

**ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

COOS COUNTY SCHOOL DISTRICT NO. 41
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2014

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DISTRICT OFFICIALS

COOS COUNTY SCHOOL DISTRICT NO. 41
DISTRICT OFFICIALS
June 30, 2014

Board of Directors

Dave Robinson
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Myrtle Point, OR 97458

Joanne Miller
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Myrtle Point, OR 97458

Bernadette Kirkpatrick
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Myrtle Point, OR 97458

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

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

December 26, 2014

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, 2014, 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 Funds	Unmodified
Debt Service Fund	Unmodified
Capital Projects Fund	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, each major fund and the aggregate remaining fund information of Coos County School District No. 41 as of June 30, 2014, 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, 2014 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, and budgetary comparison information for the General Fund and the major Special Revenue Funds as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to 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.

The budget and actual schedules for the General Fund and major Special Revenue Funds, as listed in the table of contents, 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 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 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 26, 2014, 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* in considering of Coos County School District No. 41's internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 26, 2014, 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, Warthik, Fisher & Gorman, LLC
Certified Public Accountants

MYRTLE POINT SCHOOL DISTRICT 41
Coos County, Oregon
MANAGEMENT DISCUSSION & ANALYSIS
For the Fiscal Year Ending June 30, 2014

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, 2014. 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 of the District are \$7.7 million, exceeding its liabilities at June 30, 2014, by \$4.0 million.
- ❖ At the end of the fiscal year, fund balances totaled almost \$800,000, a decrease of approximately \$1.7 million. This decrease was due to the completion of the QZAB bond and Seismic projects at Myrtle Point High School. In the General Fund, revenue was stable at approx. \$6.3 million, however, expenses increased by approximately \$205 thousand.
- ❖ Total revenue for the year is \$8.9 million with the General Fund accounting for \$6.3 million or 75% of the total.
- ❖ The Special Revenue Funds brought in \$2.4 million, or about 28% of total revenue.
- ❖ Expenditures for the year total \$11.1 million with the General Fund representing about \$6.5 million or 59% of the total. The Special Revenue Funds account for \$2.4 million or 22%. Overall instructional costs were up by approximately 9.5% or \$360 thousand from the prior year, supporting services were up by approximately 22% or \$1.1 million, community services were up by approximately 6% or \$23 thousand, Construction was up by \$1.5 million over the 12/13 year, again due to the Myrtle Point High School projects.
- ❖ All of the above numbers have large fluctuations due in large part to the QZAB and Seismic work that was being finished in the district.

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, 2014?"

- ❖ *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 \$4.0 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 87% of total net position.

An additional portion of the District's net position (7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$233,000) may be used to meet the District's obligations.

The District's current liabilities total just under \$622,000, representing 17% of the District's total liabilities. Current liabilities consist of payables on accounts (accounts payable, payroll liabilities, non-current liabilities due within one year).

The District's long-term liabilities include bonded debt, capitol project loan, retirement benefits and capital leases. These payables total \$3 million and represent 83% of total liabilities. The increase of \$216 thousand in the long-term liabilities from the prior year is due to the district taking out a construction loan with Oregon Federal Credit union to assure the Myrtle Point High School project could be completed.

Table 1 provides a comparative summary of the District's net position for the years ending June 30, 2014 and 2013:

Table 1 - STATEMENT OF NET POSITION		
	<u>2014</u>	<u>2013</u>
ASSETS:		
Current Assets	\$ 1,244,305	\$ 3,171,405
Capital Assets	<u>6,491,177</u>	<u>2,823,569</u>
Total Assets	<u>7,735,482</u>	<u>5,994,974</u>
LIABILITIES:		
Long-Term Liabilities	3,063,017	2,847,042
Other Liabilities	<u>622,297</u>	<u>649,867</u>
Total Liabilities	<u>3,685,314</u>	<u>3,496,909</u>
NET POSITION:		
Net investment in capital assets	3,529,869	2,155,661
Restricted	297,234	225,877
Unrestricted	<u>223,065</u>	<u>116,527</u>
TOTAL NET POSITION	<u>\$ 4,050,168</u>	<u>\$ 2,498,065</u>

Table 2 shows the comparative changes in net position for the years ending June 30, 2014 and 2013:

	Table 2 - CHANGE IN NET POSITION	
	2014	2013
REVENUES:		
Program revenues:		
Charges for services and contracts	\$ 356,027	\$ 249,288
Operating grants and contributions	936,390	901,316
Capital grants and contributions	1,416,086	202,698
General revenues:		
Property taxes	1,598,085	1,566,815
Federal, state & local sources	4,555,251	4,150,231
Earnings on investments	8,857	13,963
Net gain (loss) on sale of capital assets	11,599	
Miscellaneous	3,344	134
Total Revenues	<u>8,885,639</u>	<u>7,084,445</u>
EXPENSES:		
Instruction	(4,147,255)	(3,880,895)
Support services	(2,994,569)	(4,079,191)
Community services	(398,140)	(382,690)
Interest on long-term debt	(120,925)	(77,163)
Unallocated depreciation	(151,255)	(136,945)
Total Expenses	<u>(7,812,144)</u>	<u>(8,556,884)</u>
Increase (decrease) in net position	1,073,495	(1,472,439)
Net position - beginning	2,498,065	3,970,504
Prior Year Adjustment	478,608	-
Net position - beginning as restated	<u>2,976,673</u>	<u>3,970,504</u>
Net position - ending	<u>\$ 4,050,168</u>	<u>\$ 2,498,065</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, 2014, the District's governmental funds reported combined ending fund balances of \$800 thousand, a decrease of \$1.7 million. This compares to an increase of about \$2 million from the previous year.

- ❖ General Fund: The General Fund is the primary operating fund of the District. As of June 30, 2014, the fund balance was \$315 thousand. The fund balance decreased by \$136 thousand during the year. This change was due to an increase in the cost of personnel of \$346 thousand and a decrease in spending in the 300 & above objects of \$114 thousand. There was also a small increase in revenue of \$69 thousand, primarily in tax receipts
- ❖ Capital Projects: The Capital Projects Fund has an ending fund balance of \$176 thousand. The fund balance decreased by \$1.6 million during the fiscal year. This was due to project spending at Myrtle Point High School. These dollars were available due to a QZAB loan, Seismic grant and a loan from Oregon Federal Credit Union.
- ❖ Federal/State Grant Fund: The Federal/State Grant Funds had an ending fund balance of \$144 thousand. 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, however for this year there were carryover dollars which will be used in the 2014/2015 year.
- ❖ Debt Service Fund: The Debt Service Fund, new this year, has an ending fund balance of \$168 thousand. This fund balance will be used in the 2014/2015 year to make the bond payments.

