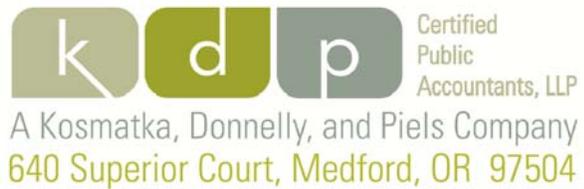


**BROOKINGS-HARBOR SCHOOL DISTRICT NO. 17C  
Curry County, Oregon**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2016  
WITH  
INDEPENDENT AUDITOR'S REPORT**



**BROOKINGS-HARBOR SCHOOL DISTRICT NO. 17C**  
**Curry County, Oregon**  
**Year Ended June 30, 2016**

Administrative Office  
629 Easy Street  
Brookings, Oregon 97415

BOARD OF DIRECTORS AS OF JUNE 30, 2016

Bruce Raleigh - Chairperson

Sue Gold - Vice-Chair

Sue Chambers - Director

Alice Farmer - Director

Katherine Johnson - Director

ADMINISTRATIVE STAFF

Sean Gallagher, Superintendent

Kathy McKee, Business Manager

**BROOKINGS-HARBOR SCHOOL DISTRICT NO. 17C**  
**Year Ended June 30, 2016**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Brookings-Harbor School District No. 17C  
Curry County, Oregon

We have audited the accompanying financial statements of the governmental activities and each major fund of Brookings-Harbor School District No. 17C (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

An audit involves performing procedures to obtain 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 and each major fund of the District as of June 30, 2016, 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, the schedule of funding progress (other postemployment benefits), certain pension schedules, and the general fund and special revenue major governmental funds budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to management's discussion and analysis, the schedule of funding progress (other postemployment benefits), and pension schedules in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on management's discussion and analysis, the schedule of funding progress (other postemployment benefits), and pension schedules because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The general fund and special revenue major governmental funds budgetary comparison information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the general fund and special revenue major governmental funds budgetary comparison information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### *Other Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information, as listed in the Table of Contents, is presented for the purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards, as listed in the Table of Contents, is presented for purposes of additional analysis as required Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The other supplementary information, and the 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 other supplementary information, and the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards* and *Oregon State Regulations***

In accordance with *Government Auditing Standards*, we have also issued a report dated December 16, 2016, 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 the District's internal control over financial reporting and compliance.

In accordance with Oregon State Regulation, we have also issued our report dated December 16, 2016 on our consideration of the District's compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes (ORS) as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations. The purpose of that report is to describe the scope of our testing necessary to address the required provisions of ORS, and not to provide an opinion on compliance with such provisions.

A handwritten signature in cursive script that reads "Stewart Parmele CPA, Partner".

Stewart Parmele CPA, Partner  
KDP Certified Public Accountants, LLP  
Medford, Oregon  
December 16, 2016

**BROOKINGS-HARBOR SCHOOL DISTRICT NO 17C.**  
**Management's Discussion and Analysis**  
**June 30, 2016**

As management of Brookings Harbor School District No. 17-C (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with the basic financial statements and the accompanying notes to those financial statements. It should also be noted that that all amounts included in text below are rounded for ease of reading.

**FINANCIAL HIGHLIGHTS**

- In the government-wide statements, the asset/deferred outflows of the District exceeded its liabilities/deferred inflows at June 30, 2016 by \$3.7 million. Of this amount, \$8.2 million represents the District's net investment in capital assets, \$34 thousand is restricted for scholarships, \$1.1 million is restricted for debt service and the negative balance of \$5.6 million is considered unrestricted.
- The District's total net position decreased by \$847 thousand during the year ended June 30, 2016. In the prior year, the District's total net position increased by \$2.8 million. The District increased its total expenditures from the prior year, \$14.1 to \$18.5 million. District revenues increased from the prior year, \$16.9 to \$17.6 million.
- The District's total debt decreased by \$1.46 million during the 2015-2016 fiscal year as a result of scheduled principal payments.
- At the end of the fiscal year, the combined fund balances for all governmental funds was \$7.57 million, an increase of \$223 thousand from the prior year. Approximately \$2.59 million of this amount is available for spending at the District's discretion.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$2.59 million, up from \$2.5 million in the prior year. Total fund balance in the General Fund represented about 19 percent of total General Fund expenditures, down from 19.8 percent in the prior year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements

This report also contains 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. These statements include:

The *Statement of Net Position*. The *statement of net position* presents information on all of the assets, deferred outflows, liabilities and deferred inflows of the District at year-end. Net position is the difference between assets/deferred outflows and liabilities/deferred inflows. 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.

**BROOKINGS-HARBOR SCHOOL DISTRICT NO 17C.**  
**Management's Discussion and Analysis**  
**June 30, 2016**

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

In the government-wide financial statements, the District's activities are shown in one category:

*Governmental activities*. All of the District's basic functions are shown here, such as regular and special education, child nutrition services, transportation, administration, and facilities acquisition and construction. These activities are primarily financed through property taxes, Oregon's State School Fund, and other intergovernmental revenues.

The government-wide financial statements can be found as listed in the Table of Contents of this report.

**Fund financial statements**

The *fund financial statements* provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be categorized as governmental funds.

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

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

The District maintains four individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General, Special Revenue, Debt Service, and Capital Projects Funds, all of which are considered major funds.

The basic governmental fund financial statements can be found as listed in the Table of Contents of this report.

**BROOKINGS-HARBOR SCHOOL DISTRICT NO 17C.**  
**Management's Discussion and Analysis**  
**June 30, 2016**

**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. Information such as significant accounting policies and detail of certain assets/deferred outflows and liabilities/deferred inflows are included in the notes which should be read in conjunction with the basic financial statements. The notes can be found as listed in the Table of Contents of this report.

*Other information.* In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information, other supplementary information and other financial schedules* as listed in the Table of Contents of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The District's, assets/deferred outflows exceeded liabilities/deferred inflows by \$3.75 million at June 30, 2016. At June 30, 2015 District assets were greater than liabilities by \$4.507 million.

**Net Position  
Governmental Activities  
(in thousands)**

	<b>June 30, 2016</b>	<b>June 30, 2015</b>
Current and other assets	\$ 8,647	\$ 8,431
Other assets	-	948
Capital assets	14,675	14,826
Total assets	23,322	24,205
Deferred outflows	1,283	374
Total assets and deferred outflows	24,605	24,579
Current liabilities	2,649	2,696
Other liabilities	2,552	-
Long-term debt	14,060	15,497
Total liabilities	19,261	18,193
Deferred inflows	1,592	1,879
Total liabilities and deferred inflows	20,853	20,072
Net position:		
Net investment in capital assets	8,185	7,244
Restricted for scholarships	34	34
Restricted for debt service	1,127	1,198
Unassigned	(5,594)	(3,969)
Total net position	\$ 3,752	\$ 4,507

As noted earlier, net position may be an indicator of a government's financial position. At the end of the current year, the District has a positive net position balance. Net position decreased by \$847 thousand from the prior year. The District's beginning net position was restated as a result of an adjustment resulting from under-reporting of the ESD Funds received (see note 1 to the financials).

**BROOKINGS-HARBOR SCHOOL DISTRICT NO 17C.**  
**Management's Discussion and Analysis**  
**June 30, 2016**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)**

Capital assets, which consist of the District's land, buildings, building improvements, vehicles, and equipment, represent about 63 percent of total assets at June 30, 2016. The remaining assets consist mainly of cash and investments, grants and property taxes receivable and, inventories. At June 30, 2015, capital assets represented approximately 61 percent of total assets.

The District's largest liability (92 percent) is for the repayment of general obligation and PERS bonds. Current liabilities, representing about 13.5 percent of the District's total liabilities, consist almost entirely of payables on accounts, salaries and benefits, and the current portion of capital lease and bonded debt obligations. In the prior year, the repayment of general obligation and PERS bonds was also the District's largest liability and represented about 92 percent of total liabilities, while current liabilities represented about 14 percent of total liabilities.

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

**Changes in Net Position**  
**Governmental Activities**  
**(in thousands)**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Revenues:		
Program revenues:		
Charges for service	\$ 501	\$ 92
Operating grants and contributions	1,535	1,452
General revenues:		
Property taxes	6,565	6,567
State school fund - general support	7,774	7,505
Other federal, state and local sources	611	613
Earnings on investments	130	64
Other	517	641
Total revenues	<u>17,633</u>	<u>16,934</u>
Expenses:		
Instruction	10,072	7,837
Support Services	7,072	5,017
Enterprise and community services	625	534
Facilities acquisition and construction		38
Interest on long-term debt	711	694
Total expenses	<u>18,480</u>	<u>14,120</u>
Change in net position	<u>\$ (847)</u>	<u>\$ 2,814</u>

**BROOKINGS-HARBOR SCHOOL DISTRICT NO 17C.**  
**Management's Discussion and Analysis**  
**June 30, 2016**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)**

During the current fiscal year, property tax revenues of \$6.57 million and state school support of \$7.77 million account for the significant revenues received.

As previously stated, all District activities are governmental in nature, and during the current fiscal year, the District's net position decreased by \$847 thousand. Governmental activities revenue totaled \$17.6 million in the current year, and consisted primarily of property taxes, state school support and intergovernmental operating grants. The primary reasons for the current year decrease in net position are increases in all expense categories due to the increase in student enrollment and the budget positions added during the fiscal year and pension related expenses of \$2.3 million. State school support increased however property taxes decreased slightly, when compared to June 30, 2015.

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

The District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

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

At June 30, 2016, the District's governmental funds reported combined ending fund balances of \$7.57 million, an increase of \$223 thousand in comparison with the prior year. About \$2.59 million (34 percent) of the ending fund balance constitutes *unassigned ending fund balance*, which is available for spending at the District's discretion. An additional \$1.13 million (15 percent) is reserved for debt service obligations.

*General Fund:* The General Fund is the chief operating fund of the District. As of June 30, 2016, total fund balance was \$2.59 million, up \$10 thousand from the prior year. As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. General fund balance represents about 19 percent of total General Fund expenditures.

*Special Revenue Fund:* The Special Revenue Fund had a total fund balance of \$3.55 million, of which \$23 thousand is non-spendable, \$34 thousand is restricted for scholarships, \$3.09 million is committed and \$403 thousand is assigned.

*Debt Service Fund:* The Debt Service Fund has a total fund balance of \$1.13 million, all of which is restricted for the payment of debt service.

*Capital Projects Fund:* The Capital Projects Fund has a total fund balance of \$299 thousand, all of which is committed for ongoing capital projects.

**CURRENT ECONOMIC FACTORS**

The 2015-2016 School year saw an unforeseen increase in enrollment of 78 students. This helped increase the state school funds allotted to the district for the 2015-2017 biennium. The struggle to increase services while maintaining long term programs continues.

