

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

ANNUAL FINANCIAL REPORT

June 30, 2009

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

DISTRICT OFFICIALS

June 30, 2009

BOARD MEMBERS

Joe Wegner, Chair
P.O. Box 612
Gold Beach, Oregon 97444

Greg Marstall, Vice Chair
P.O. Box 168
Gold Beach, Oregon 97444

Sharon Mather
P.O. Box 88
Wedderburn, Oregon 97491

Candy Perryman
P.O. Box 323
Gold Beach, Oregon 97444

Bruce Zuber
P.O. Box 1481
Gold Beach, Oregon 97444

ADMINISTRATION

Jeff Davis
Superintendent
P.O. Box 1255
Gold Beach, Oregon 97444

Kristal Carpenter
Business Manager
32776 Cedar Valley Road
Gold Beach, Oregon 97444

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

TABLE OF CONTENTS

June 30, 2009

Page
Number

INTRODUCTORY SECTION

Title Page
District Officials
Table of Contents

FINANCIAL SECTION

Independent Auditor's Report	1-2
Management's Discussion and Analysis.....	3-8
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Assets	9
Statement of Activities.....	10
Fund Financial Statements	
Balance Sheet – Governmental Funds	11
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities.....	12
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Notes to Basic Financial Statements	15-28
Required Supplementary Information	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual –	
General Fund	29
Special Revenue Fund	30
Other Supplementary Information – Individual Fund Schedules	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Debt Service Fund	31

OTHER FINANCIAL SCHEDULES

Revenue Summary – All Funds	32
Expenditure Summary –	
General Fund	33
Special Revenue Fund.....	34
Debt Service Fund	35
Schedule of Property Tax Transactions	36

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

Disclosures and Independent Auditor's Comments Required by the Minimum Standards for Audits of Oregon Municipal Corporations.....	37-38
Supplemental Information Required by Oregon Department of Education.....	39

SINGLE AUDIT SECTION

Schedule of Expenditures of Federal Awards.....	40
Notes to Schedule of Expenditures of Federal Awards	41
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	42-43
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with <i>OMB Circular A-133</i>	44-45
Schedule of Findings and Questioned Costs.....	46

FINANCIAL SECTION



Koontz & Perdue, P.C.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Central Curry School District No. 1, Gold Beach, Oregon, as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Central Curry School District No. 1, Gold Beach, Oregon as of June 30, 2009 and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have issued our report dated December 7, 2009 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 8 and budgetary comparison information on pages 29 through 30 are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures to the management's discussion and analysis, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The individual fund schedules, other financial schedules, Schedule of Expenditures of Federal Awards, and the supplemental information required by the Oregon Department of Education are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Koontz & Perdue, P.C.

By: 

Albany, Oregon
December 7, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

CENTRAL CURRY SCHOOL DISTRICT NO. 1

Gold Beach, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

INTRODUCTION

As management of Central Curry School District No. 1, Gold Beach, Oregon, we offer readers this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2009. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- At June 30, 2009, total net assets of Central Curry School District No. 1 amounted to \$1,963,080. Of this amount, \$339,354 was invested in capital assets, net of related debt. The remaining balance included \$438,399 restricted for various purposes including debt, retirement, capital outlay, and grant programs, and \$1,185,327 of unrestricted net assets.
- At June 30, 2009, the District's governmental funds reported combined ending fund balances of \$1,552,898.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business.

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

The statement of activities presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements can be found on pages 9 through 10 of this report.

Fund Financial Statements

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

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

□ **Governmental Funds**

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

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

The District maintains three individual governmental funds. Information is presented separately in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances for the General and Special Revenue Funds, both of which are considered to be major governmental funds, as well as for the Debt Service Fund, which is considered to be a nonmajor governmental fund.

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

The basic governmental fund financial statements can be found on pages 11 through 14 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 15 through 28 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which includes budgetary comparison information for the General and Special Revenue Funds. This required supplementary information can be found on pages 29 through 30 of this report.

Individual fund schedules can be found immediately following the required supplementary information on page 31 of this report.

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of the District's financial position. At June 30, 2009, the District's assets exceeded liabilities by \$1,963,080.

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

District's Net Assets

At the end of the current fiscal year, the District was able to report positive balances in all categories of net assets. The District's net assets increased by \$54,249 during the current fiscal year. This increase is primarily due to an increase in program revenues.

Condensed statement of net assets information is shown below.

Condensed Statement of Net Assets

	Governmental Activities	
	2009	2008
Assets		
Current assets	\$ 2,093,982	\$ 2,010,558
Restricted assets	95,876	109,092
Net capital assets	<u>4,266,435</u>	<u>4,285,374</u>
Total assets	<u>6,456,293</u>	<u>6,405,024</u>
Liabilities		
Current liabilities	763,185	670,353
Noncurrent liabilities	<u>3,730,028</u>	<u>3,825,840</u>
Total liabilities	<u>4,493,213</u>	<u>4,496,193</u>
Net assets		
Invested in capital assets, net of related debt	339,354	276,013
Restricted for various purposes	367,571	437,573
Unrestricted	<u>1,256,155</u>	<u>1,195,245</u>
Total net assets	<u>\$ 1,963,080</u>	<u>\$ 1,908,831</u>

District's Changes in Net Assets

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

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Changes in Net Assets

	Governmental Activities	
	2009	2008
Program revenues		
Regular programs	\$ 163,504	\$ 55,792
Special programs	463,169	500,316
Student support services	465,543	499,505
Food services	260,268	244,268
Total program revenues	<u>1,352,484</u>	<u>1,299,881</u>
General revenues		
Property taxes levied - general	2,393,511	2,301,453
Property taxes levied - debt service	293,778	274,623
State school fund - general support	2,130,278	2,527,998
Common school fund	37,921	82,502
Unrestricted state and local revenue	56,945	7,500
Unrestricted federal revenue	255,027	284,217
Investment earnings	41,291	70,528
Miscellaneous	193,007	235,738
Gain on sale of capital assets	168,200	-
Total general revenues	<u>5,569,958</u>	<u>5,784,559</u>
Total revenues	<u>6,922,442</u>	<u>7,084,440</u>
Program expenses		
Regular programs	3,293,002	3,122,191
Special programs	673,390	567,621
Student support services	333,545	424,410
Summer school programs	8,175	3,997
Instructional staff support	150,341	145,560
General administrative support	120,949	128,031
School administrative support	505,631	476,234
Business support services	945,505	985,777
Central activities support	89,771	94,387
Supplemental retirement	93,201	111,414
Food services	336,319	321,567
Facilities acquisition and construction	-	21,750
Community services	812	1,311
Unallocated depreciation expense	148,352	152,433
Interest on long-term debt	169,200	177,095
Total program expenses	<u>6,868,193</u>	<u>6,733,778</u>
Change in net assets	<u>54,249</u>	<u>350,662</u>
Net assets - beginning of year	<u>1,908,831</u>	<u>1,558,169</u>
Net assets - end of year	<u>\$ 1,963,080</u>	<u>\$ 1,908,831</u>

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Revenues

Since the District's mission is to provide a free and appropriate public education for kindergarten through twelfth grade students within its boundaries, the District may not charge for its core services. As expected, therefore, general revenues provide 80% of the funding required for governmental programs. Property taxes and state school funding combined for 86% of general revenues and 70% of total revenues.

