1,017,705	
Total OPEB liability		(29,531,275)	
OPEB deferred outflow of resources		2,682,111	
OPEB deferred inflows of resources		<u>(2,228,838)</u>	(28,060,297)
TOTAL NET POSITION		\$	<u><u>(29,651,478)</u></u>

BEAVERTON SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
REVENUES:					
Property taxes	\$ 130,772,599	\$ 58,897,201	\$ -	\$ -	\$ 189,669,800
Local option levy	31,005,163	-	-	-	31,005,163
Construction excise tax	-	-	3,217,459	-	3,217,459
State and local sources	277,208,985	-	-	8,649,941	285,858,926
Federal sources	-	-	-	24,170,167	24,170,167
Charges for services	2,985,139	-	-	8,422,125	11,407,264
Rentals	904,652	-	26,730	4,976	936,358
Investment earnings	1,486,339	470,989	2,801,327	85,175	4,843,830
Contributions and donations	38,813	-	2,149,002	3,024,445	5,212,260
Services to other funds	-	20,374,626	-	-	20,374,626
Recovery of prior years' expenditures	229,367	-	4,773,963	1,150	5,004,480
Other	1,128,550	-	472,169	1,391,865	2,992,584
Total revenues	445,759,607	79,742,816	13,440,650	45,749,844	584,692,917
EXPENDITURES:					
Current:					
Instruction	290,977,430	-	-	19,516,109	310,493,539
Support services	161,744,729	-	2,243,151	6,791,384	170,779,264
Enterprise and community services	-	-	-	14,045,480	14,045,480
Facilities acquisition and construction	84,790	-	100,690,912	4,917,524	105,693,226
Debt service					
Principal	942,547	43,554,513	-	-	44,497,060
Interest	75,842	37,450,611	-	-	37,526,453
Total expenditures	453,825,338	81,005,124	102,934,063	45,270,497	683,035,022
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(8,065,731)	(1,262,308)	(89,493,413)	479,347	(98,342,105)
OTHER FINANCING SOURCES (USES):					
Sale of or compensation for loss of capital assets	-	-	277,750	-	277,750
Transfers in	1,919,285	1,304,800	-	4,820	3,228,905
Transfers out	(2,088,979)	-	(1,135,106)	(4,820)	(3,228,905)
Proceeds from capital leases	976,104	-	-	-	976,104
TOTAL OTHER FINANCING SOURCES (USES)	806,410	1,304,800	(857,356)	-	1,253,854
NET CHANGE IN FUND BALANCES	(7,259,321)	42,492	(90,350,769)	479,347	(97,088,251)
FUND BALANCE, July 1, 2017	59,771,347	2,157,097	386,914,587	10,629,973	459,473,004
FUND BALANCE, June 30, 2018	\$ 52,512,026	\$ 2,199,589	\$ 296,563,818	\$ 11,109,320	\$ 362,384,753

BEAVERTON SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018

NET CHANGE IN FUND BALANCES \$ (97,088,251)

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

Governmental funds report capital outlay as expenditures. In the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

This is the amount by which capital outlay exceeded depreciation in the current period:

Net change in capital assets	\$ 99,226,762	
Less net change in accumulated depreciation	<u>(20,999,619)</u>	78,227,143

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

Net change in PERS net pension liability / asset	8,067,349	
Net change in deferred outflow of resources	(59,584,620)	
Net change in deferred inflow of resources	<u>(1,240,439)</u>	(52,757,710)

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

Debt principal repaid	43,554,513	
Amortization expense	7,035,945	
Capital lease issued	(976,104)	
Capital lease debt principal repaid	<u>942,547</u>	50,556,901

In refunding bonds, the amount of new bonds in excess of the refunded bonds is a deferred outflow of resources for the Statement of Activities, whereas it is recorded as an interest expense in the year of refunding. (640,857)

In the Statement of Activities, interest is accrued on long-term debt, whereas in the governmental funds it is recorded as an interest expenditure when due. (2,904,091)

Certain revenues that do not meet the measurable and available criteria are not recognized in the current year in the governmental funds. In the Statement of Activities, they are recognized as revenue when earned. (2,631,779)

Internal service funds are used by the District to charge the costs of insurance premiums and claims to the individual funds. The net income is reported with governmental activities. (1,757,137)

Compensated absences are recognized as an expenditure in the governmental funds when they are paid. In the Statement of Activities compensated absences are recognized as an expense when earned. (2,404,888)

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

Net change in total OPEB liability / asset	2,128,449	
Net change in deferred outflow of resources	6,223	
Net change in deferred inflow of resources	<u>(2,228,838)</u>	(94,166)

CHANGE IN NET POSITION \$ (31,494,835)

BEAVERTON SCHOOL DISTRICT
STATEMENT OF NET POSITION
 PROPRIETARY FUNDS - INTERNAL SERVICE FUNDS
 JUNE 30, 2018

ASSETS

Current assets:

Cash and cash equivalents	\$ 9,091,702
Receivables	19,781
Due from other funds	<u>266,542</u>

TOTAL ASSETS	<u><u>9,378,025</u></u>
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LIABILITIES

Current liabilities:

Accounts payable	753,968
Accrued claims losses	2,690,000
Accrued salaries and benefits	33,653
Due to other funds	<u>1,069</u>

TOTAL LIABILITIES	<u><u>3,478,690</u></u>
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NET POSITION

Unrestricted	<u>5,899,335</u>
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TOTAL NET POSITION	<u><u>\$ 5,899,335</u></u>
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BEAVERTON SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS - INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2018

OPERATING REVENUES:

Services to other funds	\$ 3,720,966
Recovery of prior years' expenditures	399,357
Other	63,515

TOTAL OPERATING REVENUES	4,183,838
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OPERATING EXPENSES:

Losses and claims	2,249,199
Insurance premiums and assessments	1,988,343
Salaries and benefits	1,124,085
Services, supplies and materials	522,837
Facilities acquisition and construction	156,256

TOTAL OPERATING EXPENSES	6,040,720
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OPERATING INCOME (LOSS)	(1,856,882)
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NONOPERATING REVENUE:

Investment earnings	99,745
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TOTAL NONOPERATING REVENUES	99,745
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CHANGE IN NET POSITION	(1,757,137)
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NET POSITION, July 1, 2017	7,656,472
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NET POSITION, June 30, 2018	\$ 5,899,335
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BEAVERTON SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:

Received from interfund services provided	\$ 3,759,081
Received from recovery of prior years' expenditures	399,357
Paid for goods and services	(2,183,482)
Paid to claimants	(2,223,469)
Paid to employees	(1,065,085)

NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES (1,313,598)

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest received	99,745
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NET CASH FLOWS FROM INVESTING ACTIVITIES 99,745

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (1,213,853)

CASH AND CASH EQUIVALENTS, July 1, 2017 10,305,555

CASH AND CASH EQUIVALENTS, June 30, 2018 \$ 9,091,702

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

Operating income (loss)	\$ (1,856,882)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Changes in assets and liabilities	
Receivables	(14,848)
Due from other funds	(11,335)
Accounts payable	483,954
Accrued claims losses	59,000
Accrued salaries and benefits	25,730
Due to other funds	783

NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES \$ (1,313,598)

BEAVERTON SCHOOL DISTRICT
STATEMENT OF NET POSITION
 FIDUCIARY FUND - PRIVATE PURPOSE TRUST FUND
 JUNE 30, 2018

ASSETS

Equity in pooled cash and investments	\$ 340,620
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TOTAL ASSETS	<u>340,620</u>
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LIABILITIES

Accounts payable	1,000
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Scholarships payable	<u>34,000</u>
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TOTAL LIABILITIES	<u>35,000</u>
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NET POSITION

Held in trust for:	
Scholarships	<u>305,620</u>

TOTAL NET POSITION	<u>\$ 305,620</u>
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BEAVERTON SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION
 FIDUCIARY FUND - PRIVATE PURPOSE TRUST FUND
 YEAR ENDED JUNE 30, 2018

ADDITIONS:

Contributions and donations	\$	88,933
Investment earnings		3,152
Recovery of prior years' expenditures		<u>1,745</u>
Total additions		<u>93,830</u>

DEDUCTIONS:

Scholarships		<u>52,755</u>
Total deductions		<u>52,755</u>

CHANGE IN NET POSITION		41,075
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NET POSITION, July 1, 2017		<u>264,545</u>
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NET POSITION, June 30, 2018	\$	<u><u>305,620</u></u>
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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Beaverton School District (the District), a consolidation of several districts, was organized under provisions of Oregon Statutes pursuant to ORS Chapter 332 for the purpose of operating elementary and secondary schools. The District is governed by a separately elected seven-member Board which approves the administrative officials. The daily functioning of the District is under the supervision of the Superintendent. As required by generally accepted accounting principles, all activities of the District have been included in the basic financial statements.

The District qualifies as a primary government since it has a separately elected governing body, is a legally separate entity, and is fiscally independent. There are various governmental agencies and special service districts, which provide service within the District's boundaries. However, the District is not financially accountable for any of these entities, and therefore, none of them are considered component units or included in these basic financial statements.

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

Basis of Presentation

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District. These statements include the governmental financial activities of the overall District, except fiduciary activities. Eliminations have been made to minimize the double counting of internal activities, except that interfund services provided and used, are not eliminated in the process of consolidation. Governmental activities are financed primarily through property taxes, intergovernmental revenues, and charges for services.

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

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

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

Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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

Additionally, the District reports the following fund types:

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

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

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

Measurement Focus and Basis of Accounting

Government-wide, internal service, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District receives value without giving equal value in exchange, include state school fund support, property taxes, grants, entitlements and donations. On the accrual basis of accounting, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net positions available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

BEAVERTON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2018

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Property taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and accrued vacation which are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

Cash, Cash Equivalents and Investments

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less. These short-term investments are stated at cost, which approximates fair value.

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

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

Property Taxes Receivable

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

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

BEAVERTON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2018

Accounts and Other Receivables

Accounts and other receivables are comprised primarily of State school support, claims for reimbursement of costs under various federal and state grants, and investment interest. Amounts are periodically reviewed for collectability. At June 30, 2018, no allowance for doubtful accounts is considered necessary.

Grants

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

Inventories

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

Capital Assets

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position or fund balance that applies to a future period(s) so will *not* be recognized as an outflow of resources (expense/expenditure) until that time. The government has three items that arise only under a full accrual basis of accounting that qualify for reporting in this category. The statement of net position reports one type related to the net OPEB liability, one type related to the net PERS pension liability and one type related to bond refunding. These amounts are deferred and recognized as an outflow of resources in the period that the amounts become available.

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

Retirement Plans and Other Post-Employment Benefits

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

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

In addition, the District has other post-employment benefit plans for employees. As a member of PERS, the District contributes to the Retirement Health Insurance Accounts (RHIA) for eligible District employees. This plan was established by the Oregon Legislature. The District also has a Postemployment Health Insurance Subsidy (PHIS) plan that provides postemployment insurance for eligible employees and their spouses. This plan was established by the District in accordance with Oregon Revised Statutes (ORS) 243.303.

The District offers its employees tax deferred annuity plans established pursuant to Section 403(b) and 457(b) of the Internal Revenue Code. Contributions are made through salary reductions from participating employees up to the amounts specified in the Code. The District makes contributions for active administrators as part of their benefit package but is not responsible for any amount postemployment. Employees are immediately vested in their own contributions, any District contributions, and earnings on those contributions. There are no forfeitures on any of these plans. The plans are administered by Carruth Compliance Consulting.

Benefit terms for the active administrators, including contribution requirements, are established in the agreement with the Association of Beaverton School Administrators and may be amended in future agreements. For each employee, the District is required to contribute \$100 per month that may be used to purchase a retirement financial product and to contribute 5% of salary to the 403(b) plan. For the year ended June 30, 2018, the total of these District contributions was \$931,292.

Compensated Absences

It is the District's policy to permit employees to accumulate earned, but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District. All vacation pay is considered to be current as the District policy states that vacation will lapse if not taken within six months following the year end. It is accrued when earned in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only as they come due, for example, as a result of employee resignation and retirements.

Long-Term Debt

In the government-wide financial statements, long-term debt is reported as a liability in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable

BEAVERTON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2018

bond premium or discount. Savings realized from advance refunding of debt are recorded as deferred outflows of resources and amortized over the remaining life of the related defeased debt.

In the fund financial statements, bond premiums and discounts, as well as bond issuance costs, are recognized when incurred and are not deferred. The face amount of the debt issued, premiums received on debt issuances, and discounts are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. All principal and interest debt payments are paid by the Debt Service Fund.

Net Position

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

Net investment in capital assets – consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The District has unspent bond proceeds in the form of cash and investments to fund bond expenditures in subsequent years.

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

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

Use of Estimates

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

Governmental Fund Balances

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

Governmental Fund type fund balances are classified as follows:

Nonspendable – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact. Resources in nonspendable form include inventories, prepaids and deposits, and assets held for resale.

Restricted – Amounts that can be spent only for specific purposes when the constraints placed on the use of these resources are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

BEAVERTON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2018

Committed – Amounts that can be used only for specific purposes determined by a formal action of the School Board. The use of committed funds would be approved by resolution. The School Board can modify or rescind the commitment at any time through an amending resolution.

Assigned - Amounts that are constrained by the District’s intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent is expressed when the School Board approves which resources should be “reserved” during the adoption of the annual budget. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body. The Superintendent and Chief Financial Officer have been granted the authority to assign fund balances, pursuant to School Board Resolution number 13-314.

Unassigned – All amounts not included in other spendable classifications. This residual classification represents fund balance that has not been restricted, committed, or assigned within the General Fund. This classification is also used to report any negative fund balance amounts in other governmental funds.

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

Definitions of Governmental Fund Types

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

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

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

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

Fund Balance Policy

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

BEAVERTON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2018

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budget

A budget is prepared and legally adopted for each governmental fund type, proprietary fund type, and private-purpose trust fund on the modified accrual basis of accounting. The budgetary basis of accounting is the same as accounting principles generally accepted in the United States of America for the governmental fund types and private-purpose trust fund, except capital outlay expenditures, including items below the District's capitalization level, which are budgeted by major function in the governmental fund types. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations.

Appropriations are established at the major function level (instruction, support services, enterprise and community services, facilities acquisition and construction, debt service, operating contingency and transfers) for each fund. The detail budget document, however, is required to contain more specific, detailed information for the aforementioned expenditure categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution.

Supplemental budgets less than 10% of a fund's original budget may be adopted by the Board at a regular meeting. A supplemental budget greater than 10% of a fund's original budget requires hearings before the public, publication in newspapers and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control (major function levels) with Board approval. During the year, there were two supplemental budgets with additional appropriations that were adopted for 2017-18. Appropriations lapse at the end of each fiscal year.

3. CASH AND INVESTMENTS

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

Cash and investments are comprised of the following at June 30, 2018:

Cash with fiscal agent	\$ 427,159
Petty cash	390
Deposits with banks	40,261,974
Investments	384,582,535
	<u>\$ 425,272,058</u>

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

Statement of Net Position	
Cash and investments	\$ 424,931,438
Statement of Net Position - Fiduciary Funds	
Equity in pooled cash and investments	340,620
	<u>\$ 425,272,058</u>

BEAVERTON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2018

At year-end, the District's deposits with various financial institutions had a bank value of \$42,836,409 and a book value of \$40,261,974. All deposits not covered by FDIC insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon. The PFCP is a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected. Barring any exceptions, a bank depository is required to pledge collateral valued at 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized, or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a participating bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities.

Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the District's deposits with financial institutions up to \$250,000 each for the aggregate of all non-interest bearing accounts and the aggregate of all interest bearing accounts at each institution. Deposits in excess of FDIC coverage with institutions with institutions participating in the Oregon Public Funds Collateralization Program (PFCP) are collateralized with securities held by the Federal Home Loan Bank of Seattle in the name of the institution. As of June 30, 2018, \$42,336,409 of the District's bank balances were exposed to custodial credit risk as they were collateralized with securities held by the pledging financial institution's agent, but not in the District's name.

As of June 30, 2018 the District held the following investments and maturities:

Investment Type	Fair Value	Weighted Average Maturity in Years	Percent of Investment Portfolio
U.S. Treasury securities	\$ 36,656,128	0.722	9.5%
U.S. Agency securities	210,099,141	1.079	54.6%
State and local government obligations	1,001,250	1.173	0.3%
Corporate securities	89,213,680	0.765	23.2%
Local Government Investment Pool (LGIP)	47,612,336	0.003	12.4%
	<u>\$ 384,582,535</u>	<u>0.839</u>	<u>100.0%</u>

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

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

BEAVERTON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2018

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

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

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

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

The District's credit risk policy, which adheres to State of Oregon law, is to limit its investments to the following: Issuers within Oregon must be rated "A" (bonds) or A-2 / P-2 (commercial paper) or better by Standard and Poor's, Moody's Investors Service or any other nationally recognized statistical rating organization, issuers not in Oregon must be rated AA / Aa (bonds) or A-1 / P-1 (commercial paper) or better.

At June 30, 2018, the District's investments were rated as follows:

Highest Rating from Moody's Investors Service or Standard & Poor's Corporation

Investment Type	Total	Aaa/AAA	Aa/AA	A/A	Not Rated
U.S. Treasury securities	\$ 36,656,128	\$ 36,656,128	\$ -	\$ -	\$ -
U.S. Agency securities	210,099,141	210,099,141	-	-	-
State and local government obligations	1,001,250	-	1,001,250	-	-
Corporate securities	89,213,680	10,859,070	57,956,204	20,398,406	-
Local Government Investment Pool (LGIP)	47,612,336	-	-	-	47,612,336
	<u>\$ 384,582,535</u>	<u>\$ 257,614,339</u>	<u>\$ 58,957,454</u>	<u>\$ 20,398,406</u>	<u>\$ 47,612,336</u>

The Oregon State Treasurer maintains the Oregon Short-Term Fund, of which the LGIP is a part and is not registered with the U.S. Securities and Exchange Commission. Participation by local governments is voluntary.

BEAVERTON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2018

The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon Statute, funds are invested as a prudent investor would do, exercising reasonable care, skill and caution. The LGIP was created to offer a short-term investment alternative to Oregon local governments. The investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). Separate financial statements for the Oregon Short-Term Fund are available from the Oregon State Treasurer. The State of Oregon LGIP is unrated for credit quality.

The District's policy for investing in individual issuers varies depending on the type of investments. No more than 35% of the total portfolio of investments may be invested in any single U.S. government agency. No more than 10% of the total portfolio may be invested in a single issuer of bankers' acceptances. At the time of purchase, investments in corporate securities of any one issuer may not exceed 5% of the investment portfolio. At June 30, 2018, more than 5% of the District's portfolio was invested in Federal Home Loan Bank Discount Notes, and Federal Home Loan Mortgage Corporation Discount Notes. These investments were 31.7%, and 17.9%, respectively, of the District's total investments.

4. RECEIVABLES

Receivables are comprised of the following as of June 30, 2018:

Account	Amount
Property taxes receivable	
General fund	\$ 5,129,275
Debt service fund	1,992,348
Total property taxes receivable	<u>7,121,623</u>
Grants receivable	
Other governmental funds	5,112,387
Total grants receivable	<u>5,112,387</u>
Interest and other receivables	
General fund	3,889,728
Debt service fund	162,803
Capital projects fund	3,383,170
Other governmental funds	320,306
Internal service funds	19,781
Total interest and other receivables	<u>7,775,788</u>
Total receivables	<u>\$ 20,009,798</u>

BEAVERTON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2018

5. INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances as of June 30, 2018 is as follows:

	Due to Other Funds	Due from Other Funds
General fund	\$ 1,500,126	\$ 2,296,860
Debt service fund	-	1,348,058
Capital projects fund	3,484	-
Other governmental funds	2,406,781	-
Internal service funds	1,069	266,542
Total	<u>\$ 3,911,460</u>	<u>\$ 3,911,460</u>

There is a \$2,296,860 interfund balance in the General Fund to fund reimbursable expenditures in the Grant Fund. The remaining \$1,614,600 interfund balances between funds are the result of payroll accruals at year-end.

6. INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2018 are as follows:

	Transfer In	Transfer Out
General fund	\$ 1,919,285	\$ 2,088,979
Debt service fund	1,304,800	-
Capital projects fund	-	1,135,106
Other governmental funds	4,820	4,820
Total	<u>\$ 3,228,905</u>	<u>\$ 3,228,905</u>

Transfers were made from the Capital Projects Funds to the Debt Service Fund totaling \$1,135,106 and from the General Fund to the Debt Service Fund totaling \$169,694 to pay principal and interest payments on the full faith and credit obligations. Within the General Fund, transfers totaling \$1,919,285 were made between the sub-funds, with funds going into the Long-term Planning Fund. A transfer was made from the Food Service Fund to the Special Purpose Fund totaling \$4,820 for volunteer donations.