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, the final budgeted total expenditures decreased by \$340 thousand in a continued effort by the Superintendent and Business Manager to have a balanced budget without relying heavily on carryover funds.

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, 2014, the District had invested approximately \$6.5 million in capital assets, net of depreciation, as shown in the following table:

Capital Assets (net of depreciation)		
June 30, 2013		
	2014	2013
Land	\$ 247,690	\$ 247,690
Buildings, vehicles and equipment	6,243,487	2,575,879
Total	<u>\$ 6,491,177</u>	<u>\$ 2,823,569</u>

During fiscal year 2013-14, the District's investment in capital assets increased by approximately \$3.7 million. The major changes for the year ended June 30, 2014 consisted of expenditures to make Myrtle Point High School seismically safe. Additional information on the District's capital assets can be found in Note D on page 29 of this report.

Long-term debt. At the end of the current fiscal year, the District had bonded debt outstanding of \$2,944,444 consisting of \$2 million QZAB general obligation debt and \$944 thousand QZAB Flex Fund Program Loan. During the current fiscal year, the net increase in the District's total bonded debt was \$472 thousand. 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 \$27,113,975 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 on pages 31-32 of this report.

CURRENT FINANCIAL ISSUES AND CONCERNS BEARING ON THE FUTURE

Financial issues and future concerns that will have an impact upon the district are student enrollment, state funding, roll up costs, cost sharing, and deferred maintenance issues. Each of these concepts has a very specific implication. This past year student enrollment has had a slight increase, which is a definite plus for the district. This is due in part to supports that have been put in place by the district to help at risk students. Currently there are a number of factors that look very positive for the district. PERS employer costs for Tiers 1 & 2 will see a very small increase; 22.29% to 22.33%. However OPSRP, is going to see a sizable decrease, 20.29% to 17.64%. In addition, Workers Compensation Insurance premiums are going to decrease by an average 5.3%. Both of these decreases will help the budget, but the biggest factor will be if the State School Fund increases. Right now the projections are that the state may fund at \$7 billion plus, up from the \$6.7 billion that schools are currently funded at. The Affordable Care Act is continuing to roll out with some uncertainty of the cost implications. The district will have to invest in new tracking and reporting software. This is currently being beta tested by South Coast ESD. Cost sharing/partnering continues to be a positive direction for the district. The district currently shares staff in the areas of Technology, Speech, Counseling, Accounting, Athletics, Alternative Education and Special Education. The district has realized significant saving by reducing the costs for contracted services to other agencies by sharing specialized staff and services with local districts.

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 Business Manager at 413 C Street, Myrtle Point, OR 97458.

BASIC FINANCIAL STATEMENTS

COOS COUNTY SCHOOL DISTRICT NO. 41
STATEMENT OF NET POSITION
June 30, 2014

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 730,512
Receivables	490,089
Inventory	23,704
Capital assets:	
Land	247,690
Depreciable assets, net of depreciation	<u>6,243,487</u>
Total assets	<u>7,735,482</u>
LIABILITIES	
Accounts payable	60,119
Payroll liabilities	160,164
Intergovernmental payable	52,968
Accrued compensated absences	18,530
Accrued interest	10,000
Non-current liabilities:	
Due within one year:	
Capital lease	5,866
Early retirement benefits	165,203
Long term debt	149,447
Due after one year:	
Capital lease	10,998
Early retirement benefits	257,022
Long term debt	<u>2,794,997</u>
Total liabilities	<u>3,685,314</u>
NET POSITION	
Net investment in capital assets	3,529,869
Restricted for:	
Capital projects	176,773
Special programs	120,461
Unrestricted	<u>223,065</u>
Total net position	<u>\$ 4,050,168</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, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position	
		Charges for Services & Contracts	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Governmental activities:						
Instruction	\$ 4,147,255	\$ 323,795	\$ 473,307	\$ 1,416,086	\$	(1,934,067)
Support services	2,994,569	3,193	120,328	-		(2,871,048)
Community services	398,140	29,039	342,755	-		(26,346)
Interest on long-term debt	120,925	-	-	-		(120,925)
Unallocated depreciation **	<u>151,255</u>	-	-	-		<u>(151,255)</u>
Total governmental activities	<u>\$ 7,812,144</u>	<u>\$ 356,027</u>	<u>\$ 936,390</u>	<u>\$ 1,416,086</u>		<u>(5,103,641)</u>

General revenues:

Taxes:

Property taxes, levied for general purposes	1,598,085
Federal and State aid not restricted to specific purposes	4,555,251
Interest and investment earnings	8,857
Net gain (loss) on sale of capital assets	11,599
Miscellaneous	<u>3,344</u>

Total general revenues

6,177,136

Change in net position

1,073,495

Net position - beginning

2,498,065

Prior period adjustment

478,608

Net assets - beginning, as restated

2,976,673

Net position - ending

\$ 4,050,168

** Depreciation expense is not allocated among the functions.

COOS COUNTY SCHOOL DISTRICT NO. 41
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue	Debt Service	Capital Projects	
ASSETS					
Cash and cash equivalents	\$ 261,398	\$ 111,393	\$ 167,509	\$ 190,212	\$ 730,512
Receivables:					
Taxes - current	21,293	-	819	-	22,112
Taxes - deferred	159,502	-	6,964	-	166,466
Intergovernmental	56,940	237,539	-	-	294,479
Other	100	6,932	-	-	7,032
Interfund receivable	205,943	-	-	-	205,943
Inventory	-	23,704	-	-	23,704
Total assets	<u>\$ 705,176</u>	<u>\$ 379,568</u>	<u>\$ 175,292</u>	<u>\$ 190,212</u>	<u>\$ 1,450,248</u>
LIABILITIES					
Accounts payable	\$ 17,220	\$ 29,460	\$ -	\$ 13,439	\$ 60,119
Payroll benefits and taxes payable	160,164	-	-	-	160,164
Intergovernmental payable	52,968	-	-	-	52,968
Interfund payable	-	205,943	-	-	205,943
Total liabilities	<u>230,352</u>	<u>235,403</u>	<u>-</u>	<u>13,439</u>	<u>479,194</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	<u>159,502</u>	<u>-</u>	<u>6,964</u>	<u>-</u>	<u>166,466</u>
FUND BALANCE					
Nonspendable	-	23,704	-	-	23,704
Restricted	-	120,461	168,328	176,773	465,562
Unassigned	315,322	-	-	-	315,322
Total fund balances	<u>315,322</u>	<u>144,165</u>	<u>168,328</u>	<u>176,773</u>	<u>804,588</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 705,176</u>	<u>\$ 379,568</u>	<u>\$ 175,292</u>	<u>\$ 190,212</u>	<u>\$ 1,450,248</u>