Charges for services make up only 8% of total revenues and are composed of the following items for which it is appropriate that the District charge tuition or fees:

• Food services charges for breakfast and lunch	\$ 84,720
• Various student extracurricular activities	<u>448,305</u>
Total charges for services	<u>\$ 533,025</u>

Operating grants and contributions represent 12% of total revenues. Included in this category are \$819,459 for grants and contributions to support various educational activities.

Expenses

Expenses related to governmental activities are presented in several broad functional categories. Costs of direct classroom instruction activities account for 64% of the total expenses of \$6,868,193. In addition, approximately 46% of the costs in supporting services relate to students, instructional staff, and school administration.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Governmental Funds

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

At the end of the current fiscal year, the District's governmental funds reported combined fund balances of \$1,552,898. Of this amount, \$1,185,327 constitutes unreserved fund balance, which is available for spending at the District's discretion.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, total fund balance of the General Fund was \$1,185,327. This total amount constitutes unreserved fund balance.

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

BUDGETARY HIGHLIGHTS

There were four changes to the 2008-2009 budget document. Four resolutions were passed to increase the appropriation of expenditures for the Special Revenue Fund. For more detail, see the fund budgetary statements.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2009 amounted to \$4,266,435 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, furniture, fixtures, machinery, and equipment. The total depreciation related to the District's investment in capital assets for the current fiscal year was \$148,352.

Additional information on the District's capital assets can be found in Note III-B on pages 23 through 24 of this report.

Long-Term Liabilities

At the end of the current fiscal year, the District had total debt outstanding of \$3,930,424. This amount is comprised of general obligation bonds, capital leases, a note payable, and other post-employment benefits. The District's total debt outstanding decreased by \$92,455 during the current fiscal year.

Additional information on the District's long-term debt can be found in Note III-D on pages 24 through 25 of this report.

KEY ECONOMIC FACTORS AND BUDGET INFORMATION FOR THE FUTURE

- It is anticipated that the costs of providing medical insurance coverage to employees will continue to rise.
- State general fund revenue is expected to decrease statewide due to declining economic conditions that began in the fall of 2008.
- The District continues to experience declining enrollment, which equates to a decrease in state school funding.

All of these factors were considered in preparing the District's budget for fiscal year 2009-2010.

The ending General Fund balance of \$1,185,327 will be available for program resources in fiscal year 2009-2010.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

STATEMENT OF NET ASSETS

June 30, 2009

	Governmental Activities
ASSETS	
Current assets	
Cash and cash equivalents	\$ 1,659,692
Undistributed taxes with county	19,151
Property taxes receivable	170,115
Accounts receivable	228,425
Inventories	<u>16,599</u>
Total current assets	<u>2,093,982</u>
Restricted assets	
Cash	73,195
Property tax receivable restricted for debt service	<u>22,681</u>
Total restricted assets	<u>95,876</u>
Capital assets, net of accumulated depreciation	<u>4,266,435</u>
Total assets	<u>6,456,293</u>
LIABILITIES	
Current liabilities	
Accounts payable	133,706
Payroll payables	330,427
Accrued interest payable	6,587
Compensated absences payable	92,069
Bonds payable, current portion	155,000
Capital leases, current portion	25,722
Note payable, current portion	16,331
Other post-employment benefits	<u>3,343</u>
Total current liabilities	<u>763,185</u>
Noncurrent liabilities	
Bonds payable, less current portion	3,630,000
Capital leases, less current portion	82,885
Note payable, less current portion	<u>17,143</u>
Total noncurrent liabilities	<u>3,730,028</u>
Total liabilities	<u>4,493,213</u>
NET ASSETS	
Invested in capital assets, net of related debt	339,354
Restricted for:	
Debt service	77,499
Special projects	290,072
Unrestricted	<u>1,256,155</u>
Total net assets	<u>\$ 1,963,080</u>

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

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for	Operating	Capital	Revenue and
		Services	Grants and	Grants and	Changes in
			Contributions	Contributions	Net Assets
					Governmental
					Activities
Governmental activities					
Regular programs	\$ 3,293,002	\$ 25,095	\$ 138,409	\$ -	\$ (3,129,498)
Special programs	673,390	-	463,169	-	(210,221)
Student support services	333,545	423,210	42,333	-	131,998
Summer school programs	8,175	-	-	-	(8,175)
Instructional staff support	150,341	-	-	-	(150,341)
General administrative support	120,949	-	-	-	(120,949)
School administrative support	505,631	-	-	-	(505,631)
Business support services	945,505	-	-	-	(945,505)
Central activities support	89,771	-	-	-	(89,771)
Supplemental retirement	93,201	-	-	-	(93,201)
Food services	336,319	84,720	175,548	-	(76,051)
Community services	812	-	-	-	(812)
Unallocated depreciation expense	148,352	-	-	-	(148,352)
Interest on long-term debt	169,200	-	-	-	(169,200)
Total governmental activities	<u>\$ 6,868,193</u>	<u>\$ 533,025</u>	<u>\$ 819,459</u>	<u>\$ -</u>	<u>(5,515,709)</u>
General revenues					
Property taxes levied for general purposes					2,393,511
Property taxes levied for debt service					293,778
State school fund - general support					2,130,278
Common school fund					37,921
Unrestricted state and local revenue					56,945
Unrestricted federal revenue					255,027
Investment earnings					41,291
Miscellaneous					193,007
Gain on sale of capital assets					168,200
Total general revenues					<u>5,569,958</u>
Change in net assets					54,249
Net assets - beginning					<u>1,908,831</u>
Net assets - ending					<u>\$ 1,963,080</u>

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

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2009

	General Fund	Special Revenue Fund	Nonmajor Governmental Fund Debt Service	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,431,907	\$ 227,786	\$ 73,195	\$ 1,732,888
Undistributed taxes with county	17,086	-	2,065	19,151
Property taxes receivable	170,115	-	22,681	192,796
Accounts receivable	90,054	138,371	-	228,425
Inventories	16,599	-	-	16,599
 Total assets	 <u>\$ 1,725,761</u>	 <u>\$ 366,157</u>	 <u>\$ 97,941</u>	 <u>\$ 2,189,859</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 57,621	\$ 76,085	\$ -	\$ 133,706
Deferred revenue	152,386	-	20,442	172,828
Payroll payables	330,427	-	-	330,427
 Total liabilities	 <u>540,434</u>	 <u>76,085</u>	 <u>20,442</u>	 <u>636,961</u>
Fund balances				
Reserved for:				
Debt service	-	-	77,499	77,499
Special projects	-	290,072	-	290,072
Unreserved	1,185,327	-	-	1,185,327
 Total fund balances	 <u>1,185,327</u>	 <u>290,072</u>	 <u>77,499</u>	 <u>1,552,898</u>
 Total liabilities and fund balances	 <u>\$ 1,725,761</u>	 <u>\$ 366,157</u>	 <u>\$ 97,941</u>	 <u>\$ 2,189,859</u>