7. COMPENSATED ABSENCES

The General Fund is the primary fund where the compensated absences liability is liquidated. Activity for compensated absences for the year ended June 30, 2018, all of which are considered due within one year, as follows:

	Balance June 30, 2017	Additions	Reductions	Balance June 30, 2018
Compensated Absences	<u>\$ 3,327,889</u>	<u>\$ 7,384,827</u>	<u>\$ (4,979,939)</u>	<u>\$ 5,732,777</u>

BEAVERTON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2018

8. CAPITAL ASSETS

Capital assets activity for the year was as follows:

	Balance June 30, 2017	Additions	Reductions	Balance June 30, 2018
Capital assets not being depreciated:				
Land	\$ 63,208,802	\$ 8,240,944	\$ -	\$ 71,449,746
Construction in progress	232,844,377	40,552,751	(226,631,621)	46,765,507
Total capital assets not being depreciated	296,053,179	48,793,695	(226,631,621)	118,215,253
Capital assets being depreciated:				
Buildings and improvements	764,757,443	276,925,443	(4,565,522)	1,037,117,364
Vehicles and equipment	46,545,833	8,015,950	(3,311,183)	51,250,600
Total capital assets being depreciated	811,303,276	284,941,393	(7,876,705)	1,088,367,964
Less accumulated depreciation for:				
Buildings and improvements	(243,387,869)	(22,203,629)	2,607,042	(262,984,456)
Vehicles and equipment	(24,431,449)	(4,453,518)	3,050,486	(25,834,481)
Total accumulated depreciation	(267,819,318)	(26,657,147)	5,657,528	(288,818,937)
Total capital assets being depreciated, net	543,483,958	258,284,246	(2,219,177)	799,549,027
Total capital assets, net	<u>\$ 839,537,137</u>	<u>\$ 307,077,941</u>	<u>\$ (228,850,798)</u>	<u>\$ 917,764,280</u>

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

Regular programs	\$ 13,215,158
Special programs	4,255,984
Summer school programs	89,310
Student support services	2,196,315
Instructional staff support	959,854
General administration support	105,399
School administration	1,921,020
Business support services	2,358,677
Central activities support	1,115,303
Food services	440,046
Community services	81
	<u>\$ 26,657,147</u>

9. CAPITAL LEASES

The District entered into a master lease purchase agreement as lessee for financing the acquisition of teacher computers that qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the net present value of their future minimum lease payments as of the inception date. The computers had a cost of \$3.4 million with an annual payment of \$873,366. Since the computers did not reach the thresholds for

BEAVERTON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2018

capitalization, no capital assets or depreciation was recorded. The capital lease obligations were paid from the General Fund.

The District also entered into a master equity lease agreement as lessee for financing the acquisition of vehicles. The first set of vehicles were delivered in 2017-18 with a total cost of approximately \$976,000 and were capitalized over the life of the lease. The capital lease obligations were paid from the General Fund. As of June 30, 2018, the second set of vehicles had been ordered but not delivered to the District under this agreement, therefore, no accounting entries were recorded.

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2019	\$ 1,007,620	\$ 63,234	\$ 1,070,854
2020	1,023,428	47,426	1,070,854
2021	166,376	31,112	197,488
2022	175,360	22,127	197,487
2023	234,408	12,025	246,433
	<u>\$ 2,607,192</u>	<u>\$ 175,924</u>	<u>\$ 2,783,116</u>

10. LONG-TERM DEBT

Bonds Payable

General Obligation Bonds

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

On April 2, 2009, the District issued \$42,810,000 in General Obligation Bonds, Series 2009 to finance the second phase of capital construction and improvements related to the \$195 million bond measure passed by voters on November 7, 2006. Interest rates on the bonds ranged from 3.00% to 5.00%, payable semiannually in June and December. Final maturity occurred in June 2018.

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

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

BEAVERTON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2018

after June 15, 2023 are subject to redemption prior to maturity at a price of par plus accrued interest on or after June 15, 2022.

On August 7, 2014, the District issued \$20,393,784 in General Obligation Bonds, Series 2014A and \$361,755,000 in General Obligation Bonds, Series 2014B to finance the first phase of capital construction and improvements related to the \$680 million bond measure passed by voters on May 20, 2014. Interest rates on the Series 2014A Bonds range from 0.93% to 2.15%. Interest on the Series 2014B Bonds range from 2.00% to 5.00%. Interest is payable semiannually in June and December. Principal is paid annually in June, with a final maturity in June 2020 and June 2034 for the Series 2014A Bonds and Series 2014B Bonds respectively. The Series 2014B Bonds maturing on or after June 15, 2025 are subject to redemption prior to maturity at a price of par plus accrued interest on or after June 15, 2024.

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

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

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

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

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

Limited Tax Pension Obligation Bonds

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

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

BEAVERTON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2018

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

Full Faith and Credit Obligation Bonds

On March 19, 2009, the District issued \$22,650,000 full faith and credit obligation bonds to provide funds for the construction of the Transportation Service Center, an option school auditorium, bus particulate traps and an option school remodel. Interest rates on the bonds range from 2.50% to 5.13% with a final maturity date of June 1, 2036.

On April 27, 2016, the District issued \$16,260,000 full faith and credit obligation bonds, placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on the old obligations. Interest rates on the 2016 bonds range from 2.00% to 4.00% with a final maturity date of June 1, 2036.

Debt Activity

Long-term debt activity for the year ended June 30, 2018 is as follows:

	Balance June 30, 2017	Additions	Reductions	Balance June 30, 2018	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 832,134,613	\$ -	\$ 31,164,513	\$ 800,970,100	\$ 25,534,593
Pension obligation bonds	215,470,000	-	11,730,000	203,740,000	12,500,000
Full faith & credit obligations	18,115,000	-	660,000	17,455,000	690,000
Unamortized premium	101,872,076	-	7,035,945	94,836,131	6,850,799
Total bonds payable, net	<u>\$ 1,167,591,689</u>	<u>\$ -</u>	<u>\$ 50,590,458</u>	<u>\$ 1,117,001,231</u>	

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

BEAVERTON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2018

The following is a summary of long-term debt transactions of governmental activities for the year ended June 30, 2018:

Issue Date	Original Issue	Principal			Outstanding at June 30, 2018	Interest Rates
		Outstanding at June 30, 2017	Additions	Reductions		
<u>General Obligation Bonds:</u>						
April 2, 2009	\$ 42,810,000	\$ 12,725,000	\$ -	\$ 12,725,000	\$ -	3.0 - 5.0%
August 25, 2011	42,175,000	21,125,000	-	3,120,000	18,005,000	2.0 - 5.0%
December 11, 2012	33,075,000	3,245,000	-	1,615,000	1,630,000	0.4 - 1.7%
December 11, 2012	126,325,000	118,350,000	-	7,045,000	111,305,000	1.8 - 4.0%
August 7, 2014	20,393,784	19,069,348	-	6,659,513	12,409,835	0.9 - 2.2%
August 7, 2014	361,755,000	359,770,000	-	-	359,770,000	2.0 - 5.0%
May 11, 2017	38,990,000	38,990,000	-	-	38,990,000	1.5 - 3.2%
May 11, 2017	76,483,176	76,483,176	-	-	76,483,176	3.6 - 4.1%
May 11, 2017	32,980,000	32,980,000	-	-	32,980,000	5.0%
May 11, 2017	149,397,089	149,397,089	-	-	149,397,089	5.0%
		<u>832,134,613</u>	<u>-</u>	<u>31,164,513</u>	<u>800,970,100</u>	
<u>Limited Tax Pension Obligation Bonds:</u>						
June 21, 2005	189,935,000	144,360,000	-	8,065,000	136,295,000	4.1 - 4.8%
February 26, 2015	79,220,000	71,110,000	-	3,665,000	67,445,000	0.4 - 4.1%
		<u>215,470,000</u>	<u>-</u>	<u>11,730,000</u>	<u>203,740,000</u>	
<u>Full Faith and Credit Obligation Bonds:</u>						
March 19, 2009	22,650,000	1,905,000	-	610,000	1,295,000	2.5 - 5.1%
April 27, 2016	16,260,000	16,210,000	-	50,000	16,160,000	2.0 - 4.0%
		<u>18,115,000</u>	<u>-</u>	<u>660,000</u>	<u>17,455,000</u>	
<u>Total General Obligation and Pension Bonds:</u>		<u>1,065,719,613</u>	<u>-</u>	<u>43,554,513</u>	<u>1,022,165,100</u>	
<u>Unamortized Premium</u>		<u>101,872,076</u>	<u>-</u>	<u>7,035,945</u>	<u>94,836,131</u>	
Total		\$ 1,167,591,689	\$ -	\$ 50,590,458	\$ 1,117,001,231	

Debt Maturities

Future bond maturities are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2019	\$ 38,724,593	\$ 44,174,895	\$ 82,899,488
2020	43,160,242	42,301,557	85,461,799
2021	47,635,000	40,471,591	88,106,591
2022	52,345,000	38,427,933	90,772,933
2023	50,065,000	36,147,683	86,212,683
2024-2028	315,556,304	144,358,925	459,915,229
2029-2033	272,182,412	126,230,689	398,413,101
2034-2038	202,496,549	39,256,888	241,753,437
	<u>\$ 1,022,165,100</u>	<u>\$ 511,370,161</u>	<u>\$ 1,533,535,261</u>

BEAVERTON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2018

Debt Defeased

In April 27, 2016, the District issued \$16,260,000 full faith and credit obligation bonds with interest rates ranging between 2.00% and 4.00%. The District issued the bonds to advance refund \$15,880,000 of the outstanding series 2009 full faith and credit obligation bonds with interest rates ranging between 4.625% and 5.125%. The District used the net proceeds along with other resources to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the 2009 series bonds. As a result, the 2009 series bonds are considered defeased, and the District has removed the liability from its accounts. The trust account assets and the liabilities for the defeased obligations are not included in the District's basic financial statements. At June 30, 2018, the outstanding principal of the defeased bonds is \$15,880,000.

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

11. EARLY RETIREMENT SUPPLEMENT PROGRAM

Early Retirement Plan 2004

Plan description – The District maintained a single-employer early retirement supplement program for its employees. This program covered all full-time certified, classified and eligible administrative personnel of the District who qualified prior to June 30, 2004, when the program was closed. The District does not issue a stand-alone report for this plan. This program was established under separate collective bargaining agreements and provide provisions for early retirement after 30 years of service or age 58 with at least 10 years of continuous District service immediately preceding retirement. For eligible administrators, this optional early retirement program provided the employee with medical benefits until age 62.

Summary of significant accounting policies – The plan is accounted for in the Pension Fund. The District's contributions are recognized when due and a formal commitment to provide the contributions has been made. Plan investments are a part of the District's investment pool, reported at fair value. Benefits and refunds in the Pension Fund are recognized when due and payable in accordance with the terms of the plans. The program completed in 2017-18 and remaining funds will be transferred back to the General Fund in 2018-19.

Funding policy – The benefits from this sunsetted program were fully paid by the District and, consequently, no contributions by employees were required. The District fully funded the obligation in the Pension Fund, which also accounted for the resources and payments of post-employment health care benefits for early retirees. The available committed balance of the Pension Fund at June 30, 2018 is \$61,970. All commitments and obligations have been completed, and the District's total remaining estimated liability for the plan is zero. The remaining funds will be transferred to the General Fund in 2018-19.

Contributions – Contributions were financed by a transfer from the General Fund. A transfer to the Pension Fund of \$500,000 was made in fiscal year 2014 to fully fund this program as well as an additional single-employer early retirement supplement program from 2012. There were also transfers of \$750,000 and \$1,050,000 in fiscal years 2013 and 2012, respectively, to fund both programs. Expenditures were recorded in the Pension Fund on the pay-as-you-go basis. The cost of these benefits for the Plan 2004 in fiscal years 2018, 2017, and 2016 was \$9,830, \$39,736, and \$38,011 respectively.

Program membership for Plan 2004 consisted of 183 retirees receiving benefits at July 1, 2006, the date of the last actuarial valuation. There were two retirees receiving early retirement supplement benefits in fiscal years 2018, 2017, and 2016.

12. PENSION PLAN

Plan Overview Description

The Oregon Public Employees Retirement System (PERS) consists of a single cost-sharing multiple-employer defined benefit plan. All benefits of the system are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Oregon PERS produces an independently audited Comprehensive Annual Financial Report which can be found at:

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

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

Tier One / Tier Two Retirement Benefit Plan is closed to new members hired on or after August 29, 2003.

Pension Benefits – The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, and 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if it results in greater benefits.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

Death Benefits – Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

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

Disability Benefits – A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length

BEAVERTON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2018

of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

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

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

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

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

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

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

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

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

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

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

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2015 actuarial valuation, which became effective July 1, 2017. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments, and their rates have been reduced.

BEAVERTON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2018

Employer contributions for the year ended June 30, 2018 were \$37,341,000 excluding amounts to fund employer specific liabilities. Approximately \$20,374,000 was charged for the year ended June 30, 2018 as PERS benefits expenditures to be used for bond payments as they become due. Approximately \$52,758,000 was recognized as employer pension expense during the reporting period.

At June 30, 2018, the District reported a net pension liability of \$328,358,025 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015, rolled forward to a measurement date of June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the District's proportion was 2.44 percent, which was an increase of 0.20 from its proportion measured as of June 30, 2016.

	Deferred Outflow of Resources	Deferred (Inflow) of Resources	Net
Differences between expected and actual experience	\$ 15,879,534	\$ -	
Changes of assumptions	59,853,810	-	
Net difference between projected and actual earnings on investments	3,382,857	-	
Changes in proportionate share	20,887,504	(6,237,107)	
Differences between employer contributions and employer's proportionate share of system contributions	38,611,010	(5,778,504)	
Subtotal - Amortized Deferrals	138,614,715	(12,015,611)	\$ 126,599,104
District contributions subsequent to measurement date	37,341,000	-	37,341,000
Total deferred outflow (inflow) of resources	<u>\$ 175,955,715</u>	<u>\$ (12,015,611)</u>	<u>\$ 163,940,104</u>

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

Fiscal year ending June 30,	Amount
2019	\$ 70,497,138
2020	59,643,515
2021	37,800,250
2022	(5,107,518)
2023	1,106,719
Total	<u>\$ 163,940,104</u>

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated February 20, 2018, which can be found at:

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

Oregon PERS produces an independently audited CAFR which can be found at:

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

BEAVERTON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2018

Actuarial Valuations

The employer contribution rates effective July 1, 2017 through June 30, 2019, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (estimated amount necessary to finance benefits earned by employees during the current service year), and (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

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

Actuarial Methods and Assumptions:

Valuation date	December 31, 2015
Measurement date	June 30, 2017
Experience Study	2014, published September 2015
Actuarial assumptions:	
Inflation rate	2.50 percent
Long-term expected rate of return	7.50 percent
Discount rate	7.50 percent
Projected salary increases	3.50 percent
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>

(Source: June 30, 2017 Oregon PERS CAFR; Table 28; page 65)

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

Discount Rate – The discount rate used to measure the total pension liability was 7.50 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was

BEAVERTON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2018

projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Depletion Date Projection – GASB 67 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 67 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 67 (paragraph 43) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for Oregon PERS:

- Oregon PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 67 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, the detailed depletion date projections outlined in GASB 67 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

(Source: June 30, 2017 PERS CAFR; page 66)

Assumed Asset Allocation

Asset Class / Strategy	OIC Policy Range	Current Year Target
Cash	0.0 – 3.0%	0.0%
Debt Securities	15.0 – 25.0%	20.0%
Public Equity	32.5 – 42.5%	37.5%
Real Estate	9.5 – 15.5%	12.5%
Private Equity	14.0 – 21.0%	17.5%
Alternative Equity	0.0 – 12.5%	12.5%
Opportunity Portfolio	0.0 – 3.0%	0.0%
Total		100.0 %

(Source: June 30, 2017 Oregon PERS CAFR; page 92)

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NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
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Long-Term Expected Rate of Return

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

(Source: June 30, 2017 Oregon PERS CAFR; page 65-66)

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Core Fixed Income	8.00 %	4.10 %	4.00 %	4.68 %
Short-Term Bonds	8.00	3.65	3.61	2.74
Bank / Leveraged Loans	3.00	5.69	5.42	7.82
High Yield Bonds	1.00	6.67	6.20	10.28
Large / Mid Cap US Equities	15.75	7.96	6.70	17.07
Small Cap US Equities	1.31	8.93	6.99	21.35
Micro Cap US Equities	1.31	9.37	7.01	23.72
Developed Foreign Equities	13.13	8.34	6.73	19.40
Emerging Market Equities	4.12	10.56	7.25	28.45
Non-US Small Cap Equities	1.88	9.01	7.22	20.55
Private Equity	17.50	11.60	7.97	30.00
Real Estate (Property)	10.00	6.48	5.84	12.00
Real Estate (REITS)	2.50	8.74	6.69	22.02
Hedge Fund of Funds - Diversified	2.50	4.94	4.64	8.09
Hedge Fund - Event-Driven	0.63	7.07	6.72	8.90
Timber	1.88	6.60	5.85	13.00
Farmland	1.88	7.11	6.37	13.00
Infrastructure	3.75	8.31	7.13	16.50
Commodities	1.88	6.07	4.58	18.40
Assumed Inflation - Mean			2.50 %	1.85 %

(Source: June 30, 2017 Oregon PERS CAFR; Table 34; page 69)

Sensitivity – Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	Decrease 1% 6.50%	Current Rate 7.50%	Increase 1% 8.50%
District's proportionate share of the net pension liability / (asset)	<u>\$ 559,582,028</u>	<u>\$ 328,358,025</u>	<u>\$ 135,011,939</u>

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NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
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Additional disclosures related to Oregon PERS not applicable to specific employers are available online at the below website, or by contacting Oregon PERS at the following address: P.O. Box 23700, Tigard, OR, 97281-3700,

<http://www.oregon.gov/pers/Pages/index.aspx>

OPSRP Individual Account Program (OPSRP IAP)

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

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

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

Contributions – Employees of the District pay 6 percent of their covered payroll. The District did not make any optional contributions to member IAP accounts for the year ended June 30, 2018.

13. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The District offers a postemployment health insurance subsidy and tax shelter annuity, and contributes to a retirement health insurance account through Oregon Public Employees Retirement System. The breakdown of the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB are:

	Postemployment Health Insurance Subsidy	Postemployment Health Insurance Account	Net
Total OPEB Liability	\$ 29,531,275	\$ -	\$ 29,531,275
Total OPEB Asset	-	1,017,705	1,017,705
OPEB Deferred Outflows of Resources	1,447,274	1,234,837	2,682,111
OPEB Deferred Inflows of Resources	1,757,494	471,344	2,228,838

Postemployment Health Insurance Subsidy (PHIS)

Plan description – The District operates a single-employer defined benefit plan that provides postemployment health, dental, vision and life insurance benefits to eligible employees and their spouses. Benefits and eligibility

BEAVERTON SCHOOL DISTRICT
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for members are established through the collective bargaining agreements and Oregon State law. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75. The District's post-retirement healthcare plan was established in accordance with Oregon Revised Statutes (ORS) 243.303. ORS stipulate that for the purpose of establishing healthcare premiums, the rate must be based on all plan members, including both active employees and retirees.

Benefits Provided – Eligible retirees and their dependents under age 65 are allowed to continue to enroll in the same health care coverage as offered to active employees. The retiree's coverage selection is available only upon retirement although coverage can continue until the retiree's age 65. The spouse's coverage is available until the spouse's age 65 but also must be selected at the time of retirement. Following the retiree's death or attainment of age 65, the retiree's spouse can continue full coverage until the spouse's age 65. The retiree or surviving spouse is responsible for paying the full premium at the applicable tier. The difference between retiree claims costs, which because of the effect of age is generally higher in comparison to all plan members, and the amount of retiree healthcare premiums represents the District's implicit employer subsidy. Eligibility is determined by:

- For administrators and classified members, the employee must retire with an immediate service or disability retirement benefit under the Oregon Public Employees Retirement System (OPERS).
- For certified members, the employee must retire with an immediate service benefit under OPERS, or be eligible for a benefit under the District's Long Term Disability program.

Employees covered by benefit terms – As of June 30, 2018, there are 4,823 active and 189 retired members in the plan.

Total OPEB Liability

The District's total OPEB liability of \$29,531,275 was determined by an actuarial valuation as of July 1, 2017, adjusted to a measurement date of June 30, 2017.