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, 2014

Total fund balances - governmental funds \$ 804,588

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	8,419,545
Equipment	519,886
Vehicles	<u>1,218,988</u>
	10,660,577
Less accumulated depreciation on capital assets	<u>(4,169,400)</u>
	6,491,177

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 166,466

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	(2,944,444)
Capital lease	(16,864)
Retirement benefits payable	(422,225)
Accrued interest	(10,000)
Compensated absences	<u>(18,530)</u>
	<u>(3,412,063)</u>

Total net position - governmental activities \$ 4,050,168

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, 2014

	Major Funds					Total
	General Fund	Special Revenue	Debt Service	Capital Projects		
Revenues:						
Local sources	\$ 1,688,053	\$ 147,735	\$ 83,760	\$ -	\$ 1,919,548	
Intermediate sources	79,295	52,120	-	-	131,415	
State sources	4,542,487	1,363,666	-	-	5,906,153	
Federal sources	29,094	820,791	80,820	-	930,705	
Total revenues	<u>6,338,929</u>	<u>2,384,312</u>	<u>164,580</u>	<u>-</u>	<u>8,887,821</u>	
Expenditures:						
Current:						
Instruction	3,664,082	540,558	-	-	4,204,640	
Supporting services	2,759,920	1,459,384	-	465,591	4,684,895	
Community services	-	405,630	-	-	405,630	
Facilities acquisition and construction	-	-	-	1,685,897	1,685,897	
Debt service	<u>50,903</u>	<u>-</u>	<u>87,800</u>	<u>-</u>	<u>138,703</u>	
Total expenditures	<u>6,474,905</u>	<u>2,405,572</u>	<u>87,800</u>	<u>2,151,488</u>	<u>11,119,765</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>(135,976)</u>	<u>(21,260)</u>	<u>76,780</u>	<u>(2,151,488)</u>	<u>(2,231,944)</u>	
Other financing sources (uses):						
Issuance of debt	-	-	-	500,000	500,000	
Net change in fund balances	<u>(135,976)</u>	<u>(21,260)</u>	<u>76,780</u>	<u>(1,651,488)</u>	<u>(1,731,944)</u>	
Fund balances at beginning of year	<u>451,298</u>	<u>165,425</u>	<u>91,548</u>	<u>1,828,261</u>	<u>2,536,532</u>	
Fund balances at end of year	<u>\$ 315,322</u>	<u>\$ 144,165</u>	<u>\$ 168,328</u>	<u>\$ 176,773</u>	<u>\$ 804,588</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, 2014

Total net change in fund balances - governmental funds \$ (1,731,944)

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	(13,781)
----------------	----------

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	\$ 3,328,656
Gain (loss) on disposal of capital assets	11,599
Less current year depreciation	<u>(151,255)</u>
	3,189,000

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 affect on the Statement of Activities.

Issuance of debt	(500,000)
Long term debt principal payment	27,778
Capital lease principal payment	<u>7,083</u>
	(465,139)

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	109,193
Change in compensated absences	(3,834)
Changes in accrued interest payable	<u>(10,000)</u>
	95,359
Change in net position of governmental activities	<u>\$ 1,073,495</u>

COOS COUNTY SCHOOL DISTRICT NO. 41
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2014

	Private Purpose Trust Fund	Agency Scholarship Fund
ASSETS		
Cash and cash equivalents	\$ 533,893	\$ 70,571
LIABILITIES		
Due to others	-	\$ 70,571
NET POSITION		
Held in trust for scholarships - expendable	60,638	
Held in trust for scholarships - non-expendable	<u>473,255</u>	
Total net position	<u>\$ 533,893</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, 2014

	<u>Actual</u>
Additions:	
Interest	<u>\$ 767</u>
Deductions:	
Instruction	<u>800</u>
Change in net assets held in trust for:	
Scholarships	<u>(33)</u>
Net position at beginning of year	<u>533,926</u>
Net position at end of year	<u>\$ 533,893</u>

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, 2014

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 programs 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. This is the same approach used in preparation of proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. 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 Funds - These funds are 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 \$23,704, reflected in the Special Revenue Funds, represents the fair market value of commodities on hand at June 30, 2014 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 Inflows of Resources

The Balance Sheet reports 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. The District has only one type of deferred inflows, which arises only under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes.

8. *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.

9. *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 1 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.

10. *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.

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.

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, 2014. 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, 2014, the carrying amounts of the District's deposits in various financial institutions were \$999,047 and the bank balance was \$1,437,087. Of the bank balance, \$253,750 was insured by Federal Depository Insurance Corporation or National Credit Union Association and \$1,183,337 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 2014. 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, 2014, the District had the following investments:

Investment Type	Maturity	Percentage of Portfolio	Fair Value
Local Government Investment Pool	1 day	100.0%	\$ 335,929

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

Carrying amounts of deposits	\$ 999,047
Carrying amounts of investments	335,929
Total cash and cash equivalents	\$ 1,334,976
 Funds:	
General	\$ 261,398
Special Revenue	111,393
Capital Projects	190,212
Debt Service	167,509
Total Governmental Funds	730,512
 Fiduciary	604,464
Total cash and cash equivalents	\$ 1,334,976

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 2013-2014, 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 \$1,531,762 for general operations and \$87,801 for bonded debt. Following is a summary of property tax transactions for the fiscal year ended June 30, 2014:

Following is a summary of property tax transactions for the year ended June 30, 2014:

General Fund:	Receivable 7/1/2013	2013-2014 Net Levy	Collections and Adjustments	Receivable 6/30/2014
2013-2014	\$ -	\$ 1,619,563	\$ 1,541,188	\$ 78,375
2012-2013	86,636	-	43,066	43,570
2011-2012	47,879	-	20,421	27,458
2010-2011	27,899	-	18,718	9,181
2009-2010	10,183	-	7,413	2,770
2008-2009	2,532	-	1,404	1,128
2007-2008	1,469	-	745	724
Prior years	3,649	-	389	3,260
Total	<u>\$ 180,247</u>	<u>\$ 1,619,563</u>	<u>\$ 1,633,344</u>	<u>166,466</u>
Plus current portion of receivable				<u>22,112</u>
Total taxes receivable				<u>\$ 188,578</u>
			General Fund	\$ 159,502
			Debt Service	<u>6,964</u>
				<u>\$ 166,466</u>

