

**CENTRAL CURRY SCHOOL
DISTRICT NO. 1**

Gold Beach, Oregon

ANNUAL FINANCIAL REPORT

June 30, 2013

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

DISTRICT OFFICIALS

June 30, 2013

BOARD OF DIRECTORS

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Gold Beach, Oregon 97444

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CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

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FINANCIAL SECTION



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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the remaining fund information of Central Curry School District No. 1, Gold Beach, Oregon, as of and for the year ended June 30, 2013, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the remaining fund information of Central Curry School District No. 1, Gold Beach, Oregon as of June 30, 2013, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 9 and 37 through 38, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the management's discussion and analysis because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Central Curry School District No. 1's basic financial statements. The individual fund schedules, other financial schedules, statistical section, supplemental information required by the Oregon Department of Education, and the schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The statistical section and supplemental information required by the Oregon Department of Education have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have issued our report dated December 19, 2013 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* in considering Central Curry School District No. 1's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 19, 2013 on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance.

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

By:


Debra L. Blasquez, CPA

Albany, Oregon
December 19, 2013

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, 2013. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- At June 30, 2013, total net position of Central Curry School District No. 1 amounted to \$1,091,464. Of this amount, \$362,827 was invested in capital assets, net of related debt. The remaining balance included \$63,493 restricted for debt service, \$59,632 restricted for athletic activities, \$1,214 restricted for special projects, \$117,619 restricted for student body activities, and \$486,679 of unrestricted net position.
- At June 30, 2013, the District's governmental funds reported combined ending fund balances of \$1,154,775.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

The government-wide financial statements can be found on pages 10 through 11 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 12 through 15 of this report.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 16 through 36 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 37 through 38 of this report.

Individual fund schedules can be found immediately following the required supplementary information on page 39 of this report.

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. At June 30, 2013, the District's assets exceeded liabilities by \$1,091,464.

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

District's Net Position

At the end of the current fiscal year, the District was able to report positive balances in all categories of net position. The District's net position decreased by \$739,248 during the current fiscal year. This decrease is primarily due to a decrease in state school funding.

Condensed statement of net position information is shown below.

Condensed Statement of Net Position

	Governmental Activities	
	2013	2012
Assets		
Current assets	\$ 1,456,565	\$ 1,867,003
Restricted assets	496,925	140,186
Noncurrent assets	<u>3,670,082</u>	<u>3,888,447</u>
Total assets	<u>5,623,572</u>	<u>5,895,636</u>
Deferred outflows of resources		
Deferred charge on refunding	<u>167,053</u>	<u>183,899</u>
Liabilities		
Current liabilities	1,034,191	851,772
Noncurrent liabilities	<u>3,664,970</u>	<u>3,324,434</u>
Total liabilities	<u>4,699,161</u>	<u>4,176,206</u>
Net position		
Net investment in capital assets	362,827	318,042
Restricted for various purposes	241,958	108,522
Unrestricted	<u>486,679</u>	<u>1,476,765</u>
Total net position	<u>\$ 1,091,464</u>	<u>\$ 1,903,329</u>

District's Changes in Net Position

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

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Changes in Net Position

	Governmental Activities	
	<u>2013</u>	<u>2012</u>
Program revenues		
Regular programs	\$ 20,434	\$ 151,873
Special programs	305,614	386,422
Student support services	414,684	404,821
Food services	<u>252,043</u>	<u>270,421</u>
Total program revenues	<u>992,775</u>	<u>1,213,537</u>
General revenues		
Property taxes - general	2,630,199	2,734,407
Property taxes - debt service	247,414	322,421
State school fund - general support	1,488,967	1,830,963
Common school fund	44,584	43,679
Unrestricted federal revenue	119,013	105,341
Unrestricted grants and contributions	-	500
Investment earnings	6,691	6,001
Amortization of bond premium	17,179	10,021
Miscellaneous	140,303	185,104
Gain on disposal of capital assets	<u>429</u>	<u>-</u>
Total general revenues	<u>4,694,779</u>	<u>5,238,437</u>
Total revenues	<u>5,687,554</u>	<u>6,451,974</u>
Program expenses		
Regular programs	2,544,582	2,722,643
Special programs	1,227,362	558,412
Student support services	282,576	384,260
Summer school programs	4,336	-
Instructional staff support	119,831	123,181
General administrative support	158,994	124,280
School administrative support	360,894	365,683
Business support services	1,018,491	993,447
Central activities support	109,501	113,677
Supplemental retirement	37,690	54,902
Food services	307,088	321,398
Community services	-	209
Unallocated depreciation expense	143,277	155,773
Unallocated amortization expense	-	3,880
Interest on long-term debt	<u>112,180</u>	<u>137,352</u>
Total program expenses	<u>6,426,802</u>	<u>6,059,097</u>
Change in net position	(739,248)	392,877
Net position - beginning of year, as restated	<u>1,830,712</u>	<u>1,510,452</u>
Net position - end of year	<u><u>\$ 1,091,464</u></u>	<u><u>\$ 1,903,329</u></u>

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Revenues

Since the District's mission is to provide a free and appropriate public education for kindergarten through twelfth grade students within its boundaries, the District may not charge for its core services. As expected, therefore, general revenues provide 83% of the funding required for governmental programs. Property taxes and state school funding combined for 93% of general revenues and 77% 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 service charges for breakfast and lunch	\$ 50,161
• Various student extracurricular activities	<u>376,431</u>
Total charges for services	<u>\$ 426,592</u>

Operating grants and contributions represent 10% of total revenues. Included in this category are \$566,183 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 59% of the total expenses of \$6,426,802. In addition, approximately 37% of the costs in supporting services relate to students, instructional staff, and school administration.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Governmental Funds

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

At the end of the current fiscal year, the District's governmental funds reported combined fund balances of \$1,154,775. Of this amount, \$771,594 constitutes unassigned fund balance, which is available for spending at the District's discretion.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, total fund balance of the General Fund was \$938,582. Of this amount, \$771,594 constitutes unassigned fund balance.

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

BUDGETARY HIGHLIGHTS

Budget amounts shown in the financial statements reflect the original budget amounts and one approved appropriation transfer.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2013 amounted to \$3,670,082, 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 \$143,277.

Additional information on the District's capital assets can be found in Note III-B on pages 26 through 27 of this report.

Long-Term Liabilities

At the end of the current fiscal year, the District had total debt outstanding of \$4,043,119. This amount is comprised of general obligation bonds, a loan, and capital leases. The District's total debt increased by \$472,714 during the current fiscal year.

Additional information on the District's long-term debt can be found in Note III-E on pages 28 through 30 of this report.