Actuarial assumptions and other inputs

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Valuation date	July 1, 2017
Measurement date	June 30, 2017
Inflation	2.50%
Projected salary growth	2.75%
Discount rate	3.58%
Withdrawal, retirement, and mortality rates	December 31, 2016 Oregon PERS valuation
Election and lapse rates	50% of eligible employees 42.5% spouse coverage 4% annual lapse rate
Actuarial cost method	Entry Age Normal Level Percent of Pay

BEAVERTON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2018

Demographic Assumptions:	
Mortality	<p>RP-2014 sex-distinct base tables, as specified below. Mortality improvement is projected on a generational basis with the Unisex Social Security Data scale.</p> <p>Healthy members: RP-2014 Employee and Healthy Annuitant tables, white collar with a one year setback</p> <p>Disabled Retirees: RP-2014 Disabled Annuitant tables, no collar adjustment or setback</p> <p>Male Dependents: RP-2014 Healthy Annuitant male table 50% blue collar / 50% white collar, set back 12 months</p> <p>Female Dependents: RP-2014 Healthy Annuitant female table 50% blue collar / 50% white collar, no set back</p>
Disability	Percentage of the 1985 Class 1 Rates: 35% with a 0.18% cap; Ordinary Disability only; no duty disability assumed
Retirement	Based on Oregon PERS assumptions. Annual rates are based on age, Tier / ORSRP, and duration of service

Discount Rate – Under GASB 75, unfunded plans must use a discount rate that reflects a 20-year tax-exempt municipal bond yield or index rate. The discount rate in effect for the June 30, 2018 reporting date is 3.58%, reflecting the Bond Buyer 20-Year General Obligation Bond Index.

Health Care Cost Trend – The actuarial calculations used an assumption that medical costs will increase 5.90% in the first year, 5.80% in the second year, 6.10% in the third year, and varying from 6.50% to 4.30% over the remainder of the projection period. These trends are based on a model circulated by the Society of Actuaries that considers current trends in health care costs, the potential impacts of certain well-defined aspects of the Affordable Care Act, and long-term constraints on trend such as growth in per capita income. It also assumes that dental costs will increase by 4.80% in the first year and 4.00% in each future year. First year medical and dental trends were based on actual changes to July 1, 2018 premiums compare with July 1, 2017 premiums.

Changes in the Total OPEB Liability

	Increase (Decrease) Total OPEB Liability
Balance as of June 30, 2017	\$ 29,993,282
Changes for the year:	
Service cost	2,102,068
Interest on total OPEB liability	894,060
Effect of changes to benefit terms	-
Effect of economic/demographic gains or losses	-
Effect of assumptions changes or inputs	(1,998,247)
Benefit payments	(1,459,888)
Balance as of June 30, 2018	<u>\$ 29,531,275</u>

The effects of assumptions changes or inputs reflect a change in the discount rate from 2.85% in 2017 to 3.58% in 2018.

BEAVERTON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2018

Sensitivity

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the District for the Postemployment Health Insurance Subsidy, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58%) or 1-percentage-point higher (4.58%) than the current discount rate:

	1% Decrease 2.58%	Current Discount Rate	1% Increase 4.58%
Total OPEB liability	<u>\$ 32,301,356</u>	<u>\$ 29,531,275</u>	<u>\$ 27,003,231</u>

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the District for the Postemployment Health Insurance Subsidy, as well as what the total OPEB liability would be if it were calculated using a health care cost trend rates that are 1-percentage-point lower (4.90% decreasing to 3.30%) or 1-percentage-point higher (6.90% decreasing to 5.30%) than the current trend rates:

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	<u>\$ 26,106,053</u>	<u>\$ 29,531,275</u>	<u>\$ 33,623,169</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the District recognized an OPEB expense of \$1,308,101 related to the PHIS OPEB. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred (Inflow) of Resources	Net
Differences between expected and actual experience	\$ -	\$ -	
Changes of assumptions or inputs	-	(1,757,494)	
Subtotal - Amortized Deferrals	-	(1,757,494)	\$ (1,757,494)
District contributions subsequent to measurement date	1,447,274	-	1,447,274
Total deferred outflow (inflow) of resources	<u>\$ 1,447,274</u>	<u>\$ (1,757,494)</u>	<u>\$ (310,220)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the PHIS OPEB will be recognized in OPEB expense as follows:

Fiscal year ended June 30:	Amount
2019	\$ 1,206,521
2020	(240,753)
2021	(240,753)
2022	(240,753)
2023	(240,753)
Thereafter	(553,729)
Total	<u>\$ (310,220)</u>

Retirement Health Insurance Account (RHIA)

Plan description - As a member of Oregon Public Employees Retirement System (OPERS), the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA resides with the Oregon Legislature. The plan is closed to new entrants hired on or after August 29, 2003. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, OR 97281-3700.

Benefits - RHIA pays a \$60 monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees.

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

Participating employers are contractually required to contribute to RHIA at a rate assessed each year by OPERS, currently 0.50% of Tier 1 and Tier 2 payroll and 0.43% of OPSRP of annual covered payroll. The OPERS Board of Trustees sets the employer contribution rate based on the annual required contribution (ARC) of the employers, an amount actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The District's contributions to RHIA for the years ended June 30, 2018, 2017, and 2016, were approximately \$1,225,000, \$1,216,000, and \$1,162,000 which equaled the required contributions each year.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the District reported an asset of \$1,017,705 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2015, rolled forward to the measurement date. The District's proportion of the net OPEB liability was based on the District's actual, legally required contributions made during the fiscal year being compared to the total actual contributions made in the fiscal year by all employers. The District's proportionate share as of the measurement date is 2.43854589%, changed from 2.38890380% for the prior measurement date.

For the year ended June 30, 2018, the District recognized OPEB expense reduction of (\$1,213,935) related to the RHIA OPEB. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to the RHIA OPEB from the following sources:

BEAVERTON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2018

	Deferred Outflow of Resources	Deferred (Inflow) of Resources	Net
Differences between expected and actual experience	\$ -	\$ -	
Changes of assumptions	-	-	
Net difference between projected and actual earnings on investments	-	(471,344)	
Changes in proportionate share	9,837	-	
Differences between employer contributions and employer's proportionate share of system contributions	-	-	
Subtotal - Amortized Deferrals	9,837	(471,344)	\$ (461,507)
District contributions subsequent to measurement date	1,225,000	-	1,225,000
Total deferred outflow (inflow) of resources	<u>\$ 1,234,837</u>	<u>\$ (471,344)</u>	<u>\$ 763,493</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the RHIA OPEB will be recognized in OPEB expense as follows:

Fiscal year ending June 30,	Amount
2018	\$ 1,110,808
2019	(114,192)
2020	(115,287)
2021	(117,836)
Total	<u>\$ 763,493</u>

Actuarial assumptions and other inputs

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Valuation date	December 31, 2015
Measurement date	June 30, 2017
Experience Study	2014, published September 23, 2015
Actuarial assumptions:	
Actuarial cost method	Entry Age Normal
Inflation rate	2.50%
Long-term expected rate of return	7.50%
Discount rate	7.50%
Projected salary increases	3.50%
Retiree healthcare participation	Healthy retirees: 38% Disabled retirees: 20%
Healthcare cost trend rate	Not applicable. Statute stipulates \$60 monthly payment for healthcare insurance.

(Source: June 30, 2017 Oregon PERS CAFR; Table 31; page 68)

BEAVERTON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2018

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>
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(Source: June 30, 2017 Oregon PERS CAFR; Table 31; page 68)

Discount Rate

The discount rate used to measure the total OPEB liability at June 30, 2017 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments for the RHIA plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. For more information on the long-term expected rate of return for each major asset class, calculated using both the arithmetic and geometric means, see the breakdown in Footnote 12.

(Source: June 30, 2017 Oregon PERS CAFR; page 67)

Sensitivity Analysis

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the District for the Retirement Health Insurance Account, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current discount rate:

	Decrease 1% 6.50%	Current Rate 7.50%	Increase 1% 8.50%
District's net OPEB liability (asset)	\$ 141,866	\$ (1,017,705)	\$ (2,003,990)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The total OPEB liability of the District for the Postemployment Health Insurance Subsidy is (\$1,017,705). The ORS stipulates a \$60 monthly payment, so there would be no change to the total OPEB liability if it were calculated using health care cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rates.

BEAVERTON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2018

Changes Subsequent to Measurement Date

The PERS Board lowered the Assumed Rate of Return from 7.50% to 7.20% on July 28, 2017. This change is effective January 1, 2018 and will change the net OPEB liability (asset) in future periods.

14. RISK MANAGEMENT

Self-Insurance

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

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

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

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

The District is exposed to various risks of loss related to torts, theft or damage to and destruction of assets, errors and omissions, and natural disasters for which the District carries commercial insurance. The District does not engage in risk financing activities where the risk is greater than the self-insurance amounts. Settlements have not exceeded insurance coverage for the years ended June 30, 2018, 2017, and 2016. The District has one settlement in 2018-19 that will exceed the insurance coverage and has accrued an expenditure up to the policy deductible limit in association with it. There have also been no reductions to the District's insurance coverage during the year. The District anticipates that all accrued claims losses will be paid within twelve months.

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

	2018	2017	2016
Accrued claims losses, July 1	\$ 2,631,000	\$ 2,520,000	\$ 1,942,000
Incurring claims, including an estimate of claims incurred but not reported (IBNR)	2,308,199	1,610,516	2,473,543
Claims payments	(2,249,199)	(1,499,516)	(1,895,543)
Accrued claim losses, June 30	<u>\$ 2,690,000</u>	<u>\$ 2,631,000</u>	<u>\$ 2,520,000</u>

15. SCHOOL FUNDING

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

BEAVERTON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2018

The largest segment is determined by the State School Fund formula, with the majority of funding provided by the State to the District based on the District's average daily membership of students (ADMr). The State gives additional weightings for certain categories of individuals including students in poverty, students in ESL programs, and students on Individual Education Plans. The State then proportions the State School Fund based on the resulting weighted average daily membership (ADMw) of the District compared that of the State. For 2017-18, the District had an estimated ADMw of 48,419.61 within the State estimated ADMw of 706,126. For 2016-17, these were 48,743.17 and 707,042, respectively.

16. TAX ABATEMENTS

Washington County Tax Abatements

The District's property tax revenues were reduced by approximately \$317,000 under agreements entered into by Washington County for the fiscal year ended June 30, 2018.

17. COMMITMENTS AND CONTINGENCIES

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

The District is committed under various accepted bid agreements and contracts for approximately \$75.4 million for goods, services, and construction of facilities, as follows:

General fund	\$	3,347,014
Capital projects fund		70,854,545
Other governmental funds		1,000,538
Internal service funds		224,167
Total	\$	<u>75,426,264</u>

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

18. NEW ACCOUNTING STANDARDS IMPLEMENTED

For the fiscal year ended June 30, 2018, the District implemented the following new accounting standards:

GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." The statement establishes accounting and financial reporting requirements related to other postemployment benefits (OPEB), replacing GASB Statements No. 45 and No. 57. The statement is effective for fiscal years beginning after June 15, 2017. The District restated the prior year net position to reduce net position by \$9,793,177 as a result of implementing this statement. Additional details are shown in Footnote 19.

BEAVERTON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2018

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

GASB Statement No. 85 *"Omnibus 2017."* This Statement addresses practice issues identified during implementation of other GASB Statements, including blending component units, goodwill, fair value measurement and application, and postemployment benefits. The statement is effective for fiscal years beginning after June 15, 2017. The District anticipates no financial impact as a result of implementing this statement.

GASB Statement No. 86 *"Certain Debt Extinguishment Issues."* This Statement addresses the accounting and financial reporting for in-substance defeasement of debt where existing resources are placed in an irrevocable trust for the sole purpose of extinguishing debt. The statement is effective for fiscal years beginning after June 15, 2017. The District anticipates no financial impact as a result of implementing this statement.

19. RESTATEMENT OF PRIOR YEAR NET POSITION

Due to the implementation of GASB 75 a restatement of the prior year net position was required to remove the other postemployment benefit obligation liability, record the total OPEB liability, and record the deferred outflows associated with contributions.

The total restatement is as follows:

Net Position - July 1, 2017 as originally reported		\$ 11,636,534
Removal of Other postemployment benefit obligation	\$ 18,172,954	
Addition of Total OPEB liability	(30,642,019)	
Addition of OPEB deferred outflows	<u>2,675,888</u>	
Total restatement		<u>(9,793,177)</u>
Net Position - July 1, 2017 as restated		<u><u>\$ 1,843,357</u></u>

The breakdown of the total OPEB liability and the OPEB deferred outflows is as follows:

	PHIS	RHIA	Total
Total OPEB liability	\$ 29,993,282	\$ 648,737	\$ 30,642,019
OPEB deferred outflows	1,459,888	1,216,000	2,675,888

20. NEW PRONOUNCEMENTS

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

GASB Statement No. 83 *"Certain Asset Retirement Obligations."* This Statement establishes criteria for determining the timing and pattern or recognition of a liability and a corresponding deferred outflow of

BEAVERTON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2018

resources for asset retirement obligations. The statement is effective for fiscal years beginning after June 15, 2018.

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

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

GASB Statement No. 88 *"Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements."* This Statement addresses the definition of debt and specifies required essential information related to debt for disclosure in the notes to the financial statements. The statement is effective for fiscal years beginning after June 15, 2018.

GASB Statement No. 89 *"Accounting for Interest Cost Incurred before the End of a Construction Period."* This Statement establishes the accounting requirements for interest costs incurred before the end of a construction period, which previously were included in the historical cost of a capital asset. The statement is effective for fiscal years beginning after December 15, 2019.

GASB Statement No. 90 *"Majority Equity Interest – An Amendment of GASB Statements No. 14 and No. 61."* This Statement defines the majority equity interest and specifies the treatment of majority equity interest in a legally separate organization, either as an investment or as a component unit based on the factors. The statement is effective for fiscal years beginning after December 15, 2018.

REQUIRED SUPPLEMENTARY INFORMATION



BEAVERTON SCHOOL DISTRICT
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FOR PERS
JUNE 30, 2018

Year Ended June 30,	Employer's proportion of the net pension liability (NPL)	Employer's proportionate share of the net pension liability (NPL) ¹	Covered payroll ²	NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2018	2.44%	\$ 328,358,025	\$ 266,160,397	123.4%	83.1%
2017 ⁵	2.24%	336,425,374	243,813,517	138.0%	80.5%
2016 ⁴	2.05%	117,982,257	219,944,988	53.6%	91.9%
2015 ³	2.72%	(61,675,451)	200,544,298	-30.8%	103.6%
2014	2.72%	138,852,440	187,686,710	74.0%	92.0%

BEAVERTON SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS FOR PERS
JUNE 30, 2018

Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percent of covered payroll
2018	\$ 37,341,000	\$ 37,341,000	\$ -	\$ 281,109,676	13.3%
2017	21,355,242	21,355,242	-	266,160,397	8.0%
2016	20,427,165	20,427,165	-	243,813,517	8.4%
2015	29,448,081	29,448,081	-	219,944,988	13.4%
2014	28,332,951	28,332,951	-	200,544,298	14.1%

Notes:

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

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

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

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

⁴ The June 30, 2016 NPL reflects benefit changes from the Oregon Supreme Court's ruling in *Moro v. State of Oregon*, which overturned portions of Senate Bills 822 and 861.

⁵ The June 30, 2017 NPL reflects assumption changes reducing inflation rate from 2.75% to 2.50%, the long-term expected rate of return from 7.75% to 7.50%, the discount rate from 7.75% to 7.50% and the projected salary increases from 3.75% to 3.50%.

BEAVERTON SCHOOL DISTRICT
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY FOR RHIA
JUNE 30, 2018

Year Ended June 30,	District's proportion of the net OPEB liability	District's proportionate share of the net OPEB liability (NOL) ¹	District's covered- employee payroll ²	NOL as a percentage of covered- employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2018	2.44%	\$ (1,017,705)	\$ 266,160,397	-0.4%	108.9%
2017	2.39%	648,737	243,813,517	0.3%	94.1%

BEAVERTON SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS FOR RHIA
JUNE 30, 2018

Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percent of covered payroll
2018	\$ 1,225,000	\$ 1,225,000	\$ -	\$ 281,109,676	0.4%
2017	1,216,000	1,216,000	-	266,160,397	0.5%

Notes:

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

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

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

BEAVERTON SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY - PHIS
JUNE 30, 2018
(DOLLAR AMOUNTS IN THOUSANDS)

Year Ended June 30,	Service Cost	Interest	Change of Benefit Terms	Difference between expected and actual results	Changes of assumptions or other inputs	Benefit payments	Net change in total OPEB liability
2018	\$ 2,102	\$ 894	\$ -	\$ -	\$ (1,998)	\$ (1,460)	\$ (462)

BEAVERTON SCHOOL DISTRICT
SCHEDULE OF TOTAL OPEB LIABILITY AND RELATED RATIOS - PHIS
JUNE 30, 2018
(DOLLAR AMOUNTS IN THOUSANDS)

Year Ended June 30,	Total OPEB liability beginning	Net change in total OPEB liability	Total OPEB liability ending	Covered payroll ²	Total OPEB liability as percentage of covered payroll	Discount Rate
2018	\$ 29,993	\$ (462)	\$ 29,531	\$ 266,160	11.1%	3.58%
2017	-	-	29,993	243,814	12.3%	2.85%

Notes:

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

Changes of assumptions. Changes of assumptions and other inputs reflect the effects of changes to the discount rate each period.

¹ The amounts presented for each fiscal year were actuarially determined at July 1 of odd years and rolled forward to the measurement date.

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

BEAVERTON SCHOOL DISTRICT
RECONCILIATION OF BUDGETARY TO REPORTING FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (GAAP BASIS)
GENERAL FUND
YEAR ENDED JUNE 30, 2018

	Budgetary Funds			Total (reported as General Fund)
	General Fund	Pension	Long-Term Planning	
REVENUES:				
Property taxes	\$ 130,772,599	\$ -	\$ -	\$ 130,772,599
Local option levy	31,005,163	-	-	31,005,163
State and local sources	277,208,985	-	-	277,208,985
Charges for services	2,636,964	-	348,175	2,985,139
Rentals	904,652	-	-	904,652
Investment earnings	1,455,919	763	29,657	1,486,339
Contributions and donations	38,813	-	-	38,813
Recovery of prior years' expenditures	229,367	-	-	229,367
Other	1,128,550	-	-	1,128,550
TOTAL REVENUES	445,381,012	763	377,832	445,759,607
EXPENDITURES:				
Current:				
Instruction	290,977,430	-	-	290,977,430
Support services	160,523,013	9,830	1,211,886	161,744,729
Facilities acquisition and construction	76,818	-	7,972	84,790
Debt service:				
Principal	942,547	-	-	942,547
Interest	75,842	-	-	75,842
TOTAL EXPENDITURES	452,595,650	9,830	1,219,858	453,825,338
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(7,214,638)	(9,067)	(842,026)	(8,065,731)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	1,919,285	1,919,285
Transfers out	(2,088,979)	-	-	(2,088,979)
Proceeds from capital leases	976,104	-	-	976,104
TOTAL OTHER FINANCING SOURCES (USES)	(1,112,875)	-	1,919,285	806,410
NET CHANGE IN FUND BALANCES	(8,327,513)	(9,067)	1,077,259	(7,259,321)
FUND BALANCE, July 1, 2017	37,945,300	71,037	21,755,010	59,771,347
FUND BALANCE, June 30, 2018	\$ 29,617,787	\$ 61,970	\$ 22,832,269	\$ 52,512,026

BEAVERTON SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2018

	Budget			Variance with
	Adopted	Final	Actual	Final Budget
REVENUES:				
Property taxes	\$ 130,460,000	\$ 130,460,000	\$ 130,772,599	\$ 312,599
Local option levy	30,000,000	30,600,000	31,005,163	405,163
State and local sources	267,183,157	278,383,157	277,208,985	(1,174,172)
Charges for services	3,055,000	3,055,000	2,636,964	(418,036)
Rentals	722,000	722,000	904,652	182,652
Investment earnings	600,000	1,000,000	1,455,919	455,919
Contributions and donations	-	-	38,813	38,813
Recovery of prior years' expenditures	50,000	50,000	229,367	179,367
Other	1,100,000	1,100,000	1,128,550	28,550
Total revenues	433,170,157	445,370,157	445,381,012	10,855
EXPENDITURES:				
Instruction	282,746,091	291,466,091	290,977,430	488,661
Support services	158,712,718	163,712,718	160,523,013	3,189,705
Facilities acquisition and construction	2,800,000	2,800,000	76,818	2,723,182
Debt service:				
Principal	-	1,250,000	942,547	307,453
Interest	-	250,000	75,842	174,158
Contingencies	23,564,237	23,944,237	-	23,944,237
Total expenditures	467,823,046	483,423,046	452,595,650	30,827,396
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(34,652,889)	(38,052,889)	(7,214,638)	30,838,251
OTHER FINANCING SOURCES (USES):				
Transfers out	(3,461,694)	(2,161,694)	(2,088,979)	72,715
Proceeds from capital leases	-	1,500,000	976,104	(523,896)
TOTAL OTHER FINANCING SOURCES (USES)	(3,461,694)	(661,694)	(1,112,875)	(451,181)
NET CHANGE IN FUND BALANCE	(38,114,583)	(38,714,583)	(8,327,513)	30,387,070
FUND BALANCE, July 1, 2017	38,114,583	38,714,583	37,945,300	(769,283)
FUND BALANCE, June 30, 2018	\$ -	\$ -	\$ 29,617,787	\$ 29,617,787

Note: GAAP serves as the basis of budgeting.



