

**ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**COOS COUNTY SCHOOL DISTRICT NO. 41**  
**ANNUAL FINANCIAL REPORT**  
**For the Fiscal Year Ended June 30, 2015**

**TABLE OF CONTENTS**

	<u>Page</u>
DISTRICT OFFICIALS	1
FINANCIAL SECTION:	
Independent Auditor's Report	2 – 4
Management's Discussion and Analysis	5 – 10
BASIC FINANCIAL STATEMENTS:	
Statement of Net Position	11
Statement of Activities	12
Balance Sheet – Governmental Funds	13
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	14
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	15
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	16
Statement of Fiduciary Net Position	17
Statement of Changes in Fiduciary Net Position	18
Notes to the Basic Financial Statements	19 – 39
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of Proportionate Share of Net Pension Liability	40
Major Funds	41
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
General Fund	42
Special Revenue Fund	43

## SUPPLEMENTARY INFORMATION

Debt Service Fund	44
Capital Project Fund	45
Trust Fund	46
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Trust Fund	47

## ACCOMPANYING INFORMATION:

### Auditor's Comments and Reports:

Report on Internal Control and on Compliance and Other Matters	48 - 49
Independent Auditor's Report Required by Oregon State Regulations	50 – 51
Oregon Department of Education Supplemental Information	52 – 63
Federal Financial Assistance Program Compliance:	
Report on Compliance and Internal Control in Accordance with OMB Circular A-133	64 – 65
Schedule of Findings and Questioned Costs	66
Summary Schedule of Prior Audit Findings	67
Schedule of Expenditures of Federal Awards	68
Notes to the Schedule of Expenditures of Federal Awards	69

**DISTRICT OFFICIALS**

**COOS COUNTY SCHOOL DISTRICT NO. 41**  
**DISTRICT OFFICIALS**  
**June 30, 2015**

Board of Directors

Denece Johnson-Chair  
96433 Sitkum Lane  
Myrtle Point, OR 97458

Dave Robinson-Vice Chair  
94331 Pleasant Valley Lane  
Myrtle Point, OR 97458

Joanne Miller  
614 Hermann Street  
Myrtle Point, OR 97458

Bernadette Kirkpatrick  
409 Alder Street  
Myrtle Point, OR 97458

Corky Clark  
98001 Sitkum Lane  
Myrtle Point, OR 97458

Ron Wardman  
1995 View Street  
Myrtle Point, OR 97458

Carol Harris  
11907 Sitkum Lane  
Myrtle Point, OR 97458

---

Bruce Shull, Superintendent  
District Office  
413 C Street  
Myrtle Point, OR 97458

**FINANCIAL SECTION**



INDEPENDENT AUDITOR'S REPORT

December 18, 2015

To the Board of Directors of Coos County School District No. 41:

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 Coos County School District No. 41, as of and for the year ended June 30, 2015, 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 of 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.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
General Fund	Unmodified
Special Revenue Fund	Unmodified
Debt Service Fund	Unmodified
Capital Projects Fund	Unmodified
Fiduciary Funds	Unmodified

## **Basis for Qualified Opinion on Governmental Activities**

The District has chosen not to report a liability for the Other Post Employment Benefits implicit rate subsidy in accordance with Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting for Employers for Postemployment Benefits Other Than Pensions*, which is required by accounting principles generally accepted in the United States of America. Because the District did not determine the amount of their liability for the implicit rate subsidy, the effect on the Statement of Net Position and the Statement of Activities cannot be determined.

## **Qualified Opinion**

In our opinion, except for the effects of not reporting the liability under GASB Statement No. 45, as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Coos County School District No. 41 as of June 30, 2015, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Unmodified Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of Coos County School District No. 41 as of June 30, 2015 for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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.

Management's discussion and analysis is the responsibility of management. We have applied certain limited procedures to the management's discussion and analysis 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 management's discussion and analysis because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Accounting principles generally accepted in the United States of America require that the budget and actual schedules for the General Fund and major Special Revenue Fund, and employee benefit funding progress 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. Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Coos County School District No. 41's basic financial statements. The supplementary information, as listed in the table of contents, and the Schedule of Expenditures of Federal Financial Awards are presented for purposes of additional analysis and are not required parts of the basic financial statements. The Schedule of Expenditures of Federal Financial Awards is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information and the Schedule of Expenditures of Federal Financial Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

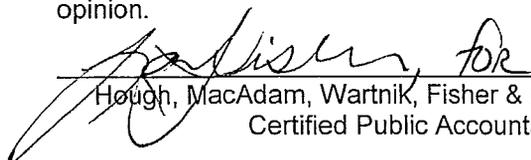
### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Coos County School District No. 41's basic financial statements. The Oregon Department of Education Supplemental Information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Oregon Department of Education Supplemental Information is required by the Oregon Department of Education. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly we express no opinion or provide any assurance on them.

### **Other Reporting Required by Government Auditing Standards and Oregon Revised Statutes**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2015, on our consideration of Coos County School District No. 41's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, and on 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 result of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 18, 2015, on our consideration of the Coos County School District No. 41's internal control over financial reporting and on tests of its compliance with the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 to 162-10-320. 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.

  
\_\_\_\_\_  
Hough, MacAdam, Wartnik, Fisher & Gorman, LLC  
Certified Public Accountants

**MYRTLE POINT SCHOOL DISTRICT 41**  
**Coos County, Oregon**  
**MANAGEMENT DISCUSSION & ANALYSIS**  
**For the Fiscal Year Ending June 30, 2015**

**MANAGEMENT DISCUSSION AND ANALYSIS**

This section of Myrtle Point School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2015. The intent of the Management Discussion and Analysis (MD&A) is to look at the school district's financial performance as a whole. Please read this document in conjunction with the District's financial reports, which follow this section.

**FINANCIAL HIGHLIGHTS**

- ❖ In the government-wide statements, the assets and deferred outflows of the District are \$14.4 million, exceeding its liabilities and deferred inflows at June 30, 2015, by \$8 million.
- ❖ At the end of the fiscal year, fund balances totaled almost \$350,000, a decrease of approximately \$450,000. This decrease was due to the completion of the QZAB bond and Seismic projects at Myrtle Point High School, a decrease in the amount of revenues received and increased expenditures for personnel costs. In the General Fund, revenue was stable at approximately \$6.3 million, however, expenses increased by approximately \$140,000.
- ❖ Total revenue for the year is \$7.7 million with the General Fund accounting for \$6.3 million or 82% of the total.
- ❖ The Special Revenue Funds brought in \$1.2 million, or about 16% of total revenue, which is down by \$1.2 million from 2013-14.
- ❖ Expenditures for the year total \$8.2 million with the General Fund representing about \$6.6 million, 80% of the total. The Special Revenue Funds account for \$1.2 million or 15%. Overall instructional costs were up by approximately 2% or \$88,000 from the prior year, supporting services were down by approximately 35% or \$1.6 million, community services were up by approximately 9% or \$36,000. Construction was down by \$1.5 million from the 2013-14 year, due to completion of Myrtle Point High School projects.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This 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 financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements** - The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business. The Statement of Net Position and the Statement of Activities answer the question, "How did we do financially during the fiscal year ending June 30, 2015?"

- ❖ *Statement of Net Position:* The statement of net position presents information on all the assets and liabilities of the District. Net position is what remains after the liabilities have been paid off or otherwise satisfied. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

- ❖ *Statement of Activities:* The statement of activities presents information showing how the net position of the District changed during the most recent fiscal year by tracking revenues, expenses and other transactions that increase or reduce net position regardless of when cash is received or paid. 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 unused, earned vacation leave).

In the government-wide financial statements, the District's activities are shown as governmental activities. All basic District functions are shown here, such as instruction and support services. These activities are primarily financed through property taxes, Oregon's State School Fund and other intergovernmental revenues.

**Fund financial statements** – Fund financial reports provide detailed information about the District's most significant or "major" funds. 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 Myrtle Point 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 two categories, governmental funds and fiduciary funds. All of the District's funds are treated as major funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. All of the District's activities are reported in governmental funds.

The District maintains four individual governmental fund types. 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 *Major Funds*.

**Notes to the financial statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other information** - In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* related to Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual for the General Fund and major special revenue funds.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, changes in net position may serve over time as a useful indicator of a government's financial position. In Myrtle Point School District's case, assets exceeded liabilities by \$8 million at the close of the most recent fiscal year. Capital assets, which consist of the District's land, buildings, building improvements, construction in-progress, vehicles, and equipment, less any related debt, represent about 44% of total net position.

One percent of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$4,456,601) may be used to meet the District's obligations.

The District's current liabilities total just over \$903,000, representing 24% of the District's total liabilities. Current liabilities consist of payables on accounts (accounts payable, payroll liabilities, intergovernmental payables, accrued compensated absences, accrued interest, and non-current liabilities due within one year).

The District's long-term liabilities include bonded debt, capital project loan, retirement benefits and capital leases. These payables total \$2.8 million and represent 75% of total liabilities. The balance of the long-term liabilities has decreased \$240 thousand because payments began this year on the QZAB \$2 million loan and the OFCCU \$500,000 loan this year.

Table 1 provides a comparative summary of the District's net position for the years ending June 30, 2015 and 2014:

Table 1 - STATEMENT OF NET POSITION		
	2015	2014
<b>ASSETS:</b>		
Current assets	\$ 1,121,837	\$ 1,244,305
Pension asset	6,113,283	-
Capital assets	6,299,757	6,491,177
Total assets	<u>13,534,877</u>	<u>7,735,482</u>
<b>DEFERRED OUTFLOW RELATED TO PENSIONS</b>	<u>908,717</u>	-
<b>LIABILITIES:</b>		
Long-term liabilities	2,822,850	3,063,017
Other liabilities	903,551	622,297
Total liabilities	<u>3,726,401</u>	<u>3,685,314</u>
<b>DEFERRED INFLOW RELATED TO PENSIONS</b>	<u>2,696,404</u>	-
<b>NET POSITION:</b>		
Net investment in capital assets	3,493,762	3,529,869
Restricted	70,426	297,234
Unrestricted	4,456,601	223,065
<b>TOTAL NET POSITION</b>	<u>\$ 8,020,789</u>	<u>\$ 4,050,168</u>

Table 2 shows the comparative changes in net position for the years ending June 30, 2015 and 2014:

Table 2 - CHANGE IN NET POSITION		
	2015	2014
<b>REVENUES:</b>		
Program revenues:		
Charges for services and contracts	\$ 266,976	\$ 356,027
Operating grants and contributions	1,071,918	936,390
Capital grants and contributions	100,747	1,416,086
General revenues:		
Property taxes	1,752,581	1,598,085
Federal, state & local sources	4,522,992	4,555,251
Earnings on investments	6,207	8,857
Net gain (loss) on sale of capital assets	-	11,599
Miscellaneous	18,059	3,344
Total Revenues	<u>7,739,480</u>	<u>8,885,639</u>
<b>EXPENSES:</b>		
Instruction	(2,734,215)	(4,147,255)
Support services	(2,497,138)	(2,994,569)
Community services	(378,390)	(398,140)
Interest on long-term debt	(123,184)	(120,925)
Unallocated depreciation	(239,845)	(151,255)
Total expenses	<u>(5,972,772)</u>	<u>(7,812,144)</u>
Increase (decrease) in net position	1,766,708	1,073,495
Net position - beginning	4,050,168	2,498,065
Prior year adjustment	2,203,913	478,608
Net position - beginning as restated	<u>6,254,081</u>	<u>2,976,673</u>
Net position - ending	<u>\$ 8,020,789</u>	<u>\$ 4,050,168</u>

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

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

**Governmental funds** - The focus of the District's governmental funds is to provide information on relatively short-term cash flow and funding for future basic services. Such information is useful in assessing the District's financing requirements. In particular, the *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, 2015, the District's governmental funds reported combined ending fund balances of \$350,000, a decrease of \$450,000. This compares to a decrease of about \$1.7 million from the previous year.