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

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

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

June 30, 2009

Total fund balances		\$ 1,552,898
Capital assets are not financial resources and are therefore not reported in the governmental funds:		
Cost	8,064,244	
Accumulated depreciation	<u>(3,797,809)</u>	4,266,435
Property tax revenue is recognized in the net assets of governmental activities when the taxes are levied; however, in the governmental fund statements, it is recognized when available to be used for current year operations. Taxes not collected within 30 days of the end of the year are not considered available to pay for current year operations and are therefore not reported as revenue in the governmental funds.		
		172,827
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. These liabilities consist of:		
Accrued interest payable	(6,587)	
Compensated absences payable	(92,069)	
Bonds payable	(3,785,000)	
Capital leases payable	(108,607)	
Note payable	(33,474)	
Other post-employment benefits	<u>(3,343)</u>	<u>(4,029,080)</u>
Net assets of governmental activities		<u>\$ 1,963,080</u>

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

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2009

	General Fund	Special Revenue Fund	Nonmajor Governmental Fund Debt Service	Total Governmental Funds
REVENUES				
Local revenue	\$ 2,645,991	\$ 478,767	\$ 291,561	\$ 3,416,319
Intermediate revenue	31,024	-	-	31,024
State revenue	2,224,966	140,133	-	2,365,099
Federal revenue	562,530	329,490	-	892,020
Total revenues	<u>5,464,511</u>	<u>948,390</u>	<u>291,561</u>	<u>6,704,462</u>
EXPENDITURES				
Current				
Instruction	3,032,967	929,723	-	3,962,690
Support services	2,239,437	46,477	-	2,285,914
Community services	336,319	812	-	337,131
Debt service	33,906	-	310,004	343,910
Total expenditures	<u>5,642,629</u>	<u>977,012</u>	<u>310,004</u>	<u>6,929,645</u>
Excess (deficiency) of revenues over (under) expenditures	(178,118)	(28,622)	(18,443)	(225,183)
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	168,200	-	-	168,200
Net change in fund balances	<u>(9,918)</u>	<u>(28,622)</u>	<u>(18,443)</u>	<u>(56,983)</u>
Fund balances - beginning	<u>1,195,245</u>	<u>318,694</u>	<u>95,942</u>	<u>1,609,881</u>
Fund balances - ending	<u>\$ 1,185,327</u>	<u>\$ 290,072</u>	<u>\$ 77,499</u>	<u>\$ 1,552,898</u>

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

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

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

For the Year Ended June 30, 2009

Net change in fund balances	\$	(56,983)
------------------------------------	----	----------

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

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the costs of these assets are allocated over their estimated useful lives and reported as depreciation expense.

Current year capital outlay	129,413	
Depreciation expense	<u>(148,352)</u>	(18,939)

Long-term debt proceeds are reported as other financing sources in the governmental funds. In the statement of net assets, however, issuing long-term debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net assets.

Debt proceeds	(104,675)	
Accrued interest	3,314	
Debt principal paid	<u>186,954</u>	85,593

Some expenses reported in the statement of activities do not require the use of current financial resources and are therefore not reported as expenditures in the governmental funds.

Early retirement and other post-employment benefits	10,176	
Compensated absences	<u>(15,377)</u>	(5,201)

Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the statement of activities, property taxes are recognized as revenue when levied.

		<u>49,779</u>
--	--	---------------

Change in net assets	\$	<u><u>54,249</u></u>
-----------------------------	----	----------------------

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

NOTES TO BASIC FINANCIAL STATEMENTS

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

Central Curry School District No. 1 functions as a local education agency consisting of two elementary schools and one high school. The District is governed by a five-member board of directors. The District is independent and is not included as part of any other financial reporting entity.

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The District reports the following major governmental funds:

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

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

Additionally, the District reports the following fund:

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

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

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

The District reports deferred revenue on the balance sheet of the governmental funds. Deferred revenues arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met or when the District has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed.

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Equity

1. Deposits and Investments

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

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

2. Property Taxes

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

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

3. Inventories

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

4. Accounts Receivable

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

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Equity (Continued)

5. Capital Assets

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

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

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

Property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives.

<u>Assets</u>	<u>Years</u>
Office equipment and furniture	6
Equipment	10
Buildings and building improvements	50

6. Compensated Absences

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

7. Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets.

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Equity (Continued)

7. Long-Term Liabilities (Continued)

The face amounts of debt issued are reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Retirement Plans

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

Early retirement benefits are reported as long-term liabilities on the statement of net assets. The early retirement benefit was terminated for retirees as of the 2002 contract year. Benefits include a monthly stipend and portion of health insurance premiums. Amounts vary according to agreed-upon terms at the time of retirement.

9. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2009

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

The District begins its budgeting process by appointing budget committee members. The budget officer prepares a budget, which is reviewed by the budget committee. The budget is then published in proposed form and is presented at public hearings to obtain taxpayer comments and approval from the budget committee. The budget is legally adopted by the board of directors by resolution prior to the beginning of the District's fiscal year. The board resolution, authorizing appropriations for each fund, sets the level by which expenditures cannot legally exceed appropriations. Total instruction, support services, community services, debt service, interfund transfers, and operating contingencies are the levels of control for the funds established by the resolution. The detailed budget document, however, is required to contain more specific detailed information for the aforementioned expenditure categories and management may revise the detailed line item budgets within appropriation categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. Supplemental budgets less than 10% of a fund's original budget may be adopted by the board of directors at a regular board meeting. A supplemental budget greater than 10% of a fund's original budget requires hearings before the public, publication in newspapers, and approval by the board of directors. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the board of directors. During the year, there were no supplemental budgets. The District does not use encumbrances and appropriations lapse at year-end.

Budget amounts shown in the financial statements reflect the original budget amounts and four approved appropriation transfers.

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

Central Curry School District No. 1 maintains a cash and cash equivalents pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the fund financial statements as cash and cash equivalents. Additionally, several funds held separate cash accounts. Interest earned on pooled cash and investments is allocated to participating funds based upon their combined cash and investment balances.

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

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2009

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

A. Deposits and Investments (Continued)

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

Credit Risk

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

Investments

As of June 30, 2009, the District had the following investments:

	<u>Credit Quality Rating</u>	<u>Maturities</u>	<u>Fair Value</u>
Oregon Local Government Investment Pool	Unrated	-	<u>\$ 1,070,912</u>

Interest Rate Risk

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

Concentration of Credit Risk

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

Custodial Credit Risk – Investments

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

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2009

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

A. Deposits and Investments (Continued)

Custodial Credit Risk – Deposits

This is the risk that, in the event of a bank failure, the District's deposits may not be returned. Oregon statute requires deposits in excess of amounts insured by the Federal Depository Insurance Corporation to be held in an institution listed as a qualified depository as a part of the Public Funds Collateralization Program, established under ORS 295. At June 30, 2009, none of the District's bank balance of \$661,631 was exposed to custodial credit risk.