OTHER SUPPLEMENTARY INFORMATION



BEAVERTON SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2018

	Budget			Variance with
	Adopted	Final	Actual	Final Budget
REVENUES:				
Property taxes	\$ 58,558,709	\$ 58,558,709	\$ 58,897,201	\$ 338,492
Investment earnings	70,000	70,000	470,989	400,989
Services to other funds	19,494,964	19,494,964	20,374,626	879,662
Total revenues	78,123,673	78,123,673	79,742,816	1,619,143
EXPENDITURES:				
Debt service:				
Principal	43,554,513	43,554,513	43,554,513	-
Interest	37,453,960	37,453,960	37,450,611	3,349
Total expenditures	81,008,473	81,008,473	81,005,124	3,349
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,884,800)	(2,884,800)	(1,262,308)	1,622,492
OTHER FINANCING SOURCES (USES):				
Transfers in	1,304,800	1,304,800	1,304,800	-
TOTAL OTHER FINANCING SOURCES (USES)	1,304,800	1,304,800	1,304,800	-
NET CHANGE IN FUND BALANCE	(1,580,000)	(1,580,000)	42,492	1,622,492
FUND BALANCE, July 1, 2017	1,580,000	1,580,000	2,157,097	577,097
FUND BALANCE, June 30, 2018	\$ -	\$ -	\$ 2,199,589	\$ 2,199,589

BEAVERTON SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2018

	Budget			Variance with
	Adopted	Final	Actual	Final Budget
REVENUES:				
Construction excise tax	\$ 3,690,000	\$ 3,690,000	\$ 3,217,459	\$ (472,541)
Rentals	35,000	35,000	26,730	(8,270)
Investment earnings	3,526,000	3,526,000	2,801,327	(724,673)
Contributions and donations	2,500,000	2,500,000	2,149,002	(350,998)
Recovery of prior years' expenditures	-	-	4,773,963	4,773,963
Other	2,500,000	2,500,000	472,169	(2,027,831)
Total revenues	12,251,000	12,251,000	13,440,650	1,189,650
EXPENDITURES:				
Support services	5,531,686	5,531,686	2,243,151	3,288,535
Facilities acquisition and construction	346,259,690	346,259,690	100,690,912	245,568,778
Contingencies	52,129,518	52,129,518	-	52,129,518
Total expenditures	403,920,894	403,920,894	102,934,063	300,986,831
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(391,669,894)	(391,669,894)	(89,493,413)	302,176,481
OTHER FINANCING SOURCES (USES):				
Sale of or compensation for loss of capital assets	-	-	277,750	277,750
Transfers out	(1,135,106)	(1,135,106)	(1,135,106)	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,135,106)	(1,135,106)	(857,356)	277,750
NET CHANGE IN FUND BALANCE	(392,805,000)	(392,805,000)	(90,350,769)	302,454,231
FUND BALANCE, July 1, 2017	392,805,000	392,805,000	386,914,587	(5,890,413)
FUND BALANCE, June 30, 2018	\$ -	\$ -	\$ 296,563,818	\$ 296,563,818

GENERAL FUND

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

General Fund – accounts for the basic financial operations of the District.

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

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



BEAVERTON SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
PENSION FUND
YEAR ENDED JUNE 30, 2018

	Budget			Variance with
	Adopted	Final	Actual	Final Budget
REVENUES:				
Investment earnings	\$ -	\$ -	\$ 763	\$ 763
Total revenues	-	-	763	763
EXPENDITURES:				
Support services	25,000	25,000	9,830	15,170
Contingencies	50,000	50,000	-	50,000
Total expenditures	75,000	75,000	9,830	65,170
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(75,000)	(75,000)	(9,067)	65,933
NET CHANGE IN FUND BALANCE	(75,000)	(75,000)	(9,067)	65,933
FUND BALANCE, July 1, 2017	75,000	75,000	71,037	(3,963)
FUND BALANCE, June 30, 2018	\$ -	\$ -	\$ 61,970	\$ 61,970

BEAVERTON SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
LONG-TERM PLANNING FUND
YEAR ENDED JUNE 30, 2018

	Budget			Variance with
	Adopted	Final	Actual	Final Budget
REVENUES:				
Charges for services	\$ -	\$ -	\$ 348,175	\$ 348,175
Investment earnings	5,000	5,000	29,657	24,657
Contributions and donations	250,000	250,000	-	(250,000)
Total revenues	255,000	255,000	377,832	122,832
EXPENDITURES:				
Instruction	56,000	56,000	-	56,000
Support services	3,581,000	3,356,000	1,211,886	2,144,114
Facilities acquisition and construction	75,000	300,000	7,972	292,028
Contingencies	20,677,827	20,677,827	-	20,677,827
Total expenditures	24,389,827	24,389,827	1,219,858	23,169,969
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(24,134,827)	(24,134,827)	(842,026)	23,292,801
OTHER FINANCING SOURCES (USES):				
Transfers in	2,157,000	2,157,000	1,919,285	(237,715)
TOTAL OTHER FINANCING SOURCES (USES)	2,157,000	2,157,000	1,919,285	(237,715)
NET CHANGE IN FUND BALANCE	(21,977,827)	(21,977,827)	1,077,259	23,055,086
FUND BALANCE, July 1, 2017	21,977,827	21,977,827	21,755,010	(222,817)
FUND BALANCE, June 30, 2018	\$ -	\$ -	\$ 22,832,269	\$ 22,832,269

BEAVERTON SCHOOL DISTRICT
RECONCILIATION OF BUDGETARY TO REPORTING FUNDS
COMBINING BALANCE SHEET
GENERAL FUND
JUNE 30, 2018

	Budgetary Funds			Total (reported as General Fund)
	General Fund	Pension	Long-Term Planning	
ASSETS				
Equity in pooled cash and investments	\$ 66,849,865	\$ 61,970	\$ 22,869,809	\$ 89,781,644
Cash with fiscal agent	2,035	-	-	2,035
Receivables	3,885,053	-	4,675	3,889,728
Property taxes receivable	5,129,275	-	-	5,129,275
Due from other funds	2,296,860	-	-	2,296,860
TOTAL ASSETS	<u>\$ 78,163,088</u>	<u>\$ 61,970</u>	<u>\$ 22,874,484</u>	<u>\$ 101,099,542</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 4,993,225	\$ -	\$ 42,215	\$ 5,035,440
Accrued salaries and benefits	37,558,925	-	-	37,558,925
Due to other funds	1,500,126	-	-	1,500,126
Other liabilities	6,098	-	-	6,098
TOTAL LIABILITIES	<u>44,058,374</u>	<u>-</u>	<u>42,215</u>	<u>44,100,589</u>
Deferred Inflows of Resources:				
Property tax revenue	4,486,927	-	-	4,486,927
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>48,545,301</u>	<u>-</u>	<u>42,215</u>	<u>48,587,516</u>
Fund Balances:				
Committed	-	61,970	22,790,054	22,852,024
Unassigned	29,617,787	-	42,215	29,660,002
TOTAL FUND BALANCES	<u>29,617,787</u>	<u>61,970</u>	<u>22,832,269</u>	<u>52,512,026</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 78,163,088</u>	<u>\$ 61,970</u>	<u>\$ 22,874,484</u>	<u>\$ 101,099,542</u>



NONMAJOR GOVERNMENTAL FUNDS

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

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

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

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

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

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



BEAVERTON SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue Funds					Total
	Student Body	Special Purpose	Categorical	Grant	Nutrition Services	
ASSETS						
Equity in pooled cash and investments	\$ 3,557,544	\$ 998,218	\$ 5,236,168	\$ -	\$ 4,032,194	\$ 13,824,124
Receivables	-	309,917	-	4,503,096	619,680	5,432,693
Inventories	-	-	-	-	515,050	515,050
TOTAL ASSETS	<u>\$ 3,557,544</u>	<u>\$ 1,308,135</u>	<u>\$ 5,236,168</u>	<u>\$ 4,503,096</u>	<u>\$ 5,166,924</u>	<u>\$ 19,771,867</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 21,497	\$ 80,533	\$ 158,299	\$ 316,367	\$ 77,309	\$ 654,005
Accrued salaries and benefits	2,539	112,731	-	1,310,878	902,004	2,328,152
Due to other funds	156	4,866	-	2,361,066	40,693	2,406,781
Unearned revenue	-	-	2,372,770	514,785	-	2,887,555
Other liabilities	1,233	-	-	-	384,821	386,054
TOTAL LIABILITIES	25,425	198,130	2,531,069	4,503,096	1,404,827	8,662,547
Fund Balances:						
Nonspendable	-	-	-	-	515,050	515,050
Restricted	3,532,119	-	-	-	-	3,532,119
Committed	-	1,110,005	2,705,099	-	3,247,047	7,062,151
TOTAL FUND BALANCES	<u>3,532,119</u>	<u>1,110,005</u>	<u>2,705,099</u>	<u>-</u>	<u>3,762,097</u>	<u>11,109,320</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,557,544</u>	<u>\$ 1,308,135</u>	<u>\$ 5,236,168</u>	<u>\$ 4,503,096</u>	<u>\$ 5,166,924</u>	<u>\$ 19,771,867</u>

BEAVERTON SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018

	Special Revenue Funds					
	Student Body	Special Purpose	Categorical	Grant	Nutrition Services	Total
REVENUES:						
State and local sources	\$ -	\$ -	\$ 2,280,917	\$ 6,099,466	\$ 269,558	\$ 8,649,941
Federal sources	-	-	-	15,435,149	8,735,018	24,170,167
Charges for services	3,542,955	-	-	-	4,879,170	8,422,125
Rentals	-	-	-	-	4,976	4,976
Investment earnings	-	-	54,998	-	30,177	85,175
Contributions and donations	850,972	1,563,783	108,982	500,658	50	3,024,445
Recovery of prior years' expenditures	25	1,125	-	-	-	1,150
Other	49,028	1,336,207	1,916	-	4,714	1,391,865
Total revenues	4,442,980	2,901,115	2,446,813	22,035,273	13,923,663	45,749,844
EXPENDITURES:						
Instruction	4,089,469	1,930,131	77,034	13,419,475	-	19,516,109
Support services	-	539,952	-	6,237,887	13,545	6,791,384
Enterprise and community services	-	1,321	-	231,918	13,812,241	14,045,480
Facilities, acquisition and construction	-	571,897	2,199,634	2,145,993	-	4,917,524
Total expenditures	4,089,469	3,043,301	2,276,668	22,035,273	13,825,786	45,270,497
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	353,511	(142,186)	170,145	-	97,877	479,347
OTHER FINANCING SOURCES (USES):						
Transfers in	-	4,820	-	-	-	4,820
Transfers out	-	-	-	-	(4,820)	(4,820)
TOTAL OTHER FINANCING SOURCES (USES)	-	4,820	-	-	(4,820)	-
NET CHANGE IN FUND BALANCES	353,511	(137,366)	170,145	-	93,057	479,347
FUND BALANCE, July 1, 2017	3,178,608	1,247,371	2,534,954	-	3,669,040	10,629,973
FUND BALANCE, June 30, 2018	\$ 3,532,119	\$ 1,110,005	\$ 2,705,099	\$ -	\$ 3,762,097	\$ 11,109,320

BEAVERTON SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
STUDENT BODY FUND
YEAR ENDED JUNE 30, 2018

	Budget			Variance with
	Adopted	Final	Actual	Final Budget
REVENUES:				
Charges for services	\$ -	\$ -	\$ 3,542,955	\$ 3,542,955
Extracurricular activities	7,700,000	7,700,000	-	(7,700,000)
Contributions and donations	-	-	850,972	850,972
Recovery of prior years' expenditures	-	-	25	25
Other	-	-	49,028	49,028
Total revenues	7,700,000	7,700,000	4,442,980	(3,257,020)
EXPENDITURES:				
Instruction	10,700,000	10,700,000	4,089,469	6,610,531
Total expenditures	10,700,000	10,700,000	4,089,469	6,610,531
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,000,000)	(3,000,000)	353,511	3,353,511
NET CHANGE IN FUND BALANCE	(3,000,000)	(3,000,000)	353,511	3,353,511
FUND BALANCE, July 1, 2017	3,000,000	3,000,000	3,178,608	178,608
FUND BALANCE, June 30, 2018	\$ -	\$ -	\$ 3,532,119	\$ 3,532,119

BEAVERTON SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
SPECIAL PURPOSE FUND
YEAR ENDED JUNE 30, 2018

	Budget			Variance with
	Adopted	Final	Actual	Final Budget
REVENUES:				
Contributions and donations	\$ 8,539,089	\$ 8,539,089	\$ 1,563,783	\$ (6,975,306)
Recovery of prior years' expenditures	-	-	1,125	1,125
Other	2,100,000	2,100,000	1,336,207	(763,793)
Total revenues	10,639,089	10,639,089	2,901,115	(7,737,974)
EXPENDITURES:				
Instruction	4,318,760	4,318,760	1,930,131	2,388,629
Support services	740,329	740,329	539,952	200,377
Enterprise and community services	200,000	200,000	1,321	198,679
Facilities acquisition and construction	6,750,000	6,750,000	571,897	6,178,103
Total expenditures	12,009,089	12,009,089	3,043,301	8,965,788
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,370,000)	(1,370,000)	(142,186)	1,227,814
OTHER FINANCING SOURCES (USES):				
Transfers in	120,000	120,000	4,820	(115,180)
TOTAL OTHER FINANCING SOURCES (USES)	120,000	120,000	4,820	(115,180)
NET CHANGE IN FUND BALANCE	(1,250,000)	(1,250,000)	(137,366)	1,112,634
FUND BALANCE, July 1, 2017	1,250,000	1,250,000	1,247,371	(2,629)
FUND BALANCE, June 30, 2018	\$ -	\$ -	\$ 1,110,005	\$ 1,110,005

BEAVERTON SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
CATEGORICAL FUND
YEAR ENDED JUNE 30, 2018

	Budget			Variance with
	Adopted	Final	Actual	Final Budget
REVENUES:				
State and local sources	\$ 7,000,000	\$ 7,000,000	\$ 2,280,917	\$ (4,719,083)
Investment earnings	25,000	25,000	54,998	29,998
Contributions and donations	400,000	400,000	108,982	(291,018)
Other	-	-	1,916	1,916
Total revenues	7,425,000	7,425,000	2,446,813	(4,978,187)
EXPENDITURES:				
Instruction	-	500,000	77,034	422,966
Support services	125,000	125,000	-	125,000
Facilities acquisition and construction	10,600,000	10,100,000	2,199,634	7,900,366
Total expenditures	10,725,000	10,725,000	2,276,668	8,448,332
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,300,000)	(3,300,000)	170,145	3,470,145
NET CHANGE IN FUND BALANCE	(3,300,000)	(3,300,000)	170,145	3,470,145
FUND BALANCE, July 1, 2017	3,300,000	3,300,000	2,534,954	(765,046)
FUND BALANCE, June 30, 2018	\$ -	\$ -	\$ 2,705,099	\$ 2,705,099

BEAVERTON SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GRANT FUND
YEAR ENDED JUNE 30, 2018

	Budget			Variance with
	Adopted	Final	Actual	Final Budget
REVENUES:				
State and local sources	\$ 7,601,866	\$ 10,101,866	\$ 6,099,466	\$ (4,002,400)
Federal sources	24,027,147	25,527,147	15,435,149	(10,091,998)
Contributions and donations	1,381,252	1,381,252	500,658	(880,594)
Total revenues	33,010,265	37,010,265	22,035,273	(14,974,992)
EXPENDITURES:				
Instruction	19,092,674	21,992,674	13,419,475	8,573,199
Support services	10,055,901	11,155,901	6,237,887	4,918,014
Enterprise and community services	546,690	546,690	231,918	314,772
Facilities acquisition and construction	3,315,000	3,315,000	2,145,993	1,169,007
Total expenditures	33,010,265	37,010,265	22,035,273	14,974,992
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, July 1, 2017	-	-	-	-
FUND BALANCE, June 30, 2018	\$ -	\$ -	\$ -	\$ -

BEAVERTON SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
NUTRITION SERVICES FUND
YEAR ENDED JUNE 30, 2018

	Budget			Variance with
	Adopted	Final	Actual	Final Budget
REVENUES:				
State and local sources	\$ 180,000	\$ 180,000	\$ 269,558	\$ 89,558
Federal sources	9,950,319	9,950,319	8,735,018	(1,215,301)
Charges for services	6,242,917	6,242,917	4,879,170	(1,363,747)
Rentals	-	-	4,976	4,976
Investment earnings	20,000	20,000	30,177	10,177
Contributions and donations	-	-	50	50
Recovery of prior years' expenditures	200	200	-	(200)
Other	-	-	4,714	4,714
Total revenues	16,393,436	16,393,436	13,923,663	(2,469,773)
EXPENDITURES:				
Support services	13,783	13,783	13,545	238
Enterprise and community services	16,902,198	16,902,198	13,812,241	3,089,957
Contingencies	2,606,320	2,606,320	-	2,606,320
Total expenditures	19,522,301	19,522,301	13,825,786	5,696,515
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,128,865)	(3,128,865)	97,877	3,226,742
OTHER FINANCING SOURCES (USES):				
Transfers out	(120,000)	(120,000)	(4,820)	115,180
TOTAL OTHER FINANCING SOURCES (USES)	(120,000)	(120,000)	(4,820)	115,180
NET CHANGE IN FUND BALANCE	(3,248,865)	(3,248,865)	93,057	3,341,922
FUND BALANCE, July 1, 2017	3,248,865	3,248,865	3,669,040	420,175
FUND BALANCE, June 30, 2018	\$ -	\$ -	\$ 3,762,097	\$ 3,762,097



INTERNAL SERVICE FUNDS

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

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

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



BEAVERTON SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2018

	Insurance Reserve	Workers' Compensation	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 4,326,086	\$ 4,765,616	\$ 9,091,702
Receivables	2,003	17,778	19,781
Due from other funds	141,517	125,025	266,542
TOTAL ASSETS	4,469,606	4,908,419	9,378,025
LIABILITIES			
Current liabilities:			
Accounts payable	704,481	49,487	753,968
Accrued claims losses	875,000	1,815,000	2,690,000
Accrued salaries and benefits	7,370	26,283	33,653
Due to other funds	447	622	1,069
TOTAL LIABILITIES	1,587,298	1,891,392	3,478,690
NET POSITION			
Unrestricted	2,882,308	3,017,027	5,899,335
TOTAL NET POSITION	\$ 2,882,308	\$ 3,017,027	\$ 5,899,335

BEAVERTON SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2018

	Insurance Reserve	Workers' Compensation	Total
OPERATING REVENUES:			
Services to other funds	\$ 2,034,829	\$ 1,686,137	\$ 3,720,966
Recovery of prior years' expenditures	332,119	67,238	399,357
Other	63,515	-	63,515
TOTAL OPERATING REVENUES	2,430,463	1,753,375	4,183,838
OPERATING EXPENSES:			
Losses and claims	966,598	1,282,601	2,249,199
Insurance premiums and assessments	1,865,896	122,447	1,988,343
Salaries and benefits	681,637	442,448	1,124,085
Services, supplies and materials	360,927	161,910	522,837
Facilities acquisition and construction	156,256	-	156,256
TOTAL OPERATING EXPENSES	4,031,314	2,009,406	6,040,720
OPERATING INCOME (LOSS)	(1,600,851)	(256,031)	(1,856,882)
NONOPERATING REVENUE:			
Investment earnings	46,933	52,812	99,745
TOTAL NONOPERATING REVENUES	46,933	52,812	99,745
CHANGE IN NET POSITION	(1,553,918)	(203,219)	(1,757,137)
NET POSITION, July 1, 2017	4,436,226	3,220,246	7,656,472
NET POSITION, June 30, 2018	\$ 2,882,308	\$ 3,017,027	\$ 5,899,335