- ❖ **General Fund:** The General Fund is the primary operating fund of the District. As of June 30, 2015, the fund balance was \$31,000. The fund balance decreased by \$284,000 during the year. This change was due to the effects of a decrease in revenues of \$25,000 and increases in expenditures for instruction, support services and debt service of \$140,000.

- ❖ Federal/State Grant Fund: The Federal/State Grant Funds had an ending fund balance of \$65,000. Because most Federal and State grants are funded on a reimbursement basis, revenues and expenses generally match each other, leaving little change in fund balance. This year there are several state grants that were received in advance of disbursements, resulting in fund balance to be used in 2015-16. This fund is also used to account for food service and student body funds which typically carry a fund balance from year to year.
- ❖ Debt Service Fund: The Debt Service Fund has an ending fund balance of \$241,000. This fund balance will be used in the 2015-16 year to make the bond payments.
- ❖ Capital Projects: The Capital Projects Fund has an ending fund balance of \$16,000. The fund balance decreased by \$160,000 during the fiscal year. This was due to completion of the high school projects. Any remaining funds will be used to pay down the debt.

## GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget is prepared according to Oregon law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

For the General Fund, revenues came in \$440,000 under budget, and expenditures were \$435,000 under budget, in a continued effort by the Superintendent to reduce costs. The ending fund balance was \$31,000 greater than budgeted.

## CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital assets.** The District's investment in capital assets includes land, building and improvements, furniture and equipment, and vehicles. As of June 30, 2015, the District had invested approximately \$6.3 million in capital assets, net of depreciation, as shown in the following table:

<b>Capital Assets (net of depreciation)</b>		
<b>June 30, 2015</b>		
	<b>2015</b>	<b>2014</b>
Land	\$ 247,690	\$ 247,690
Buildings, vehicles and equipment	6,052,067	6,243,487
<b>Total</b>	<b>\$ 6,299,757</b>	<b>\$ 6,491,177</b>

During fiscal year 2014-15, the District's investment in capital assets decreased by approximately \$191,000. The major changes for the year ended June 30, 2015 consisted of final expenditures to make Myrtle Point High School seismically safe and depreciation expense. Additional information on the District's capital assets can be found in Note D of this report.

**Long-term debt.** At the end of the current fiscal year, the District had bonded debt outstanding of \$1.94 million consisting of \$1.895 million QZAB general obligation debt and \$417,000 QZAB Flex Fund Program Loan. The District also has a \$483,000 loan from First Community Credit Union. State statutes limit the amount of general obligation debt a governmental entity may issue to 7.95 percent of its total assessed valuation. The current debt limitation for the District is \$28,667,423 which is significantly in excess of the District's outstanding general obligation debt. Additional information on the District's long-term debt can be found in Note H of notes to the financial statements in this report.

## **CURRENT FINANCIAL ISSUES AND CONCERNS BEARING ON THE FUTURE**

High student mobility rate is expected to reduce enrollment in the District and, thus, will lead to a reduction in State School Funding. Improving economic conditions should bring a higher rate of property tax payment and increased property valuations, resulting in an increase in property tax revenue in future years. Contract negotiations with for both employee groups could affect future personnel cost. Cost sharing/partnering continues to be a positive direction for the district. The district currently shares staff in the areas of Speech, Athletics, and Alternative Education. Assessment of the 2014-15 financial results has caused management to evaluate the budget for areas of cost-cutting to insure an increase in the General Fund ending fund balance.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens and taxpayers with a general overview of the Myrtle Point School District's finances and demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Myrtle Point School District's Superintendent at 413 C Street, Myrtle Point, OR 97458.

# **BASIC FINANCIAL STATEMENTS**

**COOS COUNTY SCHOOL DISTRICT NO. 41**  
**STATEMENT OF NET POSITION**  
June 30, 2015

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 848,216
Receivables	262,890
Inventory	10,731
Noncurrent assets:	
Pension asset	6,113,283
Capital assets:	
Land	247,690
Depreciable assets, net of depreciation	<u>6,052,067</u>
Total assets	<u>13,534,877</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred amounts on pension asset	<u>908,717</u>
<b>LIABILITIES</b>	
Accounts payable	58,885
Payroll liabilities	479,901
Intergovernmental payable	66,571
Accrued compensated absences	15,378
Accrued interest	12,687
Non-current liabilities:	
Due within one year:	
Capital lease	4,240
Early retirement benefits	119,065
Long term debt	146,824
Due after one year:	
Capital lease	6,758
Early retirement benefits	167,919
Long term debt	<u>2,648,173</u>
Total liabilities	<u>3,726,401</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred amounts related to pensions	<u>2,696,404</u>
<b>NET POSITION</b>	
Net investment in capital assets	3,493,762
Restricted for:	
Capital projects	16,275
Special programs	54,151
Unrestricted	<u>4,456,601</u>
Total net position	<u><u>\$ 8,020,789</u></u>

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

**COOS COUNTY SCHOOL DISTRICT NO. 41**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2015**

Functions/Programs	Expenses	Program Revenues			Net (Expenses)
		Charges for Services & Contracts	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
<b>Governmental activities:</b>					
Instruction	\$ 2,734,215	\$ 256,355	\$ 568,175	\$ 100,747	\$ (1,808,938)
Support services	2,497,138	7,382	152,377	-	(2,337,379)
Community services	378,390	3,239	351,366	-	(23,785)
Interest on long-term debt	123,184	-	-	-	(123,184)
Unallocated depreciation **	239,845	-	-	-	(239,845)
<b>Total governmental activities</b>	<b>\$ 5,972,772</b>	<b>\$ 266,976</b>	<b>\$ 1,071,918</b>	<b>\$ 100,747</b>	<b>(4,533,131)</b>
<b>General revenues:</b>					
Taxes:					
					1,752,581
					4,522,992
					6,207
					18,059
<b>Total general revenues</b>					<b>6,299,839</b>
<b>Change in net position</b>					<b>1,766,708</b>
Net position - beginning					4,050,168
Prior period adjustment					2,203,913
Net assets - beginning, as restated					6,254,081
Net position - ending					<b>\$ 8,020,789</b>

\*\* Depreciation expense is not allocated among the functions.

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

**COOS COUNTY SCHOOL DISTRICT NO. 41**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2015

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue	Debt Service	Capital Projects	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 459,794	\$ 133,429	\$ 238,718	\$ 16,275	\$ 848,216
Receivables:					
Taxes - current	23,334	-	1,962	-	25,296
Taxes - deferred	151,065	-	12,270	-	163,335
Intergovernmental	40,419	28,726	-	-	69,145
Other	419	4,695	-	-	5,114
Interfund receivable	91,287	-	-	-	91,287
Inventory	-	10,731	-	-	10,731
<b>Total assets</b>	<b>\$ 766,318</b>	<b>\$ 177,581</b>	<b>\$ 252,950</b>	<b>\$ 16,275</b>	<b>\$ 1,213,124</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 37,473	\$ 21,412	\$ -	\$ -	\$ 58,885
Payroll benefits and taxes payable	479,901	-	-	-	479,901
Intergovernmental payable	66,571	-	-	-	66,571
Interfund payable	-	91,287	-	-	91,287
<b>Total liabilities</b>	<b>583,945</b>	<b>112,699</b>	<b>-</b>	<b>-</b>	<b>696,644</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue-property taxes	151,065	-	12,270	-	163,335
<b>FUND BALANCE</b>					
Nonspendable	-	10,731	-	-	10,731
Restricted	-	54,151	240,680	16,275	311,106
Unassigned	31,308	-	-	-	31,308
<b>Total fund balances</b>	<b>31,308</b>	<b>64,882</b>	<b>240,680</b>	<b>16,275</b>	<b>353,145</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 766,318</b>	<b>\$ 177,581</b>	<b>\$ 252,950</b>	<b>\$ 16,275</b>	<b>\$ 1,213,124</b>

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

**COOS COUNTY SCHOOL DISTRICT NO. 41**  
**Reconciliation of Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**June 30, 2015**

**Total fund balances - governmental funds** \$ 353,145

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

Capital assets used in government activities are not current financial resources and, therefore, are not reported in the funds. These assets consist of:

Land	\$ 247,690	
Land improvements	254,468	
Buildings	8,453,975	
Equipment	513,946	
Vehicles	<u>1,218,988</u>	
	10,689,067	
Less accumulated depreciation on capital assets	<u>(4,389,310)</u>	6,299,757

Certain prepaid expenses and resources reported in the Statement of Net Position are not current financial expenses or resources and therefore are not reported in the fund financial statements.

Pension assets and deferred outflows	7,022,000	
Deferred inflows related to pension benefits	<u>(2,696,404)</u>	4,325,596

The Statement of Net Position reports receivables at their net realizable value. However, receivables not available to pay for current period expenditures are deferred in governmental funds.