Deposits

The District's deposits and investments at June 30, 2009 are as follows:

Checking accounts	\$ 661,975
Total investments	<u>1,070,912</u>
 Total deposits	 <u><u>\$ 1,732,887</u></u>

Cash and investments by fund:

Governmental activities - unrestricted	
General Fund	\$ 1,431,906
Special Revenue Fund	<u>227,786</u>
 Total governmental activities - unrestricted	 1,659,692
 Governmental activities - restricted	
Debt Service Fund	<u>73,195</u>
 Total cash and investments	 <u><u>\$ 1,732,887</u></u>

Restricted cash is for future payments of principal and interest on long-term debt.

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2009

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

B. Capital Assets

Capital asset activity for the year ended June 30, 2009 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 25,330	\$ -	\$ -	\$ 25,330
Capital assets being depreciated				
Buildings and improvements	6,969,249	17,142	-	6,986,391
Furniture and fixtures	117,422	-	-	117,422
Land improvements	172,912	-	-	172,912
Machinery and equipment	649,918	112,271	-	762,189
Total capital assets being depreciated	7,909,501	129,413	-	8,038,914
Less accumulated depreciation for				
Buildings and improvements	(3,158,599)	(95,235)	-	(3,253,834)
Furniture and fixtures	(70,280)	(8,415)	-	(78,695)
Land improvements	(9,798)	(3,458)	-	(13,256)
Machinery and equipment	(410,780)	(41,244)	-	(452,024)
Total accumulated depreciation	(3,649,457)	(148,352)	-	(3,797,809)
Total capital assets being depreciated, net	4,260,044	(18,939)	-	4,241,105
Governmental activities capital assets, net	\$ 4,285,374	\$ (18,939)	\$ -	\$ 4,266,435

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

	Capital Assets	Accumulated Depreciation	Net Capital Assets
Governmental activities			
Land	\$ 25,330	\$ -	\$ 25,330
Buildings and improvements	6,986,391	(3,253,834)	3,732,557
Furniture and fixtures	117,422	(78,695)	38,727
Land improvements	172,912	(13,256)	159,656
Machinery and equipment	762,189	(452,024)	310,165
Total capital assets	\$ 8,064,244	\$ (3,797,809)	\$ 4,266,435

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2009

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

B. Capital Assets (Continued)

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

Unallocated depreciation expense	<u>\$ 148,352</u>
----------------------------------	-------------------

C. Compensated Absences

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Compensated absences	<u>\$ 76,692</u>	<u>\$ 15,377</u>	<u>\$ -</u>	<u>\$ 92,069</u>

The General Fund has traditionally been used to liquidate compensated absences liabilities.

D. Long-Term Liabilities

1. Changes in Long-Term Liabilities

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

	<u>Interest Rates</u>	<u>Original Amount</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities							
General obligation bonds	2.25-4.65%	\$ 4,400,000	\$ 3,930,000	\$ -	\$ 145,000	\$ 3,785,000	\$ 155,000
Capital leases							
Bus lease #1	5.00%	74,870	15,203	-	15,203	-	-
Bus lease #2	4.31%	52,703	-	52,703	-	52,703	11,318
Bus lease #3	4.31%	51,972	-	51,972	-	51,972	11,161
Computer lease #1	7.35%	24,482	8,147	-	8,147	-	-
Computer lease #2	6.43%	10,474	6,978	-	3,046	3,932	3,243
Note payable	4.97%	81,849	49,032	-	15,558	33,474	16,331
Other post-employment benefits	-	-	13,519	-	10,176	3,343	3,343
Total governmental activities		<u>\$ 4,696,350</u>	<u>\$ 4,022,879</u>	<u>\$ 104,675</u>	<u>\$ 197,130</u>	<u>\$ 3,930,424</u>	<u>\$ 200,396</u>

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2009

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

D. Long-Term Liabilities (Continued)

2. General Obligation Bonds

General obligation bonds are direct obligations that pledge the full faith and credit of the District and are payable from ad valorem debt service levy proceeds. The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. Interest is fixed and ranges between 2.25% and 4.65%. Interest rates increase in accordance with original bond agreements. Interest is due semiannually on June 15 and December 15. The Debt Service Fund has traditionally been used to liquidate bonded long-term debt.

3. Capital Leases

The District has entered into three lease agreements as lessee for financing the acquisition of school buses and has also entered into two leases for computer equipment. These lease agreements qualify as capital leases for accounting purposes and have therefore been recorded at the present value of minimum lease payments as of the inception date. The General Fund has traditionally been used to liquidate long-term debt related to the capital leases.

4. Note Payable

The District obtained a note payable to Daimler-Chrysler for the purchase of a school bus during the fiscal year ended June 30, 2007. Payments are due annually on October 2. The General Fund has traditionally been used to liquidate long-term debt related to the note.

5. Future Maturities of Long-Term Liabilities

Year ending June 30	Bonds		Leases		Note		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 155,000	\$ 160,291	\$ 25,723	\$ 629	\$ 16,331	\$ 1,664	\$ 197,054	\$ 162,584
2011	170,000	155,060	19,930	3,657	17,143	852	207,073	159,569
2012	185,000	149,110	20,088	2,768	-	-	205,088	151,878
2013	200,000	142,358	20,971	1,884	-	-	220,971	144,242
2014	215,000	134,858	21,895	962	-	-	236,895	135,820
2015-2019	1,355,000	528,415	-	-	-	-	1,355,000	528,415
2020-2023	1,505,000	179,541	-	-	-	-	1,505,000	179,541
Total	\$ 3,785,000	\$ 1,449,633	\$ 108,607	\$ 9,900	\$ 33,474	\$ 2,516	\$ 3,927,081	\$ 1,462,049

6. Legal Debt Limit

The District's legal annual debt service limit (as defined by Oregon Revised Statute 328.245) as of June 30, 2009 was approximately \$90,972,591. The District's legal debt service limit is 7.95% of the real market value of property within the District.

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2009

IV. OTHER INFORMATION

A. Risk Management

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

B. Retirement Plans

1. Oregon Public Employees Retirement System

Plan Description

The District contributes to two pension plans administered by the Oregon Public Employees Retirement System (PERS). The Oregon Public Employees Retirement Fund (OPERF) applies to the District's contribution for qualifying employees who were hired before August 29, 2003, and is a cost-sharing, multiple employer, defined benefit pension plan. The Oregon Public Service Retirement Plan (OPSRP) is a hybrid successor plan to the OPERF and consists of two programs: the pension program and the defined benefit portion of the plan. OPSRP applies to qualifying District employees hired after August 29, 2003. 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. Beginning January 1, 2004, all PERS member contributions go into the Individual Account Program (IAP), the defined contribution portion of the plan. 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.

Both PERS plans provide retirement and disability benefits, post-employment healthcare benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is administered under Oregon Revised Statute Chapter 238, which establishes the Public Employees Retirement Board as the governing body of PERS. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERS, P.O. Box 23700, Tigard, Oregon 97281-3700, by calling (503) 598-7277, or by accessing the PERS website at <http://oregon.gov/PERS/>.

Funding Policy

The District is required by ORS 238.225 to contribute at an actuarially determined rate for the qualifying employees under the OPERF plan and a general service rate for the qualifying employees under the OPSRP plan. The OPERF and OPSRP rates in effect for the year ended June 30, 2009 were 17.64% and 19.91%, respectively. The contribution requirements for plan members are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature. Covered employees are required by state statute to contribute 6% of their annual salary to the system, but the employer is allowed to pay any or all of the employees' contributions in addition to the required employer's contribution. The District has not elected to pay the required employee contribution of 6% of covered payroll.