In conclusion through careful strategic planning and management of our current resources, the Brookings Harbor School District will be able to continue to provide the same high level of services to our student population.

**BROOKINGS-HARBOR SCHOOL DISTRICT NO 17C.**  
**Management's Discussion and Analysis**  
**June 30, 2016**

**REQUESTS FOR INFORMATION**

This financial report is designed to present the user (citizens, taxpayers, investors, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the District's Director Fiscal Services, Kathy McKee, at 629 Easy Street, Brookings, Oregon 97415.

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**BROOKINGS-HARBOR SCHOOL DISTRICT 17C  
STATEMENT OF NET POSITION  
JUNE 30, 2016**

	<u>Governmental Activities</u>
<b>ASSETS:</b>	
Cash and investments	\$ 7,733,223
Receivables	846,207
Inventories	44,837
Prepays	22,450
Capital assets, net	
Land	212,401
Buildings and improvements	13,505,692
Vehicles and equipment	<u>957,263</u>
<b>TOTAL ASSETS</b>	<u>23,322,073</u>
Deferred outflows of resources	
Deferred amounts related to pensions	<u>1,282,652</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<u>24,604,725</u>
<b>LIABILITIES:</b>	
Accounts payable	41,628
Accrued salaries and benefits	435,577
Accrued interest payable	6,668
Accrued compensated absences payable	23,456
Other post employment obligation	586,470
Net Pension Liability	2,551,920
Note payable	
Due within one year	12,694
Capital lease payable:	
Due within one year	79,705
Due in more than one year	120,849
Bonds payable:	
Due within one year	1,462,861
Due in more than one year	<u>13,938,648</u>
<b>TOTAL LIABILITIES</b>	<u>19,260,476</u>
Deferred inflows of resources	
Deferred amounts related to pensions	<u>1,592,373</u>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS</b>	<u>20,852,849</u>
<b>NET POSITION:</b>	
Net investment in capital assets	8,184,802
Restricted for scholarship	34,086
Restricted for debt service	1,127,165
Unrestricted	<u>(5,594,177)</u>
<b>TOTAL NET POSITION</b>	<u>\$ 3,751,876</u>

**BROOKINGS-HARBOR SCHOOL DISTRICT 17C  
STATEMENT OF ACTIVITIES  
FISCAL YEAR ENDED JUNE 30, 2016**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change In Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
Instruction	\$ 10,071,332	\$ 247,194	\$ 760,268	\$ (9,063,870)
Supporting services	7,072,010	182,818	262,753	(6,626,439)
Enterprise and community services	625,181	70,627	512,364	(42,190)
Interest on long-term debt	711,392	-	-	(711,392)
Total government activities	<u>\$ 18,479,915</u>	<u>\$ 500,639</u>	<u>\$ 1,535,385</u>	<u>(16,443,891)</u>
General revenues:				
Property taxes levied for general purposes				5,303,189
Property taxes levied for debt service				1,262,301
Tax receipt from other government				111,389
State school fund - general support				7,774,406
Common school fund				168,088
Federal forest fees				325,185
Unrestricted state and local sources				5,521
Earnings on investments				129,675
Miscellaneous				409,829
Proceeds from debt				107,220
Gain (loss) on sale of capital assets				<u>375</u>
Total general revenues				<u>15,597,178</u>
<b>CHANGE IN NET POSITION</b>				<b>(846,713)</b>
Net Position - July 1, 2015 (as restated)				<u>4,598,589</u>
Net Position - June 30, 2016				<u>\$ 3,751,876</u>

**FUND FINANCIAL STATEMENTS**

**BROOKINGS-HARBOR SCHOOL DISTRICT 17C  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2016**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Total</b>
<b>ASSETS</b>					
Cash and investments	\$ 2,871,304	\$ 3,455,759	\$ 1,107,147	\$ 299,013	\$ 7,733,223
Receivables	635,397	83,035	127,775	-	846,207
Prepays	-	22,450	-	-	22,450
<b>TOTAL ASSETS</b>	<b>\$ 3,506,701</b>	<b>\$ 3,561,244</b>	<b>\$ 1,234,922</b>	<b>\$ 299,013</b>	<b>\$ 8,601,880</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 31,994	\$ 9,634	\$ -	\$ -	\$ 41,628
Accrued salaries and benefits	435,577	-	-	-	435,577
<b>TOTAL LIABILITIES</b>	<b>467,571</b>	<b>9,634</b>	<b>-</b>	<b>-</b>	<b>477,205</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	450,022	-	107,757	-	557,779
<b>TOTAL DEFERRED INFLOWS</b>	<b>450,022</b>	<b>-</b>	<b>107,757</b>	<b>-</b>	<b>557,779</b>
Fund Balances:					
Non-spendable	-	22,450	-	-	22,450
Restricted for debt service	-	-	1,127,165	-	1,127,165
Restricted for scholarships	-	34,086	-	-	34,086
Committed	-	3,092,746	-	299,013	3,391,759
Assigned	-	402,328	-	-	402,328
Unassigned	2,589,108	-	-	-	2,589,108
<b>TOTAL FUND BALANCES</b>	<b>2,589,108</b>	<b>3,551,610</b>	<b>1,127,165</b>	<b>299,013</b>	<b>7,566,896</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 3,506,701</b>	<b>\$ 3,561,244</b>	<b>\$ 1,234,922</b>	<b>\$ 299,013</b>	<b>\$ 8,601,880</b>

**BROOKINGS-HARBOR SCHOOL DISTRICT 17C  
RECONCILIATION OF GOVERNMENTAL FUNDS  
BALANCE SHEET TO STATEMENT OF NET POSITION  
JUNE 30, 2016**

<b>TOTAL FUND BALANCES</b>		\$	7,566,896
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>			
Inventory is not reported as a governmental fund asset under the purchase method of accounting for inventory			44,837
<p>Capital assets are not financial resources and therefore are not reported in the governmental funds:</p>			
Cost	24,186,643		
Accumulated depreciation	<u>(9,511,287)</u>		14,675,356
<p>A portion of the District's property taxes are collected after year-end but are not available soon enough to pay for the current year's operations, and therefore are not reported as revenue in the governmental funds.</p>			
			557,779
<p>The asset (liability) associated with the District's pension (OPERS) is not recorded in the governmental funds as it is not available nor payable currently.</p>			
			(2,551,920)
<p>The net deferred outflow/(inflow) associated with the District's pension (OPERS) is not recorded in the governmental funds as it is not available nor payable currently.</p>			
			(309,721)
<p>Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest in long-term debt is not accrued in the governmental funds, but rather recognized as an expenditure when due. These liabilities consist of:</p>			
Accrued interest payable	(6,668)		
Other post employment obligation	(586,470)		
Note payable	(12,694)		
Capital lease payable	(200,554)		
Bonds payable	(15,401,509)		
Compensated absences payable	<u>(23,456)</u>		<u>(16,231,351)</u>
<b>TOTAL NET POSITION</b>		<b>\$</b>	<b><u><u>3,751,876</u></u></b>

**BROOKINGS-HARBOR SCHOOL DISTRICT 17C  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FISCAL YEAR ENDED JUNE 30, 2016**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Total</b>
<b>REVENUES</b>					
Property taxes	\$ 5,305,180	\$ -	\$ 1,266,575	\$ -	\$ 6,571,755
Charges for services	107,975	68,367	-	-	176,342
Interest on investments	21,917	93,895	12,028	1,835	129,675
Miscellaneous	61,321	348,508	-	-	409,829
Intergovernmental	8,708,886	1,535,385	-	-	10,244,271
<b>TOTAL REVENUES</b>	<b>14,205,279</b>	<b>2,046,155</b>	<b>1,278,603</b>	<b>1,835</b>	<b>17,531,872</b>
<b>EXPENDITURES</b>					
Current					
Instruction	7,721,968	1,304,145	-	-	9,026,113
Support services	5,808,793	550,358	-	-	6,359,151
Enterprise and community services	-	550,515	-	-	550,515
Facilities acquisition	124,269	-	-	12,700	136,969
Debt service	-	106,420	1,237,298	-	1,343,718
<b>TOTAL EXPENDITURES</b>	<b>13,655,030</b>	<b>2,511,438</b>	<b>1,237,298</b>	<b>12,700</b>	<b>17,416,466</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>550,249</b>	<b>(465,283)</b>	<b>41,305</b>	<b>(10,865)</b>	<b>115,406</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Proceeds from debt	-	107,220	-	-	107,220
Transfers in	-	561,000	-	-	561,000
Transfers out	(561,000)	-	-	-	(561,000)
Proceeds from sale of capital assets	375	-	-	-	375
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(560,625)</b>	<b>668,220</b>	<b>-</b>	<b>-</b>	<b>107,595</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(10,376)</b>	<b>202,937</b>	<b>41,305</b>	<b>(10,865)</b>	<b>223,001</b>
<b>FUND BALANCE, July 1, 2015 (as restated)</b>	<b>2,599,484</b>	<b>3,348,673</b>	<b>1,085,860</b>	<b>309,878</b>	<b>7,343,895</b>
<b>FUND BALANCE, June 30, 2016</b>	<b>\$ 2,589,108</b>	<b>\$ 3,551,610</b>	<b>\$ 1,127,165</b>	<b>\$ 299,013</b>	<b>\$ 7,566,896</b>

**BROOKINGS-HARBOR SCHOOL DISTRICT 17C  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FISCAL YEAR ENDED JUNE 30, 2016**

**NET CHANGE IN FUND BALANCE** \$ 223,001

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

Governmental funds do not report inventory balances under the purchase method of accounting for inventory while the Statement of Net Position does. This is the change in inventory in the current period. 25,243

Government funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

Expenditures for capital assets	366,194	
Less current year depreciation	<u>(517,207)</u>	(151,013)

In the Statement of Activities interest is accrued on long-term debt, whereas in the governmental funds it is recorded as an interest expense when due. (942)

Compensated absences are recognized as an expenditure in the governmental funds when they are paid. In the Statement of Activities compensated absences are recognized as an expenditure when earned. (9,025)

Early retirement benefits are recognized as an expenditure in the governmental funds when they are paid. In the Statement of Activities early retirement benefits are recognized as an expenditure when earned. 12,566

Long-term debt proceeds are reported as other financing sources in 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. This is the amount by which repayments exceeded proceeds:

Principal paid on capital lease obligations	59,044	
Principal paid on long-term general obligation debt	1,401,091	
Principal paid on note payable obligation	12,700	
Proceeds from capital lease	<u>(107,220)</u>	1,365,615

Governmental funds report pension contributions as expenditures. In the statement of activities, the cost of pension benefits earned (actuarially determined) net of employee contributions is reported as either pension expense or income. This is the net change in pension related items. (2,305,894)

Property taxes that do not meet the measurable and available criteria are not Restricted for debt service recognized as revenue in the current year in the governmental funds. In the Statement of Activities property taxes are recognized as revenue when levied. (6,264)

**CHANGE IN NET POSITION** \$ (846,713)

**NOTES TO BASIC FINANCIAL STATEMENTS**

**BROOKINGS-HARBOR SCHOOL DISTRICT NO. 17C**  
**Notes to Basic Financial Statements**  
**June 30, 2016**

**Note 1 - Summary of Significant Accounting Policies**

**The Reporting Entity**

Brookings-Harbor School District No. 17C (the District), Curry County, Oregon, was organized under provisions of Oregon Statutes pursuant to ORS Chapter 332 for the purpose of operating elementary and secondary schools. The District is governed by a separately elected five-member Board of Education (Board) who approves the administrative officials. The daily functioning of the District is under the supervision of the Superintendent. As required by generally accepted accounting principles, all activities of the District have been included in the basic financial statements.