Property taxes		163,335
----------------	--	---------

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

QZAB bond payable	(2,794,997)	
Capital lease	(10,998)	
Retirement benefits payable	(286,984)	
Accrued interest	(12,687)	
Compensated absences	<u>(15,378)</u>	
		<u>(3,121,044)</u>

**Total net position - governmental activities** \$ 8,020,789

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

**COOS COUNTY SCHOOL DISTRICT NO. 41**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2015**

	Major Funds				Total
	General Fund	Special Revenue	Debt Service	Capital Projects	
Revenues:					
Property taxes	\$ 1,572,163	\$ -	\$ 183,549	\$ -	\$ 1,755,712
Curricular activities	27,773	108,347	-	-	136,120
County and intermediate sources	93,473	63,762	-	-	157,235
State grants	110,943	54,116	-	-	165,059
State school fund	4,397,888	-	-	-	4,397,888
Charges for services	40,063	3,239	-	-	43,302
Earnings on investments	6,207	-	-	-	6,207
Federal sources	27,137	875,849	79,298	-	982,284
Local grants	-	60,375	-	-	60,375
Other	38,423	6	-	-	38,429
<b>Total revenues</b>	<b>6,314,070</b>	<b>1,165,694</b>	<b>262,847</b>	<b>-</b>	<b>7,742,611</b>
Expenditures:					
Current:					
Instruction	3,681,924	610,873	-	-	4,292,797
Supporting services	2,853,194	175,581	-	-	3,028,775
Community services	-	442,040	-	-	442,040
Facilities acquisition and construction	-	-	-	160,498	160,498
Debt service	79,449	-	190,495	-	269,944
<b>Total expenditures</b>	<b>6,614,567</b>	<b>1,228,494</b>	<b>190,495</b>	<b>160,498</b>	<b>8,194,054</b>
Excess (deficiency) of revenues over (under) expenditures	(300,497)	(62,800)	72,352	(160,498)	(451,443)
Other financing sources (uses):					
Transfers in	16,483	-	-	-	16,483
Transfers (out)	-	(16,483)	-	-	(16,483)
<b>Total other financing sources (uses)</b>	<b>16,483</b>	<b>(16,483)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(284,014)</b>	<b>(79,283)</b>	<b>72,352</b>	<b>(160,498)</b>	<b>(451,443)</b>
Fund balances at beginning of year	315,322	144,165	168,328	176,773	804,588
Fund balances at end of year	<u>\$ 31,308</u>	<u>\$ 64,882</u>	<u>\$ 240,680</u>	<u>\$ 16,275</u>	<u>\$ 353,145</u>

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

**COOS COUNTY SCHOOL DISTRICT NO. 41**  
**Reconciliation of the Governmental Funds Statement of Revenues,**  
**Expenditures and Changes in Fund Balances**  
**to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2015**

**Total net change in fund balances - governmental funds** \$ (451,443)

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

Governmental funds defer revenues that do not provide current financial resources. However, the Statement of Activities recognizes such revenues at their net realizable value when earned, regardless of when received.

Property taxes (3,131)

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation capital expenses in the Statement of Activities. This is the change in the expenditures in the period.

Expenditures for capital outlay	\$ 48,425	
Less current year depreciation	<u>(239,845)</u>	
		(191,420)

The issuance of long-term debt provides current financial resources to the governmental funds while the repayment of long-term debt consumes the current financial resources. However, neither has any effect on the Statement of Activities.

Long term debt principal payment	149,447	
Capital lease principal payment	<u>5,866</u>	
		155,313

Governmental funds do not report changes in pension assets, deferred outflows, liabilities or deferred inflows, However, in the Statement of Activities, these changes are reported.

Change in pension amounts 2,121,683

Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in retirement benefits payable	135,241	
Change in compensated absences	3,152	
Changes in accrued interest payable	<u>(2,687)</u>	
		<u>135,706</u>

**Change in net position of governmental activities** \$ 1,766,708

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

**COOS COUNTY SCHOOL DISTRICT NO. 41**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
June 30, 2015

	<u>Private Purpose Trust Fund</u>	<u>Agency Scholarship Fund</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 532,304	\$ 63,013
<b>LIABILITIES</b>		
Due to others	-	\$ 63,013
<b>NET POSITION</b>		
Held in trust for scholarships - expendable	59,049	
Held in trust for scholarships - non-expendable	<u>473,255</u>	
Total net position	<u>\$ 532,304</u>	

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

**COOS COUNTY SCHOOL DISTRICT NO. 41**  
**PRIVATE PURPOSE TRUST FUND**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**For the Fiscal Year Ended June 30, 2015**

	Actual
Additions:	
Interest	\$ 765
Deductions:	
Instruction	2,354
Change in net assets held in trust for:	
Scholarships	(1,589)
Net position at beginning of year	533,893
Net position at end of year	\$ 532,304

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

**COOS COUNTY SCHOOL DISTRICT NO. 41**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2015**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

Coos County School District No. 41 (District), located in Coos County, Oregon, was organized under Oregon statutes pursuant to Oregon Revised Statutes (ORS) Chapter 332 for the purpose of operating elementary and secondary schools. The District is governed by an elected seven member Board of Directors. The Superintendent is the District Clerk and is responsible to the Board of Directors.

In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. Based on the application of the criteria established by Governmental Accounting Standards Board (GASB), there are no potential component units of the District.

**B. Measurement Focus, Basis of Accounting and Basis of Presentation**

The financial statements of Coos County School District No. 41 have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

*1. Basis of Presentation*

***District-wide Financial Statements*** The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the primary government. Fiduciary funds are not included in the District-wide financial statements.

Governmental activities – The District's functions are reported in this category, including Instruction, Support Services, Community Services, Facilities Acquisition and Construction, and Debt Service. Property taxes and state and federal grants are the primary sources that finance these activities.

The district-wide statements are prepared using the economic resources measurement focus and reported on the accrual basis. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the district-wide statements and the statements for governmental funds. Transactions between funds, such as transfers and loans, are eliminated in the district-wide statements.

The district-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Indirect expenses such as interest and depreciation are not allocated across functions as they are not specifically associated with a particular service, program or department.

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

**Fund Financial Statements** Fund financial statements report detailed information about the District. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

The financial statements for the governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

## 2. Fund Accounting

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. A minimum number of funds are maintained consistent with legal and managerial requirements.

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. Property taxes, other taxes and charges for services are susceptible to accrual if received within 30 days of fiscal year end. Other receipts become measurable and available when cash is received by the District and are recognized as revenue at that time.

Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims of judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

The District reports the following major governmental funds:

*General Fund* - The general fund is the District's primary operating fund. It accounts for and reports all financial resources of the general government, except those accounted for in another fund.

*Special Revenue Fund* - This fund is used to account for and report revenues and expenditures related to Federal and State grants, food service and student activities. Expenditures are restricted for specific purposes as specified by the individual grants received. Federal and state grants, fees, and charges for service are the major sources of revenue.

*Capital Projects Fund* - This fund accounts for and reports on the acquisition of capital assets or construction of major capital projects not being financed by the General Fund. The major sources of revenue are the proceeds from the issuance of debt and interest earnings on those proceeds.

*Debt Service Fund* - This fund accounts for and reports on servicing of long-term debt. Resources are provided by property tax receipts and interest earnings.

Additionally, the District reports the following fund type:

*Fiduciary funds* account for and report assets held by the District in a trustee capacity or as an agent on behalf of others. Trust funds account for and report assets held by the District under the terms of a formal trust. Funds of this type are accounted for on the flow of economic resources measurement focus and uses the accrual basis of accounting.

The *private purpose scholarship trust fund* accounts for and reports assets of which the principal may not be spent.

The *agency fund* accounts for and reports assets where both the principal and interest may be spent on scholarships; however, the District has no control over the distribution of the assets.

## C. Assets, Liabilities and Net Position

### 1. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and investments in the Oregon State Treasury Local Government Investment Pool (LGIP).

All cash and cash equivalents are carried at cost, which approximates fair value.

The District maintains merged bank accounts for its funds in a central pool of cash and cash equivalents. The investment policy of the District is to invest in LGIP and interest bearing demand deposits with local banks and to transfer resources to the general checking account as the need arises. This policy is in accordance with ORS 294.035, which specifies the types of investments authorized for municipal corporations. The District allocates interest to all funds based on average monthly cash balances.

### 2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable, available financial resources.

Other receivables including property taxes, accounts, entitlements, and shared revenues are reported in accordance with the policies enumerated in Paragraph B above.

### 3. Inventories

With the exception of food service inventories, physical inventories are taken for control purposes only with no dollar value assigned. The cost value of such inventories has been recorded as expenditures when purchased. Accordingly, with the exception of food service inventories, a value is not included on the balance sheet. Food service inventory in the amount of \$10,731, reflected in the Special Revenue Fund, represents the fair market value of commodities on hand at June 30, 2015 and includes commodities received through the U.S.D.A. Food Distribution Program. The cost of this inventory is recorded as an expenditure when consumed rather than when purchased. Food Service inventories are offset by a fund balance reserve, which indicates they do not constitute available spendable resources even though they are a component of assets.

#### 4. *Capital Assets*

Capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the district-wide Statement of Net Position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. Capital assets are defined by the District as assets with an initial individual cost of \$5,000 or more and an initial estimated useful life extending beyond a single reporting period. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are not. Interest incurred during the construction of capital assets is also capitalized.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Computer equipment	2 - 5 years
Furniture & equipment	8 - 35 years
Vehicles	5 - 7 years
Buildings	50 - 105 years
Land improvements	20 years

#### 5. *Compensated Absences*

Vested or accumulated vacation leave is reported on the district-wide financial statements. No expenditure is reported for these amounts in the fund financial statements and they are reported as long-term debt on the district-wide financial statements. Current amounts expected to be liquidated with expendable available resources are not material and have not been accrued. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The governmental fund typically used in prior years to liquidate the liability for compensated absences is the General Fund.

#### 6. *Long-term Obligations*

The District reports long-term debt of governmental activities at face value in the district-wide Statement of Net Position. Certain other governmental obligations not expected to be financed with current available financial resources are also reported in the district-wide Statement of Net Position. These obligations are not reported in the governmental fund financial statements.

#### 7. *Deferred Outflows/Inflows of Resources*

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statement of Net Position 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 that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until that time.

## 8. Pensions

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

## 9. Use of Estimates

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

## 10. Fund Equity

Pursuant to GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* the District classifies fund balance on a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

As a result, in the fund financial statements, fund balances are classified as follows:

*Nonspendable*—Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

*Restricted*—Amounts that can be spent only for specific purposes because of the local, state or federal laws, or externally imposed conditions by grantors or creditors or enabling legislation.

*Committed*—Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School Board. These amounts can not be used for any other purpose unless the School Board removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed.

*Assigned*—Amounts that are constrained by the District's intent to be used for a specific purpose, but are neither restricted nor committed. Intent must be expressed by the School Board or their authorized designee. The Board of Directors has given the Business Manager authority to assign portions of the ending fund balance.

*Unassigned*—All amounts not included in other classifications.

The amounts in the various categories of fund balance are included in the governmental funds balance sheet. As discussed in Note I B, restricted funds are used first as appropriate. Decreases to the remaining fund balance categories first reduce committed fund balance, followed by assigned fund balance, then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

## 11. Net Position

Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources in the District's financial statements.

Government-wide and proprietary fund net position is divided into three components:

Net investment in capital assets - consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.

Restricted net position - consists of assets that are restricted by the District's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.

Unrestricted - all other net position is reported in this category.

## 12. New Accounting Pronouncement – GASB Statement No. 68 and 71

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68, *Accounting and Financial Reporting for Pensions* – an amendment of GASB Statement No. 27 and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*—an amendment of GASB Statement No. 68. GASB Statement No. 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. GASB Statement No. 71 addresses an issue regarding application of the transition provisions of GASB Statement No. 68. The District implemented GASB Statement No. 68 and 71 in the year ending June 30, 2015. Additional information can be found in Note IV-E – Prior Period Adjustment.