BEAVERTON SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2018

	Insurance Reserve	Workers' Compensation	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Received from interfund services provided	\$ 2,094,540	\$ 1,664,541	\$ 3,759,081
Received from recovery of prior years' expenditures	332,119	67,238	399,357
Paid for goods and services	(1,948,612)	(234,870)	(2,183,482)
Paid to claimants	(960,610)	(1,262,859)	(2,223,469)
Paid to employees	(603,637)	(461,448)	(1,065,085)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(1,086,200)	(227,398)	(1,313,598)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	46,933	52,812	99,745
NET CASH FLOWS FROM INVESTING ACTIVITIES	46,933	52,812	99,745
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,039,267)	(174,586)	(1,213,853)
CASH AND CASH EQUIVALENTS, July 1, 2017	5,365,353	4,940,202	10,305,555
CASH AND CASH EQUIVALENTS, June 30, 2018	<u>\$ 4,326,086</u>	<u>\$ 4,765,616</u>	<u>\$ 9,091,702</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ (1,600,851)	\$ (256,031)	\$ (1,856,882)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Changes in assets and liabilities			
Receivables	2,911	(17,759)	(14,848)
Due from other funds	(7,091)	(4,244)	(11,335)
Accounts payable	434,467	49,487	483,954
Accrued claims losses	78,000	(19,000)	59,000
Accrued salaries and benefits	5,988	19,742	25,730
Due to other funds	376	407	783
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (1,086,200)</u>	<u>\$ (227,398)</u>	<u>\$ (1,313,598)</u>

BEAVERTON SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
INSURANCE RESERVE FUND
YEAR ENDED JUNE 30, 2018

	Budget			Variance with
	Adopted	Final	Actual	Final Budget
REVENUES:				
Investment earnings	\$ 18,000	\$ 18,000	\$ 46,933	\$ 28,933
Services to other funds	1,931,971	1,931,971	2,034,829	102,858
Recovery of prior years' expenditures	120,000	120,000	332,119	212,119
Other	35,000	35,000	63,515	28,515
Total revenues	2,104,971	2,104,971	2,477,396	372,425
EXPENDITURES:				
Support services	5,010,835	5,010,835	3,875,058	1,135,777
Facilities acquisition and construction	260,308	560,308	156,256	404,052
Contingencies	1,568,828	1,268,828	-	1,268,828
Total expenditures	6,839,971	6,839,971	4,031,314	2,808,657
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,735,000)	(4,735,000)	(1,553,918)	3,181,082
OTHER FINANCING SOURCES (USES):				
Transfers in	1,135,000	1,135,000	-	(1,135,000)
TOTAL OTHER FINANCING SOURCES (USES)	1,135,000	1,135,000	-	(1,135,000)
NET CHANGE IN FUND BALANCE	(3,600,000)	(3,600,000)	(1,553,918)	2,046,082
FUND BALANCE, July 1, 2017	3,600,000	3,600,000	4,436,226	836,226
FUND BALANCE, June 30, 2018	\$ -	\$ -	\$ 2,882,308	\$ 2,882,308

BEAVERTON SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
WORKERS' COMPENSATION FUND
YEAR ENDED JUNE 30, 2018

	Budget			Variance with
	Adopted	Final	Actual	Final Budget
REVENUES:				
Investment earnings	\$ 21,000	\$ 21,000	\$ 52,812	\$ 31,812
Services to other funds	1,635,532	1,635,532	1,686,137	50,605
Recovery of prior years' expenditures	80,000	80,000	67,238	(12,762)
Total revenues	1,736,532	1,736,532	1,806,187	69,655
EXPENDITURES:				
Support services	2,516,942	2,516,942	2,009,406	507,536
Contingencies	1,219,590	1,219,590	-	1,219,590
Total expenditures	3,736,532	3,736,532	2,009,406	1,727,126
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,000,000)	(2,000,000)	(203,219)	1,796,781
NET CHANGE IN FUND BALANCE	(2,000,000)	(2,000,000)	(203,219)	1,796,781
FUND BALANCE, July 1, 2017	2,000,000	2,000,000	3,220,246	1,220,246
FUND BALANCE, June 30, 2018	\$ -	\$ -	\$ 3,017,027	\$ 3,017,027



FIDUCIARY FUND

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

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



BEAVERTON SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL
PRIVATE PURPOSE TRUST FUND
YEAR ENDED JUNE 30, 2018

	Budget			Variance with
	Adopted	Final	Actual	Final Budget
REVENUES:				
Investment earnings	\$ -	\$ -	\$ 3,152	\$ 3,152
Contributions and donations	75,000	75,000	88,933	13,933
Recovery of prior years' expenditures	-	-	1,745	1,745
Total revenues	75,000	75,000	93,830	18,830
EXPENDITURES:				
Enterprise and community services	400,000	400,000	61,755	338,245
Total expenditures	400,000	400,000	61,755	338,245
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(325,000)</u>	<u>(325,000)</u>	<u>32,075</u>	<u>357,075</u>
NET CHANGE IN FUND BALANCE	(325,000)	(325,000)	32,075	357,075
FUND BALANCE, July 1, 2017	<u>325,000</u>	<u>325,000</u>	<u>307,545</u>	<u>(17,455)</u>
FUND BALANCE, June 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 339,620</u>	<u>\$ 339,620</u>

RECONCILIATION TO GAAP BASIS:

FUND BALANCE, June 30, 2018	\$ 339,620
Scholarships payable	<u>(34,000)</u>
NET POSITION, June 30, 2018	<u>\$ 305,620</u>



OTHER FINANCIAL SCHEDULES



**BEAVERTON SCHOOL DISTRICT
REVENUE SUMMARY - ALL FUNDS
YEAR ENDED JUNE 30, 2018**

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 600	Fund 700	Total
Local Sources							
1111 Current year taxes	\$ 129,703,595	\$ -	\$ 58,437,246	\$ -	\$ -	\$ -	\$ 188,140,841
1112 Prior year taxes	1,042,347	-	450,526	-	-	-	1,492,873
1114 Payments in lieu of property taxes	26,657	-	9,429	-	-	-	36,086
1121 Current year local option levy	30,779,372	-	-	-	-	-	30,779,372
1122 Prior year local option levy	225,791	-	-	-	-	-	225,791
1130 Construction excise tax	-	-	-	3,217,459	-	-	3,217,459
1300 Tuition	480,735	-	-	-	-	-	480,735
1410 Fees - transportation	282,489	-	-	-	-	-	282,489
1500 Earnings on investments	1,455,919	115,594	470,989	2,801,327	99,745	3,152	4,946,726
1600 Food service sales	-	4,879,170	-	-	-	-	4,879,170
1710 Admissions	193,222	284,807	-	-	-	-	478,029
1740 Fees - district events	1,680,518	2,967,537	-	-	-	-	4,648,055
1750 Commissions	-	11,805	-	-	-	-	11,805
1760 Fund raising	-	1,659,941	-	-	-	-	1,659,941
1910 Rentals	904,652	4,976	-	26,730	-	-	936,358
1920 Contributions	38,813	3,024,445	-	2,149,002	-	88,932	5,301,192
1950 Textbook sales	-	41,661	-	-	-	-	41,661
1960 Recovery of prior years' expenditures	229,367	1,150	-	4,773,963	399,357	1,745	5,405,582
1970 Services to other funds	-	-	20,374,626	-	3,720,966	-	24,095,592
1980 Fees charged to grants	497,184	-	-	-	-	-	497,184
1990 Miscellaneous	611,100	317,246	-	472,169	63,516	-	1,464,031
1995 Proceeds from the sale of capital assets	20,266	-	-	-	-	-	20,266
Total local sources	168,172,027	13,308,332	79,742,816	13,440,650	4,283,584	93,829	279,041,238
Intermediate Sources							
2101 County school fund	1,048,201	-	-	-	-	-	1,048,201
2102 ESD apportionment	10,757,572	-	-	-	-	-	10,757,572
2104 ESD apportionment - preschool	20,435	-	-	-	-	-	20,435
2200 Restricted revenue	-	288,275	-	-	-	-	288,275
Total intermediate sources	11,826,208	288,275	-	-	-	-	12,114,483
State Sources							
3101 State school fund	258,157,569	-	-	-	-	-	258,157,569
3102 State school fund match	-	119,725	-	-	-	-	119,725
3103 Common school fund	4,191,413	-	-	-	-	-	4,191,413
3199 Other unrestricted grants-in-aid	3,033,795	2,280,917	-	-	-	-	5,314,712
3299 Other restricted grants-in-aid	-	5,961,023	-	-	-	-	5,961,023
Total state sources	265,382,777	8,361,665	-	-	-	-	273,744,442

BEAVERTON SCHOOL DISTRICT
REVENUE SUMMARY - ALL FUNDS (Continued)
YEAR ENDED JUNE 30, 2018

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 600	Fund 700	Total
Federal Sources							
4300 Restricted direct from federal	\$ -	\$ 232,485	\$ -	\$ -	\$ -	\$ -	\$ 232,485
4500 Restricted through state	-	22,969,631	-	-	-	-	22,969,631
4700 Federal grants	-	48,521	-	-	-	-	48,521
4910 Commodities	-	919,530	-	-	-	-	919,530
Total federal sources	-	24,170,167	-	-	-	-	24,170,167
Other Sources							
5160 Proceeds from capital leases	976,104	-	-	-	-	-	976,104
5200 Transfers in	-	1,924,105	1,304,800	-	-	-	3,228,905
5300 Sale/compensation for loss of capital assets	-	-	-	277,750	-	-	277,750
Total other sources	976,104	1,924,105	1,304,800	277,750	-	-	4,482,759
TOTAL REVENUES	\$ 446,357,116	\$ 48,052,544	\$ 81,047,616	\$ 13,718,400	\$ 4,283,584	\$ 93,829	\$ 593,553,089

**BEAVERTON SCHOOL DISTRICT
GENERAL FUND (100) EXPENDITURE SUMMARY
YEAR ENDED JUNE 30, 2018**

Instruction	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	Total
1110 Elementary programs	\$ 67,535,800	\$ 36,165,202	\$ 179,052	\$ 3,451,989	\$ 7,673	\$ 887	\$ -	\$ 107,340,603
1120 Middle school programs	29,152,708	15,158,913	125,742	1,241,431	-	5,328	-	45,684,122
1130 High school programs	41,585,300	20,753,627	1,125,889	2,942,909	23,788	71,004	-	66,502,517
1140 Pre-kindergarten programs	78,288	35,022	65	2,523	-	-	-	115,898
1210 Talented and gifted programs	199,554	65,775	1,752	135,565	-	6,188	-	408,834
1220 Restrictive programs	13,363,663	9,424,264	1,854,388	115,031	5,095	-	-	24,762,441
1250 Resource rooms	7,200,142	3,801,423	-	589	-	-	-	11,002,154
1280 Alternative education	1,957,020	1,071,007	-	237,153	-	2,002	-	8,837,010
1290 Designated programs	15,951,359	8,474,129	5,569,828	133,997	-	192,693	-	25,404,392
1410 Summer school - elementary school	22,694	6,992	652,214	6,657	-	-	-	39,583
1420 Summer school - middle school	109,136	33,879	3,240	15,961	-	-	-	187,077
1430 Summer school - high school	365,627	111,288	1,397	25,121	-	-	-	503,433
1460 Summer school programs	129,358	36,985	20,964	2,059	-	-	-	189,366
Total instruction	177,650,649	95,138,506	9,562,632	8,310,985	36,556	278,102	-	290,977,430
Support services								
2110 Attendance and social work services	2,777,798	2,077,754	320,531	101,699	-	1,299	-	5,279,081
2120 Guidance services	8,636,045	4,696,688	293,925	66,023	-	754	-	13,693,435
2130 Health services	1,357,731	802,013	31,227	24,554	-	-	-	2,215,525
2140 Psychological services	1,959,162	960,241	5,033	50,606	-	-	-	2,975,042
2150 Speech pathology and audiology services	3,845,162	1,946,454	41,807	35,104	-	1,828	-	5,870,355
2190 Service direction - student support services	2,657,151	1,323,804	230,592	369,764	-	82,433	-	4,663,744
2210 Improvement of instruction services	1,972,106	921,720	49,808	34,615	-	83,195	-	3,061,444
2220 Educational media services	4,318,354	2,721,806	15,377	721,525	-	414	-	7,777,476
2230 Assessment and testing	95,649	58,098	17,129	283,004	-	-	-	453,880
2240 Instructional staff development	2,836,933	1,696,228	965,986	645,200	-	84,564	-	6,228,911
2310 Board of education services	-	-	106,842	8,201	-	22,140	-	137,183
2320 Executive administration services	1,048,385	544,670	74,608	22,554	-	56,239	-	1,746,456
2410 Office of the principal services	18,551,835	10,767,688	102,616	351,604	2,241	17,037	-	29,793,021
2490 Other support services - school administration	1,706,574	862,218	104,058	76,428	-	622	-	2,749,900
2510 Direction of business support services	205,694	115,104	11,714	11,243	-	757	-	344,512
2520 Fiscal services	1,221,233	648,592	138,470	28,337	-	37,682	-	2,074,314
2540 Operation and maintenance of plant services	13,159,213	8,020,642	9,791,204	2,050,469	1,590,012	23,477	-	34,635,017
2550 Student transportation services	9,716,372	7,641,375	295,604	1,824,189	-	4,123	-	19,481,663
2570 Internal services	562,056	341,959	522,755	60,517	5,950	2,299	-	1,495,536
2620 Planning and development services	326,787	164,541	13,539	12,669	-	95	-	517,631
2630 Information services	525,085	290,550	62,191	29,891	-	1,693	-	909,410
2640 Staff services	2,038,652	1,061,042	180,151	129,421	-	92,211	-	3,501,477
2660 Technology services	4,872,884	2,750,338	1,510,023	1,778,222	-	6,533	-	10,918,000
Total support services	84,390,861	50,413,525	14,885,190	8,715,839	1,598,203	519,395	-	160,523,013

**BEAVERTON SCHOOL DISTRICT
GENERAL FUND (100) EXPENDITURE SUMMARY (Continued)
YEAR ENDED JUNE 30, 2018**

	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	Total
Facilities acquisition and construction								
4150 Building acquisition, construction and improvement services	\$ -	\$ -	\$ 7,473	\$ -	\$ 69,095	\$ 250	\$ -	\$ 76,818
Total facilities acquisition and construction	-	-	7,473	-	69,095	250	-	76,818
Other uses								
5110 Debt Service	-	-	-	-	-	1,018,389	-	1,018,389
5200 Transfers of funds	-	-	-	-	-	-	2,088,979	2,088,979
Total other uses	-	-	-	-	-	1,018,389	2,088,979	3,107,368
TOTAL EXPENDITURES	\$ 262,041,510	\$ 145,552,031	\$ 24,455,295	\$ 17,026,824	\$ 1,703,854	\$ 1,816,136	\$ 2,088,979	\$ 454,684,629

**BEAVERTON SCHOOL DISTRICT
SPECIAL REVENUE FUNDS (200) EXPENDITURE SUMMARY
YEAR ENDED JUNE 30, 2018**

Instruction	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	Total
1110 Elementary programs	\$ 60,267	\$ 15,250	\$ 216,451	\$ 772,556	\$ 24,366	\$ 3,301	\$ -	\$ 1,092,191
1120 Middle school programs	105,087	26,354	584,051	452,096	-	870	-	1,168,458
1130 High school programs	844,995	328,496	395,852	3,877,762	84,095	38,843	-	5,570,043
1210 Programs for talented & gifted	2,014	697	-	-	-	-	-	2,711
1220 Restrictive programs	1,696,830	1,117,761	550	25,287	-	2,000	-	2,842,428
1250 Resource rooms	823,360	434,941	-	-	-	-	-	1,258,301
1270 Educationally disadvantaged	3,262,951	1,873,720	307,017	538,114	-	-	-	5,981,802
1280 Alternative education	20,969	5,701	11,958	2,609	-	-	-	41,237
1290 Designated programs	404,264	193,899	266,152	180,360	24,817	3,573	-	1,073,065
1410 Summer school - elementary school	67,717	20,508	1,775	-	-	-	-	90,000
1460 Special programs summer school	-	-	4,750	-	-	-	-	4,750
1490 Other summer school	247,304	73,086	46,132	24,602	-	-	-	391,124
Total instruction	7,535,758	4,090,413	1,834,688	5,873,386	133,278	48,587	-	19,516,110
Support services								
2110 Attendance and social work services	517,081	356,309	140,165	24,169	-	-	-	1,037,724
2120 Guidance services	69,876	40,253	271	8,991	-	-	-	119,391
2130 Health services	213,042	104,855	2,760	-	-	-	-	320,657
2140 Psychological services	529,740	312,188	-	-	-	-	-	841,928
2150 Speech pathology and audiology services	170,950	92,321	-	-	-	-	-	263,271
2190 Service direction - student support services	427,832	219,578	549,429	5,263	-	-	-	1,202,102
2210 Improvement of instruction services	448,640	194,610	72,604	111,154	-	781	-	827,789
2220 Educational media services	2,000	171	3,873	37,714	6,434	-	-	50,192
2230 Assessment and testing	-	-	15,575	30,660	-	-	-	46,235
2240 Instructional staff development	448,604	172,212	376,467	35,931	-	24,290	-	1,057,504
2410 Office of the principal services	-	-	2,348	6,422	-	99	-	8,869
2490 Other support services - school administration	-	-	-	500	-	-	-	500
2520 Fiscal services	9,224	4,321	-	-	-	497,184	-	510,729
2540 Operation and maintenance of plant services	-	-	34,404	50,763	64,195	-	-	149,362
2550 Student transportation services	-	-	6,701	-	942,080	-	-	948,781
2570 Internal services	-	-	73,157	245	-	-	-	73,402
2630 Information services	-	-	-	9,869	-	-	-	9,869
2640 Staff services	207,045	91,770	-	-	-	-	-	298,815
2660 Technology services	8,351	2,459	11,772	149,142	64,424	-	-	236,148
2700 Supplemental retirement program	-	9,830	-	-	-	-	-	9,830
Total support services	3,052,385	1,600,877	1,289,526	470,823	1,077,133	522,354	-	8,013,098
Enterprise and community services								
3110 Service area direction	938,204	512,414	65,489	929,576	50,845	1,606	-	2,498,134
3120 Food preparation and dispensing services	3,587,360	2,674,744	87,119	4,853,373	47,147	-	-	11,249,743
3140 Food services - summer school	115,013	34,563	6,855	125,895	-	-	-	282,326
3390 Other community services	849	218	11,158	3,052	-	-	-	15,277
Total enterprise and community services	4,641,426	3,221,939	170,621	5,911,896	97,992	1,606	-	14,045,480

**BEAVERTON SCHOOL DISTRICT
SPECIAL REVENUE FUNDS (200) EXPENDITURE SUMMARY (Continued)
YEAR ENDED JUNE 30, 2018**

	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	Total
Facilities acquisition and construction								
4150 Building acquisition, construction and improvement services	\$ 36,317	\$ -	\$ 411,681	\$ 1,940,747	\$ 2,529,233	\$ 7,517	\$ -	\$ 4,925,495
Total facilities acquisition and construction	36,317	-	411,681	1,940,747	2,529,233	7,517	-	4,925,495
Other uses								
5200 Transfers of funds	-	-	-	-	-	-	4,820	4,820
Total other uses	-	-	-	-	-	-	4,820	4,820
TOTAL EXPENDITURES	\$ 15,265,886	\$ 8,913,229	\$ 3,706,516	\$ 14,196,852	\$ 3,837,636	\$ 580,064	\$ 4,820	\$ 46,505,003

**BEAVERTON SCHOOL DISTRICT
DEBT SERVICE FUND (300) EXPENDITURE SUMMARY
YEAR ENDED JUNE 30, 2018**

		Object 600	Total
Other uses	5110 Debt Service	\$ 81,005,124	\$ 81,005,124
	Total other uses	81,005,124	81,005,124
TOTAL EXPENDITURES		<u>\$ 81,005,124</u>	<u>\$ 81,005,124</u>

**BEAVERTON SCHOOL DISTRICT
CAPITAL PROJECTS FUND (400) EXPENDITURE SUMMARY
YEAR ENDED JUNE 30, 2018**

	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	Total
Support services								
2510 Direction of business support services	\$ -	\$ -	\$ 1,900	\$ -	\$ -	\$ -	\$ -	\$ 1,900
2520 Fiscal services	-	-	-	5,586	-	-	-	5,586
2550 Student transportation services	-	-	-	1,795	1,997,961	-	-	1,999,756
2620 Planning and development services	147,660	76,651	11,598	-	-	-	-	235,909
Total support services	147,660	76,651	13,498	7,381	1,997,961	-	-	2,243,151
Facilities acquisition and construction								
4110 Service area direction	2,895,247	1,414,303	80,878	138,385	-	1,210,001	-	5,738,814
4150 Building acquisition, construction and improvement services	10,134	-	6,872,001	3,870,251	80,969,452	1,171,269	-	92,893,107
4180 Other capital items	-	-	6,564	1,393,671	656,459	2,297	-	2,058,991
Total facilities acquisition and construction	2,905,381	1,414,303	6,959,443	5,402,307	81,625,911	2,383,567	-	100,690,912
Other uses								
5200 Transfers of funds	-	-	-	-	-	-	1,135,106	1,135,106
Total other uses	-	-	-	-	-	-	1,135,106	1,135,106
TOTAL EXPENDITURES	\$ 3,053,041	\$ 1,490,954	\$ 6,972,941	\$ 5,409,688	\$ 83,623,872	\$ 2,383,567	\$ 1,135,106	\$ 104,069,169

**BEAVERTON SCHOOL DISTRICT
INTERNAL SERVICE FUND (600) EXPENDITURE SUMMARY
YEAR ENDED JUNE 30, 2018**

	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Total
Support services							
2320 Executive administration services	\$ 63,117	\$ 27,508	\$ 30,548	\$ -	\$ -	\$ -	\$ 121,173
2640 Staff services	195,027	113,797	61,175	-	-	-	369,999
2690 Other support services	498,406	226,232	302,762	124,435	3,916	4,237,542	5,393,293
Total support services	756,550	367,537	394,485	124,435	3,916	4,237,542	5,884,465
Facilities acquisition and construction							
4150 Building acquisition, construction and improvement services	-	-	-	-	156,256	-	156,256
Total facilities acquisition and construction	-	-	-	-	156,256	-	156,256
TOTAL EXPENDITURES	\$ 756,550	\$ 367,537	\$ 394,485	\$ 124,435	\$ 160,172	\$ 4,237,542	\$ 6,040,721

BEAVERTON SCHOOL DISTRICT
FIDUCIARY FUND (700) EXPENDITURE SUMMARY (NON-GAAP BASIS)
YEAR ENDED JUNE 30, 2018

	Object 300	Object 400	Total
Enterprise and community services			
3390 Other community services	\$ 27,142	\$ 34,613	\$ 61,755
Total enterprise and community services	27,142	34,613	61,755
TOTAL EXPENDITURES	\$ 27,142	\$ 34,613	\$ 61,755

BEAVERTON SCHOOL DISTRICT
SUPPLEMENTAL INFORMATION AS REQUIRED BY THE OREGON DEPARTMENT OF EDUCATION
YEAR ENDED JUNE 30, 2018

A Energy Bill for Heating - All Funds:

Please enter your expenditures for electricity,
 heating fuel, and water & sewage for these
 Functions & Objects.