KEY ECONOMIC FACTORS AND BUDGET INFORMATION FOR THE FUTURE

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

- It is anticipated that the costs of providing medical insurance coverage to employees will continue to rise.
- The District continues to experience declining enrollment, which equates to a decrease in state school funding.
- The District's PERS cost is expected to increase.

All of these factors were considered in preparing the District's budget for fiscal year 2013-2014.

The ending General Fund balance of \$938,582 will be available for program resources in fiscal year 2013-2014.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

STATEMENT OF NET POSITION

June 30, 2013

	Governmental Activities
ASSETS	
Current assets	
Cash and cash equivalents	\$ 1,112,339
Undistributed taxes with county	18,863
Property taxes receivable	258,346
Accounts receivable	49,453
Inventories	17,564
Total current assets	<u>1,456,565</u>
Restricted assets	
Cash and cash equivalents	188,085
Cash with agent	149,424
Undistributed taxes with county	2,093
Property taxes receivable, debt service	34,446
Accounts receivable	122,877
Total restricted assets	<u>496,925</u>
Capital assets, net of accumulated depreciation	<u>3,670,082</u>
Total assets	<u>5,623,572</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	<u>167,053</u>
LIABILITIES	
Current liabilities	
Accounts payable	191,816
Payroll payables	335,063
Accrued interest payable	6,587
Compensated absences payable	122,576
Settlement payable, current portion	68,040
Bonds payable, current portion	240,000
Loans payable, current portion	48,214
Capital leases payable	21,895
Total current liabilities	<u>1,034,191</u>
Noncurrent liabilities	
Settlement payable, less current portion	518,400
Bonds payable, less current portion	3,045,360
Loans payable, less current portion	101,210
Total noncurrent liabilities	<u>3,664,970</u>
Total liabilities	<u>4,699,161</u>
NET POSITION	
Net investment in capital assets	362,827
Restricted for:	
Debt service	63,493
Athletic activities	59,632
Special projects	1,214
Student body activities	117,619
Unrestricted	486,679
Total net position	<u>\$ 1,091,464</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, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for	Operating	Capital	Revenue and
		Services	Grants and	Grants and	Changes in
			Contributions	Contributions	Net Position
					Governmental
					Activities
Governmental activities					
Regular programs	\$ 2,544,582	\$ 17,067	\$ 3,367	\$ -	\$ (2,524,148)
Special programs	1,227,362	-	305,614	-	(921,748)
Student support services	282,576	359,364	55,320	-	132,108
Summer school programs	4,336	-	-	-	(4,336)
Instructional staff support	119,831	-	-	-	(119,831)
General administrative support	158,994	-	-	-	(158,994)
School administrative support	360,894	-	-	-	(360,894)
Business support services	1,018,491	-	-	-	(1,018,491)
Central activities support	109,501	-	-	-	(109,501)
Supplemental retirement	37,690	-	-	-	(37,690)
Food services	307,088	50,161	201,882	-	(55,045)
Unallocated depreciation expense	143,277	-	-	-	(143,277)
Interest on long-term debt	112,180	-	-	-	(112,180)
Total governmental activities	\$ 6,426,802	\$ 426,592	\$ 566,183	\$ -	(5,434,027)
General revenues					
Property taxes levied for general purposes					2,630,199
Property taxes levied for debt service					247,414
State school fund - general support					1,488,967
Common school fund					44,584
Unrestricted federal revenue					119,013
Investment earnings					6,691
Amortization of bond premium					17,179
Miscellaneous					140,303
Gain on disposal of capital assets					429
Total general revenues					4,694,779
Change in net position					(739,248)
Net position - beginning, as restated					1,830,712
Net position - ending					\$ 1,091,464

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, 2013

	General Fund	Special Revenue Fund	Nonmajor Governmental Fund Debt Service	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,112,339	\$ 154,544	\$ 33,541	\$ 1,300,424
Cash with agent	149,424	-	-	149,424
Undistributed taxes with county	18,863	-	2,093	20,956
Property taxes receivable	258,346	-	34,446	292,792
Accounts receivable	49,453	122,877	-	172,330
Inventories	17,564	-	-	17,564
 Total assets	 <u>\$ 1,605,989</u>	 <u>\$ 277,421</u>	 <u>\$ 70,080</u>	 <u>\$ 1,953,490</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 92,860	\$ 98,956	\$ -	\$ 191,816
Payroll payables	335,063	-	-	335,063
 Total liabilities	 <u>427,923</u>	 <u>98,956</u>	 <u>-</u>	 <u>526,879</u>
 Deferred inflows of resources				
Unavailable revenue - property taxes	239,484	-	32,352	271,836
 Fund balances				
Nonspendable	17,564	-	-	17,564
Restricted	149,424	178,465	37,728	365,617
Unassigned	771,594	-	-	771,594
 Total fund balances	 <u>938,582</u>	 <u>178,465</u>	 <u>37,728</u>	 <u>1,154,775</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 1,605,989</u>	 <u>\$ 277,421</u>	 <u>\$ 70,080</u>	 <u>\$ 1,953,490</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 POSITION OF GOVERNMENTAL ACTIVITIES**

June 30, 2013

Total fund balances		\$ 1,154,775
Capital assets are not financial resources and are therefore not reported in the governmental funds:		
Cost	8,072,613	
Accumulated depreciation and amortization	<u>(4,402,531)</u>	3,670,082
Property tax revenue is recognized in the net position of governmental activities when the taxes are levied; however, in the governmental fund statements, it is recognized when available to be used for current year operations. Taxes not collected within 30 days of the end of the year are not considered available to pay for current year operations and are therefore not reported as revenue in the governmental funds.		
		271,836
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	(122,576)	
Settlement payable	(586,440)	
Bonds payable	(3,285,360)	
Loans payable	(149,424)	
Capital leases payable	<u>(21,895)</u>	(4,172,282)
Deferred charges related to refunded bonds are not considered current assets and therefore are not reported in the governmental funds.		
Deferred charges	193,726	
Amortization of deferred charges	<u>(26,673)</u>	167,053
Net position of governmental activities		<u>\$ 1,091,464</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, 2013

	General Fund	Special Revenue Fund	Nonmajor Governmental Fund Debt Service	Total Governmental Funds
REVENUES				
Local revenue	\$ 2,833,316	\$ 422,059	\$ 247,656	\$ 3,503,031
State revenue	1,537,500	-	-	1,537,500
Federal revenue	322,974	302,953	-	625,927
Total revenues	4,693,790	725,012	247,656	5,666,458
EXPENDITURES				
Current				
Instruction	2,434,230	755,610	-	3,189,840
Support services	2,068,034	19,943	-	2,087,977
Community services	307,088	-	-	307,088
Debt service	22,855	-	318,450	341,305
Total expenditures	4,832,207	775,553	318,450	5,926,210
Excess (deficiency) of revenues over (under) expenditures	(138,417)	(50,541)	(70,794)	(259,752)
OTHER FINANCING SOURCES (USES)				
Debt proceeds	149,424	-	-	149,424
Gain on disposal of capital assets	2,900	-	-	2,900
Total other financing sources (uses)	152,324	-	-	152,324
Net change in fund balances	13,907	(50,541)	(70,794)	(107,428)
Fund balances - beginning	924,675	229,006	108,522	1,262,203
Fund balances - ending	\$ 938,582	\$ 178,465	\$ 37,728	\$ 1,154,775

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, 2013

Net change in fund balances	\$ (107,428)
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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.