## II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

### A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. All annual appropriations lapse at fiscal year end.

Oregon Local Budget Law establishes standard procedures relating to the preparation, adoption, and execution of the annual budget. The District begins its budgeting process by appointing budget committee members in early fall of each year. Recommendations are developed through early spring and the Budget Committee usually approves the budget in late spring. Public notices of the budget hearing are generally published in early June, and the public hearing is held in late June. The budget is adopted, appropriations are made and the tax rate is declared no later than June 30. The resolution authorizing appropriations for each fund, by function, sets the legal limit for expenditures.

The following functions, by fund, are the legal levels of budgetary control:

- Instruction
- Supporting services
- Community services
- Facilities acquisition and construction
- Interagency/Fund transactions
- Debt service
- Contingency

Management may reassign resources within functions without seeking approval of the District's Board of Directors.

Original appropriations may be increased through resolutions by transferring amounts between appropriations in the same fund or by transferring from an appropriation in the General Fund to an appropriation category in another fund. A supplemental budget is needed to increase appropriations when appropriations transfers are unauthorized. Budget amounts are as originally adopted, or as amended by the District's Board of Directors.

**B. Excess of Expenditures Over Appropriations**

Expenditures exceeded appropriations for the fiscal year ended June 30, 2012 in the following amounts:

General fund	
Debt service	<u>\$ 27,171</u>

**III. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

**Deposits.** The Governmental Accounting Standards Board has adopted accounting principles generally accepted in the United States of America (GAAP), which include standards to categorize deposits to give an indication of the level of custodial credit risk assumed by the District at June 30, 2015. If bank deposits at year end are not entirely insured or collateralized with securities held by the District or by its agent in the District's name, the District must disclose the custodial credit risk that exists. Deposits with financial institutions are held in the name of the District and are comprised of bank demand deposits. For deposits in excess of federal depository insurance, Oregon Revised Statutes require the depository institution to participate in the Public Funds Collateralization Program. The Public Funds Collateralization Program is a multiple financial institution collateral pool administered by the Oregon State Treasurer's Office. For the fiscal year ended June 30, 2015, the carrying amounts of the District's deposits in various financial institutions were \$1,355,043 and the bank balance was \$1,485,337. Of the bank balance, \$254,207 was insured by Federal Depository Insurance Corporation or National Credit Union Association and \$1,231,130 was covered by the Public Funds Collateralization Program.

*Custodial Credit Risk.* Custodial credit risk for deposits is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk.

Effective July 1, 2008, the Oregon State Treasurer became responsible for monitoring public funds held by bank depositories in excess of FDIC insured amounts, and for assuring that public funds on deposit are collateralized to the extent required by Oregon Revised Statutes (ORS) 295. ORS Chapter 295 requires depository banks to place and maintain on deposit with a third party custodian bank securities having a value of 10 percent, 25 percent or 110 percent of public funds on deposit depending primarily on the capitalization level of the depository bank. Deposits in the Public Funds Collateralization Pool are not 100% guaranteed.

**Investments.** Myrtle Point School District has invested funds in the State Treasurer's Oregon Short-Term Fund Local Government Investment Pool during the fiscal year 2015. The Oregon Short-Term Fund was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). Local Government Investment Pool (LGIP) is an unrated external investment pool managed by the State Treasurer's office, which allows governments within the state to pool their funds for investment purposes. The amounts invested in the pool are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry form as defined by GASB Statement No. 40.

In addition, the Oregon State Treasury LGIP distributes investment income on an amortized cost basis and participants' equity in the pool is determined by the amount of participant deposits, adjusted for withdrawals and distributed income. Accordingly, the adjustment to fair value would not represent an expendable increase in the District's cash position.

Investments in the Oregon State Treasury LGIP are made under the provisions of ORS 294. These funds are held in the District's name and are not subject to collateralization requirements or ORS 295.015. Investments are stated at cost, which approximates fair value.

*Credit Risk.* Credit risk for investments is the risk that, in the event of the failure of the counterparty, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The State of Oregon LGIP is not registered with the U.S. Securities and Exchange Commission as an investment company. The Oregon Revised Statutes and the Oregon Investment Council govern the Pool's investment policies. The State Treasurer is the investment officer of the Pool and it is responsible for all funds in the Pool. These funds must be invested and the investments managed as a prudent investor would, exercising reasonable care, skill and caution. Investments in the fund are further governed by portfolio guidelines issued by the Oregon Short-Term Funds Board, which establish diversification percentages and specify the types and maturities of investments.

State statutes authorize the District to invest primarily in general obligations of the US Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, certain commercial papers, and the State Treasurer's investment pool, among others. The District has no formal investment policy that further restricts its investment choices.

*Concentration of Credit Risk.* The District is required to provide information about the concentration of credit risk associated with its investments in one issuer that represent 5 percent or more of the total investments, excluding investments in external investment pools or those issued and explicitly guaranteed by the U.S. Government. The District has no such investments.

*Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Oregon Short-Term Fund Board manages this risk by limiting the maturity of the investments held by the fund. The District has no formal investment policy that explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates.

As of June 30, 2015, the District had the following investments:

<u>Investment Type</u>	<u>Maturity</u>	<u>Percentage of Portfolio</u>	<u>Fair Value</u>
Local Government Investment Pool	1 day	100.0%	<u>\$ 88,490</u>

A reconciliation of cash and cash equivalents as shown on the combined balance sheets follows:

Carrying amounts of deposits	\$ 1,355,043
Carrying amounts of investments	<u>88,490</u>
Total cash and cash equivalents	<u>\$ 1,443,533</u>
Funds:	
General	\$ 459,794
Special Revenue	133,429
Capital Projects	16,275
Debt Service	<u>238,718</u>
Total Governmental Funds	848,216
Fiduciary	<u>595,317</u>
Total cash and cash equivalents	<u>\$ 1,443,533</u>

**B. Receivables**

All non-current property taxes receivable are treated as deferred inflows of resources in the fund financial statements. Other accounts and intergovernmental receivables are considered to be fully collectible. Accordingly, no provision for estimated uncollectibles has been established.

Property taxes are assessed and attach as an enforceable lien on property as of July 1. Taxes are levied on July 1 and are payable on November 15. They may be paid in installments due November 15, February 15, and May 15. Taxes are billed and collected by the County of Coos and remittance to the District is made at periodic intervals. For fiscal year 2014-2015, the District imposed a rate of \$4.5152 per \$1,000 of assessed value. After reduction for estimated shared offsets, truncation, and loss due to constitutional limits, this resulted in a net levy of \$1,587,986 for general operations and \$193,283 for bonded debt.

Following is a summary of property tax transactions for the year ended June 30, 2015:

General Fund:	Receivable 7/1/2014	2014-2015 Net Levy	Collections and Adjustments	Receivable 6/30/2015
	\$ -	\$ 1,781,269	\$ 1,702,623	\$ 78,646
2013-2014	78,375	-	38,144	40,231
2012-2013	43,570	-	18,606	24,964
2011-2012	27,458	-	17,093	10,365
2010-2011	9,181	-	6,544	2,637
2009-2010	2,770	-	742	2,028
2008-2009	1,128	-	348	780
Prior years	3,984	-	300	3,684
<b>Total</b>	<b>\$ 166,466</b>	<b>\$ 1,781,269</b>	<b>\$ 1,784,400</b>	<b>163,335</b>
Plus current portion of receivable				25,296
Total taxes receivable				<b>\$ 188,631</b>
			General Fund	\$ 151,065
			Debt Service	12,270
				<b>\$ 163,335</b>

### C. Fund Balance

The District has adopted GASB Statement No. 54 which redefined how fund balances are presented in fund financial statements. In the governmental fund financial statements, fund balances are classified as follows:

	General Fund	Special Revenue Fund	Capital Projects	Debt Service	Total
Nonspendable:					
Inventory	\$ -	\$ 10,731	\$ -	\$ -	\$ 10,731
Restricted:					
Capital projects	-	-	16,275	-	16,275
Debt service	-	-	-	240,680	240,680
Food service	-	-	-	-	-
Grants-support	-	8,257	-	-	8,257
Student body activities	-	108,166	-	-	108,166
Unassigned:	31,308	(62,272)	-	-	(30,964)
<b>Total fund balance</b>	<b>\$ 31,308</b>	<b>\$ 64,882</b>	<b>\$ 16,275</b>	<b>\$ 240,680</b>	<b>\$ 353,145</b>

#### D. Capital Assets

Capital asset activity of the District for the fiscal year ended June 30, 2015 was as follows:

	Balance 7/1/2014	Additions	Deletions	Balance 6/30/2015
<i>Capital assts not being depreciated:</i>				
Land	\$ 247,690	\$ -	\$ -	\$ 247,690
<i>Capital assets being depreciated:</i>				
Land improvements	254,468	-	-	254,468
Buildings & improvements	8,419,545	34,430	-	8,453,975
Furniture & equipment	519,886	13,995	(19,935)	513,946
Vehicles	1,218,988	-	-	1,218,988
Total capital assets being depreciated	<u>10,412,887</u>	<u>48,425</u>	<u>(19,935)</u>	<u>10,441,377</u>
<i>Less accumulated depreciation for:</i>				
Land improvements	(240,333)	(5,745)	-	(246,078)
Buildings & improvements	(2,737,588)	(154,624)	-	(2,892,212)
Furniture & equipment	(289,595)	(33,806)	19,935	(303,466)
Vehicles	(901,884)	(45,670)	-	(947,554)
Total accumulated depreciation	<u>(4,169,400)</u>	<u>(239,845)</u>	<u>19,935</u>	<u>(4,389,310)</u>
Total capital assets being depreciated (net)	<u>6,243,487</u>	<u>(191,420)</u>	<u>-</u>	<u>6,052,067</u>
Governmental activities capital assets (net)	<u>\$ 6,491,177</u>	<u>\$ (191,420)</u>	<u>\$ -</u>	<u>\$ 6,299,757</u>

Depreciation expense is not allocated among the functions.

#### E. Deferred Inflows/Outflows of Resources

Governmental funds Balance Sheet reports deferred inflows of revenues in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At June 30, 2015, the components of deferred inflows of resources consisted of the following:

At June 30, 2015, the General Fund and Debt Service Fund reported deferred inflows of resources for property taxes on the Balance Sheet of \$151,065 and \$12,270 respectively.

The Statement of Net Position also reports deferred outflows of resources for differences between employer contributions and the District's proportionate share of contributions related to pension assets of \$908,717 and deferred inflows of resources of \$2,696,404 for the net difference between projected and actual earnings on investments related to pension assets.

**F. Interfund Receivables and Payables and Transfers**

The composition of interfund receivables and transfers as of June 30, 2015 are as follows:

<u>Receivable Fund</u>	<u>Amount</u>
General Fund	\$ 91,287
<u>Payable Fund</u>	
Special Revenue Funds	\$ 91,287
	<u>\$ 91,287</u>
<u>Interfund Transfers:</u>	
Transfer out	
Special Revenue Fund	\$ 16,483
Transfer in	
General Fund	\$ 16,483

The interfund payable balance in the Special Revenue Fund is to provide operating cash to the grant funds until reimbursements are received. The transfers were to offset energy project costs expended in the general fund.