There are various governmental agencies and special service districts that provide services within the District's boundaries. However, the District is not financial accountable for any of these entities, and therefore, none of them are considered component units or included in these basic financial statements.

The more significant of the District's accounting policies are described below.

**Basis of Presentation**

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governments units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**Government-wide Financial Statements**

The Statement of Net Position and the Statement of Activities display information about the District. These statements include the governmental financial activities of the overall District. Eliminations have been made to minimize the double counting of internal activities. Governmental activities are financed primarily through property taxes, intergovernmental revenues, and charges for services.

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

The District operates and reports only governmental funds. Therefore, financial statements have only been prepared for governmental funds.

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

**Fund Financial Statements**

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

**BROOKINGS-HARBOR SCHOOL DISTRICT NO. 17C**  
**Notes to Basic Financial Statements**  
**June 30, 2016**

**Note 1 - Summary of Significant Accounting Policies (continued)**

The District reports the following major governmental funds:

General Fund - This is the District's primary operating fund and accounts for all revenues and expenditures except those required to be accounted for in another fund.

Special Revenue Fund - This fund accounts for revenues and expenditures of grants and other restricted for specific educational purposes and student related activities. Principal revenue sources are federal and state grants, fees and charges for activities.

Debt Service Fund - This fund provides for the payment of principal and interest on general obligation bonded debt. Principal revenue source is property taxes.

Capital Projects Fund - This fund accounts for the acquisition, construction and maintenance of improvements within the District. Principal revenue source is proceeds from general obligation bonds and investment earnings.

**Measurement Focus and Basis of Accounting**

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 at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis of accounting, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met. Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program, it is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

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

In addition to assets, the statements of financial position (government-wide) and the balance sheet (governmental funds) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has one type of deferred outflow, which arises only under the full accrual basis of accounting (i.e. government-wide financials) that qualifies for reporting in this category. Accordingly, the item, deferred amounts related to pension, is reported only in the government-wide statement of net position.

**BROOKINGS-HARBOR SCHOOL DISTRICT NO. 17C**  
**Notes to Basic Financial Statements**  
**June 30, 2016**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**Measurement Focus and Basis of Accounting (continued)**

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has two types of deferred inflows, deferred amounts related to pension and unavailable revenue related to property taxes. Deferred amounts related to pension are reported only in the government-wide statement of net position while unavailable revenue is reported only in the governmental funds balance sheet.

**Cash, Cash Equivalents and Investments**

The District's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Short-term investments are stated at quoted market prices which approximates fair value.

The District's investments, authorized under state statute, consist of banker's acceptances, commercial paper, U.S. Government Agency securities, and the State of Oregon Treasurer's Local Government Investment Pool (LGIP). Banker's acceptances, commercial paper and U.S. Government Agency securities are stated at amortized cost which approximates fair value. The LGIP is stated at cost which approximates fair value. Fair value of the LGIP is the same as the District's value in the pool shares.

The Oregon State Treasury administers the LGIP. It is an open-ended no-load diversified portfolio offered to any agency, political subdivision or public corporation of the State that by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon legislature established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment options of the LGIP. The investments are regulated by the Oregon Short Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895).

**Property Taxes Receivable**

Ad valorem property taxes are levied on all taxable property as of January 1 preceding the beginning of the fiscal year. Property taxes become a lien on July 1 for personal property and real property. Property taxes are levied on July 1. Collection dates are November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

Uncollected property taxes are included in receivables on the Statement of Net Position. Uncollected taxes are deemed to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established.

**Accounts and Other Receivables**

Accounts and other receivables are comprised primarily of State school support and claims for reimbursement of costs under various federal and state grants.

**Grants**

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

**BROOKINGS-HARBOR SCHOOL DISTRICT NO. 17C**  
**Notes to Basic Financial Statements**  
**June 30, 2016**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**Inventories**

Inventories consist of supplies held for sale. In the government-wide financial statements, inventories are stated at cost using the first-in, first-out (FIFO) method. In the fund financial statements, inventory is reported using the purchase method where purchases are charged to expense when purchased.

A portion of the inventory consists of donated United States Department of Agriculture (USDA) commodities. Commodities are recorded as expenditures when consumed and are stated at their fair market value based on guidelines provided by the USDA.

**Capital Assets**

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

Buildings and improvements	-	10 to 50 years
Equipment and vehicles	-	5 to 30 years

**Pensions**

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

**Compensated Absences**

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District. All unused vacation pay is accrued when earned in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignation and retirements.

**Post-Employment Benefits**

The District's other post-employment benefit plan (OPEB) includes an implicit rate subsidy for medical insurance. GAAP requires biennial actuarial valuation of the District's OPEB. This valuation includes both eligible active employees and retirees. With each valuation, the net OPEB obligation or asset is determined, as well as an annual OPEB cost, which the District records in the government-wide financial statements.

**Unearned Revenue**

The District reports unearned revenue on the Statement of Net Position consisting of revenue received but not earned at fiscal year end.

**BROOKINGS-HARBOR SCHOOL DISTRICT NO. 17C**  
**Notes to Basic Financial Statements**  
**June 30, 2016**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**Long-term Debt**

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

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

**Net Position/Fund Balance**

In the government-wide financial statements, equity is classified as net position and displayed in three components:

1. *Net investment in capital assets* – consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increase by balances of deferred outflows of resources related to those assets.
2. *Restricted net position* – Consists of net position with constraints placed on the use by either (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Restricted net position is reduced by liabilities and deferred inflows or resources related to the restricted assets.
3. *Unrestricted net position* – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

In the fund financial statements, governmental fund equity is classified in the following categories:

- *Non-Spendable* – Includes items not immediately converted to cash, such as prepaid items and inventory.
- *Restricted* – Includes items that are restricted by external creditors, grantors, or contributors, or restricted by legal constitutional provisions.
- *Committed* – Includes items committed by the District's Board of Directors, by formal board action.
- *Assigned* – Includes items assigned for specific purposes, authorized by the District's Superintendent and/or Director of Business Services
- *Unassigned* – This is the residual classification used for those balances not included in another category.

It is the District's policy to first use restricted net position prior to the use of unrestricted net position when an expenditure is incurred for purposes for which both restricted and unrestricted net position are available.

**Restatement of Beginning Net Position**

In addition, during the year ended June 30, 2016, the District determined the prior period needed to be restated due to pass through funds from South Coast ESD for the 14-15 school year that were not received until the 2016 school year. The result of the restatement was a \$91,368 increase in the beginning net position of the governmental activities and beginning fund balance in the General Fund.

**BROOKINGS-HARBOR SCHOOL DISTRICT NO. 17C**  
**Notes to Basic Financial Statements**  
**June 30, 2016**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**Budget**

A budget is prepared and legally adopted for each governmental fund type on the modified accrual basis of accounting. This budgetary basis of accounting is different than accounting principles generally accepted in the United States of America (GAAP). The major differences between the budgetary and GAAP basis of accounting are that capital outlay and other long-term assets, and debt principal and other long-term liabilities, are included as budgeted expenditures in the governmental fund types. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations.

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

Supplemental budgets less than 10% of a fund's original budget may be adopted by the Board at a regular meeting. A supplemental budget greater than 10% of a fund's original budget appropriation requires hearings before the public, publication in newspapers, and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers within a fund between the levels of control (major function levels) with Board approval. Budget amounts are as originally adopted and as amended by the Board of Directors. During the year, various resolutions were approved. Appropriations lapse at the end of each fiscal year.

**Excess of expenditures over appropriations**

During the fiscal year ended June 30, 2016, the District was in compliance with Local Budget Law, except as follows:

The District over expended in the General Fund in the Instruction category by \$73,384, Special Revenue Fund in the Debt Service category by \$420.

**Creation of new appropriation without a supplemental budget**

The Board approved a resolution for the creation of a new appropriation category that did not exist within the originally adopted budget. A supplemental budget was required for the appropriation transfer from Contingency to Facilities and Acquisition within the General Fund of \$150,000.

**Use of Estimates**

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

**BROOKINGS-HARBOR SCHOOL DISTRICT NO. 17C**  
**Notes to Basic Financial Statements**  
**June 30, 2016**

**Note 2 - Cash and Investments**

**Deposits** - The Governmental Accounting Standards Boards has adopted accounting principles generally accepted in the United States of America (GAAP), which include standards to categorize deposits to give an indication of the level of custodial credit risk assumed by the District at June 30, 2016. If bank deposits at year end are not entirely insured or collateralized with securities held by the District or by its agent in the District's name, the District must disclose the custodial credit risk that exists. Deposits with financial institutions are comprised of bank demand deposits. For deposits in excess of federal depository insurance, Oregon Revised Statutes require depository institutions to be in compliance with ORS 295. For the fiscal year ended June 30, 2016, the carrying amounts of the District deposits in various qualifying financial institutions were \$992,441 and the bank balances were \$1,647,210. All deposits are held in the name of the District. At June 30, 2016 the District's deposits were covered by federal depository insurance and the State of Oregon shared liability structure for participating bank depositories in Oregon.

Effective July 1, 2008, House Bill 2901 created a shared liability structure for participating bank depositories in Oregon. Barring any exceptions, a qualifying bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of the quarter-end public fund deposits if they are adequately capitalized, or 110% of the quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public bank depositories is available to repay the deposits of public funds of governmental entities.

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

**Investments** - The Brookings Harbor School District has invested funds in the State Treasurer's Oregon Short-term Fund Local Government Investment Pool during fiscal year 2016. The Oregon Short-term Fund is the local government investment pool for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). Local Government Investment Pool (LGIP) is an external investment pool managed by the State Treasurer's office, which allow governments within the state to pool their funds for investment purposes. The amounts invested in the pool are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry form as defined by GASB statement No. 40. LGIP is not rated.