Disposal of capital assets	(64,449)	
Related accumulated depreciation	61,978	
Less current year depreciation	<u>(143,277)</u>	(145,748)

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

Debt proceeds	(149,424)	
Amortization of bond premiums	17,179	
Debt principal paid	<u>245,971</u>	113,726

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.

Settlement payable	(586,440)
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The refunding of bonds results in an increase in debt for which no proceeds are received. This increase in debt is recorded as an addition to deferred charges and is amortized over the life of the refunding bond.

Amortization of deferred charges	(16,846)
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Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the statement of activities, property taxes are recognized when levied.

	<u>3,488</u>
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Change in net position	<u>\$ (739,248)</u>
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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, 2013

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 one elementary school and one high school. The District is governed by a five-member board of directors.

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The District reports the following major governmental funds:

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

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

Additionally, the District reports the following nonmajor governmental fund:

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

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

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

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

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

1. Deposits and Investments

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

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

2. Property Taxes

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

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

3. Accounts Receivable

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

4. Inventories

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

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. Capital Assets

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

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

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

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

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

6. Compensated Absences

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

7. Long-Term Liabilities

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

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

7. Long-Term Liabilities (Continued)

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

8. Retirement Plan

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

9. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period and so will not be recognized as an outflow of resources until then. The District only has one item that qualifies for reporting in this category, which is the deferred charge on refunding reported in the statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period and therefore will not be recognized as an inflow of resources until that time. The District has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

10. Fund Equity

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

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

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

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

E. Use of Estimates

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

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Accounting Changes and Reclassifications

Effective July 1, 2012, the District adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Note I-D.9 provides a description of the effects of this statement on the District's financial statements.

In addition, the District adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Accordingly, beginning net position of the governmental activities was restated by \$72,617 upon implementation of this accounting standard. Although this statement is not effective for the District until July 1, 2013, the District has elected early application, as recommended by the Governmental Accounting Standards Board.

Due to the implementation of these standards, certain accounts, as reported in comparative statements in the management's discussion and analysis, have been reclassified for comparative purposes in order to conform to the presentation of the current year financial statements.

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.

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.

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

Budget amounts shown in the financial statements reflect the original budget amounts and one approved appropriation transfer.

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.

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

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

Credit Risk

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

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

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

A. Deposits and Investments (Continued)

Investments

As of June 30, 2013, 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>\$ 520,135</u>

Interest Rate Risk

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

Concentration of Credit Risk

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

Custodial Credit Risk – Investments

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

Custodial Credit Risk – Deposits

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

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

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

A. Deposits and Investments (Continued)

Custodial Credit Risk – Deposits (Continued)

The District holds accounts at Sterling Savings Bank, for which deposits are insured by the FDIC up to \$250,000. At June 30, 2013, the District had deposits of \$250,000 insured by the FDIC and \$603,599 covered by the PFCP.

Deposits

The District's deposits and investments at June 30, 2013 are as follows:

Checking accounts	\$ 780,289
Total investments	<u>520,135</u>
 Total deposits and investments	 <u><u>\$ 1,300,424</u></u>

Cash and investments by fund:

Governmental activities - unrestricted	
General Fund	<u>\$ 1,112,339</u>
Governmental activities - restricted	
Special Revenue Fund	154,544
Debt Service Fund	<u>33,541</u>
 Total governmental activities - restricted	 <u>188,085</u>
 Total cash and investments	 <u><u>\$ 1,300,424</u></u>

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

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

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

B. Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

	Beginning Balance, As Restated	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 25,330	\$ -	\$ -	\$ 25,330
Capital assets being depreciated				
Buildings and improvements	6,986,391	-	-	6,986,391
Furniture and fixtures	117,422	-	-	117,422
Land improvements	172,912	-	-	172,912
Machinery and equipment	835,007	-	(64,449)	770,558
Total capital assets being depreciated	8,111,732	-	(64,449)	8,047,283
Less accumulated depreciation for				
Buildings and improvements	(3,538,661)	(94,539)	-	(3,633,200)
Furniture and fixtures	(102,221)	(7,557)	-	(109,778)
Land improvements	(23,631)	(3,457)	-	(27,088)
Machinery and equipment	(656,719)	(37,724)	61,978	(632,465)
Total accumulated depreciation	(4,321,232)	(143,277)	61,978	(4,402,531)
Total capital assets being depreciated, net	3,790,500	(143,277)	(2,471)	3,644,752
Governmental activities capital assets, net	\$ 3,815,830	\$ (143,277)	\$ (2,471)	\$ 3,670,082

Adjustments have been made to the beginning balances of machinery and equipment and related accumulated depreciation for the omission of a fully depreciated asset from the District's financial statements.

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

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

B. Capital Assets (Continued)

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

	Capital Assets	Accumulated Depreciation	Net Capital Assets
Governmental activities			
Land	\$ 25,330	\$ -	\$ 25,330
Buildings and improvements	6,986,391	(3,633,200)	3,353,191
Furniture and fixtures	117,422	(109,778)	7,644
Land improvements	172,912	(27,088)	145,824
Machinery and equipment	770,558	(632,465)	138,093
Total capital assets	<u>\$ 8,072,613</u>	<u>\$ (4,402,531)</u>	<u>\$ 3,670,082</u>

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

Unallocated depreciation expense	<u>\$ 143,277</u>
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C. Compensated Absences

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

	Beginning Balance	Additions	Reductions	Ending Balance
Compensated absences	<u>\$ 122,576</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 122,576</u>

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

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

D. Operating Leases

The District leases copy machines, servers, and postage machines under noncancelable operating leases. For the year ended June 30, 2013, total lease payments amounted to \$10,280.