**G. Leases**

**Operating Leases.** The District leases several copiers under operating leases. Total costs for such leases were \$6,166 for the year ended June 30, 2015. The future minimum payments for these leases are as follows:

<u>Year Ending June 30</u>	
2016	<u>2,056</u>

**Capital Leases.** The District leases four copiers under lease-purchase agreements. The copiers are included in the District's capital assets. The lease payments for the year ending June 30, 2015 were \$6,548. The cost of the leased copiers totaled \$35,367, with accumulated depreciation of \$20,775 and a net book value of \$14,592 as of the year ended June 30, 2015.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2015 were as follows:

Year Ending June 30th	
2016	\$ 4,680
2017	4,680
2018	<u>2,340</u>
Total minimum lease payments	11,700
Less: amount representing interest	<u>(702)</u>
Present value of minimum lease payments	<u>\$ 10,998</u>

#### H. Long-Term Debt

*2012A QZAB FlexFund Program Loan:* On February 7, 2012 the District entered into an agreement to participate in the Oregon School Board Association FlexFund Program. The program issues tax-credit bonds, known as Qualified Zone Academy Bonds (QZAB). Bonds were issued in the amount of \$500,000 and mature in 2030. Proceeds are to be used to finance repairs to the District's school buildings and technology upgrades. The bonds bear interest at 4.625%; however, as part of the Hiring Incentives to Restore Employment Act, the District has elected interest subsidy payments or "Direct Payment" from the federal government. Therefore, the District makes principal-only payments on the bonds and the Federal government issues tax credits to the buyer.

During fiscal year 2012-13, the Federal government enacted a budget sequestration which resulted in cuts to the above mentioned interest subsidy. The interest subsidy for 2014-15 was reduced to \$21,449 and the District was required to pay \$1,676 in interest.

Principal payments will be payable in June of each year from a General Fund.

Year Ending June 30th	Principal	Interest	Total
2016	\$ 27,778	\$ 23,125	\$ 50,903
2017	27,778	23,125	50,903
2018	27,778	23,125	50,903
2019	27,778	23,125	50,903
2020	27,778	23,125	50,903
2021	27,778	23,125	50,903
2022	27,778	23,125	50,903
2023 to 2027	138,888	115,625	254,513
2028 to 2030	<u>83,332</u>	<u>69,375</u>	<u>152,707</u>
Total	<u>\$ 416,666</u>	<u>\$ 346,875</u>	<u>\$ 763,541</u>

*2012 QZAB General Obligation Bond.* On September 10, 2012, the District issued Qualified Zone Academy Bonds (QZAB) in the amount of \$2,000,000 to finance building rehabilitation and improvements of the District's facilities. The bonds require payments of \$105,000 plus interest of 4.39% until 2032. One additional \$5,000 principal payment is required September 10, 2017. As part of the QZAB program, interest payments are subsidized by the Federal government. Therefore, the District makes principal-only payments on the bonds and the Federal government issues tax credits to the buyer.

During fiscal year 2012-13, the Federal government enacted a budget sequestration which resulted in cuts to the above mentioned interest subsidy. The interest subsidy for 2014-15 was reduced to \$79,298 and the District was required to pay \$6,197 in interest. Principal payments are due annually in September from the Debt Service Fund.

<u>Year Ending June 30th</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 105,000	\$ 80,886	\$ 185,886
2017	105,000	76,276	181,276
2018	110,000	71,557	181,557
2019	105,000	66,838	171,838
2020	105,000	62,228	167,228
2021	105,000	57,619	162,619
2022	105,000	53,009	158,009
2023	105,000	48,400	153,400
2024 to 2028	525,000	172,856	697,856
2029 to 2033	525,000	57,619	582,619
 		-	
Total	<u>\$ 1,895,000</u>	<u>\$ 747,288</u>	<u>\$ 2,642,288</u>

*First Community Credit Union Loan:* On October 28, 2013 the District entered into an agreement with First Community Credit Union to borrow \$500,000 to finance completion of building rehabilitation and improvements of the District's facilities. The loan is secured by District property including the Maple School District Educational Center and 11.5 acres including timber on Sugarloaf Mountain Road. The loan bears interest at 3% and requires annual payments of \$28,546 until 2038. Principal and interest payments beginning in August 2014 are as follows:

<u>Year Ending June 30th</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 14,046	\$ 14,500	\$ 28,546
2017	14,429	14,117	28,546
2018	14,900	13,646	28,546
2019	15,347	13,199	28,546
2020	15,808	12,738	28,546
2021	16,248	12,298	28,546
2022	16,769	11,777	28,546
2023	17,273	11,273	28,546
2024	17,791	10,755	28,546
2025 to 2029	97,234	45,496	142,730
2029 to 2034	112,759	29,971	142,730
2034 to 2039	130,727	12,003	142,730
Total	<u>\$ 483,331</u>	<u>\$ 201,773</u>	<u>\$ 685,104</u>

During the year ended June 30, 2015, the following changes occurred in liabilities reported in the Statement of Net Position:

	Balance 7/1/2014	Additions	Reductions	Balance 6/30/2015	Due Within One Year
QZAB Bond Debt	\$ 444,444	\$ -	\$ (27,778)	\$ 416,666	\$ 27,778
QZAB General Obligation Debt	2,000,000	-	(105,000)	1,895,000	105,000
First Community Credit Union Loan	500,000	-	(16,669)	483,331	14,046
Compensated absences	18,530	30,634	(33,786)	15,378	15,378
Other postemployment benefits obligation	422,225	29,122	(164,363)	286,984	119,065
Capital leases	16,864	-	(5,866)	10,998	4,240
<b>Total</b>	<b>\$ 3,402,063</b>	<b>\$ 59,756</b>	<b>\$ (353,462)</b>	<b>\$ 3,108,357</b>	<b>\$ 285,507</b>

#### IV. OTHER INFORMATION

##### A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. Worker's compensation insurance is also provided through a commercial carrier. There has been no significant reduction in insurance coverage from the prior year and the District has not been required to pay any settlements in excess of insurance coverage during the past three fiscal years.

##### B. Commitments and Contingent Liabilities

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

##### C. Employee Retirement Systems and Plans

###### Public Employees Retirement System

###### *Plan Description.*

The District contributes to the State of Oregon Public Employees Retirement System (PERS), which is governed by ORS Chapter 238. PERS is a single cost-sharing multiple-employer defined benefit pension plan that provides retirement and disability benefits, cost-of-living adjustments, and death benefits to plan members and beneficiaries. Oregon Revised Statutes 238 and 238A assign the authority to establish and amend benefit provisions to the state legislature.

## ***Plan Benefits.***

### *Tier One/Tier Two Retirement Benefit (Chapter 238):*

Pension Benefits - The PERS retirement allowance may be selected from 13 retirement benefit options. These options include annuities, survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. Tier One/Tier Two Retirement Benefit 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) and employer funds equal to the account balance, provided certain conditions are met.

Disability Benefits - This is available for qualifying employees for both duty and non-duty connected causes.

Benefit Changes After Retirement - Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Also, monthly benefits are adjusted annually through cost-of-living changes.

### *OPSRP Pension Program (ORS Chapter 238A):*

Pension Benefits - The Pension Program provides benefits to members hired on or after August 29, 2003. OPSRP provides a life pension funded by employer contributions. Benefits are based upon the number of years of service and the final average salary.

Death Benefits - Upon the death of a non-retired member, the beneficiary receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

Disability Benefits - This is available for qualifying employees for both duty and non-duty connected causes.

Benefit Changes After Retirement - Monthly benefits are adjusted annually through cost-of-living changes.

## ***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 District paid 22.29% for Tier 1 and Tier II employees and 20.29% for OPSRP members for the fiscal year.

Employer contribution rates during the period were based on the December 31, 2011 actuarial valuation as subsequently modified by 2013 legislated changes in benefit provisions. The state of Oregon and certain schools, community colleges, and political subdivisions have made lump sum payments to establish side accounts, and their rates have been reduced.

Employer cash payments for the year ended June 30, 2015 were \$851,379. This consisted of \$729,171 from the District and \$122,208 paid by the District on behalf of employees. These added to the District's fiduciary net position.

### *Pension Plan CAFR:*

Both PERS and OPSRP are administered by the Oregon Public Employees Retirement Board ("OPERB"). The comprehensive annual financial report of the funds administered by the OPERB may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, OR 97281-3700, by calling (503) 598-7377, or by accessing the PERS web site at [www.oregon.gov/PERS](http://www.oregon.gov/PERS).

*Discount Rate*

The discount rate used to measure the total pension liability was 7.75 percent, the same as the prior year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Actuarial methods and assumptions used in developing total pension liability:

Valuation date	December 31, 2012 rolled forward to June 30, 2014
Experience study	2012, Published September 18, 2013
Amortization cost method	Entry Age Normal
Amortization method	Amortized as level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Actuarial asset valuation	Market value of assets
Inflation rate	2.75 Percent
Investment rate of return	7.75 percent
Projected salary increases	3.75 percent overall payroll growth; salaries for individuals are assumed to grow at 3.75 percent plus assumed rates of merit/longevity increases based on service.
Mortality	<p>Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members: Mortality rates are a percentage of healthy retirees rates that vary by group, as described in the valuation.</p> <p>Disabled retirees: Mortality rates are a percentage (65% for males, 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.</p>

The methods and assumptions shown above are based on the 2012 Experience Study which reviewed experience for the four-year period ending on December 31, 2012.