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 Funds	Capital Projects	Debt Service	Total
Nonspendable:					
Inventory	\$ -	\$ 23,704	\$ -	\$ -	\$ 23,704
Restricted:					
Capital projects	-	-	176,773	-	176,773
Debt service	-	-	-	168,328	168,328
Food service	-	12,190	-	-	12,190
Grants-support	-	1,521	-	-	1,521
Student body activities	-	106,750	-	-	106,750
Unassigned:	<u>315,322</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>315,322</u>
Total fund balance	<u>\$ 315,322</u>	<u>\$ 144,165</u>	<u>\$ 176,773</u>	<u>\$ 168,328</u>	<u>\$ 804,588</u>

D. Capital Assets

Capital asset activity of the District for the fiscal year ended June 30, 2014 was as follows:

	Balance 7/1/2013	Prior period Adjustment	Beginning as restated	Additions	Deletions	Balance 6/30/2014
<u><i>Capital assets not being depreciated:</i></u>						
Land	\$ 247,690	\$ -	\$ 247,690	\$ -	\$ -	\$ 247,690
<u><i>Capital assets being depreciated:</i></u>						
Land improvements	254,468	-	254,468	-	-	254,468
Buildings & improvements	4,663,499	478,608	5,142,107	3,277,438	-	8,419,545
Furniture & equipment	468,668	-	468,668	62,817	(11,599)	519,886
Vehicles	1,218,988	-	1,218,988	-	-	1,218,988
Total capital assets being depreciated	6,605,623	478,608	7,084,231	3,340,255	(11,599)	10,412,887
<u><i>Less accumulated depreciation for:</i></u>						
Land improvements	(234,564)	-	(234,564)	(5,769)	-	(240,333)
Buildings & improvements	(2,680,301)	-	(2,680,301)	(57,287)	-	(2,737,588)
Furniture & equipment	(258,664)	-	(258,664)	(42,530)	11,599	(289,595)
Vehicles	(856,215)	-	(856,215)	(45,669)	-	(901,884)
Total accumulated depreciation	(4,029,744)	-	(4,029,744)	(151,255)	11,599	(4,169,400)
Total capital assets being depreciated (net)	2,575,879	478,608	3,054,487	3,189,000	-	6,243,487
Governmental activities capital assets (net)	\$ 2,823,569	\$ 478,608	\$ 3,302,177	\$ 3,189,000	\$ -	\$ 6,491,177

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, 2014, the components of deferred inflows of resources consisted of the following:

At June 30, 2014, the General Fund and Debt Service Fund reported deferred inflows of resources for property taxes on the Balance Sheet of \$159,502 and \$6,964 respectively.

F. Interfund Receivables and Payables and Transfers

The composition of interfund receivables as of June 30, 2014 is as follows:

<u>Receivable Fund</u>	<u>Amount</u>
General Fund	<u>\$ 205,943</u>
<u>Payable Fund</u>	<u>Amount</u>
Special Revenue Funds	<u>\$ 205,943</u>

The interfund payable balance in the Special Revenue Funds is to provide operating cash to the grant funds until reimbursements are received.

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, 2014. The future minimum payments for these leases are as follows:

<u>Year Ending June 30</u>	
2015	\$ 6,166
2016	<u>2,056</u>
Total	<u>\$ 8,222</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, 2014 were \$5,824. The cost of the leased copiers totaled \$35,367, with accumulated depreciation of \$14,798 and a net book value of \$20,569 as of the year ended June 30, 2014.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2014 were as follows:

<u>Year Ending June 30th</u>	
2015	\$ 6,548
2016	4,680
2017	4,680
2018	<u>2,340</u>
Total minimum lease payments	18,248
Less: amount representing interest	<u>(1,384)</u>
Present value of minimum lease payments	<u>\$ 16,864</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 effective interest rate on the bonds is 0%. Principal payments will be payable in June of each year from a Debt Service Fund.

Year Ending June 30th	Principal	Interest	Total
2015	\$ 27,778	\$ -	\$ 27,778
2016	27,778	-	27,778
2017	27,778	-	27,778
2018	27,778	-	27,778
2019	27,778	-	27,778
2020	27,778	-	27,778
2021	27,778	-	27,778
2022	27,778	-	27,778
2023 to 2027	138,888	-	138,888
2028 to 2030	83,332	-	83,332
Total	\$ 444,444	\$ -	\$ 444,444

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 which effectively creates a 0% interest rate for the District. Principal payments are due annually on September 10, beginning in 2014.

Year Ending June 30th	Principal	Interest	Total
2015	\$ 105,000	\$ -	\$ 105,000
2016	105,000	-	105,000
2017	105,000	-	105,000
2018	110,000	-	110,000
2019	105,000	-	105,000
2020	105,000	-	105,000
2021	105,000	-	105,000
2022	105,000	-	105,000
2023	105,000	-	105,000
2024 to 2028	525,000	-	525,000
2029 to 2033	525,000	-	525,000
Total	\$ 2,000,000	\$ -	\$ 2,000,000

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 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:

Year Ending June 30th	Principal	Interest	Total
2015	\$ 16,669	\$ 11,877	\$ 28,546
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	<u>130,727</u>	<u>12,003</u>	<u>142,730</u>
Total	<u>\$ 500,000</u>	<u>\$ 213,650</u>	<u>\$ 713,650</u>

During the year ended June 30, 2014, the following changes occurred in liabilities reported in the Statement of Net Position:

	Balance 7/1/2013	Additions	Reductions	Balance 6/30/2014	Due Within One Year
QZAB Bond Debt	\$ 472,222	\$ -	\$ (27,778)	\$ 444,444	\$ 27,778
QZAB General Obligation Debt	2,000,000	-	-	2,000,000	105,000
First Community Credit Union Loan	-	500,000	-	500,000	16,669
Compensated absences	14,696	28,374	(24,540)	18,530	18,530
Other postemployment benefits obligation	531,418	40,889	(150,082)	422,225	165,203
Capital leases	<u>23,947</u>	<u>-</u>	<u>(7,083)</u>	<u>16,864</u>	<u>5,866</u>
Total	<u>\$ 3,042,283</u>	<u>\$ 569,263</u>	<u>\$ (209,483)</u>	<u>\$ 3,402,063</u>	<u>\$ 339,046</u>

IV. OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. 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. Coos County School District No. 41 contributes to the State of Oregon Public Employees Retirement System (PERS), a cost-sharing multiple-employer defined benefit pension plan administered by the Oregon Public Employees Retirement System. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Oregon Revised Statutes 238 assigns the authority to establish and amend benefit provisions to the PERS Board of Trustees.