Future minimum payments for the leases are as follows:

Year Ending June 30	Amount
2014	\$ 15,628
2015	15,628
2016	12,154
2017	12,154
2018	5,347
Total	<u>\$ 60,911</u>

E. Long-Term Liabilities

1. Changes in Long-Term Liabilities

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

	Interest Rates	Original Amount	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities							
General obligation bonds	2.25-4.65%	\$ 4,400,000	\$ 200,000	\$ -	\$ 200,000	\$ -	\$ -
Refunding series 2011	1-4%	3,150,000	3,140,000	-	25,000	3,115,000	240,000
Total bonds		7,550,000	3,340,000	-	225,000	3,115,000	240,000
Unamortized premium on bonds		197,560	187,539	-	17,179	170,360	-
Loan payable	3.22%	149,424	-	149,424	-	149,424	48,214
Capital leases							
Bus lease #1	4.31%	52,703	21,583	-	10,559	11,024	11,024
Bus lease #2	4.31%	51,972	21,283	-	10,412	10,871	10,871
Total capital leases		104,675	42,866	-	20,971	21,895	21,895
Settlement payable	N/A	586,440	-	586,440	-	586,440	68,040
Total governmental activities		<u>\$ 8,588,099</u>	<u>\$ 3,570,405</u>	<u>\$ 735,864</u>	<u>\$ 263,150</u>	<u>\$ 4,043,119</u>	<u>\$ 378,149</u>

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

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

E. Long-Term Liabilities (Continued)

1. Changes in Long-Term Liabilities (Continued)

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

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. During the year, the general obligation bonds were partially defeased by the proceeds of the General Obligation Refunding Bonds, Series 2011.

3. Refunding Series 2011

On December 15, 2011, the District issued General Obligation Refunding Bonds, Series 2011 in the amount of \$3,150,000. The bonds partially defeased General Obligation Bonds, Series 2003, that were originally issued on January 15, 2003. This advance refunding will reduce total debt service payments over the next 11 years by \$284,071 and results in an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$255,419.

4. Loan Payable

On June 14, 2013, the District signed a tax-exempt installment purchase agreement for the direct financing of the replacement of a portion of the roof of Gold Beach High School. Interest is fixed at 3.22%, with payments of principal and interest due on the 14th of each month.

5. Capital Leases

a. Bus Leases

The District has entered into two lease agreements as lessee for financing the acquisition of school buses. 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.

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

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

E. Long-Term Liabilities (Continued)

5. Capital Leases (Continued)

b. Leased Capital Assets

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

Vehicles	\$ 104,675
Less: accumulated amortization	<u>(43,612)</u>
Net value	<u>\$ 61,063</u>

Amortization of leased capital assets is included with depreciation expense.

6. Settlement Payable

On December 19, 2013, the District signed a settlement agreement in relation to a claim asserted against the District in October 2011. The total amount that the District is required to pay under the settlement agreement is \$586,440, which is to be paid quarterly over a period of six years. Payments are due on the first day of each quarter, beginning January 1, 2014.

7. Future Maturities of Long-Term Liabilities

Year Ending June 30	Bonds		Loan		Leases		Settlement		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 240,000	\$ 85,450	\$ 48,214	\$ 4,107	\$ 21,895	\$ 962	\$ 68,040	\$ -	\$ 378,149	\$ 90,519
2015	250,000	80,650	49,791	2,530	-	-	117,600	-	417,391	83,180
2016	270,000	74,150	51,419	902	-	-	109,800	-	431,219	75,052
2017	285,000	68,750	-	-	-	-	96,000	-	381,000	68,750
2018	295,000	63,050	-	-	-	-	90,000	-	385,000	63,050
2019-2023	<u>1,775,000</u>	<u>184,950</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>105,000</u>	<u>-</u>	<u>1,880,000</u>	<u>184,950</u>
Total	<u>\$ 3,115,000</u>	<u>\$ 557,000</u>	<u>\$ 149,424</u>	<u>\$ 7,539</u>	<u>\$ 21,895</u>	<u>\$ 962</u>	<u>\$ 586,440</u>	<u>\$ -</u>	<u>\$ 3,872,759</u>	<u>\$ 565,501</u>

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

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

F. Constraints on Fund Balances

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

	General Fund	Special Revenue Fund	Nonmajor Governmental Fund Debt Service	Total Governmental Funds
Fund balances:				
Nonspendable	\$ 17,564	\$ -	\$ -	\$ 17,564
Restricted for:				
Capital projects	149,424	-	-	149,424
Debt service	-	-	37,728	37,728
Athletic activities	-	59,632	-	59,632
Special projects	-	1,214	-	1,214
Student body activities	-	117,619	-	117,619
Unassigned	<u>771,594</u>	<u>-</u>	<u>-</u>	<u>771,594</u>
Total fund balances	<u>\$ 938,582</u>	<u>\$ 178,465</u>	<u>\$ 37,728</u>	<u>\$ 1,154,775</u>

IV. OTHER INFORMATION

A. Risk Management

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

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

IV. OTHER INFORMATION (Continued)

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 (ORS) Chapter 238, which establishes the Public Employees Retirement Board as the board of directors 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) 598-7377, 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, 2013 were 17.97% and 19.48%, 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, 2013

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 ended June 30, 2011, 2012, and 2013 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>
2011	\$ 376,621	100%
2012	\$ 443,722	100%
2013	\$ 418,636	100%

2. 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, 2013 was \$8,960.

C. Other Post-Employment Benefits

1. Retirement Health Insurance Account (RHIA)

Plan Description

As a member of Oregon Public Employees Retirement System (OPERS), the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing, multiple-employer, defined benefit other post-employment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERS, P.O. Box 23700, Tigard, Oregon 97281-3700, by calling (503) 598-7377, or by accessing the PERS website at <http://oregon.gov/PERS/>.

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

IV. OTHER INFORMATION (Continued)

C. Other Post-Employment Benefits (Continued)

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

Plan Description (Continued)

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

Funding Policy

Participating entities are contractually required to contribute to RHIA at a rate assessed each year by OPERS; currently 0.29% of PERS covered payroll and 0.19% of OPSRP covered payroll. The OPERS board of trustees sets the employer contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance within the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed 30 years. The District's contributions to RHIA for the years ended June 30, 2011, 2012, and 2013 were \$8,142, \$13,143, and \$5,920, respectively, which equaled the required contributions each year.

D. Concentrations

1. Collective Bargaining Agreements

At June 30, 2013, the District had a total of approximately 67 employees. Of this total, approximately 79% are covered under collective bargaining agreements and 42% are licensed staff represented by a union. The current union agreement was signed on October 12, 2011 and expired on June 30, 2013. Approximately 39% of employees are classified staff, the majority of which are covered by a collective bargaining agreement, which was signed September 19, 2012 and expired on June 30, 2013.