Assumed Asset Allocation:

Asset Class/Strategy	Low Range	High Range	Target
Cash	0.00%	3.00%	0.00%
Debt Securities	15.00%	25.00%	20.00%
Public Equity	32.50%	42.50%	37.50%
Private Equity	16.00%	24.00%	20.00%
Real Estate	9.50%	15.50%	12.50%
Alternative Equity	0.00%	10.00%	10.00%
Opportunity Portfolio	0.00%	3.00%	0.00%
Total			100.00%

Long-Term Expected Rate of Return:

Asset Class	Target	Compound Annual Return (Geometric)
Core Fixed Income	7.25%	4.50%
Short-Term Bonds	8.00%	3.70%
Intermediate -Term Bonds	3.00%	4.10%
High Yield Bonds	1.80%	6.66%
Large Cap US Equities	11.65%	7.20%
Mid Cap US Equities	3.88%	7.30%
Small Cap US Equities	2.27%	7.45%
Developed Foreign Equities	14.21%	6.90%
Emerging Foreign Equities	5.49%	7.40%
Private Equity	20.00%	8.26%
Opportunity Funds/Absolute Return	5.00%	6.01%
Real Estate (Property)	13.75%	6.51%
Real Estate (REITS)	2.50%	6.76%
Commodities	7.71%	6.07%
Assumed Inflation - Mean		2.75%

**Measurement Date [MD] of the Net Pension Liability/(Asset) [NPL/(A)]**

6/30/2014

Actuarial Valuation Date (liability rolled forward to MD)

12/31/2012

Discount rate

7.75%

Employer's proportionate share at prior MD

0.06164842%

Employer's proportionate share at MD

0.06164842%

Employer's proportionate share of system NPL/(A) at prior MD

\$ 3,146,009

Employer's proportionate share of system NPL/(A) at MD

\$ (1,397,394)

Sensitivity: NPL/(A) using discount rate 1.00% lower

\$ 2,959,175

Sensitivity: NPL/(A) using discount rate 1.00% higher

\$ (5,082,029)

**Employer Pension Expense for Measurement Period**

Employer's proportionate share of system Pension Expense/(Income)

\$ (1,282,770)

Net Amortization of deferred amounts from:

Changes in proportionate share

-

Differences between employer contributions and

employer's proportionate share of system contributions

12,465

Employer's Total Pension Expense/(Income)

\$ (1,270,305)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on investments	-	2,696,404
Changes in proportion and differences between employer contributions and proportionate share of contributions	57,339	-
Contributions subsequent to the MD	851,379	-
Total	<u>\$ 908,718</u>	<u>\$ 2,696,404</u>

Subsequent to the MD, the Oregon Supreme Court ruled that certain provisions of Senate Bill 861 which was signed into law in October 2013 that limited the post-retirement COLA on benefits accrued prior to the signing of the law was unconstitutional. The estimated effect for the District is an approximate \$3,033,102 change in the Net Pension Liability/(Asset) amount, going from (\$1,399,419) to \$1,633,683. It is not believed at this time that the District's percentage share will change because of this action. OPERS members who have accrued benefits before and after the effective dates of the 2013 legislation will have a blended COLA rate when they retire. This is a change in benefit terms subsequent to the measurement date of June 30, 2014, and has not been included in the net pension liability (asset) proportionate shares provided by OPERS.

The \$851,379 reported as deferred outflow of resources related to pensions resulting from District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2016	\$ (661,636)
2017	(661,636)
2018	(661,636)
2019	(661,636)
2020	7,479
Thereafter	-
	<u>\$ (2,639,065)</u>

The assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated July 29, 2015.

#### D. Other Postemployment Benefits

The District implemented GASB Statement No. 45, *Accounting and Financial Reporting for Employers for Postemployment Benefits Other Than Pensions* for the fiscal year ended June 30, 2010. This implementation allowed the District to report its liability for other postemployment benefits consistent with newly established generally accepted accounting principles and to reflect an actuarially determined liability for the present value of projected benefits for retired and active employees on the financial statements.

During the 2012-2013 year, the District determined that the cost to continue implementing this accounting standard was not justified. The explicit portion of the retiree benefits, as discussed below, is now reported at current estimated costs, rather than at the actuarially determined present value. The implicit rate subsidy portion of retired and active employee health insurance is no longer reported.

### **Implicit Benefit Plan**

*Plan Description:* The District's post employment healthcare plan was established in accordance with Oregon Revised Statutes (ORS) 243.303. This statute requires the District to offer qualifying retirees group health and dental insurance from the date of retirement to age 65 at the same rate provided to current employees. This "plan" is not a stand-alone plan and therefore does not issue its own financial statements.

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 the retiree healthcare premiums represents the District's implicit employer contribution.

*Funding Policy:* The benefits from this program are paid by the retired employees on a self-pay basis and the required contribution is based on projected pay-as-you go financing requirements. The District collects insurance premiums from retirees each month. The District then pays health, dental and vision insurance premiums for retirees at a multi-tiered rate. The required contributions to the plan consist of the amount paid by retirees. During the year the retirees submitted \$46,072 to the District which the District paid to the insurance company.

### **Explicit Benefit Plans**

**Plan 1.** The District provides postemployment health, dental and vision care benefits to qualifying classified staff, as per the requirements of a collective bargaining agreement. For classified employees retiring with fifteen years of service to the District, the District pays 100% of the one-party premium for one year, up to a cap of \$13,530. For classified employees retiring with twenty years of service to the District, the District pays 100% of the one-party premium for two years with the same cap. The District's regular health and dental care benefit providers underwrite the retirees' policies. Retirees may convert the benefit into an in-lieu payment to secure coverage under independent plans.

As of June 30, 2015, there were three employees who had retired and were scheduled to receive the 100 percent premium-coverage benefit. The District finances the plan on a pay-as-you-go basis. For the year ended June 30, 2015, the District recognized \$20,523 of expenditures for these employees. The unfunded liability at June 30, 2015 is estimated at \$18,781.

**Plan 2.** *Plan Description:* The District maintains a single-employer early retirement health insurance plan for eligible employees of the District. The program covers retiring licensed and non-represented staff with at least 20 years of service with the District. To qualify, the employee must have been hired on or before August 26, 2003 and retire from active service while eligible to receive a pension benefit from Oregon PERS.

Qualifying retirees under 65 and their spouses are eligible to receive the same health care coverage as active employees. One hundred percent of the healthcare premium is paid by the District for retirees and spouses, up to the current cap for active members, which at June 30, 2015 was \$15,300 for licensed employees. The District-paid amount remains level after the date of retirement for licensed employees. There is no cap for non-represented employees. The co-pays and deductibles under the health care coverage are the responsibility of the retiree.

Licensed employees retiring after June 30, 2009 are eligible to continue coverage for a maximum of seven years. Employees retiring between July 1, 2004 and June 30, 2009 may continue coverage for a maximum of ten years and those retiring before July 1, 2004 may continue coverage for up to 13 years.

All coverage stops once the retiree reaches the age of 65. A surviving spouse of a deceased retiree may continue coverage until the earlier of age 65, or the time at which the retiree would have exhausted payments or reached age 65.

At June 30, 2015 there were 14 participants in the plan, the expenses during the year were \$143,840 and the estimated liability for future benefits to these participants was \$268,203.

**E. Prior Period Adjustment**

During the 2014-15 fiscal year, the District implemented GASB Statement No. 68. This statement improves financial accounting and reporting by local governments employers for pensions. Adoption of this statement required the District to restate the 2014-15 beginning net position of the governmental activities. This restatement resulted in an increase in net position of \$2,203,913 in the governmental activities Statement of Activities.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**COOS COUNTY SCHOOL DISTRICT NO. 41  
SCHEDULE OF PROPORTIONATE SHARE  
OF NET PENSION LIABILITY  
FOR THE YEAR ENDED JUNE 30, 2014**

	2014
School's proportion of the net pension liability (asset)	0.06164842%
School's proportionate share of the net pension liability (asset)	\$ (1,397,394)
School's covered-employee payroll	\$ 3,251,250
School's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	42.98%
Plan fiduciary net position as a percentage of the total pension liability	103.60%

**SCHEDULE OF PROPORTIONATE SHARE  
OF NET PENSION LIABILITY  
FOR THE YEAR ENDED JUNE 30, 2015**

	2015
Contractually required contribution	\$ 851,379
Contributions in relation to the contractually required contribution	(851,379)
Contribution deficiency (excess)	\$ -
School's covered-employee payroll	\$ 3,458,228
Contributions as a percentage of covered-employee payroll	24.62%

## MAJOR FUNDS

---

**General Fund** - The general fund is used to account for and report resources and activities directly associated with carrying out those operations related to the District's educational objectives. Included are all resources and activities which are not accounted for in another fund. The major sources of revenues are property taxes and state school funds.

**Special Revenue Fund** – The Special Revenue Fund is used to account for and report revenue sources that are restricted or committed to expenditures for specific purposes, as well as revenues received and expenditures made for food service and student activities. Federal, state and local grants, fees, and charges for service are major sources of revenue.

**Capital Project Fund** - This fund accounts for and reports on the acquisition of capital assets or construction of major capital projects not being financed by the General Fund. The major sources of revenue are the proceeds from the issuance of debt and interest earnings on those proceeds.

**Debt Service Fund** – This fund is used to account for and report on the accumulation of resources for, and the payment of, long-term debt principal and interest.

---

**COOS COUNTY SCHOOL DISTRICT NO. 41**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2015**

	Budget		Actual	Variance
	Original	Final		
Revenue:				
Local sources	\$ 1,769,646	\$ 1,781,646	\$ 1,684,629	\$ (97,017)
Intermediate sources	110,000	110,000	93,473	(16,527)
State sources	4,838,392	4,838,392	4,508,831	(329,561)
Federal sources	25,000	25,000	27,137	2,137
Total revenue	<u>6,743,038</u>	<u>6,755,038</u>	<u>6,314,070</u>	<u>(440,968)</u>
Expenditures:				
Current:				
Instruction	3,782,324	3,782,324	3,681,924	100,400
Supporting services	3,128,280	3,140,280	2,853,194	287,086
Noncurrent:				
Debt service	-	52,278	79,449	(27,171)
Contingency	75,000	75,000	-	75,000
Total expenditures	<u>6,985,604</u>	<u>7,049,882</u>	<u>6,614,567</u>	<u>435,315</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(242,566)</u>	<u>(294,844)</u>	<u>(300,497)</u>	<u>(5,653)</u>
Other financing sources (uses):				
Transfers in	25,000	25,000	16,483	(8,517)
Transfers (out)	(52,278)	-	-	-
Total other financing sources (uses)	<u>(27,278)</u>	<u>25,000</u>	<u>16,483</u>	<u>(8,517)</u>
Net change in fund balance	(269,844)	(269,844)	(284,014)	(14,170)
Fund balance at beginning of year	<u>269,844</u>	<u>269,844</u>	<u>315,322</u>	<u>45,478</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,308</u>	<u>\$ 31,308</u>

See auditor's report.

**COOS COUNTY SCHOOL DISTRICT NO. 41  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2015**

	Budget		Actual	Variance
	Original	Final		
Revenues:				
Local sources	\$ 403,282	403,832	\$ 171,967	\$ (231,865)
Intermediate sources	71,600	88,537	63,762	(24,775)
State sources	51,653	55,711	54,116	(1,595)
Federal sources	1,099,395	1,104,544	875,849	(228,695)
Total revenues	<u>1,625,930</u>	<u>1,652,624</u>	<u>1,165,694</u>	<u>(486,930)</u>
Expenditures:				
Current:				
Instruction	984,018	989,717	610,873	378,844
Supporting services	648,850	669,845	175,581	494,264
Community services	689,877	689,877	442,040	247,837
Facilities Acquisition and Construction	-	-	-	-
Total expenditures	<u>2,322,745</u>	<u>2,349,439</u>	<u>1,228,494</u>	<u>1,120,945</u>
Net change in fund balance	(696,815)	(696,815)	(62,800)	634,015
Other financing sources (uses):				
Transfers in (out)	<u>(25,000)</u>	<u>(25,000)</u>	<u>(16,483)</u>	<u>8,517</u>
Fund balance at beginning of year	<u>731,815</u>	<u>731,815</u>	<u>144,165</u>	<u>(587,650)</u>
Fund balance at end of year	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 64,882</u>	<u>\$ 54,882</u>

See auditor's report.