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

Investments in the Oregon State Treasury LGIP are made under the provisions of ORS 194.180. These funds are held in the District's name and are not subject to collateralization requirements or ORS 295.015. Investments are stated at amortized cost, which approximated fair value.

State of Oregon statutes restrict the types of investments in which the District may invest. Authorized investments include obligations of the United States Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, time certificates of deposit, certain commercial paper, and the State of Oregon Treasurer's Local Government Investment Pool. As of June 30, 2016 and for the year then ended, the District was in compliance with the aforementioned State of Oregon statutes.

**BROOKINGS-HARBOR SCHOOL DISTRICT NO. 17C**  
**Notes to Basic Financial Statements**  
**June 30, 2016**

**Note 2 - Cash and Investments (continued)**

*Investments and Credit Risk* - State Statutes authorize the District to invest primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, banker's acceptances, certain commercial papers, and the State Treasurer's Investment Pool, among others. The District has no formal investment policy that further restricts its investment choices.

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

*Interest Rate Risk.* The District has no formal investment policy that explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates.

As of June 30, 2016, the District had the following investments:

Investment Type	Maturity	Percentage of Portfolio	Fair Value
Local Government Investment Pool	1 day	72.28%	\$ 4,872,219
Government Securities	1 day	27.72%	1,868,563
Total Investments			<u>\$ 6,740,782</u>

A reconciliation of cash and investments as shown on the Statement of Net Position is as follows:

Carrying amounts of cash and investments:

Demand Deposits	\$ 992,441
Investments:	
Government Securities	1,868,563
Local Government Investment Pool	4,872,219
	<u>\$ 7,733,223</u>

**Note 3 - Receivables**

Receivables are comprised of the following as of June 30, 2016:

	General	Special Revenue	Debt Service	Totals
Property Taxes	\$ 534,544	\$ -	\$ 127,775	\$ 662,319
Grants/Other	100,853	83,035	-	183,888
Receivables	<u>\$ 635,397</u>	<u>\$ 83,035</u>	<u>\$ 127,775</u>	<u>\$ 846,207</u>

**BROOKINGS-HARBOR SCHOOL DISTRICT NO. 17C**  
**Notes to Basic Financial Statements**  
**June 30, 2016**

**Note 3 - Receivables (continued)**

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

**Note 4 - Capital Assets**

The changes in capital assets for the year ended June 30, 2016, are as follows:

	<u>Balance July 1, 2015</u>	<u>Capital Acquisitions</u>	<u>Dispositions</u>	<u>Balance June 30, 2016</u>
Capital assets not being depreciated				
Land	\$ 212,401	\$ -	\$ -	\$ 212,401
Construction in Progress	76,431	-	(76,431)	-
	<u>288,832</u>	<u>-</u>	<u>(76,431)</u>	<u>212,401</u>
Total capital assets not being depreciated	<u>\$ 288,832</u>	<u>\$ -</u>	<u>\$ (76,431)</u>	<u>\$ 212,401</u>
Capital assets being depreciated				
Buildings	\$ 19,974,160	\$ 78,674	\$ -	\$ 20,052,834
Building Improvements	1,602,425	131,476	-	1,733,901
Machinery & Equipment	548,464	6,963	-	555,427
Vehicles	1,485,843	225,512	(79,275)	1,632,080
	<u>23,610,892</u>	<u>442,625</u>	<u>(79,275)</u>	<u>23,974,242</u>
Totals	<u>23,610,892</u>	<u>442,625</u>	<u>(79,275)</u>	<u>23,974,242</u>
Less accumulated depreciation for:				
Buildings	(6,487,811)	(379,709)	-	(6,867,520)
Building Improvements	(1,371,200)	(42,323)	-	(1,413,523)
Machinery & Equipment	(459,616)	(14,148)	-	(473,764)
Vehicles	(754,728)	(81,027)	79,275	(756,480)
	<u>(9,073,355)</u>	<u>(517,207)</u>	<u>79,275</u>	<u>(9,511,287)</u>
Total	<u>(9,073,355)</u>	<u>(517,207)</u>	<u>79,275</u>	<u>(9,511,287)</u>
Total net capital assets being depreciated	<u>14,537,537</u>			<u>14,462,955</u>
Total Capital Assets	<u>\$ 14,826,369</u>			<u>\$ 14,675,356</u>

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

Program:	
Instruction	\$ 298,418
Supporting Services	199,081
Community Services	<u>19,708</u>
Total	<u>\$ 517,207</u>

**BROOKINGS-HARBOR SCHOOL DISTRICT NO. 17C**  
**Notes to Basic Financial Statements**  
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**Note 5 - Deferred Inflows of Resources**

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At June 30, 2016, the components of deferred inflows of resources included in the governmental funds' Balance Sheet consist of the following:

<u>Fund by Type</u>	<u>Unavailable</u>	<u>Total</u>
Property taxes:		
General fund	\$ 450,022	\$ 450,022
Debt service fund	<u>107,757</u>	<u>107,757</u>
 Total Unavailable Revenue	 <u>\$ 557,779</u>	 <u>\$ 557,779</u>

**Note 6 - Interfund Transfers**

The composition of interfund transfers as of June 30, 2016:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 561,000
Special Revenue Fund	<u>561,000</u>	<u>-</u>
 Total Transfers	 <u>\$ 561,000</u>	 <u>\$ 561,000</u>

The District made budgeted transfers from the General Fund to the Special Revenue fund including; a routine transfer of \$106,000 to the Student Activity program for support of activities, \$77,000 to the Food Service program to support its operations, \$120,000 to the transportation equipment program to support its operations, \$40,000 to the Middle School Athletic fund for support of activities, \$168,000 to the facility maintenance program to support its operations, and \$50,000 to the Textbook Adoption program to support its operations.

**Note 7 - Leases**

Operating Leases

The District leases copiers and a postage machine under noncancellable operating leases. Total costs for such leases were \$30,559 for the year ended June 30, 2016. The future minimum lease payments for these leases are as follows:

<u>Year Ending June 30</u>	
2017	\$ 31,674
2018	31,994
2019	15,783
2020	11,870
2021	<u>1,238</u>
	 <u>\$ 92,559</u>

**BROOKINGS-HARBOR SCHOOL DISTRICT NO. 17C**  
**Notes to Basic Financial Statements**  
**June 30, 2016**

**Note 7 – Leases (continued)**

Capital Leases

In prior years the District has entered into lease agreements as lessee for financing the acquisition of school buses. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The buses are included in the District's capital assets. The total bus lease principal payments for the year ending June 30, 2016 were \$59,044. The cost of the leased buses totaled \$906,511, with accumulated depreciation of \$278,247, and a net book value of \$628,264 as of the year ended June 30, 2016.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2016, were as follows:

Year Ending June 30	
2017	\$ 85,054
2018	51,801
2019	51,801
2020	22,585
Total minimum lease payments	211,241
Less: amount representing interest	(10,687)
	<u>\$ 200,554</u>

During the fiscal year ended June 30, 2016, \$6,676 of interest was charged to expense related to capitalized leases payable.

**Note 8 - Note Payable**

On August 30, 1990, the District entered into a Deferred Improvement Agreement (DIA) with the City of Brookings, Oregon (City). The DIA obligates the District to construct, at its sole cost and expense, certain improvements along specific City streets fronting the District's properties. During the year ended June 30, 2015, the City completed a grant-funded project to reconstruct and install curb, gutter, sidewalk, and drainage improvements at multiple District owned locations. On November 5, 2014, the District agreed to pay one-half of the local share of the project, or \$38,094, in three annual installments. On January 15, 2016, the District paid \$12,700 as the second installment on the note payable.

The future payments for this note payable are as follows:

Year Ending June 30	
2017	\$ 12,694
Total note payable	<u>\$ 12,694</u>

**BROOKINGS-HARBOR SCHOOL DISTRICT NO. 17C**  
**Notes to Basic Financial Statements**  
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**Note 9 - Long-term Debt**

*2013 General Obligation Refunding Bonds:* On March 19, 2013, the District refinanced certain outstanding 2004 General Obligation Refunding Bonds, which were originally issued in 2000 and 2001 to finance repairs and new construction. The District shall levy annually as provided by law a direct ad valorem tax upon all taxable property within the District in a sufficient amount to pay the principal and interest on the bonds as they become due. Interest on this debt is due semiannually on June 15 and December 15 of each year to maturity. Interest expense for the fiscal year was \$96,966.

Aggregate mandatory maturities of long-term debt on 2013 Refunding Bonds, are as follows:

Year Ending June 30,	Principal	Interest	Total	Interest Rate
2017	\$ 1,175,000	\$ 89,118	\$ 1,264,118	0.804%
2018	1,210,000	77,292	1,287,292	1.174%
2019	1,250,000	60,976	1,310,976	1.474%
2020	1,295,000	40,135	1,335,135	1.796%
2021	1,360,000	14,253	1,374,253	2.096%
	<u>\$ 6,290,000</u>	<u>\$ 281,774</u>	<u>\$ 6,571,774</u>	

*Limited Tax Pension Bonds, Series 2002 and Series 2004.* On October 9, 2002 and February 6, 2004, the District entered into an agreement to participate in the Oregon School Board Association Limited Tax Pension Bonds. Bonds were issued in the amount of \$6,016,455 and \$4,655,000 respectively, bearing interest at 2.06% to 6.1%, payable semiannually. Bond proceeds were paid to the Public Employee Retirement System. An intercept agreement with the State of Oregon was required as a condition of issuance; therefore a portion of State School Support is withheld on a monthly basis to repay debt. Funds are accumulated and invested by a trust officer, and annual principal and interest payments are made June 30 through 2028. Some of the bonds with the maturity date of 2021 shall be subject to optional prepayment, in whole or in part on any date, at a prepayment price equal to par plus accrued interest.

Aggregate mandatory maturities of long-term debt on 2002 and 2004 Pension Bonds, are as follows:

Year Ending June 30,	Principal	Interest	Total	Interest Rate
2017	\$ 287,861	\$ 612,262	\$ 900,123	5.67%
2018	319,093	627,577	946,670	5.82%
2019	351,521	644,964	996,485	6.02%
2020	383,034	661,522	1,044,556	6.10%
2021	295,000	405,807	700,807	5.48-5.55%
2022-2026	5,025,000	1,457,750	6,482,750	5.55%
2027-2028	2,025,000	147,935	2,172,935	5.55%
	<u>\$ 8,686,509</u>	<u>\$ 4,557,817</u>	<u>\$ 13,244,326</u>	

During the fiscal year ended June 30, 2016, \$596,063 was charged to interest expense for the two bond series.