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2009

IV. OTHER INFORMATION (Continued)

B. Retirement Plans (Continued)

1. Oregon Public Employees Retirement System (Continued)

Annual Pension Cost

The District's contributions to PERS for the years ending June 30, 2007, 2008, and 2009 were equal to the required contribution for each year.

Annual pension expenses/expenditures are summarized as follows:

<u>Fiscal Year Ended June 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>
2007	\$ 478,717	100%
2008	\$ 514,428	100%
2009	\$ 539,183	100%

2. Other Post-Employment Benefits

Plan Description

The District provides a post-employment health and welfare benefits program for employees who have retired early from the District. The program was established under separate agreements with employees and was discontinued in 2002. Eligibility was established under separate bargaining agreements with employees and varies by contract. Covered employees under the plan are eligible to receive benefits as agreed upon at the time of retirement. Currently, there are three recipients of the benefits. The District pays a cap of \$183 and \$163 per month for two recipients, and was obligated to pay half of the current health insurance cost cap of the District for the third recipient, amounting to \$495 per month during the 2009 fiscal year. All financial information relating to the early retirement benefits is reported in the General Fund. The District does not issue a standalone financial report.

Funding Policy

The District pays for a portion of the benefits as agreed upon with the employees. The contributions are financed on a pay-as-you-go basis. Unreserved net assets of governmental activities are available for future payments.

Annual Cost

During fiscal year 2009, the General Fund incurred expenditures of \$10,176 for other post-employment benefits.

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2009

IV. OTHER INFORMATION (Continued)

B. Retirement Plans (Continued)

3. Deferred Compensation Plan

The District has authorized a deferred compensation plan to be made available to its employees wherein they may execute an individual agreement with the District for amounts earned by them, not to be paid until a future date when they are terminated by reason of death, permanent disability, retirement, or separation. The deferred compensation plan is authorized under IRC Section 403(b) and has been approved by the Internal Revenue Service. The District matches between \$20 and \$50 based on years of service for any employee. The District has no liability for any losses that may be incurred under the plan. Cost to the District for the year ended June 30, 2009 was \$11,125.

C. Concentrations

1. Collective Bargaining Agreements

At June 30, 2009, the District had a total of approximately 81 employees. Of this total, approximately 85% are covered under collective bargaining agreements. 48% are licensed staff represented by a union. The existing union agreement was signed on October 20, 2007, and expired on June 30, 2009. A new union agreement was signed on September 17, 2009 and expires on June 30, 2011. Approximately 37% of employees are classified staff, the majority of which are covered by a collective bargaining agreement, which was signed October 31, 2007 and will expire June 30, 2010.

D. Commitments: Litigation Settlement

During the year ended June 30, 2008, the District settled a due process suit relating to a special education student. The settlement calls for the District to pay \$65,000 over 36 months beginning June 1, 2008 for program consultation expenses. In addition, the District must turn over state school fund allocation monies attributable to the named student for the period of June 1, 2008 through May 31, 2011. Management has estimated this amount to be \$35,000. The South Coast Education Service District has informally agreed to help the District with the costs of the settlement, but as of the date of the financial statements, no amounts had been determined. During the year ended June 30, 2009, the District received \$12,000 from the South Coast Education Service District to help offset these costs.

REQUIRED SUPPLEMENTARY INFORMATION

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

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

GENERAL FUND

For the Year Ended June 30, 2009

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		
			Budget Basis	Adjustments	GAAP Basis
REVENUES					
Local revenue	\$2,771,516	\$ (125,525)	\$2,645,991	\$ -	\$2,645,991
Intermediate revenue	33,000	(1,976)	31,024	-	31,024
State revenue	2,608,000	(383,034)	2,224,966	-	2,224,966
Federal revenue	<u>159,000</u>	<u>403,530</u>	<u>562,530</u>	<u>-</u>	<u>562,530</u>
Total revenues	<u>5,571,516</u>	<u>(107,005)</u>	<u>5,464,511</u>	<u>-</u>	<u>5,464,511</u>
EXPENDITURES					
Current					
Instruction	3,164,553	(131,586)	3,032,967	-	3,032,967
Support services	2,645,416	(405,979)	2,239,437	-	2,239,437
Community services	381,641	(45,322)	336,319	-	336,319
Debt service	33,906	-	33,906	-	33,906
Contingency	<u>170,000</u>	<u>(170,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>6,395,516</u>	<u>(752,887)</u>	<u>5,642,629</u>	<u>-</u>	<u>5,642,629</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(824,000)</u>	<u>645,882</u>	<u>(178,118)</u>	<u>-</u>	<u>(178,118)</u>
OTHER FINANCING SOURCES (USES)					
Transfers out	(1,000)	1,000	-	-	-
Sale of capital assets	<u>168,200</u>	<u>-</u>	<u>168,200</u>	<u>-</u>	<u>168,200</u>
Total other financing sources (uses)	<u>167,200</u>	<u>1,000</u>	<u>168,200</u>	<u>-</u>	<u>168,200</u>
Net change in fund balance	(656,800)	646,882	(9,918)	-	(9,918)
Fund balance - beginning	<u>825,000</u>	<u>370,245</u>	<u>1,195,245</u>	<u>-</u>	<u>1,195,245</u>
Fund balance - ending	<u>\$ 168,200</u>	<u>\$1,017,127</u>	<u>\$1,185,327</u>	<u>\$ -</u>	<u>\$1,185,327</u>

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

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

SPECIAL REVENUE FUND

For the Year Ended June 30, 2009

	Original Budget	Final Budget	Variance with Final Budget Over (Under)
REVENUES			
Local revenue	\$ 619,500	\$ 632,500	\$ (153,733)
State revenue	150,000	150,000	(9,867)
Federal revenue	<u>377,227</u>	<u>399,740</u>	<u>(70,250)</u>
Total revenues	<u>1,146,727</u>	<u>1,182,240</u>	<u>(233,850)</u>
EXPENDITURES			
Current			
Instruction	1,310,074	1,328,287	(398,564)
Support services	65,953	82,953	(36,476)
Community services	<u>700</u>	<u>1,000</u>	<u>(188)</u>
Total expenditures	<u>1,376,727</u>	<u>1,412,240</u>	<u>(435,228)</u>
Excess (deficiency) of revenues over (under) expenditures	(230,000)	(230,000)	201,378
Fund balance - beginning	<u>230,000</u>	<u>230,000</u>	<u>88,694</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 290,072</u>

Budget Basis	Actual		GAAP Basis
	Adjustments		
\$ 478,767	\$ -	\$ 478,767	
140,133	-	140,133	
<u>329,490</u>	<u>-</u>	<u>329,490</u>	
<u>948,390</u>	<u>-</u>	<u>948,390</u>	
929,723	-	929,723	
46,477	-	46,477	
<u>812</u>	<u>-</u>	<u>812</u>	
<u>977,012</u>	<u>-</u>	<u>977,012</u>	
(28,622)	-	(28,622)	
<u>318,694</u>	<u>-</u>	<u>318,694</u>	
<u>\$ 290,072</u>	<u>\$ -</u>	<u>\$ 290,072</u>	