	Objects 325, 326, & 327
Function 2540	\$ 7,164,072
Function 2550	-

B Replacement of Equipment - General Fund:

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

Exclude these functions:

1113,1122 & 1132

1140

1300

1400

Co-curricular Activities

Pre-Kindergarten

Continuing Education

Summer School

Exclude these functions:

2550 Pupil Transportation

3100 Food Service

3300 Community Services

4150 Construction

\$ 8,756

BEAVERTON SCHOOL DISTRICT
SUPPLEMENTAL INFORMATION AS REQUIRED BY BOND DISCLOSURE AGREEMENTS
GENERAL FUND ADOPTED BUDGETS
FOR FISCAL YEARS 2017-18 AND 2018-19

	Fiscal Years	
	2017-18	2018-19
<u>Resources</u>		
Local Sources	\$ 166,987,000	\$ 174,699,500
Intermediate Sources	12,193,180	12,455,000
State Sources	266,189,977	267,108,769
Miscellaneous	40,214,583	34,065,000
Total Resources	<u>\$ 485,584,740</u>	<u>\$ 488,328,269</u>
<u>Expenditures</u>		
Salaries	\$ 263,696,772	\$ 263,647,996
Associated Payroll Costs	148,490,821	149,144,093
Purchased Services	24,139,287	25,775,991
Supplies and Materials	18,049,716	17,925,924
Capital Outlay	3,100,125	1,018,000
Other Objects	2,002,088	2,319,158
Transfers	2,161,694	4,080,694
Other Uses of Funds	23,944,237	24,416,413
Total Expenditures	<u>\$ 485,584,740</u>	<u>\$ 488,328,269</u>

STATISTICAL SECTION



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STATISTICAL SECTION OVERVIEW

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

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<i>Financial Trends</i> These schedules contain trend information to help the reader understand how financial performance has changed over time.	123
<i>Revenue Capacity</i> These schedules contain information to help the reader assess the Beaverton School District's most significant local revenue sources, state school fund and property taxes.	130
<i>Debt Capacity</i> These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the ability to issue additional debt in the future.	134
<i>Demographic and Economic Information</i> These schedules offer demographic and economic indicators to help the reader understand the environment within which the School District's financial activities take place.	137
<i>Operating Information</i> These schedules contain service and infrastructure data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs.	139

Sources: The information in these schedules is derived from the comprehensive annual financial reports for fiscal years ended June 30, 2009-18, unless otherwise noted. Beaverton School District implemented GASB Statement 75 in Fiscal Year 2018.



BEAVERTON SCHOOL DISTRICT
NET POSITION BY COMPONENT
 LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental activities										
Net investment in capital assets	\$ 290,846,498	\$ 268,188,162	\$ 262,579,965	\$ 263,555,013	\$ 251,817,765	\$ 218,858,636	\$ 210,353,998	\$ 188,502,503	\$ 168,112,175	\$ 152,810,342
Restricted	3,532,119	3,748,594	5,261,017	4,930,638	5,266,089	5,322,870	6,435,958	5,433,174	7,007,695	2,403,428
Unrestricted	(324,030,095)	(270,093,399)	(215,261,216)	(119,174,972)	1,484,312	(20,953,952)	(12,888,743)	5,544,039	17,131,784	15,908,625
Total primary government net position	\$ (29,651,478)	\$ 1,843,357	\$ 52,579,766	\$ 149,310,679	\$ 258,568,166	\$ 203,227,554	\$ 203,901,213	\$ 199,479,716	\$ 192,251,654	\$ 171,132,395

Note:

Fiscal year 2017 was restated due to GASB 75.
 Fiscal year 2015 was restated due to GASB 68.
 Fiscal year 2013 was restated due to GASB 65.

BEAVERTON SCHOOL DISTRICT
EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE
 LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses										
Governmental activities:										
Regular programs	\$ 261,781,198	\$ 251,640,423	\$ 278,194,402	\$ 151,695,546	\$ 171,453,815	\$ 155,558,206	\$ 165,967,152	\$ 155,823,545	\$ 147,327,559	\$ 140,652,507
Special programs	90,816,316	81,559,619	85,436,319	52,710,940	62,155,870	61,313,169	58,727,067	58,135,083	55,074,926	52,117,226
Summer school programs	1,599,044	1,202,441	1,446,450	823,881	746,800	361,380	424,405	462,055	321,879	779,413
Students support services	43,245,977	38,745,667	39,284,776	21,318,056	25,864,345	24,276,743	25,290,719	24,318,965	23,424,865	22,610,312
Instructional staff support	21,579,054	20,507,887	20,225,200	10,122,238	10,435,278	9,523,879	14,046,573	16,324,138	15,908,765	20,347,527
General administration support	2,233,419	2,144,094	2,325,564	1,453,617	1,560,440	1,452,533	1,453,474	1,527,173	1,563,192	1,832,985
School administration	36,716,727	33,442,147	34,893,849	19,465,092	24,474,041	23,328,668	22,895,754	22,373,286	22,098,423	23,114,665
Business support services	62,356,966	56,468,112	55,384,931	41,631,222	46,057,995	44,054,090	43,878,022	44,761,271	45,919,247	45,243,492
Central activities support	24,743,049	21,562,471	22,841,783	13,375,047	16,829,201	15,898,939	15,304,425	16,137,172	14,583,749	14,509,009
Supplemental retirement	9,830	39,736	38,011	100,893	796,395	1,364,077	712,529	85,307	82,494	179,037
Nutrition services	14,889,225	14,006,876	15,413,542	11,736,797	12,763,646	12,801,512	12,620,976	12,590,877	12,178,818	11,898,361
Community services	15,453	4,571	12,273	47,469	138,592	128,385	67,660	140,908	120,909	130,491
Custody and care of children services	-	-	-	-	-	-	37,544	37,083	90,857	86,772
Facilities Services	-	-	-	-	-	-	-	1,332,465	1,100,757	585,880
Interest on long-term debt	34,095,456	30,507,560	36,159,370	34,413,599	16,163,540	35,719,584	24,764,671	24,552,195	26,185,245	24,991,499
Total primary government expenses	594,021,714	551,631,604	591,656,470	358,892,397	389,439,958	385,781,165	386,190,971	378,601,523	365,981,685	359,079,176
Program Revenues										
Governmental activities:										
Charges for services										
Instruction	5,270,449	6,031,333	6,964,291	10,217,286	10,098,793	10,003,939	9,571,654	9,341,231	8,222,022	1,014,574
Support services	1,562,046	1,428,741	860,873	877,606	904,645	878,076	821,016	841,385	1,405,269	1,791,522
Enterprise and community services	4,884,146	4,431,211	4,426,767	4,190,202	4,137,738	4,335,594	4,690,877	4,736,978	4,894,440	5,054,123
Operating grants and contributions	37,291,667	30,565,670	28,805,495	28,314,126	29,592,463	26,430,911	28,815,557	45,694,904	41,722,109	30,898,351
Capital grants and contributions	472,169	361,917	1,226,334	-	-	-	-	560,751	1,384,570	5,933,674
Total primary government program revenues	49,480,477	42,818,872	42,283,760	43,599,220	44,733,639	41,648,520	43,899,104	61,175,249	57,628,410	44,692,244
Net (Expense)/Revenue										
Total primary government net expense	\$ (544,541,237)	\$ (508,812,732)	\$ (549,372,710)	\$ (315,293,177)	\$ (344,706,319)	\$ (344,132,645)	\$ (342,291,867)	\$ (317,426,274)	\$ (308,353,275)	\$ (314,386,932)

Note:
 Fiscal year 2017 was restated due to GASB 75.
 Fiscal year 2015 was restated due to GASB 68.
 Fiscal year 2013 was restated due to GASB 65.

BEAVERTON SCHOOL DISTRICT
GENERAL REVENUES AND TOTAL CHANGE IN NET POSITION
 LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Net (Expense) / Revenue										
Total primary government net expense	\$ (544,541,237)	\$ (508,812,732)	\$ (549,372,710)	\$ (315,293,177)	\$ (344,706,319)	\$ (344,132,645)	\$ (342,291,867)	\$ (317,426,274)	\$ (308,353,275)	\$ (314,386,932)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes levied for general purposes	128,140,820	125,870,990	120,530,968	114,933,952	110,583,679	106,074,191	104,258,668	100,540,188	97,635,238	94,730,145
Local option taxes levied for general purposes	31,005,163	28,882,071	26,192,500	24,213,931	19,060,210	-	-	32	10,757	39,316
Property taxes levied for debt service	58,897,201	52,900,525	51,502,850	51,440,929	49,732,072	47,152,740	48,141,562	44,848,328	45,541,764	37,766,753
Construction excise tax	3,217,459	3,829,430	3,069,069	2,997,116	2,407,510	1,863,969	1,157,042	1,180,614	1,343,893	1,113,898
State school fund	258,157,569	231,739,269	228,865,870	216,460,563	199,569,316	172,475,674	167,737,344	157,658,272	164,168,392	171,866,019
Common school fund	4,191,413	5,011,850	4,691,786	3,796,074	3,537,242	3,655,130	3,262,020	3,419,944	3,487,822	2,833,379
Unrestricted state and local sources	17,260,645	14,767,326	13,006,206	15,770,697	12,110,552	8,490,373	17,833,330	11,638,640	9,902,461	12,158,536
Earnings on investments	4,943,574	2,351,393	3,198,636	2,541,728	517,574	503,144	617,642	790,559	614,622	3,444,218
Gain on sale of capital asset	298,016	139,540	15,250	200	767,803	-	-	-	-	-
Miscellaneous	6,934,542	2,377,106	1,568,662	4,114,307	1,760,973	3,243,765	3,705,756	4,577,759	4,737,257	1,848,896
Total primary government	513,046,402	467,869,500	452,641,797	436,269,497	400,046,931	343,458,986	346,713,364	324,654,336	327,442,206	325,801,160
Change in Net Position										
Total primary government	\$ (31,494,835)	\$ (40,943,232)	\$ (96,730,913)	\$ 120,976,320	\$ 55,340,612	\$ (673,659)	\$ 4,421,497	\$ 7,228,062	\$ 19,088,931	\$ 11,414,228

Note:

Fiscal year 2017 was restated due to GASB 75.

Fiscal year 2015 was restated due to GASB 68.

Fiscal year 2013 was restated due to GASB 65.

**BEAVERTON SCHOOL DISTRICT
FUND BALANCES, GOVERNMENTAL FUNDS**

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Fund										
Unreserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,182,975
Committed	22,852,024	21,717,173	20,852,418	1,599,028	789,822	969,517	1,612,745	1,362,113	1,688,104	-
Unassigned	29,660,002	38,054,174	42,979,287	55,398,731	31,344,339	7,550,548	7,969,481	20,156,857	26,486,138	-
Total general fund	\$ 52,512,026	\$ 59,771,347	\$ 63,831,705	\$ 56,997,759	\$ 32,134,161	\$ 8,520,065	\$ 9,582,226	\$ 21,518,970	\$ 28,174,242	\$ 17,182,975
All Other Governmental Funds										
Unreserved, reported in:										
Debt service fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,403,428
Capital projects funds	-	-	-	-	-	-	-	-	-	72,864,172
Special revenue funds	-	-	-	-	-	-	-	-	-	13,812,287
Non-spendable	515,050	287,514	287,230	290,613	391,594	346,922	363,240	395,505	383,175	-
Restricted	297,398,364	385,241,999	265,786,893	411,190,925	4,679,163	15,246,617	21,458,042	23,776,761	36,964,939	-
Committed	16,959,313	14,172,144	10,473,961	9,390,147	9,507,482	8,485,568	8,130,111	11,417,612	10,165,139	-
Total all other governmental funds	\$ 309,872,727	\$ 399,701,657	\$ 276,548,084	\$ 420,871,685	\$ 14,578,239	\$ 24,079,107	\$ 29,951,393	\$ 35,589,878	\$ 47,513,253	\$ 89,079,887

Note:

Fiscal year 2010 balances were restated due to GASB 54.

**BEAVERTON SCHOOL DISTRICT
GOVERNMENTAL FUNDS REVENUES**

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Federal sources:										
Federal grants	\$ 15,435,149	\$ 15,698,266	\$ 14,962,424	\$ 15,797,793	\$ 14,572,186	\$ 15,786,503	\$ 18,209,732	\$ 36,055,519	\$ 32,479,021	\$ 22,966,422
Food services	8,735,018	8,708,590	8,924,874	8,534,126	8,307,010	8,100,523	8,253,743	7,890,362	7,315,965	6,476,041
Total federal sources	24,170,167	24,406,856	23,887,298	24,331,919	22,879,196	23,887,026	26,463,475	43,945,881	39,794,986	29,442,463
State and intermediate sources:										
State school support	269,283,471	238,165,429	232,618,495	218,446,776	201,133,195	174,134,811	178,776,160	164,851,674	170,175,911	182,178,041
Common school fund	4,191,413	5,011,850	4,691,786	3,796,074	3,537,242	3,655,130	3,262,020	126,639	124,261	2,833,379
Nutrition services	269,558	239,864	263,666	156,832	158,702	163,368	150,503	152,866	152,866	126,938
Other	12,114,483	10,102,679	10,454,984	14,746,576	10,387,971	6,687,868	6,644,011	8,148,791	8,490,207	7,653,250
Total state and intermediate sources	285,858,925	253,519,822	248,028,931	237,146,238	215,217,110	184,641,177	188,832,694	173,277,607	178,943,245	192,791,608
Local sources:										
Ad valorem taxes	189,669,800	177,968,234	171,027,470	166,521,730	159,534,598	153,682,815	150,618,996	145,659,724	142,849,247	131,218,334
Local option levy	31,005,163	28,882,071	26,192,500	24,213,931	19,060,210	989	1,233	32	10,757	39,316
Food service sales	4,879,170	4,429,825	4,425,669	4,188,510	4,137,738	4,335,594	4,642,615	4,690,790	4,804,659	4,952,460
Interest and other income	42,133,781	37,522,902	37,754,679	35,445,125	33,485,753	27,556,044	26,936,013	25,942,763	25,114,830	9,510,706
Other revenues	6,975,911	2,477,371	2,628,817	3,892,912	1,151,631	2,071,823	3,179,995	4,100,831	4,136,871	11,021,749
Total local sources	274,663,825	251,280,403	242,029,135	234,262,208	217,369,930	187,647,265	185,378,852	180,394,140	176,916,364	156,742,565
Total revenues	\$ 584,692,917	\$ 529,207,081	\$ 513,945,364	\$ 495,740,385	\$ 455,466,236	\$ 396,175,468	\$ 400,675,021	\$ 397,617,628	\$ 395,654,595	\$ 378,976,636

BEAVERTON SCHOOL DISTRICT
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Instruction	\$ 310,493,539	\$ 287,283,072	\$ 272,408,774	\$ 252,459,576	\$ 227,532,904	\$ 207,207,837	\$ 218,652,203	\$ 209,144,733	\$ 196,896,644	\$ 188,542,067
Student personnel services	38,482,256	34,603,010	31,090,493	27,894,246	25,123,920	23,332,596	24,593,504	23,722,270	22,768,827	22,134,153
Instructional media services	7,827,668	7,337,588	6,009,525	4,233,576	3,428,633	3,403,331	6,737,873	7,052,598	7,046,696	7,172,032
Instruction and curriculum development services	4,389,348	4,315,206	4,568,815	4,180,073	4,122,174	3,280,985	3,060,568	4,933,657	4,825,938	7,567,589
Instructional staff training	7,286,415	6,853,937	6,082,223	4,116,070	2,642,056	2,475,496	3,787,847	3,934,336	3,630,603	5,125,872
Board of education	137,183	188,592	174,222	184,223	104,179	166,447	131,476	177,570	105,529	275,864
General administration	1,746,456	1,647,132	1,606,548	1,473,662	1,423,055	1,236,521	1,284,038	1,317,619	1,420,229	1,522,419
School administration	32,552,290	29,703,235	27,598,638	25,589,396	23,727,536	22,394,165	22,225,585	21,808,208	21,439,584	22,682,452
Fiscal services	2,937,041	4,335,365	2,600,984	4,641,006	2,257,450	2,057,740	2,276,466	2,499,882	2,631,837	2,948,368
Central services	18,196,198	16,508,280	15,508,597	13,450,587	13,445,566	12,643,189	12,684,917	12,809,288	14,755,944	15,294,568
Student transportation services	22,430,200	20,085,388	20,201,661	19,809,756	16,701,748	15,830,750	15,648,651	17,251,379	15,049,227	17,079,625
Operation and maintenance of plant	34,784,379	30,174,482	26,972,370	26,274,101	24,441,755	23,399,588	23,506,371	22,836,444	23,201,941	23,507,619
Supplemental retirement	9,830	39,736	38,011	145,163	764,112	1,291,171	704,595	85,019	81,193	-
Community services	-	13,160,253	13,664,440	13,341,409	12,714,904	12,715,302	12,554,327	12,572,108	12,235,486	12,010,508
Capital outlay	105,693,226	208,045,840	147,718,421	42,591,476	16,608,797	6,889,659	5,679,030	15,507,726	42,237,995	82,949,169
Facilities acquisition/construction	-	-	-	-	-	-	-	-	-	-
Other capital outlay	-	-	-	-	-	-	-	-	-	-
Debt service	44,497,060	41,157,802	36,742,349	33,850,765	45,375,306	41,348,283	38,323,249	33,994,798	29,744,444	27,335,773
Principal	37,526,453	35,381,003	36,726,785	33,567,947	19,620,481	22,468,382	24,746,840	26,637,751	28,548,173	26,076,306
Interest	-	-	158,054	544,615	-	1,013,347	281,899	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-	-	-
Total expenditures	\$ 668,989,542	\$ 740,819,921	\$ 649,870,910	\$ 508,347,647	\$ 440,034,576	\$ 403,154,789	\$ 416,879,439	\$ 416,285,386	\$ 426,620,290	\$ 462,224,384
Expenditures for capital assets	\$ (20,999,619)	\$ 196,991,781	\$ 126,008,956	\$ 32,779,553	\$ 15,481,603	\$ 7,199,924	\$ 6,305,864	\$ 14,370,060	\$ 41,748,748	\$ 86,305,084
Debt service as a percentage of noncapital expenditures	11.89%	14.07%	14.02%	14.18%	15.31%	16.12%	15.36%	15.09%	15.15%	14.21%