**BROOKINGS-HARBOR SCHOOL DISTRICT NO. 17C**  
**Notes to Basic Financial Statements**  
**June 30, 2016**

**Note 9 - Long-term Debt (continued)**

*2012 Refunding of 2002 Limited Tax Pension Bonds, Series 2002.* On January 31, 2012, the District refinanced a portion of its Oregon School Board Association Limited Tax Pension Bonds, Series 2002. The refunded portion matures in 2021, bearing an interest rate of 2.75% with interest payments payable semiannually on June 30 and December 30 and a one-time principal payment June 30, 2021.

Aggregate mandatory maturities of long-term debt on 2012 Refunding Pension Bonds, are as follows:

Year Ending June 30,	Principal	Interest	Total	Interest Rate
2017	\$ -	\$ 11,687	\$ 11,687	2.75%
2018	-	11,687	11,687	2.75%
2019	-	11,688	11,688	2.75%
2020	-	11,688	11,688	2.75%
2021	425,000	11,687	436,687	2.75%
	<u>\$ 425,000</u>	<u>\$ 58,437</u>	<u>\$ 483,437</u>	

During the fiscal year ended June 30, 2016, \$11,687 of interest was charged to interest expense.

The changes in long-term obligations for year ending June 30, 2016, are as follows:

	Outstanding July 1, 2015	Issued	Matured and Redeemed	Outstanding June 30, 2016
General Obligation Bonds:				
2012 Bond Refinancing	\$ 7,430,000	\$ -	\$ (1,140,000)	\$ 6,290,000
PERS Bonds Payable	9,372,600	-	(261,091)	9,111,509
Total	<u>16,802,600</u>	<u>-</u>	<u>(1,401,091)</u>	<u>15,401,509</u>
Capital Leases	<u>152,378</u>	<u>107,220</u>	<u>(59,044)</u>	<u>200,554</u>
	<u>\$ 16,954,978</u>	<u>\$ 107,220</u>	<u>\$ (1,460,135)</u>	<u>\$ 15,602,063</u>

**Note 10 - Compensated Absences**

During the fiscal year ended June 30, 2016, the following changes occurred in compensated absences reported in the Statement of Net Position:

	Balance 6/30/2015	Additions	Reclassifications/ Reductions	Balance 6/30/2016	Due Within One Year
Compensated absences	\$ 14,431	\$ 43,858	\$ (34,833)	\$ 23,456	\$ 23,456

**BROOKINGS-HARBOR SCHOOL DISTRICT NO. 17C**  
**Notes to Basic Financial Statements**  
**June 30, 2016**

**Note 11 - Other Post Employment Benefits**

***Postemployment Health Insurance Implicit Subsidy***

***Plan Description*** - The District operates a single-employer retiree benefit plan that provides postemployment health, dental and vision coverage and life insurance benefits to eligible employees and their spouses.

This program was established in accordance with Oregon Revised Statutes (ORS) 243.303, which requires that all eligible retirees be allowed to continue receiving health insurance benefits, at their cost, until age 65 or they become otherwise eligible for Medicare. ORS stipulate that for the purpose of establishing healthcare premiums, the rate must be based upon all plan members, including active members and retirees.

Due to medical premium rates being determined by blending both active employee and retiree experience, there is an implicit medical benefit to retirees because the medical premium rates charged for coverage typically are less than actual expected retiree claim costs. Qualified spouses, domestic partners, and children may qualify for coverage. The difference between retiree claims costs, which because of the effect of age is generally higher in comparison to all plan members, and the amount of retiree healthcare premiums represents the District's implicit employer contribution.

***Funding Policy*** - The benefits from this program are paid by the District and retirees on a pay-as-you-go basis. There is no obligation on the part of the District to fund these benefits in advance.

***Annual OPEB Cost and Net OPEB Obligation*** - The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB 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) over a period not to exceed 15 years. The following table shows the components of the District's annual OPEB cost for the year ending June 30, 2016, the amount actually contributed to the plan, and changes in the District's net OPEB obligation.

Annual Required Contribution Asset	\$ 133,422
Earnings on investments	20,966
Adjustments to annual required contribution	<u>(72,029)</u>
Annual required contribution (ARC) and annual OPEB cost (expense)	82,359
Less: Implicit Benefit Payments	<u>(94,925)</u>
Increase/(decrease) in net OPEB obligation	(12,566)
Net OPEB obligation - beginning of year	<u>599,036</u>
Net OPEB obligation - end of year	<u><u>\$ 586,470</u></u>

**BROOKINGS-HARBOR SCHOOL DISTRICT NO. 17C**  
**Notes to Basic Financial Statements**  
**June 30, 2016**

**Note 11 - Other Post Employment Benefits (continued)**

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the fiscal years ending June 30, 2016, 2015 and 2014 are:

Fiscal year	Annual OPEB Cost	Contributions	Funded Ratio	Net OPEB Obligation
2016	\$ 82,359	\$ 94,925	115%	\$ 586,470
2015	\$ 151,627	\$ 84,534	56%	\$ 599,036
2014	\$ 149,815	\$ 81,053	54%	\$ 531,943

**Actuarial methods and assumptions** - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The actuarial assumptions included: (1) an assumed inflation rate of 2.5% and an assumed health care premium inflation rate of 5.75% in 2015-16 grading down to 5.25% in 45 years, (2) range of retirement age for employees with fewer, and more, than 30 years of service, (3) turnover and disability rates by age and years of service, as developed by Oregon PERS, (4) marital status, (5) coverage of eligible children, (6) discount rate of 3.5%

Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectation and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to actuarial accrued liabilities for benefits. The schedule of funding progress is required to report the last three actuarial valuations, which are October 1, 2009, October 1, 2012, and October 1, 2015.

The actuarial cost method used to determine the District's OPEB liability is the Projected Unit Credit Method. The Projected Unit Credit Method is comprised of two components: normal cost, and amortization payments. In its application of this method the expected accrued benefit of each participant at benefit commencement (reflecting future expected increases in salaries and medical premiums) is allocated in equal proportion over the participant's years of service from hire to expected retirement. The normal cost is the present value of benefits expected to accrue in the current year.

The present value of benefits accrued as of the valuation date is called the accrued liability. The difference between the accrued liability and the actuarial value of plan assets is called the unfunded actuarial accrued liability (UAAL). All changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial data are amortized separately. In additions, all gains or losses may be amortized each year. The UAAL is being amortized as a level percentage of payroll over future open periods.

**Funded Status and Funding Progress** - As of October 1, 2015 the actuarial accrued liability for benefits was \$707,679 and the actuarial value of assets was \$0, resulting in a UAAL of \$707,679. The covered payroll (annual payroll of active employees covered by the plan) was \$7.5 million for fiscal year 2015 and the ratio of the UAAL to the covered payroll was 9%. Using a 15-year amortization period, the Annual Required Contribution (ARC) for 2016 has been actuarially determined to be \$133,422.

**BROOKINGS-HARBOR SCHOOL DISTRICT NO. 17C**  
**Notes to Basic Financial Statements**  
**June 30, 2016**

**Note 12 - Pension Plan**

The Oregon Public Employees Retirement System (PERS) consists of a single cost-sharing multiple-employer defined benefit plan.

***Plan Benefits -***

All benefits of the System are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapter 238 and 238A.

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

The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.

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

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

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

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

*Disability Benefits* - A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

*Benefit Changes After Retirement* – Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The COLA for fiscal year 2015 was capped at 1.5 percent for all benefit recipients. As a result of the Moro Decision (Everice Moro et al v. State of Oregon et al), the cap on the COLA was restored to 2.0 percent for fiscal year 2016 and beyond.

**BROOKINGS-HARBOR SCHOOL DISTRICT NO. 17C**  
**Notes to Basic Financial Statements**  
**June 30, 2016**

**Note 12 - Pension Plan (continued)**

***Contributions –***

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2013 actuarial valuation, which became effective July 1, 2015. The State of Oregon and certain schools, community colleges, and political subdivisions have made unfunded actuarial liability payments, and their rates have been reduced. Employer contributions for the year ended June 30, 2016 were \$177,239, excluding amounts to fund employer specific liabilities.

A 10 year schedule of Defined Benefit Pension Plan Contributions can be found beginning on page 62 of the June 30, 2015 PERS CAFR.

***Pension Plan Comprehensive Annual Financial Report (CAFR) –***

Oregon PERS produces an independently audited CAFR which can be found at:  
[http://www.oregon.gov/pers/Pages/section/financial\\_reports/financials.aspx](http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx).

***Actuarial Valuation –***

The employer contribution rates effective July 1, 2013 through June 30, 2015 and July 1, 2015, through June 30, 2017, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

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

**BROOKINGS-HARBOR SCHOOL DISTRICT NO. 17C**  
**Notes to Basic Financial Statements**  
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**Note 12 - Pension Plan (continued)**

**Actuarial Methods and Assumptions Used in Developing Total Pension Liability –**

Valuation date	December 31, 2013
Measurement date	June 30, 2015
Experience Study	2014, published September 2015
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Inflation rate	2.75 percent
Long-term expected rate of return	7.75 percent
Discount rate	7.75 percent
Projected salary increases	3.75 percent
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	<p><i>Healthy retirees and beneficiaries:</i>  RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation.</p> <p><i>Active members:</i>  Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p><i>Disabled retirees:</i>  Mortality rates are a percentage (65% for males, 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.</p>

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

**Proportionate Share Allocation Methodology –**

The basis for the employer's proportion is actuarially determined by comparing the employer's projected long-term contribution effort to the Plan with the total projected long-term contribution effort of all employers. The contribution rate for every employer has at least two major components; Normal Cost Rate and Unfunded Actuarial Liability (UAL) Rate.

**BROOKINGS-HARBOR SCHOOL DISTRICT NO. 17C**  
**Notes to Basic Financial Statements**  
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**Note 12 - Pension Plan (continued)**

Since the December 31, 2013 actuarial valuation, the system-side actuarial accrued liability has increased primarily due to the *Moro* Decision and assumption changes, along with interest on the liability as current active members get closer to retirement. The Oregon Supreme Court decision in *Moro v. State of Oregon*, issued on April 30, 2015, reversed a significant portion of the reductions the 2013 Oregon Legislature made to future system Cost of Living Adjustments (COLA) through Senate Bills 822 and 861. This reversal increased the benefits projected to be paid by employers compared to those developed in the prior actuarial valuation, and consequently increased plan liabilities. The employers' projected long-term contributions effort has been adjusted for the estimated impact of the *Moro* Decision. In accordance with statute, a biennial review of actuarial methods and assumptions was completed in 2015 to be used for the December 31, 2014 actuarial valuation. After completion of this review and subsequent to the measurement date, the PERS Board adopted several assumption changes, including lowering the investment return assumption to 7.50%, which was effective January 1, 2016.