All Oregon school districts are required by law to be part of a school district pool. Pooling allows separate employers to be part of one group for the purpose of determining employer pension costs and contributions rates. Pool participants share pension assets and future pension liabilities and surpluses. Employers in the pool jointly fund the future pension cost of all the pooled participants.

In the 2003 legislative session, the Oregon Legislative Assembly created a successor plan for PERS. The Oregon Public Service Retirement Plan ("OPSRP") is effective for all new employees hired on or after August 29, 2003, and applies to any inactive PERS members who return to employment following a six month or greater break in service. The new plan consists of a defined benefit program (the "Pension Program") and a defined contribution portion (the Individual Account Program or "IAP"). The Pension Program portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service and a factor that varies based on type of service (general versus police or fire).

Beginning January 1, 2004, all PERS member contributions go into the IAP portion of OPSRP. PERS members retain their existing PERS accounts, but any future member contributions are deposited into the member's IAP, not the member's PERS account. Those employees who had established a PERS membership prior to creation of OPSRP will be members of both the PERS and OPSRP system as long as they remain in covered employment.

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.

Funding Policy. Plan members are required to contribute 6% of their annual covered salary and Coos County School District No. 41 is required to contribute at an actuarially determined rate. The current rate is 22.29% of annual covered payroll for Tier I and Tier II employees. Public employees hired after August 29, 2003, after a six month waiting period, become members of the Oregon Public Service Retirement Plan. The current rate for OPSRP is set at 20.29% of covered payroll. The contribution requirements of plan members and Coos County District No. 41 are established and may be amended by the PERS Board of Trustees.

Annual Pension Cost. The District's contributions to PERS for the years ending June 30, 2014, 2013, and 2012 were \$806,519, \$703,555, and \$728,606, respectively, equal to the required contributions for each year.

Because all PERS employers are required by law to submit the contributions adopted by the PERS Retirement Board, and employer contributions are calculated and made in conformance with the Standards of GASB Statement No. 27, there is no Net Pension Benefit Obligation.

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 Districted 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 \$64,869 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 \$13,200. 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, 2014, there were two 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, 2014, the District recognized \$6,766 of expenditures for these employees. The unfunded liability at June 30, 2014 is estimated at \$27,127.

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, 2014 was \$14,930 for licensed employees and \$15,692 for non-represented employees. The District-paid amount remains level after the date of retirement. 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, 2014 there were 14 participants in the plan, the expenses during the year were \$143,316 and the estimated liability for future benefits to these participants was \$395,098.

E. Restatement of Beginning Net Assets

The District's beginning net assets have been restated to reflect a correction in the value of the District's capital assets. During the fiscal year 2012-13 initial improvements financed by a QZAB loan and a seismic grant were not included in the capital asset listing at that time. The result was that net assets were understated. Properly recording the cost basis of the improvements resulted in a prior period adjustment. The overall effect of the change was an increase in capital assets of \$478,608 and an increase in net position at June 30, 2014 by \$478,608.

**REQUIRED SUPPLEMENTARY
INFORMATION**

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 Funds – The Special Revenue Funds are 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, 2014

	Budget			
	Original	Final	Actual	Variance
Revenue:				
Local sources	\$ 1,635,887	\$ 1,635,887	\$ 1,688,053	\$ 52,166
Intermediate sources	97,774	97,774	79,295	(18,479)
State sources	4,462,694	4,462,694	4,542,487	79,793
Federal sources	21,114	21,114	29,094	7,980
Total revenue	<u>6,217,469</u>	<u>6,217,469</u>	<u>6,338,929</u>	<u>121,460</u>
Expenditures:				
Current:				
Instruction	3,741,315	3,741,315	3,664,082	77,233
Supporting services	2,962,864	2,962,864	2,759,920	202,944
Noncurrent:				
Debt service	52,278	52,278	50,903	1,375
Contingency	75,000	75,000	-	75,000
Total expenditures	<u>6,831,457</u>	<u>6,831,457</u>	<u>6,474,905</u>	<u>356,552</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(613,988)</u>	<u>(613,988)</u>	<u>(135,976)</u>	<u>478,012</u>
Other financing sources (uses):				
Sale of capital assets	1,000	1,000	-	(1,000)
Issuance of debt	1,000	1,000	-	(1,000)
Total other financing sources (uses)	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>(2,000)</u>
Net change in fund balance	<u>(611,988)</u>	<u>(611,988)</u>	<u>(135,976)</u>	<u>476,012</u>
Fund balance at beginning of year	<u>611,988</u>	<u>611,988</u>	<u>451,298</u>	<u>(160,690)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 315,322</u>	<u>\$ 315,322</u>

See auditor's report.

COOS COUNTY SCHOOL DISTRICT NO. 41
SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2014

	Budget			
	Original	Final	Actual	Variance
Revenues:				
Local sources	\$ 413,051	428,646	\$ 147,735	\$ (280,911)
Intermediate sources	7,500	7,500	52,120	44,620
State sources	1,443,096	1,459,831	1,363,666	(96,165)
Federal sources	1,095,559	1,176,922	820,791	(356,131)
Total revenues	<u>2,959,206</u>	<u>3,072,899</u>	<u>2,384,312</u>	<u>(688,587)</u>
Expenditures:				
Current:				
Instruction	941,468	941,468	540,558	400,910
Supporting services	1,579,852	1,579,852	1,459,384	120,468
Community services	677,644	677,644	405,630	272,014
Total expenditures	<u>3,198,964</u>	<u>3,198,964</u>	<u>2,405,572</u>	<u>793,392</u>
Net change in fund balance	(239,758)	(126,065)	(21,260)	104,805
Fund balance at beginning of year	<u>249,758</u>	<u>249,758</u>	<u>165,425</u>	<u>(84,333)</u>
Fund balance at end of year	<u>\$ 10,000</u>	<u>\$ 123,693</u>	<u>\$ 144,165</u>	<u>\$ 20,472</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, 2014