OTHER SUPPLEMENTARY INFORMATION

INDIVIDUAL FUND SCHEDULES

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

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

DEBT SERVICE FUND

For the Year Ended June 30, 2009

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		
			Budget Basis	Adjustments	GAAP Basis
REVENUES					
Local revenue	\$ 293,505	\$ (1,944)	\$ 291,561	\$ -	\$ 291,561
EXPENDITURES					
Debt service	<u>310,005</u>	<u>(1)</u>	<u>310,004</u>	<u>-</u>	<u>310,004</u>
Excess (deficiency) of revenues over (under) expenditures	(16,500)	(1,943)	(18,443)	-	(18,443)
OTHER FINANCING SOURCES (USES)					
Transfers in	<u>1,000</u>	<u>(1,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(15,500)	(2,943)	(18,443)	-	(18,443)
Fund balance - beginning	<u>98,000</u>	<u>(2,058)</u>	<u>95,942</u>	<u>-</u>	<u>95,942</u>
Fund balance - ending	<u>\$ 82,500</u>	<u>\$ (5,001)</u>	<u>\$ 77,499</u>	<u>\$ -</u>	<u>\$ 77,499</u>

OTHER FINANCIAL SCHEDULES

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

REVENUE SUMMARY - ALL FUNDS

June 30, 2009

Revenue from Local Sources

	Fund 100	Fund 200	Fund 300
1110 Ad Valorem Taxes Levied by District	\$ 2,318,324	\$ -	\$ 288,340
1330 Summer School Tuition	400	-	-
1500 Earnings on Investments	37,845	224	3,222
1600 Food Service	84,720	-	-
1700 Extracurricular Activities	24,695	423,210	-
1910 Rentals	1,035	-	-
1920 Contributions and Donations From Private Sources	-	29,442	-
1950 Textbook Sales and Rentals	201	-	-
1960 Recovery of Prior Years' Expenditure	864	-	-
1990 Miscellaneous	177,907	25,891	-
Total Revenue from Local Sources	\$ 2,645,991	\$ 478,767	\$ 291,562

Revenue from Intermediate Sources

	Fund 100	Fund 200	Fund 300
2101 County School Funds	\$ 178	\$ -	\$ -
2800 Revenue in Lieu of Taxes	30,846	-	-
Total Revenue from Intermediate Sources	\$ 31,024	\$ -	\$ -

Revenue from State Sources

	Fund 100	Fund 200	Fund 300
3101 State School Fund - General Support	\$ 2,130,278	\$ -	\$ -
3103 Common School Fund	37,921	-	-
3199 Other Unrestricted Grants-in-Aid	56,767	-	-
3299 Other Restricted Grants-in-Aid	-	140,133	-
Total Revenue from State Sources	\$ 2,224,966	\$ 140,133	\$ -

Revenue from Federal Sources

	Fund 100	Fund 200	Fund 300
4500 Restricted Revenue From the Federal Government Through the State	\$ 292,294	\$ 329,490	\$ -
4801 Federal Forest Fees	255,027	-	-
4900 Revenue for/on Behalf of the District	15,209	-	-
Total Revenue from Federal Sources	\$ 562,530	\$ 329,490	\$ -

Revenue from Other Sources

	Fund 100	Fund 200	Fund 300
5300 Sale of or Compensation for Loss of Fixed Assets	\$ 168,200	\$ -	\$ -
5400 Resources - Beginning Fund Balance	1,195,245	318,694	95,942
Total Revenue from Other Sources	\$ 1,363,445	\$ 318,694	\$ 95,942

Grand Totals

\$ 6,827,956	\$ 1,267,084	\$ 387,504
---------------------	---------------------	-------------------

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

EXPENDITURE SUMMARY - GENERAL FUND

June 30, 2009

Instruction Expenditures

	Totals	Object 100	Object 200
1111 Primary, K-3	\$ 683,113	\$ 447,839	\$ 219,894
1112 Intermediate Programs	325,474	211,213	104,518
1121 Middle/Junior High Programs	607,262	400,151	189,558
1122 Middle/Junior High School Extracurricular	40,151	28,957	6,832
1131 High School Programs	841,592	527,322	256,960
1132 High School Extracurricular	162,146	84,062	23,342
1210 Programs for the Talented and Gifted	4,165	3,282	883
1250 Less Restrictive Programs for Students with Disabilities	360,423	131,180	79,288
1291 English Second Language Programs	8,641	6,760	1,486
Total Instruction Expenditures	\$ 3,032,967	\$ 1,840,766	\$ 882,761

Support Services Expenditures

	Totals	Object 100	Object 200
2120 Guidance Services	\$ 139,577	\$ 90,330	\$ 41,895
2130 Health Services	22,273	625	162
2150 Speech Pathology and Audiology Services	73,781	49,130	23,444
2190 Service Direction, Student Support Services	95,429	20,205	5,232
2210 Improvement of Instruction Services	16,862	-	3,790
2220 Educational Media Services	93,271	43,376	34,042
2230 Assessment & Testing	2,671	875	227
2310 Board of Education Services	16,997	-	-
2320 Executive Administration Services	103,952	80,818	20,930
2410 Office of the Principal Services	505,631	316,688	162,506
2520 Fiscal Services	141,956	89,709	46,849
2540 Operation and Maintenance of Plant Services	537,766	126,292	76,509
2550 Student Transportation Services	302,578	140,819	66,649
2640 Staff Services	647	-	-
2660 Technology Services	82,669	25,618	18,820
2700 Supplemental Retirement Program	103,377	-	103,377
Total Support Services Expenditures	\$ 2,239,437	\$ 984,485	\$ 604,432

Enterprise and Community Services Expenditures

	Totals	Object 100	Object 200
3100 Food Services	\$ 336,319	\$ 85,506	\$ 73,864
Total Enterprise and Community Services Expenditures	\$ 336,319	\$ 85,506	\$ 73,864

Other Uses Expenditures

	Totals	Object 100	Object 200
5100 Debt Service	\$ 33,906	\$ -	\$ -
Total Other Uses Expenditures	\$ 33,906	\$ -	\$ -

Grand Total

\$ 5,642,629	\$ 2,910,757	\$ 1,561,057
---------------------	---------------------	---------------------

Object 300	Object 400	Object 500	Object 600
\$ 3,293	\$ 12,087	\$ -	\$ -
3,180	6,520	-	43
3,288	13,613	-	652
3,253	-	-	1,109
21,384	31,964	-	3,962
38,219	1,317	-	15,206
-	-	-	-
142,931	6,173	-	851
150	245	-	-
\$ 215,698	\$ 71,919	\$ -	\$ 21,823

Object 300	Object 400	Object 500	Object 600
\$ 6,571	\$ 662	\$ -	\$ 119
21,486	-	-	-
1,100	107	-	-
69,871	-	-	121
11,711	991	-	370
8,228	7,575	-	50
110	1,459	-	-
12,012	975	-	4,010
1,040	374	-	790
18,296	6,037	-	2,104
2,510	1,788	-	1,100
254,445	33,608	4,095	42,817
33,838	52,904	-	8,368
496	-	-	151
24,092	14,039	-	100
-	-	-	-
\$ 465,806	\$ 120,519	\$ 4,095	\$ 60,100