***Discount Rate –***

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

***Investment Rate of Return –***

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2013 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. For more information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means; see PERS' audited financial statements at:

[http://www.oregon.gov/pers/docs/financial\\_reports/2015\\_cafr.pdf](http://www.oregon.gov/pers/docs/financial_reports/2015_cafr.pdf).

***Pension Liabilities/Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions –***

At June 30, 2016, the District reported a liability of \$2,551,920 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the District's proportion was approximately 0.04444 percent.

**BROOKINGS-HARBOR SCHOOL DISTRICT NO. 17C**  
**Notes to Basic Financial Statements**  
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**Note 12 - Pension Plan (continued)**

For the year ended June 30, 2016, the District recognized pension expense of \$2,305,894. Pension expense was generated during the measurement period primarily as a result of less than anticipated investment returns at the OPERS level and factors associated with the Moro Decision. The \$2,305,894 was treated as an increase of payroll related expense in the Statement of Activities and allocated to Instruction, Supporting Services, and Community Services using allocation percentages of 59%, 38% and 3%, respectively. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on investments:	\$ 923,098	\$ 1,458,038
Differences between expected and actual experience:	137,612	-
Proportion and contribution differences:	44,703	134,335
District's contributions subsequent to the measurement date:	177,239	-
	\$ 1,282,652	\$ 1,592,373

\$177,239 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as an increase to the net pension asset in the year ended June 30, 2016.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (income) as follows:

Year Ending June 30,	Deferred Outflow/(Inflow) of Resources (prior to post- measurement date.)
2017	\$ (246,247)
2018	(246,247)
2019	(246,247)
2020	243,976
2021	7,804
Thereafter	-
	\$ (486,961)

**Sensitivity for the District's Proportionate Share of the Net Pension Asset to Changes in Discount Rate –**

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.75 percent) or 1-percentage point higher (8.75 percent) than the current rate:

District's Net Pension Asset/(Liability)	1 % Decrease (6.75%)	Current Discount Rate (7.75%)	1 % Increase (8.75%)
Defined Benefit Pension Plan	(6,158,964)	(2,551,920)	487,870

**BROOKINGS-HARBOR SCHOOL DISTRICT NO. 17C**  
**Notes to Basic Financial Statements**  
**June 30, 2016**

**Note 13 - Contingencies**

Amounts received or receivable from grantor agencies are subject to compliance audits by grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

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

The District's operations are concentrated within Curry County. In addition, substantially all the District's revenues for continuing operations are from federal, state, and local government agencies. In the normal course of operations, the District receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

**Note 14 - Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. Worker's compensation insurance is also provided through a commercial carrier. There has been no significant reduction in insurance coverage from the prior year and the District has not been required to pay any settlements in excess of insurance coverage during the past three fiscal years ending June 30, 2016.

**Note 15 - Fund Balances**

In the Special Revenue Fund, the District has committed funds for the PERS UAL Bond, Roof Maintenance, and Transportation Equipment. Also in the Special Programs Fund, the District has assigned for technology improvements, Food Service, Student Body Funds, maintenance equipment purchases, textbooks, and other miscellaneous programs.

**Note 16 - Subsequent Events**

Management of the District has evaluated events and transactions occurring after June 30, 2016 through December 16, 2016, the date of the financial statements were available for issuance, for recognition and/or disclosure in the financial statements. There were no additional events and/or transactions that required recognition and disclosure in the financial statements, other than the following:

On September 27, 2016, the District entered into a new capital lease for the purchase of a Bluebird Bus. The lease proceeds and purchase price of this equipment was \$147,869 and is payable in five annual installments of \$31,085, including interest at 2.45%, beginning on April 5, 2017 with the final installment due April 5, 2021.

**REQUIRED SUPPLEMENTARY INFORMATION**

**BROOKINGS-HARBOR SCHOOL DISTRICT 17C  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2016**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
<b>REVENUES</b>				
Local sources				
Property taxes	\$ 5,157,821	\$ 5,157,821	\$ 5,305,180	\$ 147,359
Charges for services	20,000	20,000	107,975	87,975
Interest on investments	15,000	15,000	21,917	6,917
Miscellaneous	380,000	380,000	61,321	(318,679)
Intermediate sources				
Intergovernmental	108,000	108,000	435,686	327,686
State sources				
State school fund	7,760,904	7,760,904	7,774,406	13,502
Intergovernmental	170,550	170,550	173,609	3,059
Federal sources				
Intergovernmental	-	-	325,185	325,185
<b>TOTAL REVENUES</b>	<b>13,612,275</b>	<b>13,612,275</b>	<b>14,205,279</b>	<b>593,004</b>
<b>EXPENDITURES</b>				
Current				
Instruction	7,948,584	7,648,584	7,721,968	(73,384)
Support services	5,168,173	5,868,173	5,808,793	59,380
Facilities Acquisition	-	150,000	124,269	25,731
Contingency	1,534,518	984,518	-	984,518
<b>TOTAL EXPENDITURES</b>	<b>14,651,275</b>	<b>14,651,275</b>	<b>13,655,030</b>	<b>996,245</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(1,039,000)</b>	<b>(1,039,000)</b>	<b>550,249</b>	<b>1,589,249</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sale of capital assets	-	-	375	375
Transfers to other funds	(561,000)	(561,000)	(561,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(561,000)</b>	<b>(561,000)</b>	<b>(560,625)</b>	<b>375</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,600,000)</b>	<b>(1,600,000)</b>	<b>(10,376)</b>	<b>1,589,624</b>
<b>FUND BALANCE, July 1, 2015 (as restated)</b>	<b>1,600,000</b>	<b>1,600,000</b>	<b>2,599,484</b>	<b>999,484</b>
<b>FUND BALANCE, June 30, 2016</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,589,108</b>	<b>\$ 2,589,108</b>

**BROOKINGS-HARBOR SCHOOL DISTRICT 17C  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
SPECIAL REVENUE FUND  
FISCAL YEAR ENDED JUNE 30, 2016**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
<b>REVENUES</b>				
Local sources				
Charges for services	\$ 508,961	\$ 508,961	\$ 68,367	\$ (440,594)
Interest on investments	-	-	93,895	93,895
Miscellaneous	82,500	82,500	348,508	266,008
Intermediate sources				
Intergovernmental	25,000	25,000	1,823	(23,177)
State sources				
Intergovernmental	162,878	162,878	75,025	(87,853)
Federal sources				
Intergovernmental	1,216,885	1,216,885	1,458,537	241,652
<b>TOTAL REVENUES</b>	<b>1,996,224</b>	<b>1,996,224</b>	<b>2,046,155</b>	<b>49,931</b>
<b>EXPENDITURES</b>				
Current				
Instruction	1,582,766	1,582,766	1,304,145	278,621
Support services	596,520	596,520	550,358	46,162
Enterprise and community services	605,421	605,421	550,515	54,906
Debt service	106,000	106,000	106,420	(420)
Contingency	248,513	248,513	-	248,513
<b>TOTAL EXPENDITURES</b>	<b>3,139,220</b>	<b>3,139,220</b>	<b>2,511,438</b>	<b>627,782</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(1,142,996)</b>	<b>(1,142,996)</b>	<b>(465,283)</b>	<b>677,713</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from debt	-	-	107,220	(107,220)
Transfers in (out)	561,000	561,000	561,000	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>561,000</b>	<b>561,000</b>	<b>668,220</b>	<b>(107,220)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(581,996)</b>	<b>(581,996)</b>	<b>202,937</b>	<b>784,933</b>
<b>FUND BALANCE, July 1, 2015</b>	<b>3,284,564</b>	<b>3,284,564</b>	<b>3,348,673</b>	<b>64,109</b>
<b>FUND BALANCE, June 30, 2016</b>	<b>\$ 2,702,568</b>	<b>\$ 2,702,568</b>	<b>\$ 3,551,610</b>	<b>\$ 849,042</b>

**BROOKINGS-HARBOR SCHOOL DISTRICT 17C  
SCHEDULE OF FUNDING PROGRESS  
JUNE 30, 2016**

<u>Valuation Date</u>	<u>Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL/ Payroll</u>
10/1/2009	\$ -	\$ 1,702,225	\$ 1,702,225	0.00%	\$ 6,946,851	24.50%
10/1/2012	\$ -	\$ 915,647	\$ 915,647	0.00%	\$ 7,301,830	12.54%
10/1/2015	\$ -	\$ 707,679	\$ 707,679	0.00%	\$ 7,486,068	9.45%

The above table represents the most recent actuarial valuation for the District's other postemployment benefits and provides information that approximates the funding progress of the plan.

**BROOKINGS-HARBOR SCHOOL DISTRICT 17C  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION  
ASSET/(LIABILITY) AND SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)  
LAST 10 FISCAL YEARS ENDING JUNE 30 (For Years Information is Available)**

**Brookings-Harbor School District 17C Proportionate Share of Net Pension Asset/(Liability)**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's of proportion of the net pension asset/(liability)	0.04447222%	0.0418436%	0.0418436%
District's proportion of the net pension asset/(liability)	\$ (2,551,920)	\$ 948,474	\$ (2,135,339)
District's covered-employee payroll	\$ 6,865,619	\$ 6,761,490	\$ 6,654,285
District's proportionate share of the net pension asset/(liability) as a percentage of its covered-employee payroll	-37.17%	14.03%	-32.09%
Plan fiduciary net position as a percentage of the total pension liability	91.88%	103.59%	91.97%

**Brookings-Harbor School District 17C Contributions**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 177,239	\$ 374,375	\$ 327,355
Contribution in relation to the contractually required	\$ (177,239)	\$ (374,375)	\$ (327,355)
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered - employee payroll	\$ 7,486,068	\$ 6,865,619	\$ 6,761,490
Contributions as a percentage of covered-employee payroll	2.37%	5.45%	4.84%

**Note 1 - Changes of Benefit Terms and Assumptions -**

Since the December 31, 2013 actuarial valuation, the system-side actuarial accrued liability has increased primarily due to the Moro Decision and assumption changes, along with interest on the liability as current active members get closer to retirement. The Oregon Supreme Court decision in Moro v. State of Oregon, issued on April 30, 2015, reversed a significant portion of the reductions the 2013 Oregon Legislature made to future system Cost of Living Adjustments (COLA) through Senate Bills 822 and 861. This reversal increased the benefits projected to be paid by employers compared to those developed in the prior actuarial valuation, and consequently increased plan liabilities. The employers' projected long-term contributions effort has been adjusted for the estimated impact of the Moro Decision. In accordance with statute, a biennial review of actuarial methods and assumptions was completed in 2015 to be used for the December 31, 2014 actuarial valuation. After completion of this review and subsequent to the measurement date, the PERS Board adopted several assumption changes, including lowering the investment return assumption to 7.50%, which will be effective January 1, 2016.