	Budget			
	Original	Final	Actual	Variance
Revenues:				
Local sources	\$ 105,801	\$ 105,801	\$ 83,760	\$ (22,041)
Federal sources	87,000	87,000	80,820	(6,180)
Total revenues	<u>192,801</u>	<u>192,801</u>	<u>164,580</u>	<u>(28,221)</u>
Expenditures:				
Non-current:				
Debt service	192,801	192,801	87,800	105,001
Excess (deficiency) of revenues over (under) expenditures	-	-	76,780	76,780
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>91,548</u>	<u>91,548</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 168,328</u>	<u>\$ 168,328</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, 2014

	Budget			
	Original	Final	Actual	Variance
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Supporting services	500,000	465,591	34,409	
Non-current:				
Facilities acquisition and construction	1,686,187	1,686,187	1,685,897	290
Total expenditures	<u>1,686,187</u>	<u>2,186,187</u>	<u>2,151,488</u>	<u>34,699</u>
Excess (deficiency) of revenues over (under) expenditures	(1,686,187)	(2,186,187)	(2,151,488)	34,699
Other financing sources (uses):				
Issuance of debt	500,000	500,000	-	
Net change in fund balance	(1,686,187)	(1,686,187)	(1,651,488)	34,699
Fund balance at beginning of year	<u>1,686,187</u>	<u>1,686,187</u>	<u>1,828,261</u>	<u>142,074</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 176,773</u></u>	<u><u>\$ 176,773</u></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, 2014

	Final Budget	Actual	Variance
Revenues:			
Local sources	<u>\$ 5,385</u>	<u>\$ 1,075</u>	<u>\$ (4,310)</u>
Expenditures:			
Instruction	<u>131,075</u>	<u>8,600</u>	<u>122,475</u>
Change in fund balance held in trust for:			
Scholarships	<u>(125,690)</u>	<u>(7,525)</u>	<u>118,165</u>
Fund balance at beginning of year	<u>655,361</u>	<u>611,989</u>	<u>(43,372)</u>
Fund balance at end of year	<u>\$ 529,671</u>	<u>\$ 604,464</u>	<u>\$ 74,793</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 26, 2014

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, 2014, 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 26, 2014.

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.

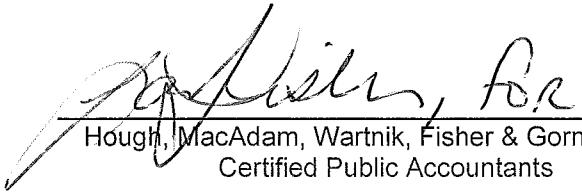
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

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



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

December 26, 2014

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, 2014, and have issued our report thereon dated December 26, 2014. 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).

Nothing came to our attention that caused us to believe that the Coos County 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.

OAR 162-10-230 Internal Control

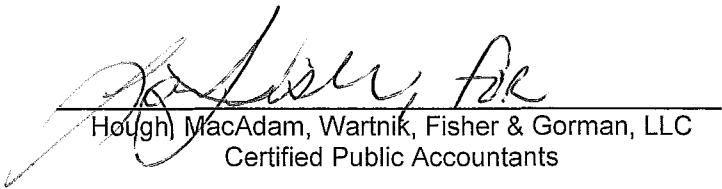
In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of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

12/23/14 Curr MYRTLE POINT SCHOOL DISTRICT PAGE 1 FN281A
 REVENUES BUDGET SUMMARY 3211-100 FUND
 For Fiscal Year 13/14

FUND RANGE: 100-999

FUNCTION	1XX	2XX	3XX	4XX	5XX	6XX	7XX	TOTAL
1110	1,528,105.98	.00	.00	.00	.00	.00	.00	1,528,105.98
1500	8,857.18	.00	.00	.00	.00	.00	.00	8,857.18
1700	11,924.00	.00	.00	.00	.00	.00	.00	11,924.00
1910	1,100.00	.00	.00	.00	.00	.00	.00	1,100.00
1940	5,677.06	.00	.00	.00	.00	.00	.00	5,677.06
1990	132,389.22	.00	.00	.00	.00	.00	.00	132,389.22
2101	6,794.83	.00	.00	.00	.00	.00	.00	6,794.83
2102	72,500.00	.00	.00	.00	.00	.00	.00	72,500.00
3101	4,354,175.52	.00	.00	.00	.00	.00	.00	4,354,175.52
3103	82,807.94	.00	.00	.00	.00	.00	.00	82,807.94
3299	105,503.02	.00	.00	.00	.00	.00	.00	105,503.02
4801	5,969.20	.00	.00	.00	.00	.00	.00	5,969.20
4900	23,125.00	.00	.00	.00	.00	.00	.00	23,125.00
5400	451,296.71	.00	.00	.00	.00	.00	.00	451,296.71
TOTAL	6,790,225.66	.00	.00	.00	.00	.00	.00	6,790,225.66

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12/23/14 CURR MYRTLE POINT SCHOOL DISTRICT PAGE 2 FN281A
REVENUES BUDGET SUMMARY 3211-200 FUND
For Fiscal Year 13/14

FUND RANGE: 100-999

FUNCTION	1XX	2XX	3XX	4XX	5XX	6XX	7XX	TOTAL
1500	3.76	.00	.00	.00	.00	.00	.00	3.76
1600	27,962.83	.00	.00	.00	.00	.00	.00	27,962.83
1700	94,055.75	.00	.00	.00	.00	.00	.00	94,055.75
1920	19,283.38	.00	.00	.00	.00	.00	.00	19,283.38
1990	6,429.64	.00	.00	.00	.00	.00	.00	6,429.64
2200	52,119.57	.00	.00	.00	.00	.00	.00	52,119.57
3102	2,594.66	.00	.00	.00	.00	.00	.00	2,594.66
3299	1,361,070.52	.00	.00	.00	.00	.00	.00	1,361,070.52
4300	39,012.00	.00	.00	.00	.00	.00	.00	39,012.00
4500	760,624.45	.00	.00	.00	.00	.00	.00	760,624.45
4900	21,154.37	.00	.00	.00	.00	.00	.00	21,154.37
5400	165,425.67	.00	.00	.00	.00	.00	.00	165,425.67
TOTAL	2,549,736.60	.00	.00	.00	.00	.00	.00	2,549,736.60