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

IV. OTHER INFORMATION (Continued)

E. Restatement

Net Position

Beginning net position was restated as follows:

Government-Wide Statements	Governmental Activities
Net position - beginning, as originally reported	\$ 1,903,329
To remove capitalized bond issuance costs, net of accumulated amortization	<u>(72,617)</u>
Net position - beginning, as restated	<u>\$ 1,830,712</u>

F. New Pronouncements

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

GASB Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*, will be effective for the District beginning with its fiscal year ending June 30, 2014. This statement improves accounting and financial reporting by resolving conflicting guidance that could diminish the consistency of financial reporting, and thereby enhances the usefulness of the financial reports.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, will be effective for the District beginning with its fiscal year ending June 30, 2015. This statement replaces the requirements for GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of GASB Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trust or equivalent arrangements that meet certain criteria.

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

IV. OTHER INFORMATION (Continued)

G. Contingencies

In February 2013, a complaint was filed against the District on behalf of a former student of the District. The complaint alleged a violation of the Individuals with Disabilities Education Act, stating that the District did not provide special education services for which the student was eligible. Through mediation, an agreement was signed by both parties. Under the agreement, the District is responsible for reimbursing up to \$8,250 of special education services to be provided to the student prospectively. The District will be released from this responsibility upon the earlier of the following events: (1) the student fails to attend a reading clinic for 30 consecutive days; (2) the student receives a regular diploma; (3) June 1, 2014; (4) the confidentiality clause set forth in the agreement is breached by the student or the student's guardians.

In April 2013, the District received a formal notice that a claim for damages would be asserted against the District. The parties asserting the claim allege that the District and the principal of Gold Beach High School were negligent in allowing unauthorized persons to enter school grounds and interact with students during school hours. They also allege that the District failed to properly supervise students committed to the District's care. The Oregon Department of Education (ODE) has performed an investigation of this matter; however, as of the date the financial statements were available to be issued, the ODE has not issued a report on the results of the investigation. Therefore, an estimate of possible loss to the District, if any, cannot be made at this time.

H. Commitments

As of June 30, 2013, the District had a construction contract relating to the replacement of a portion of the roof of Gold Beach High School totaling approximately \$150,000. The construction project commenced in July 2013 and was completed in August 2013. This contract was paid subsequent to the June 30, 2013 fiscal year, as work was performed. Payments were made from remaining loan proceeds.

I. Subsequent Events

Management has evaluated subsequent events through December 19, 2013, which was the date that the financial statements were available to be issued.

1. Settlement Agreement

On December 19, 2013, the District signed a settlement agreement in relation to a claim asserted in October 2011 that the District failed to provide free appropriate education to a student in accordance with the Individuals with Disabilities Education Improvement Act. The settlement agreement requires the District to make quarterly payments toward a private educational program for the student over a period of six years, beginning January 1, 2014. Total payments required to be made by the District amount to \$586,440.

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, 2013

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
REVENUES				
Local revenue	\$ 2,770,677	\$ 2,770,677	\$ 62,639	\$ 2,833,316
State revenue	1,462,500	1,462,500	75,000	1,537,500
Federal revenue	<u>168,000</u>	<u>168,000</u>	<u>154,974</u>	<u>322,974</u>
Total revenues	<u>4,401,177</u>	<u>4,401,177</u>	<u>292,613</u>	<u>4,693,790</u>
EXPENDITURES				
Current				
Instruction	2,413,388	2,467,388	(33,158)	2,434,230
Support services	2,287,420	2,233,420	(165,386)	2,068,034
Community services	346,512	346,512	(39,424)	307,088
Debt service	22,857	22,857	(2)	22,855
Contingency	<u>145,000</u>	<u>145,000</u>	<u>(145,000)</u>	<u>-</u>
Total expenditures	<u>5,215,177</u>	<u>5,215,177</u>	<u>(382,970)</u>	<u>4,832,207</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(814,000)</u>	<u>(814,000)</u>	<u>675,583</u>	<u>(138,417)</u>
OTHER FINANCING SOURCES (USES)				
Debt proceeds	-	-	149,424	149,424
Gain on disposal of capital assets	-	-	2,900	2,900
Transfers out	<u>(1,000)</u>	<u>(1,000)</u>	<u>(1,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,000)</u>	<u>(1,000)</u>	<u>153,324</u>	<u>152,324</u>
Net change in fund balance	(815,000)	(815,000)	828,907	13,907
Fund balance - beginning	<u>815,000</u>	<u>815,000</u>	<u>109,675</u>	<u>924,675</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 938,582</u>	<u>\$ 938,582</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, 2013

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
REVENUES			
Local revenue	\$ 479,590	\$ (57,531)	\$ 422,059
Federal revenue	<u>447,200</u>	<u>(144,247)</u>	<u>302,953</u>
Total revenues	<u>926,790</u>	<u>(201,778)</u>	<u>725,012</u>
EXPENDITURES			
Current			
Instruction	1,007,196	(251,586)	755,610
Support services	132,294	(112,351)	19,943
Community services	<u>1,500</u>	<u>(1,500)</u>	<u>-</u>
Total expenditures	<u>1,140,990</u>	<u>(365,437)</u>	<u>775,553</u>
Excess (deficiency) of revenues over (under) expenditures	(214,200)	163,659	(50,541)
Fund balance - beginning	<u>214,200</u>	<u>14,806</u>	<u>229,006</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 178,465</u>	<u>\$ 178,465</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, 2013

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
REVENUES			
Local revenue	\$ 238,175	\$ 9,481	\$ 247,656
EXPENDITURES			
Debt service	<u>318,450</u>	<u>-</u>	<u>318,450</u>
Excess (deficiency) of revenues over (under) expenditures	(80,275)	9,481	(70,794)
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>1,000</u>	<u>(1,000)</u>	<u>-</u>
Net change in fund balance	(79,275)	8,481	(70,794)
Fund balance - beginning	<u>79,275</u>	<u>29,247</u>	<u>108,522</u>
Fund balance - ending	<u><u>\$ -</u></u>	<u><u>\$ 37,728</u></u>	<u><u>\$ 37,728</u></u>

OTHER FINANCIAL SCHEDULES

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

REVENUE SUMMARY - ALL FUNDS

June 30, 2013

Revenue from Local Sources

	Fund 100	Fund 200	Fund 300
1110 Ad Valorem Taxes Levied by District	\$ 2,627,400	\$ -	\$ 246,726
1330 Summer School Tuition	175	-	-
1500 Earnings on Investments	5,746	15	930
1600 Food Service	50,160	-	-
1700 Extracurricular Activities	16,892	359,364	-
1910 Rentals	9,349	-	-
1920 Contributions and Donations From Private Sources	-	54,274	-
1990 Miscellaneous	123,594	8,405	-
Total Revenue from Local Sources	\$ 2,833,316	\$ 422,058	\$ 247,656