**OTHER SUPPLEMENTARY INFORMATION**

**BROOKINGS-HARBOR SCHOOL DISTRICT 17C  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
DEBT SERVICE FUND  
FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Adopted</u>	<u>Final</u>		
<b>REVENUES</b>				
Local sources				
Property taxes	\$ 1,214,325	\$ 1,214,325	\$ 1,266,575	\$ 52,250
Interest on investments	5,000	5,000	12,028	7,028
<b>TOTAL REVENUES</b>	<u>1,219,325</u>	<u>1,219,325</u>	<u>1,278,603</u>	<u>59,278</u>
<b>EXPENDITURES</b>				
Debt service:	<u>1,237,307</u>	<u>1,237,307</u>	<u>1,237,298</u>	<u>9</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(17,982)	(17,982)	41,305	59,287
<b>FUND BALANCE, July 1, 2015</b>	<u>987,982</u>	<u>987,982</u>	<u>1,085,860</u>	<u>97,878</u>
<b>FUND BALANCE, June 30, 2016</b>	<u>\$ 970,000</u>	<u>\$ 970,000</u>	<u>\$ 1,127,165</u>	<u>\$ 157,165</u>

**BROOKINGS-HARBOR SCHOOL DISTRICT 17C  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
CAPITAL PROJECTS FUND  
FISCAL YEAR ENDED JUNE 30, 2016**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
<b>REVENUES</b>				
Local sources				
Interest on investments	\$ 1,500	\$ 1,500	\$ 1,835	\$ 335
<b>TOTAL REVENUES</b>	<u>1,500</u>	<u>1,500</u>	<u>1,835</u>	<u>335</u>
<b>EXPENDITURES</b>				
Capital outlay	<u>313,550</u>	<u>313,550</u>	<u>12,700</u>	<u>300,850</u>
<b>TOTAL EXPENDITURES</b>	<u>313,550</u>	<u>313,550</u>	<u>12,700</u>	<u>300,850</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(312,050)</u>	<u>(312,050)</u>	<u>(10,865)</u>	<u>301,185</u>
<b>NET CHANGE IN FUND BALANCE</b>	(312,050)	(312,050)	(10,865)	301,185
<b>FUND BALANCE, July 1, 2015</b>	<u>312,050</u>	<u>312,050</u>	<u>309,878</u>	<u>(2,172)</u>
<b>FUND BALANCE, June 30, 2016</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 299,013</u>	<u>\$ 299,013</u>

**OTHER FINANCIAL SCHEDULES**

**BROOKINGS-HARBOR SCHOOL DISTRICT 17C  
SCHEDULE OF PROPERTY TAX TRANSACTIONS  
FISCAL YEAR ENDED JUNE 30, 2016**

	Tax Year	Uncollected July 1, 2015	Levy as Extended by Assessor	Discounts and Adjustments	Interest	Collections Per Treasurer	Uncollected June 30, 2016
<b><u>GENERAL FUND:</u></b>							
Current	2015-16		\$ 5,431,859	\$ (143,503)	\$ 5,156	\$ (5,063,465)	\$ 230,047
Prior	2014-15	\$ 239,775	-	(8,978)	11,869	(124,188)	118,478
	2013-14	122,885	-	(7,536)	13,083	(52,237)	76,195
	2012-13	82,528	-	(6,800)	18,253	(47,104)	46,877
	2011-12	44,245	-	(4,316)	9,140	(27,926)	21,143
	2010-11	16,300	-	(505)	833	(1,771)	14,857
	Prior	28,499	-	(580)	2,213	(3,185)	26,947
Total prior		534,232	-	(28,715)	55,391	(256,411)	304,497
<b>TOTAL GENERAL FUND</b>		<b>\$ 534,232</b>	<b>\$ 5,431,859</b>	<b>\$ (172,218)</b>	<b>\$ 60,547</b>	<b>\$ (5,319,876)</b>	<b>\$ 534,544</b>
<b><u>DEBT SERVICE:</u></b>							
Current	2015-16		\$ 1,264,100	(35,368)	\$ 1,200	\$ (1,176,411)	\$ 53,521
Prior	2014-15	\$ 59,218		1,263	2,933	(35,810)	27,604
	2013-14	31,625		(182)	3,368	(15,202)	19,609
	2012-13	19,110		(139)	4,227	(12,343)	10,855
	2011-12	9,744		821	2,013	(7,921)	4,657
	2010-11	4,278		(17)	219	(581)	3,899
	Prior	7,659		237	627	(893)	7,630
Total prior		131,634	-	1,983	13,387	(72,750)	74,254
<b>TOTAL DEBT SERVICE FUND</b>		<b>\$ 131,634</b>	<b>\$ 1,264,100</b>	<b>\$ (33,385)</b>	<b>\$ 14,587</b>	<b>\$ (1,249,161)</b>	<b>\$ 127,775</b>

**SCHOOL DISTRICT FINANCIAL**  
**ACCOUNTING SUMMARIES**

**BROOKINGS-HARBOR SCHOOL DISTRICT 17C  
2015 - 16 DISTRICT AUDIT REVENUE SUMMARY**

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
<b>Revenue from Local Sources</b>							
1110 Ad Valorem Taxes Levied by District	\$5,305,180		\$1,266,575				
1120 Local Option Ad Valorem Taxes Levied by District							
1130 Construction Excise Tax							
1190 Penalties and Interest on Taxes							
1200 Revenue from Local Governmental Units Other Than Districts							
1311 Regular Day School Tuition - From Individuals							
1312 Regular Day School Tuition - Other Dist Within State	\$5,761						
1313 Regular Day School Tuition - Other Districts Outside	\$6						
1320 Adult/Continuing Education Tuition							
1330 Summer School Tuition							
1411 Transportation Fees - From Individuals	\$751						
1412 Transportation Fees - Other Dist Within State							
1413 Transportation Fees - Other Districts Outside							
1420 Summer School Transportation Fees							
1500 Earnings on Investments	\$21,917	\$93,895	\$12,028	\$1,835			
1600 Food Service		\$68,367					
1700 Extracurricular Activities							
1800 Community Services Activities							
1910 Rentals							
1920 Contributions and Donations From Private Sources							
1930 Rental or Lease Payments From Private Contractors							
1940 Services Provided Other Local Education Agencies							
1950 Textbook Sales and Rentals							
1960 Recovery of Prior Years' Expenditure							
1970 Services Provided Other Funds	\$101,457						
1980 Fees Charged to Grants							
1990 Miscellaneous	\$61,321	\$348,508					
<b>Total Revenue from Local Sources</b>	<b>\$5,496,393</b>	<b>\$510,770</b>	<b>\$1,278,603</b>	<b>\$1,835</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Revenue from Intermediate Sources</b>							
2101 County School Funds	\$111,389						
2102 General ESD Revenue	\$324,297						
2103 Excess ESD Local Revenue							
2105 Natural Gas, Oil, and Mineral Receipts							
2110 Intermediate "I" Tax							
2199 Other Intermediate Sources							
2200 Restricted Revenue		\$1,823					
2800 Revenue in Lieu of Taxes							
2900 Revenue for/on Behalf of the District							
<b>Total Revenue from Intermediate Sources</b>	<b>\$435,686</b>	<b>\$1,823</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Revenue from State Sources</b>							
3101 State School Fund - General Support	\$7,774,406						
3102 State School Fund - School Lunch Match							
3103 Common School Fund	\$168,088						
3104 State Managed County Timber							
3106 State School Fund - Accrual							
3199 Other Unrestricted Grants-in-Aid	\$5,521						
3204 Driver Education							
3222 State School Fund (SSF) Transportation Equipment							
3299 Other Restricted Grants-in-Aid		\$75,025					
3800 Revenue in Lieu of Taxes							
3900 Revenue for/on Behalf of the District							
<b>Total Revenue from State Sources</b>	<b>\$7,948,015</b>	<b>\$75,025</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Revenue from Federal Sources</b>							
4100 Unrestricted Revenue Direct From the Federal Government							
4200 Unrestricted Revenue From the Federal Government Through the State							
4300 Restricted Revenue From the Federal Government		\$71,251					
4500 Restricted Revenue From the Federal Government Through the State		\$1,352,082					
4700 Grants-In-Aid From the Federal Government Through Other Intermediate Agencies		\$9,778					
4801 Federal Forest Fees	\$325,185						
4802 Impact Aid to School Districts for Operation (PL 874)							
4803 Coos Bay Wagon Road Funds							
4899 Other Revenue in Lieu of Taxes							
4900 Revenue for/on Behalf of the District		\$25,426					
<b>Total Revenue from Federal Sources</b>	<b>\$325,185</b>	<b>\$1,458,537</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Revenue from Other Sources</b>							
5100 Long Term Debt Financing Sources		\$107,220					
5200 Interfund Transfers		\$561,000					
5300 Sale of or Compensation for Loss of Fixed Assets	\$375						
5400 Resources - Beginning Fund Balance							
<b>Total Revenue from Other Sources</b>	<b>\$375</b>	<b>\$668,220</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Grand Totals</b>	<b>\$14,205,654</b>	<b>\$2,714,375</b>	<b>\$1,278,603</b>	<b>\$1,835</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**BROOKINGS-HARBOR SCHOOL DISTRICT 17C  
2015 - 16 DISTRICT AUDIT EXPENDITURE SUMMARY**