12/23/14 CURR MYRTLE POINT SCHOOL DISTRICT PAGE 3 FN281A
REVENUES BUDGET SUMMARY 3211-300 FUND
For Fiscal Year 13/14

FUND RANGE: 100-999

FUNCTION	1XX	2XX	3XX	4XX	5XX	6XX	7XX	TOTAL
1110	83,760.35	.00	.00	.00	.00	.00	.00	83,760.35
4900	80,819.90	.00	.00	.00	.00	.00	.00	80,819.90
5400	91,947.81	.00	.00	.00	.00	.00	.00	91,947.81
TOTAL	256,528.06	.00	.00	.00	.00	.00	.00	256,528.06

12/23/14

CURR

MYRTLE POINT SCHOOL DISTRICT

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FN281A

REVENUES

BUDGET SUMMARY 3211-400 FUND
For Fiscal Year 13/14

FUND RANGE: 100-999

FUNCTION	1XX	2XX	3XX	4XX	5XX	6XX	7XX	TOTAL
1500	.65	.00	.00	.00	.00	.00	.00	.65
5100	500,000.00	.00	.00	.00	.00	.00	.00	500,000.00
5400	1,828,260.12	.00	.00	.00	.00	.00	.00	1,828,260.12
TOTAL	2,328,260.77	.00	.00	.00	.00	.00	.00	2,328,260.77

12/23/14 Curr Myrtle Point School District Page 5 FN281A
 REVENUES Budget Summary 3211-700 Fund
 For Fiscal Year 13/14
 FUND RANGE: 100-999
 FUNCTION 1XX 2XX 3XX 4XX 5XX 6XX 7XX TOTAL
 1500 920.23 .00 .00 .00 .00 .00 .00 920.23
 1920 153.00 .00 .00 .00 .00 .00 .00 153.00
 5400 611,990.97 .00 .00 .00 .00 .00 .00 611,990.97
 TOTAL 613,064.20 .00 .00 .00 .00 .00 .00 613,064.20

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MYRTLE POINT SCHOOL DISTRICT

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FN281A

EXPENSES

BUDGET SUMMARY 3211-100 FUND
For Fiscal Year 13/14

FUND RANGE: 100-999

FUNCTION 1111	1XX 852,870.12	2XX 545,881.73	3XX 600.36	4XX 22,680.41	5XX .00	6XX .00	7XX .00	TOTAL 1,422,032.62
1121	264,870.34	160,425.30	565.09	6,247.27	.00	.00	.00	432,108.00
1131	559,385.87	351,128.79	1,519.90	12,086.00	.00	.00	.00	924,120.56
1132	71,999.72	17,100.39	57,704.06	12,711.65	.00	4,232.60	.00	163,748.42
1210	.2,721.96	936.27	.00	.00	.00	.00	.00	3,658.23
1220	.00	.00	37,103.31	.00	.00	.00	.00	37,103.31
1250	214,023.07	151,894.78	56,293.58	7,606.39	.00	.00	.00	429,817.82
1280	30,741.36	15,854.43	198,062.97	432.00	.00	.00	.00	245,090.76
1291	3,167.19	2,635.48	.00	600.00	.00	.00	.00	6,402.67
2110	8,146.13	8,222.52	.00	.00	.00	.00	.00	16,368.65
2120	83,392.03	42,810.63	1,673.37	1,284.27	.00	500.00	.00	129,660.30
2130	6,432.24	6,691.27	.00	1,331.08	.00	.00	.00	14,454.59
2190	63,556.92	36,259.89	716.07	.00	.00	.00	.00	100,532.88
2220	59,557.95	35,841.40	4,553.75	4,949.31	.00	.00	.00	104,902.41
2240	.00	11,733.30	1,186.09	.00	.00	.00	.00	12,919.39
2310	.00	.00	32,940.39	1,288.16	.00	8,188.99	.00	42,417.54
2320	105,816.97	51,971.93	916.12	101.50	.00	13.00	.00	158,819.52
2410	223,145.48	127,732.20	6,539.18	9,551.93	.00	595.00	.00	367,563.79
2520	40,755.06	30,044.47	142,097.16	3,084.12	.00	2,356.37	.00	218,337.18
2540	203,358.83	100,286.10	228,790.35	35,856.23	.00	23,290.60	.00	591,582.11
2550	284,655.62	145,291.26	28,214.88	96,078.62	.00	63,460.50	.00	617,700.88
2640	.00	20,624.96	200.00	.00	.00	1,642.28	.00	22,467.24
2660	9,619.53	4,119.12	128,031.49	31,627.89	.00	150.00	.00	173,548.03
2690	.00	.00	24,075.40	.00	.00	.00	.00	24,075.40
2700	13,458.50	151,111.45	.00	.00	.00	.00	.00	164,569.95
5100	.00	.00	.00	.00	.00	50,902.77	.00	50,902.77
TOTAL	3,101,674.89	2,018,597.67	951,783.52	247,516.83	.00	155,332.11	.00	6,474,905.02

12/23/14 CURR MYRTLE POINT SCHOOL DISTRICT PAGE 3 FN281A
 EXPENSES BUDGET SUMMARY 3211-200 FUND
 For Fiscal Year 13/14

FUND RANGE: 100-999

FUNCTION 1111	1XX 40,000.00	2XX .00	3XX .00	4XX .00	5XX .00	6XX .00	7XX .00	TOTAL 40,000.00
1121	170.80	48.57	.00	225.00	.00	.00	.00	444.37
1122	.00	.00	.00	18,019.60	.00	225.00	.00	18,244.60
1131	6,000.24	2,058.20	.00	.00	.00	.00	.00	8,058.44
1132	2,000.00	567.13	1,115.24	79,386.31	.00	3,950.00	.00	87,018.68
1140	.00	.00	980.78	.00	.00	.00	.00	980.78
1250	91,742.67	43,332.93	2,127.83	6,475.04	.00	.00	.00	143,678.47
1272	110,416.16	80,071.55	1.40-	8,859.15	.00	875.00	.00	200,220.46
1280	14,680.44	14,914.77	9,011.01	405.78	.00	.00	.00	39,012.00
1291	1,432.49	1,469.07	.00	.00	.00	.00	.00	2,901.56
2120	5,264.85	1,079.19	5,546.59	24,301.94	.00	.00	.00	36,192.57
2210	32,725.66	16,481.79	6,277.66	.00	.00	.00	.00	55,485.11
2240	.00	.00	13,532.16	2,482.13	.00	.00	.00	16,014.29
2490	15,843.11	7,156.93	210.00	.00	.00	.00	.00	23,210.04
2540	.00	.00	1,321,502.73	.00	6,977.92	.00	.00	1,328,480.65
3100	132,953.04	85,992.05	10,273.06	167,959.04	7,490.00	963.00	.00	405,630.19
TOTAL	453,229.46	253,172.18	1,370,575.66	308,113.99	14,467.92	6,013.00	.00	2,405,572.21