Revenue from State Sources

	Fund 100	Fund 200	Fund 300
3101 State School Fund - General Support	\$ 1,488,967	\$ -	\$ -
3102 State School Fund - School Lunch Match	2,481	-	-
3103 Common School Fund	44,584	-	-
3299 Other Restricted Grants-in-Aid	1,468	-	-
Total Revenue from State Sources	\$ 1,537,500	\$ -	\$ -

Revenue from Federal Sources

	Fund 100	Fund 200	Fund 300
4300 Restricted Revenue From the Federal Government	\$ -	\$ 22,269	\$ -
4500 Restricted Revenue From the Federal Government Through the State	191,948	280,684	-
4801 Federal Forest Fees	119,013	-	-
4900 Revenue for/on Behalf of the District	12,013	-	-
Total Revenue from Federal Sources	\$ 322,974	\$ 302,953	\$ -

Revenue from Other Sources

	Fund 100	Fund 200	Fund 300
5100 Long Term Debt Financing Sources	\$ 149,424	\$ -	\$ -
5300 Sale of or Compensation for Loss of Fixed Assets	2,900	-	-
5400 Resources - Beginning Fund Balance	924,675	229,007	108,522
Total Revenue from Other Sources	\$ 1,076,999	\$ 229,007	\$ 108,522

Grand Totals

\$ 5,770,789	\$ 954,018	\$ 356,178
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CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

EXPENDITURE SUMMARY - GENERAL FUND

June 30, 2013

Instruction Expenditures

	Totals	Object 100	Object 200
1111 Elementary, K-5 or K-6	\$ 759,611	\$ 467,563	\$ 277,320
1121 Middle/Junior High Programs	454,871	275,011	166,445
1122 Middle/Junior High School Extracurricular	25,968	18,016	4,746
1131 High School Programs	704,070	425,579	250,647
1132 High School Extracurricular	101,586	58,567	16,543
1210 Programs for the Talented and Gifted	1,673	1,261	352
1220 Restrictive Programs for Students with Disabilities	247,116	74,390	61,342
1250 Less Restrictive Programs for Students with Disabilities	131,898	52,301	56,263
1260 Treatment and Habilitation	7,437	1,710	2,160
Total Instruction Expenditures	\$ 2,434,230	\$ 1,374,398	\$ 835,818

Support Services Expenditures

	Totals	Object 100	Object 200
2120 Guidance Services	\$ 74,694	\$ 43,642	\$ 27,290
2130 Health Services	5,711	-	-
2190 Service Direction, Student Support Services	202,168	25,402	4,907
2210 Improvement of Instruction Services	6,400	242	4,112
2220 Educational Media Services	93,168	42,817	43,346
2230 Assessment & Testing	3,852	2,338	406
2310 Board of Education Services	32,379	-	-
2320 Executive Administration Services	126,614	101,609	19,629
2410 Office of the Principal Services	360,893	206,420	139,061
2520 Fiscal Services	159,898	94,978	57,920
2540 Operation and Maintenance of Plant Services	550,493	137,859	94,829
2550 Student Transportation Services	308,109	131,508	82,789
2640 Staff Services	357	-	-
2660 Technology Services	105,609	27,025	23,101
2700 Supplemental Retirement Program	37,689	-	37,689
Total Support Services Expenditures	\$ 2,068,034	\$ 813,840	\$ 535,079

Enterprise and Community Services Expenditures

	Totals	Object 100	Object 200
3100 Food Services	\$ 307,088	\$ 67,775	\$ 79,854
Total Enterprise and Community Services	\$ 307,088	\$ 67,775	\$ 79,854

Other Uses Expenditures

	Totals	Object 100	Object 200
5100 Debt Service	\$ 22,855	\$ -	\$ -
Total Other Uses Expenditures	\$ 22,855	\$ -	\$ -

Grand Total

\$ 4,832,207	\$ 2,256,013	\$ 1,450,751
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Object 300	Object 400	Object 600
\$ 5,893	\$ 8,835	
3,796	9,619	-
3,206	-	-
7,904	18,980	960
19,385	-	7,091
-	-	60
110,320	1,064	-
13,298	9,410	626
3,567	-	-
\$ 167,369	\$ 47,908	\$ 8,737

Object 300	Object 400	Object 600
\$ 3,100	\$ 492	\$ 170
3,785	-	1,926
79,150	-	92,709
927	-	1,119
817	5,725	463
-	1,108	-
27,152	1,150	4,077
3,025	1,203	1,148
10,471	4,012	929
4,207	1,067	1,726
228,221	34,918	54,666
28,835	56,447	8,530
357	-	-
45,932	9,476	75
-	-	-
\$ 435,979	\$ 115,598	\$ 167,538

Object 300	Object 400	Object 600
\$ 7,472	\$ 148,803	\$ 3,184
\$ 7,472	\$ 148,803	\$ 3,184

Object 300	Object 400	Object 600
\$ -	\$ -	\$ 22,855
\$ -	\$ -	\$ 22,855

\$ 610,820	\$ 312,309	\$ 202,314
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CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

EXPENDITURE SUMMARY - SPECIAL REVENUE FUND

June 30, 2013

Instruction Expenditures

	Totals	Object 100	Object 200
1111 Elementary, K-5 or K-6	\$ 1,407	\$ -	\$ -
1121 Middle/Junior High Programs	1,053	-	-
1122 Middle/Junior High School Extracurricular	24,272	-	-
1131 High School Programs	20,418	-	-
1132 High School Extracurricular	436,683	53,660	13,207
1220 Restrictive Programs for Students with Disabilities	24,484	14,986	9,498
1250 Less Restrictive Programs for Students with Disabilities	73,725	45,849	27,876
1271 Remediation	9,833	8,127	734
1272 Title I	154,586	85,094	61,699
1400 Summer School Programs	9,149	6,995	1,943
Total Instruction Expenditures	\$ 755,610	\$ 214,711	\$ 114,957

Support Services Expenditures

	Totals	Object 100	Object 200
2210 Improvement of Instruction Services	\$ 8,111	\$ 5,346	\$ 1,130
2240 Instructional Staff Development	8,297	4,090	415
2660 Technology Services	3,535	-	-
Total Support Services Expenditures	\$ 19,943	\$ 9,436	\$ 1,545