BEAVERTON SCHOOL DISTRICT
OTHER FINANCING SOURCES AND USES AND NET CHANGE IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Excess of revenues over / (under) expenditures										
\$	(98,342,105)	\$ (211,612,841)	\$ (135,925,546)	\$ (12,607,262)	\$ 15,431,660	\$ (6,979,321)	\$ (16,204,418)	\$ (18,667,758)	\$ (30,965,695)	\$ (83,247,748)
Other Financing Sources / (Uses)										
Sale of or compensation for loss of capital assets	277,750	138,684	8,325	200	767,803	6,312	-	-	-	-
Transfers in	3,228,905	3,427,609	22,002,909	3,121,052	2,373,991	3,177,796	6,929,535	4,377,445	6,412,278	18,422,773
Transfers out	(3,228,905)	(4,427,609)	(23,737,909)	(5,351,052)	(4,460,226)	(4,177,796)	(8,564,535)	(6,132,445)	(8,062,278)	(19,622,773)
Capital leases	976,104	3,447,000	-	-	-	-	-	1,844,111	-	2,837,449
Issuance of debt	-	297,850,265	-	461,368,784	-	-	-	-	-	65,460,000
Premium on long-term debt issued	-	302,701,107	-	63,295,961	-	-	-	-	-	3,355,265
PERS UAL lump sum payment	-	-	-	(78,670,639)	-	-	-	-	-	-
Refunding bonds issued	-	-	16,260,000	-	-	159,400,000	42,175,000	-	-	-
Refunding bonds premium	-	-	1,766,329	-	-	20,961,752	5,668,811	-	-	-
Payment to refunded bond escrow agent	-	-	(17,863,763)	-	-	(179,342,751)	(47,560,061)	-	-	-
Total other financing sources / (uses)	1,253,854	330,706,056	(1,564,109)	443,764,306	(1,318,432)	25,313	(1,351,250)	89,111	(1,650,000)	70,452,714
Net change in fund balances	\$ (97,088,251)	\$ 119,093,215	\$ (137,489,655)	\$ 431,157,044	\$ 14,113,228	\$ (6,954,008)	\$ (17,555,668)	\$ (18,578,647)	\$ (32,615,695)	\$ (12,795,034)

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

Fiscal Year	Assessed Value		Total Taxable Value	Total Direct Rate ^a	Real Market Value ^b		Total Real Market Value	Assessed Value as a percentage of RMV
	Residential Property	Personal Property			Residential Property	Personal Property		
2018	\$ 27,980,980,946	\$ 892,997,589	\$ 28,873,978,535	\$ 8.053	\$ 45,500,522,954	\$ 892,997,589	\$ 46,393,520,543	62.24 %
2017	26,724,297,636	852,885,982	27,577,183,618	7.921	40,875,891,989	852,885,982	41,728,777,971	66.09
2016	25,474,574,888	827,083,328	26,301,658,216	7.957	36,434,229,379	827,083,328	37,261,312,707	70.59
2015	24,377,039,678	766,409,601	25,143,449,279	8.037	33,933,616,189	766,409,601	34,700,025,790	72.46
2014	23,358,556,710	756,361,921	24,114,918,631	8.054	30,645,539,168	756,361,921	31,401,901,089	76.79
2013	22,579,021,200	742,141,580	23,321,162,780	6.775	28,888,144,155	742,141,580	29,630,285,735	78.71
2012	21,897,521,030	719,492,406	22,617,013,436	6.860	29,322,657,487	719,492,406	30,042,149,893	75.28
2011	21,269,293,890	698,324,971	21,967,618,861	6.784	30,622,355,726	698,324,971	31,320,680,697	70.14
2010	20,647,926,140	694,175,279	21,342,101,419	6.879	32,405,737,871	694,175,279	33,099,913,150	64.48
2009	19,879,698,122	756,844,311	20,636,542,433	6.564	34,596,844,797	756,844,311	35,353,689,108	58.37

^a Per \$1,000 of assessed value.

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

Source: Washington County Dept. of Assessment & Taxation

BEAVERTON SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN FISCAL YEARS

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

Fiscal Year	District Direct Rates			Overlapping Rates																								
	General Purpose	Local Option	Bonds	Total	Portland Community College		City of Hillsboro		City of Portland		Tualatin Hills Park & Recreation		Tualatin Valley Fire & Rescue		City of Beaverton		Washington County		Metro Service District		Tri-Met		Port of Portland		Multnomah County		NW Regional ESD	
2018	\$ 4.693	\$ 1.250	\$ 2.110	\$ 8.053	\$ 0.605	\$ 5.387	\$ 7.884	\$ 2.871	\$ 1.611	\$ 2.078	\$ 4.345	\$ 2.958	\$ 0.409	\$ -	\$ 0.070	\$ 4.393	\$ 0.154											
2017	4.693	1.250	1.978	7.921	0.679	5.387	7.971	4.967	1.619	2.098	4.375	2.959	0.397	-	0.070	4.393	0.154											
2016	4.693	1.250	2.014	7.957	0.586	5.387	7.763	6.283	1.625	2.108	4.377	2.838	0.388	-	0.070	4.487	0.154											
2015	4.693	1.250	2.094	8.037	0.722	5.387	7.892	4.178	1.717	1.891	4.377	2.838	0.459	-	0.070	4.491	0.154											
2014	4.693	1.250	2.111	8.054	0.734	5.387	7.980	3.376	1.728	1.906	4.376	2.968	0.467	-	0.070	4.511	0.154											
2013	4.693	-	2.082	6.775	0.665	7.541	7.363	6.350	1.730	1.915	4.238	2.970	0.404	-	0.070	5.424	0.154											
2012	4.693	-	2.167	6.860	0.598	6.464	7.688	3.795	1.739	1.930	4.179	2.974	0.315	0.058	0.070	5.440	0.154											
2011	4.693	-	2.091	6.784	0.636	5.387	7.808	2.722	1.743	1.883	4.203	2.980	0.409	0.088	0.070	5.385	0.154											
2010	4.693	-	2.186	6.879	0.633	5.387	7.824	2.727	1.734	1.895	4.199	2.984	0.437	0.086	0.070	5.403	0.154											
2009	4.693	-	1.871	6.564	0.503	5.387	7.392	2.688	1.429	1.843	4.115	2.984	0.398	0.080	0.070	5.394	0.154											

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

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

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

Taxpayer	June 2018						June 2009					
	Beaverton School District			Washington County			Beaverton School District			Washington County		
	Taxable Assessed Value	Rank	% of Total Taxable Value	Taxable Assessed Value	Rank	% of Total Taxable Value	Taxable Assessed Value	Rank	% of Total Taxable Value	Taxable Assessed Value	Rank	% of Total Taxable Value
Nike, Inc.	\$ 712,925,575	1	2.5 %	\$ 876,938,579	2	1.4 %	\$ 357,685,359	1	1.7 %	\$ 411,842,849	3	0.9 %
PPR Washington Square LLC	129,924,920	5	0.4	151,425,390	10	0.2	94,023,547	9	0.5			
Maxim Integrated Products, Inc.	121,840,480	6	0.4				128,905,510	6	0.6	171,437,490	7	0.4
Nike, IHM Inc.	115,554,910	7	0.4									
Harsch Investment Properties, LLC	77,720,253	8	0.3									
Beaverton LLC	94,221,900	10	0.3									
Intel				2,387,794,178	1	3.8				1,101,356,820	1	2.5
Pacific Realty Associates				379,444,724	5	0.6				283,366,710	5	0.6
Genentech Inc.				189,956,570	8	0.3						
Tektronix Inc							134,978,001	3	0.7	135,299,503	8	0.3
ERP Operating Ltd Partnership							115,412,910	5	0.6	115,412,910	9	0.3
PS Business Parks LP							102,805,926	7	0.5	102,805,926	10	0.2
Amberglen, LLC							67,501,900	10	0.3			
<u>Public Utilities</u>												
Comcast Corporation	274,351,700	2	1.0	462,371,700	4	0.7						
Portland General Electric Co.	151,515,371	3	0.5	521,188,116	3	0.8	125,139,980	4	0.6	343,427,950	4	0.8
Northwest Natural Gas	151,073,000	4	0.5	355,967,210	6	0.6	99,965,200	8	0.5	286,150,490	6	0.7
Frontier Communications	91,060,000	9	0.3	191,382,000	9	0.3						
Verizon Communications				214,438,000	7	0.3	234,531,388	2	1.1	438,548,983	2	1.0
Subtotal of Ten Largest Taxpayers	1,920,188,109		6.7	5,730,906,467		9.2	1,460,949,721		7.1	3,389,649,631		7.7
All Other Taxpayers	26,953,790,426		93.3	56,609,740,920		90.8	19,175,592,712		92.9	40,473,472,218		92.3
Total Assessed Value of Tax District	\$28,873,978,535		100.0 %	\$62,340,647,387		100.0 %	\$20,636,542,433		100.0 %	\$43,863,121,849		100.0 %

Note: Ranked based on taxes levied.

Source: Washington County Department of Assessment & Taxation

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

Fiscal Year	Taxes Levied for the Fiscal Year ⁽¹⁾	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years ⁽²⁾	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2018	\$ 227,729,017	\$ 217,437,442	95.48 %	\$ -	\$ 217,437,442	95.48 %
2017	213,119,699	203,451,291	95.46	1,343,763	204,795,054	96.09
2016	202,813,119	193,825,317	95.57	1,970,584	195,795,901	96.54
2015	195,294,087	186,692,754	95.60	2,398,402	189,091,156	96.82
2014	183,560,233	174,630,884	95.14	3,060,116	177,691,000	96.80
2013	157,726,841	150,601,309	95.48	2,785,663	153,386,972	97.25
2012	155,139,570	147,593,679	95.14	2,367,570	149,961,249	96.66
2011	148,921,305	140,983,744	94.67	2,675,641	143,659,385	96.47
2010	146,696,578	138,507,814	94.42	3,904,135	142,411,949	97.08
2009	135,514,754	127,776,537	94.29	4,307,410	132,083,947	97.47

⁽¹⁾ Amounts are based upon the tax collection year July 1 to June 30, without adjustments for uncollectable or settlements that occur subsequently.

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

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

LAST TEN FISCAL YEARS

(dollars in thousands, except per capita)

n/a - Information not available as of printing.

**BEAVERTON SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**
AS OF JUNE 30, 2018

Governmental Unit	Net Property-tax Backed Debt Outstanding^a	Percent Within School District	Estimated Share of Direct and Overlapping Debt^b
Beaverton School District	\$ 1,035,618,531	100.00 %	\$ 1,136,662,831 ^c
Washington County	219,115,761	47.88	104,922,925
Portland Community College	461,071,466	19.02	87,708,242
Tualatin Hills Park and Recreation District	77,707,133	96.96	75,342,893
City of Beaverton	34,217,534	98.30	33,637,513
Metro	205,735,000	15.18	31,230,367
Tualatin Valley Fire and Rescue	30,635,000	50.63	15,509,122
City of Hillsboro	42,280,000	11.96	5,054,574
City of Tigard	20,088,506	16.70	3,355,544
Multnomah County	369,970,117	0.11	399,938
City of Portland	176,992,106	0.09	165,134
Hillsboro School District	479,215,000	0.01	67,569
Northwest Regional ESD	35,000	38.94	13,628
Hillsboro School District - Bond	2,862,570	0.01	404
Subtotal, overlapping debt			357,407,853
Total direct and overlapping debt			\$ 1,494,070,684

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

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

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

^c Includes unamortized premium of \$101,044,300

Source: State of Oregon - Office of the Treasurer

BEAVERTON SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2018

Real Market Value	\$	46,393,520,543
Debt Limit (7.95% of Real Market Value ¹)		3,688,284,883
Debt Applicable to Limit		800,970,000
Legal Debt Margin	\$	2,887,314,883

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to the Limit as a Percentage of Debt Limit
2018	\$ 3,688,284,883	\$ 800,970,000	\$ 2,887,314,883	21.72 %
2017	3,317,437,849	832,135,000	2,485,302,849	25.08
2016	2,962,274,360	563,109,000	2,399,165,360	19.01
2015	2,758,652,050	589,344,000	2,169,308,050	21.36
2014	2,496,451,137	233,560,000	2,262,891,137	9.36
2013	2,355,607,716	272,895,000	2,082,712,716	11.58
2012	2,388,350,916	307,620,000	2,080,730,916	12.88
2011	2,489,994,115	341,575,000	2,148,419,115	13.72
2010	2,631,443,095	370,250,000	2,261,193,095	14.07
2009	2,810,618,284	395,935,000	2,414,683,284	14.09

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

For each grade from kindergarten to eighth for which the District operates schools, fifty-five one-hundredths of one percent (.0055) of the real market value. ^A

For each grade from ninth to twelfth for which the District operates schools, seventy-five one-hundredths of one percent (.0075) of the real market value. ^B

Allowable Percentage of Real Market Value:

^A Kindergarten through eighth grade, 9 x .0055

^B Ninth through twelfth grade, 4 x .0075

Allowable Percentage

4.95%
3.00%
7.95%

BEAVERTON SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN CALENDAR YEARS

Calendar Year	Population ^a <i>Estimated</i>	Personal Income ^b <i>(In Thousands)</i>	Per Capita Personal Income	Unemployment Rate ^c <i>(Washington County)</i>
2018	286,013	n/a	n/a	n/a
2017	280,126	n/a	n/a	3.5 %
2016	273,845	\$ 31,588,397	\$ 54,203	4.2
2015	269,023	29,812,561	51,909	4.8
2014	263,778	26,299,466	46,713	5.7
2013	258,199	24,839,911	44,757	6.3
2012	257,562	24,314,346	44,396	7.1
2011	254,914	23,042,656	42,639	7.7
2010	252,293	21,586,715	40,606	9.1
2009	248,264	21,205,286	39,465	9.1

Notes:

n/a - Information not available as of printing.

^a Bureau of Economic and Business Research and BSD estimates based on PSU Population Research Center data.

^b U.S. Department of Commerce, Bureau of Economic Analysis.

^c Oregon Labor Market, Labor Force Data for Washington County. Not seasonally adjusted.

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

	December 31, 2017			December 31, 2008		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Employer						
Ten Largest Employers						
Intel Corp.	19,300	1	1.53 %	16,740	1	1.52 %
Providence Health System	17,543	2	1.39	14,639	2	1.33
Oregon Health & Science University	16,200	3	1.29	11,500	3	1.05
Legacy Health System	12,955	4	1.03	8,196	6	0.75
Nike Inc.	12,000	5	0.95	7,648	7	0.70
Fred Meyer Stores	10,637	6	0.84	8,500	4	0.77
City of Portland	7,043	7	0.56			
Portland Public Schools	6,780	8	0.54			
Multnomah County	6,266	9	0.50			
Beaverton School District	5,207	10	0.41			
Kaiser Permanente Northwest				8,221	5	0.75
Wells Fargo				4,873	8	0.44
Greenbriar Cos. Inc.				3,972	9	0.36
Freightliner Corp				3,500	10	0.32
Subtotal of Ten Largest Employers	113,931		9.05	87,789		7.99
All Other Employers	1,145,244		90.95	1,011,430		92.01
Total Portland PMSA¹ Employment	1,259,175		100.00 %	1,099,219		100.00 %

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

Source: Portland Business Journal Book of Lists and Oregon Employment Department QualityInfo.org

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

	2018 Salary Range		Full-time Equivalent Employees as of June 30										% Change 2017 to 2018
			2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	
<u>Instruction</u>													
Certified	\$ 42,967	\$ 88,172	1,767.53	1,763.45	1,730.90	1,569.59	1,446.03	1,319.92	1,578.05	1,582.68	1,572.87	1,590.00	0.23 %
Support	28,182	58,447	136.08	131.70	127.28	103.02	109.28	98.51	77.65	76.30	78.03	85.60	3.32
<u>Special Programs</u>													
Certified	42,967	88,172	456.18	442.90	420.91	413.00	383.86	393.41	397.72	436.59	435.50	420.10	3.00
Support	28,182	73,691	258.87	260.78	236.11	228.23	213.81	225.06	259.69	256.25	278.56	263.54	(0.73)
Administration	108,186	272,950	-	-	-	-	-	-	1.00	1.00	1.00	3.00	-
<u>Student Support Services</u>													
Certified	42,967	88,172	222.68	219.85	213.77	192.58	176.58	170.80	183.67	188.86	196.46	192.22	1.29
Support	25,878	127,931	112.60	98.23	85.94	73.55	66.59	64.44	76.72	76.00	69.22	70.96	14.62
Administration	108,186	272,950	7.00	6.00	5.00	4.00	3.97	3.89	2.97	3.47	5.00	3.88	16.67
<u>Instructional Staff Support</u>													
Certified	42,967	88,172	62.25	67.78	52.11	31.99	20.34	16.27	71.82	101.09	99.01	146.59	(8.16)
Support	28,182	67,527	45.94	47.03	47.76	45.51	43.60	43.58	32.82	32.80	36.36	36.74	(2.31)
Administration	108,186	272,950	4.00	3.81	2.94	3.00	2.96	2.96	2.00	2.00	3.00	3.00	5.05
<u>General Administration Support</u>													
Support	28,182	157,815	5.27	5.72	5.31	5.30	5.03	1.53	5.03	5.00	5.17	6.00	(7.87)
Administration	108,186	272,950	3.54	3.63	3.71	2.75	2.75	2.75	3.00	3.00	3.00	3.00	(2.46)
<u>School Administration</u>													
Certified	42,967	88,172	11.67	11.30	9.37	9.20	12.37	15.20	12.93	10.86	10.38	15.05	3.27
Support	28,182	67,527	122.35	120.25	110.15	103.84	103.83	103.10	104.35	106.86	104.61	106.25	1.74
Administration	108,186	272,950	112.35	109.54	103.65	97.35	88.56	83.75	89.30	91.40	91.38	96.73	2.56
<u>Business Support Services</u>													
General Business													
Support	28,182	99,346	17.70	16.82	16.90	16.36	14.99	12.31	16.34	18.09	18.45	18.34	5.20
Administration	108,186	272,950	2.00	2.00	2.00	2.00	2.00	1.41	1.00	1.00	1.43	2.00	-
Facilities													
Support	30,265	99,346	257.32	228.80	214.54	208.91	201.63	190.54	206.19	212.52	213.67	209.38	12.46
Administration	108,186	272,950	1.94	2.00	2.00	2.00	1.00	1.00	1.00	1.00	1.00	1.00	(3.14)
Transportation													
Support	28,182	99,346	185.14	173.13	165.56	167.57	170.05	169.00	176.72	180.72	179.98	194.33	6.94
Administration	108,186	272,950	1.25	1.23	1.25	1.25	1.25	1.25	1.00	1.00	1.00	1.00	1.84

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

	2018 Salary Range	Full-time Equivalent Employees as of June 30										% Change 2017 to 2018
		2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	
<u>Business Support Services (Continued)</u>												
Other Administration Support												
Support	28,182 85,519	10.57	9.79	8.40	7.70	8.78	8.00	9.67	10.00	9.75	10.52	7.96 %
<u>Central Support Services</u>												
Certified	42,967 88,172	4.85	4.55	5.00	4.50	4.20	4.52	5.29	5.30	4.49	5.50	6.48
Support	28,182 103,317	101.70	99.14	87.69	69.50	67.09	60.00	60.87	66.87	68.44	69.80	2.59
Administration	108,186 272,950	9.88	9.00	8.13	7.82	7.00	7.00	6.51	7.00	7.90	8.00	9.80
<u>Food Services</u>												
Support	\$ 23,573 \$ 58,919	107.85	101.54	101.15	100.46	102.07	97.83	103.01	103.55	103.19	99.15	6.21
Administration	108,186 272,950	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	-
<u>Community Services & Custody and Care of Children Services</u>												
Certified	- -	-	-	-	0.38	0.37	0.52	0.53	0.54	0.53	0.54	-
Support	25,878 103,317	-	-	-	-	1.35	1.11	1.69	1.55	2.49	1.25	-
<u>Facilities Acquisition and Construction</u>												
Certified	- -	5.00	5.00	4.19	1.00	-	-	-	-	-	-	-
Support	66,527 99,346	29.41	33.55	29.48	17.05	4.50	3.57	3.14	10.49	14.20	15.62	(12.34)
Administration	108,186 272,950	1.00	1.00	0.99	1.00	1.91	1.16	1.00	1.81	2.00	2.00	-
Total		4,064.93	3,980.55	3,803.21	3,491.42	3,268.75	3,105.39	3,493.68	3,596.78	3,619.24	3,682.25	

	2018 Salary Range	Number of Teachers
Bachelor's Range	\$ 42,967 \$ 81,235	303
Master's Range	\$ 46,648 \$ 88,172	2,227
Average Teacher Salary	\$ 67,569	

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

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

Source: Beaverton School District records.