**SUPPLEMENTARY INFORMATION**

**COOS COUNTY SCHOOL DISTRICT NO. 41**  
**DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2015**

	Budget		Actual	Variance
	Original	Final		
Revenues:				
Local sources	\$ 8,000	\$ 8,000	\$ 183,549	\$ 175,549
Federal sources	184,801	184,801	79,298	(105,503)
Total revenues	<u>192,801</u>	<u>192,801</u>	<u>262,847</u>	<u>70,046</u>
Expenditures:				
Non-current:				
Debt service	<u>192,801</u>	<u>192,801</u>	<u>190,495</u>	<u>2,306</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	72,352	72,352
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>168,328</u>	<u>168,328</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 240,680</u>	<u>\$ 240,680</u>

See auditor's report.

**COOS COUNTY SCHOOL DISTRICT NO. 41**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2015**

	Budget		Actual	Variance
	Original	Final		
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Non-current:				
Facilities acquisition and construction	300,000	300,000	160,498	139,502
Total expenditures	300,000	300,000	160,498	139,502
Net change in fund balance	(300,000)	(300,000)	(160,498)	139,502
Fund balance at beginning of year	300,000	300,000	176,773	(123,227)
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,275</u>	<u>\$ 16,275</u>

See auditor's report.

## TRUST FUND

---

The trust fund is used to account for and report monies donated to provide for scholarships to District students.

---

**COOS COUNTY SCHOOL DISTRICT NO. 41**  
**TRUST FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2015**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Local sources	<u>\$ 3,000</u>	<u>\$ 907</u>	<u>\$ (2,093)</u>
Expenditures:			
Instruction	<u>105,375</u>	<u>10,054</u>	<u>95,321</u>
Change in fund balance held in trust for:			
Scholarships	(102,375)	(9,147)	93,228
Fund balance at beginning of year	<u>609,046</u>	<u>604,464</u>	<u>(4,582)</u>
Fund balance at end of year	<u><u>\$ 506,671</u></u>	<u><u>\$ 595,317</u></u>	<u><u>\$ 88,646</u></u>

**ACCOMPANYING INFORMATION**



**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**

December 18, 2015

To the Board of Directors of Coos County School District No. 41:

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 Coos County School District No. 41 as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 18, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Coos County School District No. 41's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

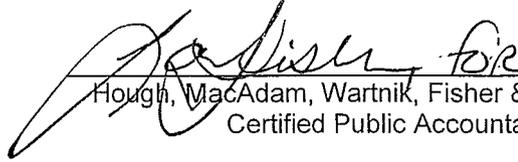
**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Coos County School District No. 41's financial statements are free of 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*.

We noted certain other matters that we reported to management of Coos County School District No. 41 in a separate letter dated December 18, 2015.

**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 entity'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.



\_\_\_\_\_  
Hough, MacAdam, Wartnik, Fisher & Gorman, LLC  
Certified Public Accountants



**Hough, MacAdam, Wartnik,  
Fisher & Gorman, LLC**

CERTIFIED PUBLIC ACCOUNTANTS

JIM HOUGH, CPA  
SHIRLEY MacADAM, CPA  
JAYSON WARTNIK, CPA  
LAURA FISHER, CPA  
BOB GORMAN, CPA

BRIAN BRAS, CPA  
JOE COLO, CPA  
SALLY JAEGGLI, CPA  
TINA JONES, CPA  
BRYAN WILLIAMS, CPA

---

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

---

December 18, 2015

To the Board of Directors of Coos County School District No. 41:

We have audited the basic financial statements of Coos County School District No. 41 ("the District") as of and for the year ended June 30, 2015, and have issued our report thereon dated December 18, 2015. 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 and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Oregon Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

**Compliance**

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

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

The use of approved depositories to secure the deposit of public funds (ORS Chapter 295).

The requirements relating to debt.

The requirements relating to the preparation, adoption and execution of annual budgets (ORS Chapter 294).

The requirements relating to insurance and fidelity bond coverage.

The appropriate laws, rules and regulations pertaining to programs funded wholly or partially by other governmental agencies.

The statutory requirements pertaining to the investment of public funds (ORS Chapter 294).

State school fund factors and calculation.

The requirements pertaining to the awarding of public contracts and the construction of public improvements (ORS Chapters 279A, 279B, 279C).

Except as discussed below, in connection with our testing nothing came to our attention that caused us to believe that Myrtle Point School District No. 41 was not in substantial compliance with certain provisions of laws, regulations, contract 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, prescribed by the Oregon Secretary of State.

As described in Note 2, the results of testing indicated instances of non-compliance related to excess expenditures over appropriations, as follows:

General fund	
Debt service	<u>\$ 27,171</u>

We noted certain other matters that we reported to management of Coos County School District No. 41 in a separate letter dated December 18, 2015.

### **OAR 162-10-230 Internal Control**

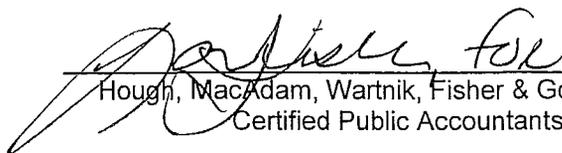
In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

*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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity'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 over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Purpose of this Report**

This report is intended solely for the information and use of the Board of Directors and management of Coos County School District No. 41 and the Oregon Secretary of State, and federal awarding agencies and pass-through entities and is not intended to be and should not be used and should not be used by anyone other than these specified parties.

  
\_\_\_\_\_  
Hough, MacAdam, Wartnik, Fisher & Gorman, LLC  
Certified Public Accountants

REVENUES

BUDGET SUMMARY 3211-100 FUND  
For Fiscal Year 14/15

FUND RANGE: 100-999

FUNCTION	1XX	2XX	3XX	4XX	5XX	6XX	7XX	TOTAL
1110	1,572,162.60	.00	.00	.00	.00	.00	.00	1,572,162.60
1500	6,206.99	.00	.00	.00	.00	.00	.00	6,206.99
1700	11,898.00	.00	.00	.00	.00	.00	.00	11,898.00
1910	800.00	.00	.00	.00	.00	.00	.00	800.00
1940	12,492.60	.00	.00	.00	.00	.00	.00	12,492.60
1990	81,071.50	.00	.00	.00	.00	.00	.00	81,071.50
2101	8,472.81	.00	.00	.00	.00	.00	.00	8,472.81
2102	85,000.00	.00	.00	.00	.00	.00	.00	85,000.00
3101	4,397,888.29	.00	.00	.00	.00	.00	.00	4,397,888.29
3103	60,835.56	.00	.00	.00	.00	.00	.00	60,835.56
3299	50,107.08	.00	.00	.00	.00	.00	.00	50,107.08
4801	5,688.27	.00	.00	.00	.00	.00	.00	5,688.27
4900	21,449.00	.00	.00	.00	.00	.00	.00	21,449.00
5200	16,483.06	.00	.00	.00	.00	.00	.00	16,483.06
5400	315,320.64	.00	.00	.00	.00	.00	.00	315,320.64
TOTAL	6,645,876.40	.00	.00	.00	.00	.00	.00	6,645,876.40

REVENUES

BUDGET SUMMARY 3211-200 FUND  
For Fiscal Year 14/15

FUND RANGE: 100-999

FUNCTION	1XX	2XX	3XX	4XX	5XX	6XX	7XX	TOTAL
1500	.31	.00	.00	.00	.00	.00	.00	.31
1600	1,875.44	.00	.00	.00	.00	.00	.00	1,875.44
1700	91,583.12	.00	.00	.00	.00	.00	.00	91,583.12
1920	17,180.24	.00	.00	.00	.00	.00	.00	17,180.24
1940	59,525.09	.00	.00	.00	.00	.00	.00	59,525.09
1990	1,801.16	.00	.00	.00	.00	.00	.00	1,801.16
2200	63,761.81	.00	.00	.00	.00	.00	.00	63,761.81
3102	2,404.74	.00	.00	.00	.00	.00	.00	2,404.74
3299	51,710.41	.00	.00	.00	.00	.00	.00	51,710.41
4300	36,969.00	.00	.00	.00	.00	.00	.00	36,969.00
4500	823,219.77	.00	.00	.00	.00	.00	.00	823,219.77
4900	15,659.93	.00	.00	.00	.00	.00	.00	15,659.93
5400	144,164.39	.00	.00	.00	.00	.00	.00	144,164.39
TOTAL	1,309,855.41	.00	.00	.00	.00	.00	.00	1,309,855.41

REVENUES

BUDGET SUMMARY 3211-300 FUND  
For Fiscal Year 14/15

FUND RANGE: 100-999

FUNCTION	1XX	2XX	3XX	4XX	5XX	6XX	7XX	TOTAL
1110	183,548.75	.00	.00	.00	.00	.00	.00	183,548.75
4900	79,298.00	.00	.00	.00	.00	.00	.00	79,298.00
5400	168,328.06	.00	.00	.00	.00	.00	.00	168,328.06
TOTAL	431,174.81	.00	.00	.00	.00	.00	.00	431,174.81

12/14/15

CURR

MYRTLE POINT SCHOOL DISTRICT

PAGE 4

FN281A

REVENUES

BUDGET SUMMARY 3211-400 FUND  
For Fiscal Year 14/15

FUND RANGE: 100-999

FUNCTION	1XX	2XX	3XX	4XX	5XX	6XX	7XX	TOTAL
5400	176,772.72	.00	.00	.00	.00	.00	.00	176,772.72
TOTAL	176,772.72	.00	.00	.00	.00	.00	.00	176,772.72

REVENUES

BUDGET SUMMARY 3211-700 FUND  
For Fiscal Year 14/15

FUND RANGE: 100-999

FUNCTION	1XX	2XX	3XX	4XX	5XX	6XX	7XX	TOTAL
1500	906.97	.00	.00	.00	.00	.00	.00	906.97
5400	604,464.20	.00	.00	.00	.00	.00	.00	604,464.20
TOTAL	605,371.17	.00	.00	.00	.00	.00	.00	605,371.17