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12/23/14 Curr MYRTLE POINT SCHOOL DISTRICT PAGE 4 FN281A
 EXPENSES BUDGET SUMMARY 3211-300 FUND
 For Fiscal Year 13/14

FUND RANGE: 100-999

FUNCTION	1XX	2XX	3XX	4XX	5XX	6XX	7XX	TOTAL
5100	.00	.00	.00	.00	.00	87,800.00	.00	87,800.00
TOTAL	.00	.00	.00	.00	.00	87,800.00	.00	87,800.00

12/23/14

CURR

MYRTLE POINT SCHOOL DISTRICT

EXPENSES

BUDGET SUMMARY 3211-400 FUND
For Fiscal Year 13/14

PAGE 5

FN281A

FUND RANGE: 100-999

FUNCTION	1XX	2XX	3XX	4XX	5XX	6XX	7XX	TOTAL
2540	.00		434,055.78	.00	31,284.95	.00	.00	465,340.73
2660	.00	.00	.00	.00	.00	250.00	.00	250.00
4190	.00	.00	1,678,686.32	.00	.00	7,211.00	.00	1,685,897.32
TOTAL	.00	.00	2,112,742.10	.00	31,284.95	7,461.00	.00	2,151,488.05

12/23/14 Curr MYRTLE POINT SCHOOL DISTRICT PAGE 6 FN281A
 EXPENSES BUDGET SUMMARY 3211-700 FUND
 For Fiscal Year 13/14
 FUND RANGE: 100-999
 FUNCTION 1XX 2XX 3XX 4XX 5XX 6XX 7XX TOTAL
 1132 .00 .00 .00 300.00 .00 8,300.00 .00 8,600.00
 TOTAL .00 .00 .00 300.00 .00 8,300.00 .00 8,600.00

SUPPLEMENTAL INFORMATION, 2013-14

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	\$ 147,428
Function 2550	\$ 7,949

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 26, 2014

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, 2014. 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, 2014.

Report on Internal Control Over Compliance

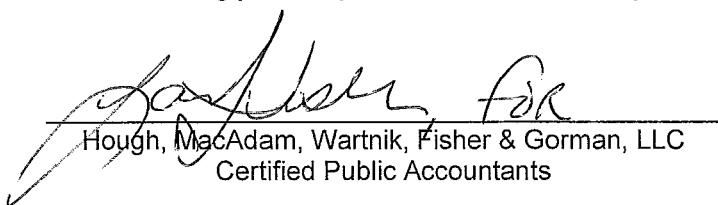
The management of Coos County School District No. 41 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Coos County School District No. 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, 2014

SECTION I SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

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

Federal Awards:

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

Identification of major programs:

Title I-A	CFDA#	84.010
IDEA	CFDA#	84.027
Childcare Food Program	CFDA#	10.558

Dollar threshold used to distinguish between type A and type B programs \$ 300,000

Auditee qualified as low-risk auditee? Yes No

SECTION II FINDINGS - FINANCIAL STATEMENT FINDINGS

None

SECTION III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

COOS COUNTY SCHOOL DISTRICT NO. 41
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS RELATED TO FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2014

U.S. Department of Education, passed through the State of Oregon Department of Education

2012-1 Time and effort records

Federal Program: IDEA Part B; CFDA # 84-027; June 30, 2012

Condition: Records documenting the number of hours employees work on various grants were not maintained consistent with grant requirements.

Auditor's Recommendation: To comply with Federal grant requirements, staff should complete and sign monthly timesheets, indicating time work in various funding areas. Procedures should be implemented requiring monthly monitoring of employee time sheets and the allocation of time spent. Procedures should also be in place to compare time worked by staff to the amount charged to various grants. The District should assign an individual to monitor the monthly timesheets, and an individual to verify the correct amount of time is charged to grants and other funding sources. Employees who work in a single Federal program should sign a semi-annual certification that is included in the District's monitoring.

Current Status: Corrective action has been taken

2012-2 Maintenance of effort

Federal Program: IDEA Part B; CFDA # 84-027; June 30, 2012

Condition: The District failed to maintain fiscal effort between the 2009-10 and 2010-11 audit years.

Auditor's Recommendation: To comply with Federal grant requirements, staff should monitor the factors that contribute to the calculation of the fiscal effort required and determine whether an exception exists and consider applying for a waiver.

Current Status: Corrective action has been taken

COOS COUNTY SCHOOL DISTRICT NO. 41
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDING JUNE 30, 2014

Program Title	CFDA Number	Pass Through Number	Accrual Expenditures
U.S. Department of Education			
Direct Federal Awards:			
Title IV-Part A, Indian Education Act	84.060		<u>\$ 39,012</u>
Passed through Oregon Department of Education:			
Title I-A	** 84.010	28177	<u>225,673</u>
IDEA Part B	** 84.027	28503	140,126
SPR&I	** 84.027	27944	1,430
IDEA Enhancement	** 84.027	29828	2,122
IDEA Preschool	** 84.173	28897	981
Total Special Education			<u>144,659</u>
Title IIA Class Size Reduction	84.367	28695	60,507
Rural and Low Income Schools	84.358	29936	<u>10,960</u>
Total passed through Oregon Department of Education			<u>441,799</u>
Total U.S. Department of Education			<u>480,811</u>
U.S. Department of Agriculture			
Passed through Oregon Department of Education:			
National School Breakfast Program	10.553		35,051
National School Lunch Program	10.555		131,968
National School Lunch Program - Commodities	10.555		21,155
Total Child Nutrition Cluster			<u>188,174</u>
Child and Adult Care Food Program	** 10.558		<u>151,806</u>
Total passed through Oregon Department of Education			<u>339,980</u>
Passed through Coos County:			
Schools and Roads - Grants to States	10.665		<u>5,969</u>
Total U.S. Department of Agriculture			<u>345,949</u>
Total Federal Financial Assistance			<u>\$ 826,760</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, 2014

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, 2014, the amount of interest subsidized was \$103,945.