BEAVERTON SCHOOL DISTRICT
OPERATING STATISTICS
 LAST TEN FISCAL YEARS

Fiscal Year	Enrollment	ADMw	Operating Expenditures ^a	Cost per Student	Percentage Change	Expenses ^b	Cost per Student	Percentage Change	Certified Staff ^c	Student-Certified Staff Teacher Ratio	Percentage of Students Receiving Free or Reduced-Price Meals
2018	41,016	48,419.61	\$ 481,272,803	\$ 11,734	5.22 %	\$ 668,989,542	\$ 16,310	(9.93) %	2,530	16.21	35.7 %
2017	40,912	48,743.18	456,235,276	11,152	5.98	740,819,921	18,108	13.47	2,515	16.27	34.5
2016	40,725	48,668.62	428,525,301	10,522	5.57	649,870,910	15,958	25.28	2,436	16.72	37.3
2015	39,910	45,797.19	397,792,844	9,967	9.87	508,347,647	12,737	14.36	2,222	17.96	39.3
2014	39,509	45,087.84	358,429,992	9,072	7.92	440,034,576	11,138	8.93	2,044	19.33	38.7
2013	39,427	44,796.05	331,435,118	8,406	(5.62)	403,154,789	10,225	(4.21)	1,921	20.53	39.4
2012	39,054	44,823.44	347,848,421	8,907	1.64	416,879,439	10,674	(0.47)	2,250	17.36	40.6
2011	38,814	44,647.62	340,145,111	8,763	2.36	416,285,386	10,725	(4.24)	2,326	16.69	39.8
2010	38,090	43,933.45	326,089,678	8,561	(1.13)	426,620,290	11,200	(8.86)	2,319	16.43	38.8
2009	37,613	43,471.30	325,688,733	8,659	1.55	462,224,384	12,289	2.74	2,370	16.44	35.8

Notes:

^a Operating expenditures are all governmental fund expenditures less debt service and capital outlays.

^b Expenses include capital projects and debt service activity.

^c Includes classroom, music, physical education, special education teachers, and counselors.

n/a - Information not available as of printing.

Source: Beaverton School District records.

BEAVERTON SCHOOL DISTRICT
CAPITAL ASSET INFORMATION
 LAST TEN FISCAL YEARS

	Fiscal Year										Average Age of Buildings (in years)
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	
SCHOOLS											
Elementary											
Buildings	34	33	33	33	33	33	33	33	33	32	47
Square feet	2,173,164	2,039,682	2,012,047	2,012,047	2,012,047	2,012,047	2,012,047	2,012,047	2,012,047	1,865,333	
Capacity	22,609	21,417	21,377	21,312	21,189	21,207	21,207	21,225	21,140	19,849	
Enrollment	17,802	18,073	18,345	17,919	17,987	17,952	17,917	17,818	17,445	17,801	
Percent used	79%	84%	86%	84%	85%	85%	84%	84%	83%	90%	
Middle											
Buildings	9	8	8	8	8	8	8	8	8	8	38
Square feet	1,182,538	1,016,538	1,016,538	1,016,538	1,016,538	1,016,538	1,016,538	1,016,538	1,016,538	1,016,538	
Capacity	8,366	8,394	8,520	8,394	8,254	8,254	8,254	8,247	8,225	8,190	
Enrollment	9,354	9,356	9,200	9,067	8,870	8,842	8,734	8,567	8,405	8,124	
Percent used	112%	111%	108%	108%	107%	107%	106%	104%	102%	99%	
High											
Buildings	10	9	9	9	9	9	9	9	9	9	50
Square feet	1,999,292	1,669,292	1,653,308	1,653,308	1,653,308	1,665,108	1,665,108	1,665,108	1,664,726	1,544,724	
Capacity	15,508	12,428	12,322	12,306	12,302	12,374	12,374	12,354	12,351	11,823	
Enrollment	11,998	11,801	11,588	11,405	11,262	11,227	11,340	11,311	11,055	11,688	
Percent used	77%	95%	94%	93%	92%	91%	92%	92%	90%	99%	
Other											
Buildings	2	2	2	2	2	2	2	2	2	3	34
Square feet	40,607	40,607	40,607	40,607	40,607	40,607	40,607	40,607	40,607	50,607	
ADMINISTRATIVE											
Buildings	1	1	1	1	1	1	1	1	1	1	47
Square feet	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	
TRANSPORTATION											
Garages/Buildings	4	4	4	4	4	4	4	4	4	4	42
Buses	299	310	311	357	318	317	317	317	300	320	

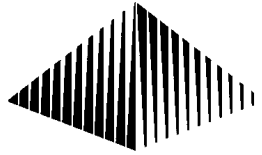
Source: Beaverton School District Annual District Statistics.

SINGLE AUDIT SECTION



WE
EMBRACE
EQUITY





GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
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(503) 581-7788

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

School Board
Beaverton School District
Beaverton, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Beaverton School District, Washington County, Oregon, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 26, 2018.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


CERTIFIED PUBLIC ACCOUNTANTS

November 26, 2018



GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
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(503) 581-7788

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

School Board
Beaverton School District
Beaverton, Oregon

Report on Compliance for Each Major Federal Program

We have audited Beaverton School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2018. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Beaverton School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are

appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


CERTIFIED PUBLIC ACCOUNTANTS

November 26, 2018

BEAVERTON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE, AND LOCAL AWARDS
YEAR ENDED JUNE 30, 2018

Program Title	Federal CFDA Number	Pass Through Entity Number	Period Covered	Grant Amount	2017-18 Revenue and Expenditures
U.S. Department of Education					
Direct:					
Indian Education Grants to Local Education Agencies	84.060	S060A172500	07/01/17 - 06/30/18	\$ 34,622	\$ 29,604
					<u>29,604</u>
Beaverton Active Students Succeed (PEP)	84.215	S215F160097	10/01/16 - 09/30/19	669,484	202,881
					<u>202,881</u>
Total Direct					<u><u>232,485</u></u>
Passed through Oregon Department of Education:					
Title I					
Title I Grants to Local Educational Agencies	84.010	41009	07/01/16 - 09/30/18	6,348,852	1,180,987
Title I Grants to Local Educational Agencies	84.010	45546	07/01/17 - 09/30/18	6,345,329	5,002,685
Total Title I					<u>6,183,672</u>
Migrant Education					
Migrant Education - State Grant Program	84.011	41212	07/01/16 - 09/30/17	208,108	1,554
Migrant Education - State Grant Program	84.011	41231	07/01/16 - 09/30/17	11,531	3,782
Migrant Education - State Grant Program	84.011	44977	07/01/17 - 09/30/18	434,439	307,347
Migrant Education - State Grant Program	84.011	44894	07/01/17 - 09/30/18	22,074	10,717
Migrant Education - State Grant Program	84.011	48586	04/01/18 - 09/30/18	13,364	13,364
Migrant Education - State Grant Program	84.011	48622	04/01/18 - 09/30/18	67,700	4,002
Migrant Education - State Grant Program	84.011	43674	04/01/17 - 09/30/17	48,512	39,846
Total Migrant Education Program					<u>380,612</u>
Migrant Education - Consortium Incentive Grants	84.144	44029	06/01/17 - 09/30/17	2,400	2,301
Total Migrant Education Consortium Incentive					<u>2,301</u>
Supporting Effective Instruction					
Supporting Effective Instruction State Grants	84.367	41264	07/01/16 - 09/30/18	797,875	128,875
Supporting Effective Instruction State Grants	84.367	45760	07/01/17 - 09/30/18	978,788	338,341
Supporting Effective Instruction State Grants	84.367	36122	07/01/15 - 09/30/17	801,127	8,479
Total Supporting Effective Instruction					<u>475,695</u>
English Language Acquisition					
English Language Acquisition State Grants	84.365	41741	07/01/16 - 09/30/17	657,274	460,344
English Language Acquisition State Grants	84.365	44197	07/01/17 - 09/30/18	655,029	286,141
English Language Acquisition State Grants	84.365	41731	07/01/16 - 09/30/17	14,720	229
English Language Acquisition State Grants	84.365	36305	07/01/15 - 09/30/17	628,902	708
Total English Language Acquisition					<u>747,422</u>
Career and Technical Education					
Career and Technical Education - Basic Grants to States	84.048	44279	07/01/17 - 09/30/18	285,400	254,439
Career and Technical Education - Basic Grants to States	84.048	40305	07/01/16 - 09/30/17	311,796	5,826
Total Career and Technical Education					<u>260,265</u>
Special Education Cluster (IDEA)					
Special Education Grants to States	84.027	41469	07/01/16 - 09/30/18	6,876,494	257,543
Special Education Grants to States	84.027	45134	07/01/17 - 09/30/19	6,793,364	6,593,324
Special Education Grants to States	84.027	36811	07/01/15 - 09/30/17	6,522,240	8,217
Special Education Grants to States	84.027	45022	07/01/17 - 06/30/18	13,187	12,169
Special Education Grants to States	84.027	44334	07/01/17 - 06/30/18	29,043	24,636
Special Education Grants to States	84.027	48385	06/01/17 - 09/30/17	4,800	4,800
Total Special Education					<u>6,900,689</u>
Special Education Preschool Grants	84.173	45342	07/01/17 - 09/30/19	25,712	25,712
Total Special Education Preschool					<u>25,712</u>
Total Special Education Cluster (IDEA)					<u>6,926,401</u>
Student Support and Academic Enrichment	84.424	47674	07/01/17 - 06/30/18	114,004	732
Total Student Support and Academic Enrichment					<u>732</u>
Total Passed through Oregon Department of Education:					<u><u>14,977,100</u></u>
Total U.S. Department of Education					<u><u>15,209,585</u></u>

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

BEAVERTON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE, AND LOCAL AWARDS (Continued)
YEAR ENDED JUNE 30, 2018

Program Title	Federal CFDA Number	Pass Through Entity Number	Period Covered	Grant Amount	2017-18 Revenue and Expenditures
U.S. Department of Health & Human Services					
Passed through Administration for Children and Families					
CCDF Cluster					
Child Care and Development Block Grant	93.575	10955	07/01/17 - 12/31/17	\$ 50,000	\$ 39,664
Child Care and Development Block Grant	93.575	156140	01/01/18 - 06/30/19	338,760	47,541
					87,205
Child Care Development Matching	93.596	10955	07/01/17 - 12/31/17	10,000	10,000
					10,000
Total CCDF Cluster					97,205
Passed through Oregon Department of Education					
Foster Care Transportation Reimbursement	93.658	47364	07/01/17 - 06/30/19	6,701	6,701
Total Foster Care Transportation Reimbursement					6,701
Total U.S. Department of Health & Human Services					103,906
U.S. Department of Agriculture					
Passed through Oregon Department of Education:					
Child Nutrition Cluster:					
School Breakfast Program	10.553	N/A	07/01/17 - 06/30/18	1,381,453	1,381,453
National School Lunch Program	10.555	N/A	07/01/17 - 06/30/18	5,788,728	5,788,728
National School Lunch Program Commodities	10.555	N/A	07/01/17 - 06/30/18	918,178	918,178
Summer Food Service Program for Children	10.559	N/A	07/01/17 - 06/30/18	334,007	334,007
Summer Food Service Program Commodities	10.559	N/A	07/01/17 - 06/30/18	1,353	1,353
Total Child Nutrition Cluster					8,423,719
Child and Adult Food Care Program	10.558	34-02006	07/01/17 - open	17,418	15,569
Child and Adult Food Care Program	10.558	N/A	07/01/17 - 06/30/18	291,633	291,633
					307,202
Fresh Fruits and Vegetable - Vose	10.582	46309	10/01/17 - 09/30/18	30,950	28,471
Fresh Fruits and Vegetable - Vose	10.582	42984	10/01/16 - 09/30/17	3,635	3,635
Fresh Fruits and Vegetable - William Walker	10.582	46352	10/01/17 - 09/30/18	24,650	22,969
Fresh Fruits and Vegetable - William Walker	10.582	43025	10/01/16 - 09/30/17	2,537	2,492
					57,567
Reallocation SAE	10.560	N/A	07/01/17 - 06/30/18	19,667	19,667
					19,667
Total U.S. Department of Agriculture					8,808,155
U.S. Department of Transportation					
Passed through Metro					
Federal Transit Cluster					
Federal Transit - Formula Grants (Urbanized Area)	20.507	933347	07/01/15 - 10/31/17	158,000	21,479
Federal Transit - Formula Grants (Urbanized Area)	20.507	934625	10/01/17 - 07/31/19	75,000	27,042
Total Federal Transit Cluster					48,521
Total U.S. Department of Transportation					48,521
Total Federal Awards					\$ 24,170,167
State and local awards:					
U of O CTL Fusion	N/A	N/A	07/01/17 - open	\$ 3,000	\$ 1,000
MACC Resilient Border Router	N/A	N/A	01/01/09 - open	46,698	2,776
AHS Nike Innovation	N/A	N/A	07/01/17 - open	20,000	8,492
ORPATS Autism Workshop	N/A	N/A	10/05/17 - 10/06/17	1,462	1,462
Confucius Classroom	N/A	N/A	03/01/14 - open	49,940	14,308
BEF: Innovation Expo iX18	N/A	N/A	01/29/18 - open	11,000	10,976
AHS Building Construction Tech CTE	N/A	46909	07/01/17 - 09/30/18	7,829	4,606
HS2 Health Professionals CTE	N/A	46915	07/01/17 - 09/30/18	8,185	7,510
SHS Pre-Engineering CTE	N/A	46918	07/01/17 - 09/30/18	2,000	2,000
Marathon Kids	N/A	N/A	04/01/17 - 06/30/18	6,062	423
Washington County Kindergarten Partnership Innovation	N/A	BCC17-1148	07/01/17 - 06/30/18	131,780	75,007
Intel Science Fair	N/A	N/A	07/01/17 - open	12,960	6,080

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

BEAVERTON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE, AND LOCAL AWARDS (Continued)
YEAR ENDED JUNE 30, 2018

Program Title	Federal CFDA Number	Pass Through Entity Number	Period Covered	Grant Amount	2017-18 Revenue and Expenditures
State and local awards (continued):					
ELWC Washington County Early Learning Community Hub	N/A	BCC17-1148	07/01/17 - 06/30/18	\$ 134,516	\$ 134,516
Nike School Innovation fund	N/A	N/A	02/05/18 - 06/30/19	124,830	46,946
SRHS Marketing	N/A	46917	07/01/17 - 09/30/18	10,320	10,159
AHS Automotive Mechanics	N/A	46911	07/01/17 - 09/30/18	40,569	14,126
Farm to School	N/A	45952	07/01/17 - 06/30/19	69,836	69,836
AHS Marketing CTE	N/A	N/A	07/01/17 - 09/30/18	3,559	1,548
BEF: Mt. View Extended Day	N/A	N/A	07/01/17 - 06/30/18	12,000	12,000
SRHS Nike Engineering Digital Filmmaking	N/A	N/A	11/17/16 - open	12,055	6,956
BEF: Stoller Extended Day	N/A	N/A	07/01/17 - 06/30/18	7,500	5,147
BEF: Cedar Park Extended Day	N/A	N/A	07/01/17 - 06/30/18	10,000	8,087
BEF: Meadow Park Extended Day	N/A	N/A	07/01/17 - 06/30/18	10,000	10,000
BEF: Five Oaks Extended Day	N/A	N/A	07/01/17 - 06/30/18	10,000	9,813
BEF: Sunset Summer School	N/A	N/A	04/14/17 - 09/30/17	10,000	8,252
High School Success (Measure 98)	N/A	44610	07/01/17 - 06/30/19	5,463,054	4,370,470
Kaiser: Child Healthcare Program	N/A	N/A	01/01/18 - 12/31/18	12,500	12,500
CEYP "Tax Credit" Donations	N/A	N/A	10/01/02 - open	114,300	4,745
State Dyslexia Training	N/A	47872	07/01/17 - 06/30/19	90,086	13,340
Outdoor School OSU (Measure 99)	N/A	TQQ32243	09/06/17 - 06/30/23	610,003	522,534
MACC	N/A	N/A	02/01/14 - open	39,267	36,295
City of Beaverton Safe Routes to School	N/A	N/A	07/01/18 - 06/30/19	70,125	26,561
WHS Restaurant/Food Services	N/A	46924	07/01/17 - 09/30/18	27,758	8,718
Mentor Grant	N/A	46167	09/01/17 - 06/30/19	1,190,000	515,733
SHS Nike Innovation	N/A	N/A	12/08/15 - 12/31/16	20,000	461
Gray Family Foundation Outdoor School	N/A	N/A	07/01/16 - open	57,800	11,136
Child Care 3 Star Rating	N/A	N/A	04/01/16 - open	1,500	548
BHS Marketing CTE	N/A	46913	07/01/17 - 09/30/18	27,402	20,026
SRHS Design Technology Curriculum, Murdock	N/A	N/A	05/31/16 - 04/01/18	7,000	2,547
BEF: Future Bus	N/A	N/A	05/14/16 - open	62,980	32,975
BHS Health Diagnostic CTE	N/A	46912	07/01/17 - 09/30/18	36,655	22,084
Marathon Kids Carol M White PEP	N/A	N/A	01/01/18 - 09/30/19	100,000	3,571
ACT 10th grade Testing	N/A	N/A	05/01/18 - 05/31/18	30,660	30,660
Farm to School	N/A	48125	07/01/17 - 06/30/19	146,796	70,559
McKinney Vento Consortium	N/A	N/A	07/01/17 - 06/30/18	20,639	14,905
WHS CAD Drafting CTE	N/A	46922	07/01/17 - 09/30/18	8,541	6,280
MACC	N/A	N/A	01/01/14 - open	44,772	25,353
BEF: Conestoga Extended Day	N/A	N/A	07/01/17 - 06/30/18	10,000	8,440
BEF: Whitford Extended Day	N/A	N/A	07/01/17 - 06/30/18	11,000	10,311
SRHS CTE Revitalization	N/A	46803	01/01/18 - 06/30/19	317,286	30,412
WHS Digital Communication	N/A	46921	07/01/17 - 09/30/18	2,000	1,669
WHS Child Development CTE	N/A	46923	07/01/17 - 09/30/18	2,847	2,727
After School Meals Start Up Expansion	N/A	48115	01/03/18 - 05/31/18	20,000	20,000
Vose Verizon STEM	N/A	N/A	01/11/16 - 06/30/18	20,000	7,456
PAX Training	N/A	N/A	10/10/17 - 06/30/19	10,000	991
HS2 PreEngineering CTE	N/A	46914	07/01/17 - 09/30/18	29,537	24,620
SHS Computer Engineering CTE	N/A	46919	07/01/17 - 09/30/18	13,523	12,362
SRHS Computer Engineering CTE	N/A	46916	07/01/17 - 09/30/18	2,000	780
SHS Marketing CTE	N/A	46920	07/01/17 - 09/30/18	43,416	16,921
NWRES D FAFSA	N/A	N/A	03/22/17 - 06/30/18	11,100	10,511
NSIF Nike School Innovation Fund	N/A	N/A	03/01/17 - open	247,680	132,422
BEF: Bethany, Rock Creek, Terra Linda Summer School	N/A	N/A	04/14/17 - 09/30/17	30,000	30,000
BEF: Highland Park Extended Day	N/A	N/A	07/01/17 - 06/30/18	10,000	6,476
BEF: Cedar Mill, Ridgewood, West TV Summer School	N/A	N/A	04/14/17 - 09/30/17	30,000	30,000
BEF: McKay, Raleigh Hills, Raleigh Park Summer School	N/A	N/A	04/14/17 - 09/30/17	30,000	30,000
Total State and Local Awards				\$	6,600,125
Total Federal, State, and Local Awards				\$	30,770,292

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

BEAVERTON SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL, STATE, AND LOCAL AWARDS
YEAR ENDED JUNE 30, 2018

PURPOSE OF THE SCHEDULE

The accompanying Schedule of Expenditures of Federal, State and Local Awards (the "Schedule") includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and OMB Circular A-87 *Cost Principles for State, Local and Indian Tribal Governments*, where applicable, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate

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

Federal Financial Assistance

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

Major Programs

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

Reporting Entity

The reporting entity is fully described in notes to the financial statements. The Schedule includes all federal programs administered by the District for the year ended June 30, 2018.

BEAVERTON SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL, STATE, AND LOCAL AWARDS (Continued)
YEAR ENDED JUNE 30, 2018

Revenue and Expenditure Recognition

The receipt and expenditure of federal awards are accounted for under the modified accrual basis of accounting. Revenues are recorded when measurable and available. Expenditures are recorded when the liability is incurred. Donated commodities are valued at their estimated fair value.

BEAVERTON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Federal Awards

Internal control over major federal programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	No

Identification of major federal programs:

CFDA Number(s)

Name of Federal Program or Cluster

10.553, 10.555 & 10.559
84.011

Child Nutrition Cluster
Migrant Education - State Grant Program (Title I, Part C of ESEA)

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

None.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

PRIOR YEAR FINANCIAL STATEMENT FINDINGS

None.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

COMPLIANCE SECTION



WE
COLLABORATE



INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS

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





GROVE, MUELLER & SWANK, P.C.

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

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

School Board
Beaverton School District
Beaverton, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of Beaverton School District, Washington County, Oregon (the District) as of and for the year ended June 30, 2018, and have issued our report thereon dated November 26, 2018.

Compliance and Other Matters

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

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

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

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


Internal Control

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

Restriction on Use

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

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

By: 
Larry E. Grant, A Shareholder
November 26, 2018