Grand Total

\$ 775,553	\$ 224,147	\$ 116,502
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Object 300	Object 400	Object 600
\$ -	\$ 1,407	\$ -
-	1,053	-
2,160	20,682	1,430
15,918	4,500	-
132,346	169,383	68,087
-	-	-
-	-	-
-	972	-
-	7,793	-
-	211	-
\$ 150,424	\$ 206,001	\$ 69,517

Object 300	Object 400	Object 600
\$ 747	\$ 238	\$ 650
2,217	-	1,575
-	3,535	-
\$ 2,964	\$ 3,773	\$ 2,225
\$ 153,388	\$ 209,774	\$ 71,742

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

EXPENDITURE SUMMARY - DEBT SERVICE FUND

June 30, 2013

Other Uses Expenditures

5100 Debt Service

	Totals	Object 600
	\$ 318,450	\$ 318,450
Total Other Uses Expenditures	\$ 318,450	\$ 318,450
Grand Total	\$ 318,450	\$ 318,450

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

SCHEDULE OF PROPERTY TAX TRANSACTIONS

For the Year Ended June 30, 2013

<u>Tax Year</u>	<u>Taxes Receivable July 1, 2012</u>	<u>2012-2013 Levy</u>	<u>Adjustments</u>	<u>Collections</u>	<u>Taxes Receivable June 30, 2013</u>
2012-2013	\$ -	\$ 2,888,321	\$ (73,803)	\$ 2,666,745	\$ 147,773
2011-2012	150,437	-	(574)	76,593	73,270
2010-2011	71,501	-	(464)	31,412	39,625
2009-2010	45,301	-	(418)	24,995	19,888
2008-2009	12,935	-	(360)	10,006	2,569
2007-2008	1,921	-	(249)	538	1,134
2006-2007	1,520	-	(6)	188	1,326
Prior	<u>3,777</u>	<u>-</u>	<u>3,811</u>	<u>381</u>	<u>7,207</u>
Subtotal - Prior	<u>287,392</u>	<u>-</u>	<u>1,740</u>	<u>144,113</u>	<u>145,019</u>
	<u>\$ 287,392</u>	<u>\$ 2,888,321</u>	<u>\$ (72,063)</u>	<u>2,810,858</u>	<u>\$ 292,792</u>
Add:					
Other taxes and interest				33,446	
Undistributed taxes with county, July 1, 2012				<u>19,045</u>	
Total available				2,863,349	
Less: Turnovers to District				<u>(2,842,393)</u>	
Undistributed taxes with county, June 30, 2013				<u>\$ 20,956</u>	

STATISTICAL SECTION

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

LEGAL DEBT MARGIN INFORMATION

Real Market Value (Fiscal Year 2013)	\$ 812,202,891
Debt Capacity	
General Obligation Debt Capacity (7.95% of Real Market Value)	\$ 64,570,130
Less: Outstanding Debt Subject to Limit	(3,115,000)
Remaining General Obligation Debt Capacity	\$ 61,455,130
Percent of Capacity Issued	4.82%

Issuer Type	School District
Capacity	7.95%

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

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

Real Market Value	\$	812,202,891	
Estimated Population		4,972	
Per Capita Real Market Value	\$	163,355	
		Gross Direct Debt⁽¹⁾	Net Direct Debt⁽²⁾
Debt Information			
District Direct Debt	\$	3,136,895	\$ 3,136,895
Bonded Debt Ratios			
District Direct Debt to Real Market Value		0.39%	0.39%
Per Capita District Direct Debt	\$	631	\$ 631

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

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

Short-term debt is not included in either calculation

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

ASSESSED VALUATION AND ESTIMATED ACTUAL VALUES OF TAXABLE PROPERTY

Fiscal Year	Real Market Value⁽¹⁾	Total Assessed Valuation	Urban Renewal Excess	AV Used to Calculate Rates⁽²⁾
2013	\$ 812,202,891	\$ 676,347,946	\$ -	\$ 676,347,946
2012	863,721,304	671,847,569	-	671,847,569
2011	917,665,708	655,935,020	-	655,935,020
2010	1,045,918,431	642,118,377	-	642,118,377
2009	1,144,322,439	616,361,179	-	616,361,179
2008	1,132,563,054	592,326,112	-	592,326,112
2007	1,008,836,568	563,656,038	-	563,656,038

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

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

PRINCIPAL PROPERTY TAXPAYERS

Central Curry School District No. 1

Taxpayer	Business/Service	Tax ⁽¹⁾	Assessed Value ⁽²⁾	Percent of Value
South Coast Lumber Co. (SOCOMI) ⁽³⁾	Lumber Mill	\$ 132,908	\$ 17,534,270	2.59%
Jots Resort	Recreational Resort	67,277	6,763,140	1.00%
Charter Communications	Telecommunications	59,406	6,068,000	0.90%
Menasha Forest Products Corp	Forest Mgmt./Timber	53,770	6,935,760	1.03%
Frontier Communications	Telecommunications	34,064	3,609,000	0.53%
Irelands at Gold Beach, LLC	Hotel	31,779	3,068,140	0.45%
CLR Timber Holdings, Inc.	Forest Mgmt./Timber	24,119	3,377,150	0.50%
Baek K & Sung C Oh	Property Management	23,953	2,312,530	0.34%
Pacific Reef Condominiums, LLC	Condominium resort	23,511	2,277,620	0.34%
Antone V & K Trustees Zaninovich	Property Management	22,732	2,251,030	0.33%
Subtotal - ten of District's largest taxpayers			54,196,640	8.01%
All other District's taxpayers			622,151,306	91.99%
Total District			<u>\$ 676,347,946</u>	<u>100.00%</u>

Curry County

Taxpayer	Business/Service	Tax ⁽¹⁾	Assessed Value ⁽²⁾	Percent of Value
South Coast Lumber Co. (SOCOMI) ⁽³⁾	Lumber Mill	\$ 535,975	\$ 68,152,397	2.64%
Frontier Communications	Telecommunications	113,487	12,092,000	0.47%
Texas Commerce Bank National Assoc	Financial Institution	106,697	10,079,830	0.39%
Charter Communications	Telecommunications	81,767	9,018,000	0.36%
Jots Resort	Recreational Resort	67,277	6,763,140	0.26%
C&K Market, Inc.	Grocery Store	65,252	6,188,240	0.24%
Sea View Assisted Living, LLC et al.	Assisted Living Center	58,984	8,856,340	0.34%
Menasha Forest Products Corp	Forest Mgmt./Timber	56,586	7,289,920	0.28%
Plum Creek Timberlands LP	Forest Mgmt./Timber	50,096	7,733,480	0.30%
Goh Properties, LLC	Property Management	49,760	7,471,430	0.29%
Subtotal - ten of County's largest taxpayers			143,644,777	5.56%
All other County taxpayers			2,441,455,258	94.44%
Total County taxpayers			<u>\$ 2,585,100,035</u>	<u>100.00%</u>