Object 300	Object 400	Object 500	Object 600
\$ 9,122	\$ 166,239	\$ -	\$ 1,588
\$ 9,122	\$ 166,239	\$ -	\$ 1,588

Object 300	Object 400	Object 500	Object 600
\$ -	\$ -	\$ -	\$ 33,906
\$ -	\$ -	\$ -	\$ 33,906
\$ 690,626	\$ 358,677	\$ 4,095	\$ 117,417

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

EXPENDITURE SUMMARY - SPECIAL REVENUE FUND

June 30, 2009

Instruction Expenditures

	Totals	Object 100	Object 200
1111 Primary, K-3	\$ 57,343	\$ 36,607	\$ 20,736
1121 Middle/Junior High Programs	18,513	-	-
1122 Middle/Junior High School Extracurricular	32,348	-	-
1131 High School Programs	65,901	42,427	20,949
1132 High School Extracurricular	446,657	36,195	10,090
1210 Programs for the Talented and Gifted	1,760	-	-
1250 Less Restrictive Programs for Students with Disabilities	124,674	70,704	53,331
1272 Title I	152,420	83,970	50,588
1280 Alternative Education	21,932	14,477	7,455
1400 Summer School Programs	8,175	6,490	1,685
Total Instruction Expenditures	\$ 929,723	\$ 290,870	\$ 164,834

Support Services Expenditures

	Totals	Object 100	Object 200
2120 Guidance Services	\$ 2,485	\$ 616	\$ 160
2160 Other Student Treatment Services	61	-	-
2210 Improvement of Instruction Services	20,060	9,085	1,028
2240 Instructional Staff Development	17,416	4,368	1,659
2660 Technology Services	6,455	976	81
Total Support Services Expenditures	\$ 46,477	\$ 15,045	\$ 2,928

Enterprise and Community Services Expenditures

	Totals	Object 100	Object 200
3300 Community Services	\$ 812	\$ -	\$ -
Total Enterprise and Community Services Expenditures	\$ 812	\$ -	\$ -
Grand Total	\$ 977,012	\$ 305,915	\$ 167,762

Object 300	Object 400	Object 500	Object 600
\$ -	\$ -	\$ -	\$ -
-	18,513	-	-
1,826	27,887	-	2,635
-	2,525	-	-
92,499	204,297	3,500	100,076
496	-	-	1,264
639	-	-	-
-	17,862	-	-
-	-	-	-
-	-	-	-
\$ 95,460	\$ 271,084	\$ 3,500	\$ 103,975

Object 300	Object 400	Object 500	Object 600
\$ 1,709	\$ -	\$ -	\$ -
-	61	-	-
8,911	93	-	943
8,196	2,109	-	1,084
1,264	4,134	-	-
\$ 20,080	\$ 6,397	\$ -	\$ 2,027

Object 300	Object 400	Object 500	Object 600
\$ -	\$ 812	\$ -	\$ -
\$ -	\$ 812	\$ -	\$ -
\$ 115,540	\$ 278,293	\$ 3,500	\$ 106,002

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

EXPENDITURE SUMMARY - DEBT SERVICE FUND

June 30, 2009

Other Uses Expenditures
5100 Debt Service

Total Other Uses Expenditures

Grand Total

Totals	Object 600
\$ 310,004	\$ 310,004
\$ 310,004	\$ 310,004
\$ 310,004	\$ 310,004

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

SCHEDULE OF PROPERTY TAX TRANSACTIONS

For the Year Ended June 30, 2009

<u>Tax Year</u>	<u>Taxes Receivable July 1, 2008</u>	<u>2008-2009 Levy</u>	<u>Adjustments</u>	<u>Collections</u>	<u>Taxes Receivable June 30, 2009</u>
2008-2009	\$ -	\$ 2,712,280	\$ (67,509)	\$ 2,523,193	\$ 121,578
2007-2008	82,940	-	(238)	40,740	41,962
2006-2007	28,745	-	(74)	10,791	17,880
2005-2006	13,832	-	61	5,908	7,985
2004-2005	5,662	-	(97)	4,193	1,372
2003-2004	1,085	-	(31)	171	883
2002-2003	708	-	(25)	217	466
Prior	997	-	(5)	322	670
Subtotal - Prior	133,969	-	(409)	62,342	71,218
	<u>\$ 133,969</u>	<u>\$ 2,712,280</u>	<u>\$ (67,918)</u>	2,585,535	<u>\$ 192,796</u>
Add:					
Other taxes and interest				-	
Undistributed taxes with county, July 1, 2008				<u>16,509</u>	
Total available				2,602,044	
Less: Turnovers to District				<u>(2,582,893)</u>	
Undistributed taxes with county, June 30, 2009				<u>\$ 19,151</u>	

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

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

**DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS
REQUIRED BY THE MINIMUM STANDARDS FOR AUDITS OF
OREGON MUNICIPAL CORPORATIONS**

June 30, 2009

Oregon Administrative Rules 162-010-0050 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy enumerate the financial statements, schedules, comments, and disclosures required in audit reports. The required comments and disclosures not included in preceding sections of this report are set forth as follows.

Statement of Accountability for Independently Elected Officials (OAR 162-010-0140)

The District has no independently elected officials who receive or disburse funds.

Accounting and Internal Control Systems (OAR 162-010-0230)

In general, the condition of the accounting records and the accounting and internal control systems were adequate for audit purposes. However, we noted certain matters that we have reported to the management of the District in a separate letter dated December 7, 2009.

Collateral (OAR 162-010-0240)

Our audit of the District disclosed no instances of noncompliance pertaining to the amount and adequacy of collateral pledged to secure the deposit of public funds.

Indebtedness (OAR 162-010-0250)

The District has not exceeded its legal debt limitation as provided in ORS 328.245 and is in compliance with all provisions of bond indentures and other agreements.

Budget (OAR 162-010-0260)

The District's compliance with the provisions of the Oregon Statutes as they apply to the preparation, adoption, and execution of the annual budget for the 2008-2009 fiscal year and the preparation and adoption of the annual budget for the 2009-2010 fiscal year were reviewed. Our review showed that the District was in compliance with the statutes.

Insurance and Fidelity Bonds (OAR 162-010-0270)

The District's insurance and fidelity bond coverage was reviewed and found to be in compliance with the Oregon Statutes relating thereto. We do not express an opinion as to the adequacy of insurance coverage, since we are not trained in this regard.

Programs Funded From Outside Sources (OAR 162-010-0280)

Our audit of the District disclosed substantial compliance with the laws and regulations pertaining to programs funded partially or wholly by other governmental agencies.

Investments (OAR 162-010-0300)

Our audit of the District disclosed compliance with the statutes applicable to the investment of public funds.

Public Contracts and Purchasing (OAR 162-010-0310)

The District is in compliance with the provisions of ORS 279 pertaining to the awarding of public contracts and the construction of public improvements.