EXPENSES

BUDGET SUMMARY 3211-100 FUND  
For Fiscal Year 14/15

FUND RANGE: 100-999

FUNCTION	1XX	2XX	3XX	4XX	5XX	6XX	7XX	TOTAL
1111	830,169.04	529,096.70	117.87	20,813.68	.00	.00	.00	1,380,197.29
1121	320,548.69	193,548.39	400.00	5,613.04	.00	.00	.00	520,110.12
1131	545,439.60	334,225.20	2,155.89	11,995.21	.00	.00	.00	893,815.90
1132	78,878.57	16,172.42	72,819.71	19,162.45	.00	5,933.84	.00	192,966.99
1210	2,721.96	927.37	.00	23.10	.00	.00	.00	3,672.43
1220	.00	.00	47,234.94	.00	.00	.00	.00	47,234.94
1250	233,600.96	158,076.44	7,217.19	12,500.02	.00	.00	.00	411,394.61
1280	34,595.17	22,241.74	167,529.62	.00	.00	.00	.00	224,366.53
1291	3,953.42	4,003.46	191.07	16.61	.00	.00	.00	8,164.56
2110	8,839.78	8,646.61	.00	.00	.00	.00	.00	17,486.39
2120	92,565.34	42,898.29	1,142.92	924.31	.00	300.00	.00	137,830.86
2130	5,635.46	6,011.58	3,374.07	1,023.78	.00	.00	.00	16,044.89
2140	.00	.00	40,562.72	2,575.01	.00	.00	.00	43,137.73
2150	24,967.20	14,716.30	.00	3,580.51	.00	.00	.00	43,264.01
2190	23,919.52	18,024.86	27,227.89	709.94	.00	.00	.00	69,882.21
2220	54,101.42	33,217.76	2,842.30	4,679.36	.00	.00	.00	94,840.84
2230	.00	.00	.00	427.40	.00	.00	.00	427.40
2240	.00	20,167.01	1,958.43	378.38	.00	1,800.00	.00	24,303.82
2310	.00	.00	33,149.90	1,212.94	.00	8,128.03	.00	42,490.87
2320	107,014.34	52,746.81	1,929.57	155.13	.00	337.50	.00	162,183.35
2410	282,820.06	155,694.04	6,611.76	9,626.36	.00	2,566.00	.00	457,318.22
2520	44,315.82	33,350.27	126,348.95	1,502.42	.00	2,689.92	.00	208,207.38
2540	175,922.72	79,986.42	265,671.52	39,911.06	.00	23,139.35	.00	584,631.07
2550	312,496.05	147,075.10	23,568.46	76,096.21	.00	66,243.50	.00	625,479.32
2640	.00	3,301.34	200.00	.00	.00	1,322.65	.00	4,823.99
2660	62,573.96	37,862.79	13,978.47	20,552.00	.00	.00	.00	134,967.22

57

EXPENSES

BUDGET SUMMARY 3211-100 FUND  
For Fiscal Year 14/15

FUND RANGE: 100-999

FUNCTION	1XX	2XX	3XX	4XX	5XX	6XX	7XX	TOTAL
2690	.00	.00	21,142.51	369.00	.00	.00	.00	21,511.51
2700	.00	164,362.71	.00	.00	.00	.00	.00	164,362.71
5100	.00	.00	.00	.00	.00	79,449.31	.00	79,449.31
TOTAL	3,245,079.08	2,076,353.61	867,375.76	233,847.92	.00	191,910.10	.00	6,614,566.47

EXPENSES

BUDGET SUMMARY 3211-200 FUND  
For Fiscal Year 14/15

FUND RANGE: 100-999

FUNCTION	1XX	2XX	3XX	4XX	5XX	6XX	7XX	TOTAL
1111	40,000.00	.00	.00	.00	.00	.00	.00	40,000.00
1122	.00	.00	.00	20,092.98	.00	.00	.00	20,092.98
1131	.00	.00	.00	4,405.37	.00	.00	.00	4,405.37
1132	.00	.00	1,612.57	81,468.48	.00	3,700.00	.00	86,781.05
1250	82,857.34	40,318.06	7,768.98	.00	.00	.00	.00	130,944.38
1272	172,684.61	115,665.61	2,820.00	508.96	.00	.00	.00	291,679.18
1280	16,007.19	15,559.21	2,761.95	2,640.65	.00	.00	.00	36,969.00
2120	4,804.72	1,247.53	7,017.11	29,244.40	.00	.00	.00	42,313.76
2150	37,450.80	22,074.27	.00	.00	.00	.00	.00	59,525.07
2210	171.52	13.86	1,262.01	5,000.00	.00	.00	.00	6,447.39
2240	9,803.17	2,474.19	10,808.51	35,590.05	.00	.00	.00	58,675.92
2490	6,010.66	2,608.17	.00	.00	.00	.00	.00	8,618.83
3100	139,029.12	94,467.64	9,901.10	197,372.29	.00	1,270.00	.00	442,040.15
5200	.00	.00	.00	.00	.00	.00	16,483.06	16,483.06
TOTAL	508,819.13	294,428.54	43,952.23	376,323.18	.00	4,970.00	16,483.06	1,244,976.14

12/14/15

CURR

MYRTLE POINT SCHOOL DISTRICT

PAGE 4

FN281A

EXPENSES

BUDGET SUMMARY 3211-300 FUND  
For Fiscal Year 14/15

FUND RANGE: 100-999

FUNCTION	1XX	2XX	3XX	4XX	5XX	6XX	7XX	TOTAL
5100	.00	.00	.00	.00	.00	190,495.25	.00	190,495.25
TOTAL	.00	.00	.00	.00	.00	190,495.25	.00	190,495.25

12/14/15

CURR

MYRTLE POINT SCHOOL DISTRICT

PAGE 5

FN281A

EXPENSES

BUDGET SUMMARY 3211-400 FUND  
For Fiscal Year 14/15

FUND RANGE: 100-999

FUNCTION	1XX	2XX	3XX	4XX	5XX	6XX	7XX	TOTAL
4190	.00	.00	160,498.17	.00	.00	.00	.00	160,498.17
TOTAL	.00	.00	160,498.17	.00	.00	.00	.00	160,498.17

EXPENSES

BUDGET SUMMARY 3211-700 FUND  
For Fiscal Year 14/15

FUND RANGE: 100-999

FUNCTION	1XX	2XX	3XX	4XX	5XX	6XX	7XX	TOTAL
1131	.00	.00	.00	254.81	.00	.00	.00	254.81
1132	.00	.00	.00	1,099.05	.00	8,700.00	.00	9,799.05
TOTAL	.00	.00	.00	1,353.86	.00	8,700.00	.00	10,053.86

SUPPLEMENTAL INFORMATION, 2014-15

School District Business Managers and Auditors:

This page is a required part of your annual audited financial statements. Please make sure it is included.

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

A. Energy Bill for Heating - **All Funds:**

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

	Objects 325 & 326	
Function 2540	\$	137,726
Function 2550	\$	5,782

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

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

\$	-
----	---

Exclude these functions:

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

Exclude these functions:

4150 Construction  
 2550 Pupil Transportation  
 3100 Food Service  
 3300 Community Services



**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY OMB CIRCULAR A-133**

**Independent Auditor's Report**

December 18, 2015

To the Board of Directors of Coos County School District No. 41:

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

We have audited Coos County School District No. 41's compliance of with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 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, 2015. Coos County School District No. 41'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 the requirements of laws, regulations, contracts and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Coos County School District No. 41'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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Coos County School District No. 41'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 on Coos County School District 41's compliance.

**Opinion on Each Major Federal Program**

In our opinion, Coos County School District No. 41 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2015.

## Report on Internal Control Over Compliance

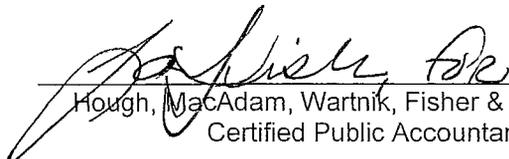
The management of Coos County School District No. 41 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Coos County School District No. 41's internal control over compliance with types of requirements that could have a direct and material effect on its 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 OMB Circular A-133, 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 the 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 considered 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 our testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



---

Hough, MacAdam, Wartnik, Fisher & Gorman, LLC  
Certified Public Accountants

**COOS COUNTY SCHOOL DISTRICT NO. 41  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Fiscal Year Ended June 30, 2015**

**SECTION I SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements:**

Type of auditor's report issued	<u>  X  </u> Qualified	<u>      </u> Unqualified
Internal control of financial reporting:		
Material weakness(es) identified?	<u>      </u> Yes	<u>  X  </u> No
Significant deficiency(ies) identified not considered to be material weakness(es)?	<u>      </u> Yes	<u>  X  </u> No
Noncompliance material to financial statements noted?	<u>      </u> Yes	<u>  X  </u> No

**Federal Awards:**

Internal control over major programs:		
Any material weaknesses identified?	<u>      </u> Yes	<u>  X  </u> No
Any significant deficiencies identified not considered to be material weaknesses?	<u>      </u> Yes	<u>  X  </u> None reported
Type of auditor's report issued on compliance for major programs	<u>      </u> Qualified	<u>  X  </u> Unqualified
Any audit findings disclosed that are required to be reported in accordance with Section 510 (a) of Circular A-133?	<u>      </u> Yes	<u>  X  </u> No

**Identification of major programs:**

Title I-A	CFDA#	84.010
Child Nutrition Cluster:		
School Breakfast Program	CFDA#	10.553
National School Lunch	CFDA#	10.555
Dollar threshold used to distinguish between type A and type B programs		<u>  \$  300,000  </u>
Auditee qualified as low-risk auditee?	<u>      </u> Yes	<u>  X  </u> No

**SECTION II FINDINGS - FINANCIAL STATEMENT FINDINGS**

None

**SECTION III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None

**COOS COUNTY SCHOOL DISTRICT NO. 41  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDING JUNE 30, 2015**

Program Title	<u>CFDA Number</u>	<u>Pass Through Number</u>	<u>Accrual Expenditures</u>
<b>U.S. Department of Education</b>			
<b>Direct Federal Awards:</b>			
Title IV-Part A, Indian Education Act	84.060		<u>\$ 36,969</u>
<b>Passed through Oregon Department of Education:</b>			
Title I-A	** 84.010	28177	<u>298,253</u>
IDEA Part B	84.027	28503	128,643
SPR&I	84.027	27944	1,375
IDEA Enhancement	84.027	29828	927
Total Special Education			<u>130,945</u>
Title IIA Class Size Reduction	84.367	28695	60,721
Total passed through Oregon Department of Education			<u>489,919</u>
<b>Total U.S. Department of Education</b>			<u>526,888</u>
<b>U.S. Department of Agriculture</b>			
<b>Passed through Oregon Department of Education:</b>			
National School Breakfast Program	** 10.553		37,051
National School Lunch Program	** 10.555		146,949
National School Lunch Program - Commodities	** 10.555		15,660
Total Child Nutrition Cluster			<u>199,660</u>
Child and Adult Care Food Program	10.558		<u>149,301</u>
Total passed through Oregon Department of Education			<u>348,961</u>
<b>Passed through Coos County:</b>			
Schools and Roads - Grants to States	10.665		<u>5,688</u>
<b>Total U.S. Department of Agriculture</b>			<u>354,649</u>
<b>Total Federal Financial Assistance</b>			<u><u>\$ 881,537</u></u>

\*\* major program

**COOS COUNTY SCHOOL DISTRICT NO. 41**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2015**

**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Coos County School District No. 41 and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**Note 2. Interest Subsidy**

Interest subsidies related to the Qualified Zone Academy Bonds are funded through the Federal Department of Education, under the taxpayer relief act of 1997. Interest subsidies are not listed on the schedule of expenditures of federal awards since these amounts go directly to the lender and not to the District. For the year ending June 30, 2015, the amount of interest subsidized was \$100,747.