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

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

(3) South Coast Lumber Company (SOCOMI) is Located in Brookings, Oregon where it manufactures veneer, plywood, plywood specialties, laminated veneer lumber (LVL) for industrial applications, lumber, studs, chips, and other byproducts. The company also produces siding, sanded plywood, laminated plywood products, and concrete forms. The company employs approximately 490 people and was founded in the 1950s. Source: www.socomi.com

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

PROPERTY TAX COLLECTIONS

Curry County
Tax Collections ⁽¹⁾

Fiscal Year	Percent Collected as of	
	Levy Year⁽²⁾	6/30/2013⁽³⁾
2013	94.87%	94.87%
2012	94.91%	94.91%
2011	95.18%	97.54%
2010	95.27%	98.41%
2009	95.51%	99.52%

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

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

(3) The percentage of taxes shown in the column represents taxes collected cumulatively from July 1 of a given levy year through June 20, 2013.

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



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

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

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

We have audited the basic financial statements of Central Curry School District No. 1 as of and for the year ended June 30, 2013, and have issued our report thereon dated December 19, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*.

Compliance

As part of obtaining reasonable assurance about whether Central Curry School District No. 1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

Deposit of public funds with financial institutions (ORS Chapter 295)

Indebtedness limitations, restrictions, and repayment

Budgets legally required (ORS Chapter 294)

Insurance and fidelity bonds in force or required by law

Programs funded from outside sources

Authorized investment of surplus funds (ORS Chapter 294)

Public contracts and purchasing (ORS Chapters 279A, 279B, 279C)

State school fund factors and calculation

In connection with our testing, nothing came to our attention that caused us to believe that the District was not in substantial compliance with certain provisions of laws, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-010-0230 Internal Control

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting. However, we noted certain matters that we have reported to management of the District in a separate letter dated December 19, 2013.

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

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

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

December 19, 2013

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

SUPPLEMENTAL INFORMATION REQUIRED BY OREGON DEPARTMENT OF EDUCATION

For the Year Ended June 30, 2013

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	\$ 134,585
Function 2550	\$ 2,366

- 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, 2013

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	\$ 22,269
Passed through Oregon State Department of Education		
Title I, Part A Cluster		
Title I Grants to Local Educational Agencies*	84.010	159,883
Special Education Cluster		
IDEA Special Education Grants To States	84.027	99,244
Title IIA Improving Teaching Quality State Grants	84.367	21,556
Education Jobs Fund, American Recovery and Reinvestment Act	84.410	1,898
Total passed through Oregon State Department of Education		282,581
Total U.S. Department of Education		304,850
<u>U.S. Department of Agriculture</u>		
Passed through Oregon State Department of Education		
Child Nutrition Cluster		
School Breakfast Program	10.553	42,203
National School Lunch Program	10.555	117,523
Food Donation - National School Lunch Program	10.555	11,796
Summer Food Service Program for Children	10.559	218
Food Donation - Summer Food Service Program for Children	10.559	27,663
Total passed through Oregon State Department of Education		199,403
Passed through Curry County		
Schools and Roads - Grants to States	10.665	119,013
Total U.S. Department of Agriculture		318,416
Total federal expenditures		\$ 623,266

*Major program

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2013

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 position, 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, 2013.

E. Revenue and Expenditure Recognition

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



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

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the remaining fund information of Central Curry School District No. 1 as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated December 19, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we Central Curry School District No. 1's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 13-01 to be a material weakness.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 13-02 to be a significant deficiency.

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*.

Central Curry School District No. 1's Responses to Findings

Central Curry School District No. 1's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

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

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

Albany, Oregon
December 19, 2013



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

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND REPORT 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

Report on Compliance for Each Major Federal Program

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 could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2013. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Central Curry School District No. 1's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards 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. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Central Curry School District No. 1 complied, in all material respects, with the types of requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of Central Curry School District No. 1 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Central Curry School District No. 1's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this communication is not suitable for any other purpose.

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

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

Albany, Oregon
December 19, 2013

CENTRAL CURRY SCHOOL DISTRICT NO. 1
Gold Beach, Oregon

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2013

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s opinion issued: Unqualified

Internal control over financial reporting:

▪ Material weaknesses identified? Yes

▪ 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:

CFDA Number(s)

Name of Federal Program or Cluster

84.010

Title I Grants to Local Educational Agencies

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

District qualified as low-risk auditee? Yes

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding Number	Finding
13-01	Failure to properly record direct financing transactions.
Condition:	During long-term liabilities testing, it was noted that the District failed to record expenditures and debt proceeds for several direct financing transactions.
Prevalence:	Entity-wide
Criteria:	Gross amounts for financed expenditures and debt proceeds should be recorded for direct financing transactions.
Questioned costs:	None
Effect:	Failure to record direct financing transactions has the potential to result in a material misstatement in the financial statements of the District.
Recommendations:	We recommend the District consider the full substance of direct financing transactions prior to recording such transactions.
Management's response:	Management concurs with the finding.

Finding Number	Finding
13-02	Lack of adequate segregation of duties.
Condition:	During testing, it was noted that the District has a lack of adequate segregation of duties relating to accounting, payroll, and financial reporting functions.
Prevalence:	Entity-wide
Criteria:	In an ideal situation, no one employee has access to both physical assets and the related accounting records or to all phases of a transaction.
Questioned costs:	None
Effect:	The possibility exists that unintentional errors or irregularities could exist and not be promptly detected.
Recommendations:	We recommend that the board of directors and all members of management remain diligent in monitoring the financial activities of the District.
Management's response:	Management is aware of the deficiency and has implemented mitigating controls where it is practical to do so.

SECTION III – CORRECTIVE ACTION PLAN

<u>Finding Number</u>	<u>Corrective Action</u>
13-01	Effective immediately, the Business Manager will review all direct financing transactions to ensure that such transactions are properly recorded in future periods.
13-02	While it is improbable that more staff will be added due to budget constraints, management and the board of directors will remain diligent in their monitoring duties.

SECTION IV – PRIOR YEAR FINANCIAL STATEMENT FINDINGS

<u>Finding Number</u>	<u>Finding</u>
12-01	Lack of adequate segregation of duties.

SECTION V – STATUS OF PRIOR YEAR FINDINGS

<u>Finding Number</u>	<u>Status</u>
12-01	Management is aware of the deficiency and has implemented mitigating controls where it is practical to do so.