State School Fund Allocation (OAR 162-010-0315)

ORS 327.013 requires the Superintendent of Public Instruction to allocate funds to school districts based upon certain required computations. These computations are based on various factors including Average Daily Membership (ADM), teacher experience, and transportation costs. The District is required to report periodically, to the Oregon Department of Education, information relating to factors required for this calculation.

The reports and data submitted to the Oregon Department of Education for the year ended June 30, 2009 were in compliance with the requirements of ORS 327.013.

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

SUPPLEMENTAL INFORMATION REQUIRED BY OREGON DEPARTMENT OF EDUCATION

For the Year Ended June 30, 2009

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

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

	Objects 325 and 326
Function 2540	\$ 70,129
Function 2550	\$ 74,359

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

\$ –

Exclude these functions:

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

Exclude these functions:

4150	Construction
2550	Pupil Transportation
3100	Food Service
3300	Community Services

SINGLE AUDIT SECTION

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2009

Federal Grantor, Pass through Grantor, Program Title	CFDA	Expenditures
<u>U.S. Department of Education</u>		
Direct Grant		
Small Rural School Achievement Program	84.358	\$ 18,513
Passed through Oregon State Department of Education		
Title 1 Grants to Local Educational Agencies	84.010	158,789
IDEA Special Education Grants To States	84.027	124,672
Comprehensive Guidance and Counseling	84.048	2,485
Title IV Safe & Drug Free Schools and Communities	84.186	2,386
Title V State Grants for Innovative Programs	84.298	1,139
Title IID Enhancing Education Through Technology	84.318	1,831
Reading First	84.357	1,174
Title IIA Improving Teaching Quality State Grants	84.367	12,046
State Fiscal Stabilization Fund	84.394	131,955
Passed through South Coast Education Service District		
Vocational Education (Carl Perkins)	84.048	6,455
Total U.S. Department of Education		461,445
<u>U.S. Department of Agriculture</u>		
Passed through Oregon State Department of Education		
Child Nutrition Cluster		
School Breakfast Program	10.553	37,360
National School Lunch Program	10.555	94,416
Food Donation	10.555	15,209
Summer Food Service Program for Children	10.559	28,563
Total Child Nutrition Cluster		175,548
Passed through Curry County		
Schools and Roads - Grants to States	10.665	255,027
Total U.S. Department of Agriculture		430,575
Total federal expenditures		\$ 892,020

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2009

I. PURPOSE OF SCHEDULE

The schedule of expenditures of federal awards is a supplementary schedule to Central Curry School District No. 1's basic financial statements and is presented for additional analysis. Because the schedule presents only a selected portion of the activities of the District, it is not intended to and does not present the financial position, changes in net assets, nor the operating funds' revenues and expenses.

II. SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The information in the schedule of expenditures of federal awards is presented in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

B. Federal Financial Assistance

Pursuant to the Single Audit Act of 1984 and OMB Circular A-133, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, or direct appropriations. Accordingly, non-monetary federal assistance, including federal surplus property, is included in federal financial assistance and, therefore, is reported on the schedule of expenditures of federal awards, if applicable. Federal financial assistance does not include direct federal cash assistance to individuals. Solicited contracts between the state and federal government for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

C. Major Programs

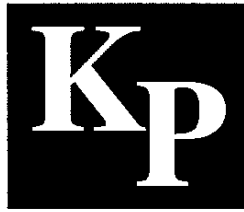
The Single Audit Act of 1984 and OMB Circular A-133 establish criteria to be used in defining major federal financial assistance programs. Major programs for the District are those programs selected for testing by the auditor using a risk assessment model, as well as certain minimum expenditure requirements, as outlined in OMB Circular A-133. Programs with similar requirements may be grouped into a cluster for testing purposes.

D. Reporting Entity

The reporting entity is fully described in the notes to the financial statements of the District's basic financial statements. Additionally, the schedule of expenditures of federal awards includes all federal programs administered by the District for the year ended June 30, 2009.

E. Revenue and Expenditure Recognition

The receipt and expenditure of federal awards are accounted for under the modified accrual basis of accounting.

**Shareholders:**

Fredrick M. Koontz, CPA
Richard D. Perdue, CPA
Debra L. Blasquez, CPA
Glen O. Kearns, CPA

Koontz & Perdue, P.C.
Certified Public Accountants

Staff:

Irina O. Stein, CPA
Kori L. Sarrett, CPA
Deborah L. Wilbur, CPA

**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**

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

We have audited the basic financial statements of Central Curry School District No. 1 as of and for the year ended June 30, 2009, and have issued our report thereon dated December 7, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America, such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control over financial reporting. We consider the deficiency described below to be a significant deficiency in internal control over financial reporting:

1. Adequate segregation of duties in most areas was impractical due to the limited number of employees. The District has, however, developed alternative procedures, which mitigate this condition to some extent.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

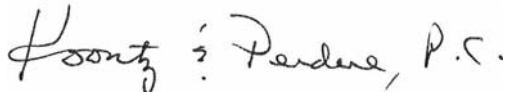
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Central Curry School District No. 1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

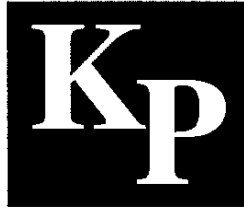
We noted certain matters that we reported to the management of Central Curry School District No. 1 in a separate letter dated December 7, 2009.

This report is intended for the information and use of management, the Oregon Division of Audits, the Oregon Department of Education, and federal awarding agencies and pass-through entities, and is not intended to be, and should not be used by anyone other than these specified parties.



Koontz & Perdue, P.C.

Albany, Oregon
December 7, 2009

**Shareholders:**

Fredrick M. Koontz, CPA
Richard D. Perdue, CPA
Debra L. Blasquez, CPA
Glen O. Kearns, CPA

Koontz & Perdue, P.C.
Certified Public Accountants

Staff:

Irina O. Stein, CPA
Kori L. Sarrett, CPA
Deborah L. Wilbur, CPA

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of Central Curry School District No. 1 with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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 occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

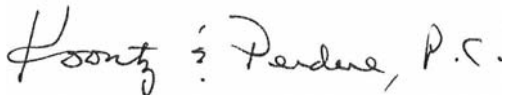
In our opinion, Central Curry School District No. 1 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of Central Curry School District No. 1 is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

A material weakness is a significant deficiency in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of internal control over compliance would not necessarily disclose all matters in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses.

This report is intended for the information of management, the Oregon Division of Audits, the Oregon Department of Education, and federal awarding agencies and pass-through entities, and is not intended to be, and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Koontz & Perdue, P.C.".

Koontz & Perdue, P.C.

Albany, Oregon
December 7, 2009

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2009

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's opinion issued:	Unqualified
Internal control over financial reporting:	
▪ Material weaknesses identified?	No
▪ Significant deficiencies identified that are not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
▪ Material weaknesses identified?	No
▪ Significant deficiencies identified that are not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance Circular A-133, section 510(a)?	No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.394	State Fiscal Stabilization Fund
10.665	Schools and Roads

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

District qualified as low-risk auditee?	Yes
---	-----

SECTION II – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

<u>Finding Number</u>	<u>Status of Prior Year Finding</u>
08-01	Planned corrective action completed this fiscal year.