**Fund: 100 General Fund**

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
<b>Instruction Expenditures</b>								
1111 Elementary, K-5 or K-6	\$2,750,378	\$1,732,283	\$864,329	\$9,494	\$144,272			
1113 Elementary Extracurricular	\$0							
1121 Middle/Junior High Programs	\$1,466,316	\$922,409	\$460,261	\$16,816	\$65,899		\$931	
1122 Middle/Junior High School Extracurricular	\$3,567	\$2,743	\$824					
1131 High School Programs	\$2,124,625	\$1,326,040	\$586,457	\$42,491	\$166,110		\$3,527	
1132 High School Extracurricular	\$22,796	\$17,146	\$5,553	\$97				
1140 Pre-Kindergarten Programs	\$0							
1210 Programs for the Talented and Gifted	\$0							
1220 Restrictive Programs for Students with Disabilities	\$0							
1250 Less Restrictive Programs for Students with Disabilities	\$1,170,144	\$640,806	\$445,066	\$45,698	\$38,424		\$150	
1260 Treatment and Habilitation	\$0							
1271 Remediation	\$0							
1272 Title I	\$0							
1280 Alternative Education	\$126,925	\$61,133	\$28,720	\$4,582	\$32,490			
1291 English Second Language Programs	\$57,048	\$43,062	\$13,142		\$844			
1292 Teen Parent Program	\$0							
1293 Migrant Education	\$0							
1294 Youth Corrections Education	\$0							
1299 Other Programs	\$169	\$169						
1300 Adult/Continuing Education Programs	\$0							
1400 Summer School Programs	\$0							
<b>Total Instruction Expenditures</b>	<b>\$7,721,968</b>	<b>\$4,745,791</b>	<b>\$2,404,352</b>	<b>\$119,178</b>	<b>\$448,039</b>	<b>\$0</b>	<b>\$4,608</b>	<b>\$0</b>
<b>Support Services Expenditures</b>								
2110 Attendance and Social Work Services	\$591				\$591			
2120 Guidance Services	\$362,264	\$201,685	\$104,479	\$48,292	\$7,104		\$704	
2130 Health Services	\$141,845	\$92,793	\$47,741	\$426	\$746		\$139	
2140 Psychological Services	\$67,124			\$67,022	\$102			
2150 Speech Pathology and Audiology Services	\$147,582	\$100,169	\$46,030	\$777	\$606			
2160 Other Student Treatment Services	\$0							
2190 Service Direction, Student Support Services	\$179,830	\$130,058	\$48,994	\$8	\$175		\$595	
2210 Improvement of Instruction Services	\$30,129			\$29,129	\$1,000			
2220 Educational Media Services	\$137,247	\$68,248	\$47,521	\$991	\$17,428		\$3,059	
2230 Assessment & Testing	\$0							
2240 Instructional Staff Development	\$376	\$348	\$28					
2310 Board of Education Services	\$57,418			\$51,935	\$4,888		\$595	
2320 Executive Administration Services	\$350,833	\$197,070	\$90,608	\$50,950	\$9,945		\$2,260	
2410 Office of the Principal Services	\$1,362,932	\$860,098	\$420,297	\$61,918	\$15,425		\$5,194	
2490 Other Support Services - School Administration	\$4,978			\$1,522	\$2,097		\$1,359	
2510 Direction of Business Support Services	\$0							
2520 Fiscal Services	\$403,886	\$167,183	\$44,870	\$85,101	\$8,207		\$98,525	
2540 Operation and Maintenance of Plant Services	\$1,155,340	\$426,729	\$268,813	\$395,510	\$64,074		\$214	
2550 Student Transportation Services	\$881,485	\$333,139	\$236,672	\$85,187	\$94,310	\$116,992	\$15,185	
2570 Internal Services	\$0							
2610 Direction of Central Support Services	\$0							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$0							
2630 Information Services	\$2,500			\$2,500				
2640 Staff Services	\$0							
2660 Technology Services	\$522,433	\$137,291	\$78,191	\$37,278	\$269,523		\$150	
2670 Records Management Services	\$0							
2690 Other Support Services - Central	\$0							
2700 Supplemental Retirement Program	\$0							
<b>Total Support Services Expenditures</b>	<b>\$5,808,793</b>	<b>\$2,714,811</b>	<b>\$1,434,244</b>	<b>\$918,546</b>	<b>\$496,221</b>	<b>\$116,992</b>	<b>\$127,979</b>	<b>\$0</b>
<b>Enterprise and Community Services Expenditures</b>								
3100 Food Services	\$0							
3200 Other Enterprise Services	\$0							
3300 Community Services	\$0							
3500 Custody and Care of Children Services	\$0							
<b>Total Enterprise and Community Services Expenditures</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Facilities Acquisition and Construction Expenditures</b>								
4110 Service Area Direction	\$0							
4120 Site Acquisition and Development Services	\$0							
4150 Building Acquisition, Construction, and Improvement Services	\$124,269					\$124,269		
4180 Other Capital Items	\$0							
4190 Other Facilities Construction Services	\$0							
<b>Total Facilities Acquisition and Construction Expenditures</b>	<b>\$124,269</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$124,269</b>	<b>\$0</b>	<b>\$0</b>
<b>Other Uses Expenditures</b>								
5100 Debt Service	\$0							
5200 Transfers of Funds	\$561,000							\$561,000
5300 Apportionment of Funds by ESD	\$0							
5400 PERS UAL Bond Lump Sum	\$0							
<b>Total Other Uses Expenditures</b>	<b>\$561,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$561,000</b>
<b>Grand Total</b>	<b>\$14,216,030</b>	<b>\$7,460,602</b>	<b>\$3,838,596</b>	<b>\$1,037,724</b>	<b>\$944,260</b>	<b>\$241,261</b>	<b>\$132,587</b>	<b>\$561,000</b>

**BROOKINGS-HARBOR SCHOOL DISTRICT 17C  
2015 - 16 DISTRICT AUDIT EXPENDITURE SUMMARY**

**Fund: 200 Special Revenue Funds**

<b>Instruction Expenditures</b>								
	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
1111 Elementary, K-5 or K-6	\$81,448	\$38,698	\$20,482	\$695	\$21,573			
1113 Elementary Extracurricular	\$0							
1121 Middle/Junior High Programs	\$0							
1122 Middle/Junior High School Extracurricular	\$72,736	\$34,166	\$11,020	\$66	\$24,228		\$3,256	
1131 High School Programs	\$164,503	\$3,919	\$1,546	\$9,114	\$141,957	\$6,963	\$1,004	
1132 High School Extracurricular	\$303,475	\$107,640	\$30,024	\$35,644	\$86,721		\$43,446	
1140 Pre-Kindergarten Programs	\$0							
1210 Programs for the Talented and Gifted	\$0							
1220 Restrictive Programs for Students with Disabilities	\$0							
1250 Less Restrictive Programs for Students with Disabilities	\$328,245	\$214,088	\$108,086	\$5,693	\$378			
1260 Treatment and Habilitation	\$127	\$85	\$42					
1271 Remediation	\$0							
1272 Title I	\$342,096	\$194,800	\$147,296					
1280 Alternative Education	\$0							
1291 English Second Language Programs	\$8,609	\$348	\$28	\$2,240	\$5,993			
1292 Teen Parent Program	\$0							
1293 Migrant Education	\$0							
1294 Youth Corrections Education	\$0							
1299 Other Programs	\$2,906	\$419	\$34	\$2,453				
1300 Adult/Continuing Education Programs	\$0							
1400 Summer School Programs	\$0							
<b>Total Instruction Expenditures</b>	<b>\$1,304,145</b>	<b>\$594,163</b>	<b>\$318,558</b>	<b>\$55,905</b>	<b>\$280,850</b>	<b>\$6,963</b>	<b>\$47,706</b>	<b>\$0</b>
<b>Support Services Expenditures</b>								
	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
2110 Attendance and Social Work Services	\$0							
2120 Guidance Services	\$114,730	\$68,512	\$39,752	\$4,287	\$2,179			
2130 Health Services	\$0							
2140 Psychological Services	\$150			\$150				
2150 Speech Pathology and Audiology Services	\$0							
2160 Other Student Treatment Services	\$0							
2190 Service Direction, Student Support Services	\$0							
2210 Improvement of Instruction Services	\$78,496			\$76,570	\$1,926			
2220 Educational Media Services	\$27			\$27				
2230 Assessment & Testing	\$0							
2240 Instructional Staff Development	\$26,066	\$21,989	\$4,077					
2310 Board of Education Services	\$0							
2320 Executive Administration Services	\$0							
2410 Office of the Principal Services	\$0							
2490 Other Support Services - School Administration	\$0							
2510 Direction of Business Support Services	\$0							
2520 Fiscal Services	\$0							
2540 Operation and Maintenance of Plant Services	\$183,419			\$82,338	\$70,891	\$30,190		
2550 Student Transportation Services	\$107,220					\$107,220		
2570 Internal Services	\$0							
2610 Direction of Central Support Services	\$0							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$0							
2630 Information Services	\$0							
2640 Staff Services	\$0							
2660 Technology Services	\$40,250				\$40,250			
2670 Records Management Services	\$0							
2690 Other Support Services - Central	\$0							
2700 Supplemental Retirement Program	\$0							
<b>Total Support Services Expenditures</b>	<b>\$550,358</b>	<b>\$90,501</b>	<b>\$43,829</b>	<b>\$163,372</b>	<b>\$115,246</b>	<b>\$137,410</b>	<b>\$0</b>	<b>\$0</b>
<b>Enterprise and Community Services Expenditures</b>								
	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
3100 Food Services	\$550,515	\$175,492	\$108,538	\$7,804	\$257,884		\$797	
3200 Other Enterprise Services	\$0							
3300 Community Services	\$0							
3500 Custody and Care of Children Services	\$0							
<b>Total Enterprise and Community Services Expenditures</b>	<b>\$550,515</b>	<b>\$175,492</b>	<b>\$108,538</b>	<b>\$7,804</b>	<b>\$257,884</b>	<b>\$0</b>	<b>\$797</b>	<b>\$0</b>
<b>Facilities Acquisition and Construction Expenditures</b>								
	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
4110 Service Area Direction	\$0							
4120 Site Acquisition and Development Services	\$0							
4150 Building Acquisition, Construction, and Improvement Services	\$0							
4180 Other Capital Items	\$0							
4190 Other Facilities Construction Services	\$0							
<b>Total Facilities Acquisition and Construction Expenditures</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Other Uses Expenditures</b>								
	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
5100 Debt Service	\$106,420						\$106,420	
5200 Transfers of Funds	\$0							
5300 Apportionment of Funds by ESD	\$0							
5400 PERS UAL Bond Lump Sum	\$0							
<b>Total Other Uses Expenditures</b>	<b>\$106,420</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$106,420</b>	<b>\$0</b>
<b>Grand Total</b>	<b>\$2,511,438</b>	<b>\$860,156</b>	<b>\$470,925</b>	<b>\$227,081</b>	<b>\$653,980</b>	<b>\$144,373</b>	<b>\$154,923</b>	<b>\$0</b>

**BROOKINGS-HARBOR SCHOOL DISTRICT 17C  
2015 - 16 DISTRICT AUDIT EXPENDITURE SUMMARY**

**Fund: 300 Debt Service Funds**

		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
<b>Instruction Expenditures</b>									
1111 Elementary, K-5 or K-6		\$0							
1113 Elementary Extracurricular		\$0							
1121 Middle/Junior High Programs		\$0							
1122 Middle/Junior High School Extracurricular		\$0							
1131 High School Programs		\$0							
1132 High School Extracurricular		\$0							
1140 Pre-Kindergarten Programs		\$0							
1210 Programs for the Talented and Gifted		\$0							
1220 Restrictive Programs for Students with Disabilities		\$0							
1250 Less Restrictive Programs for Students with Disabilities		\$0							
1260 Treatment and Habilitation		\$0							
1271 Remediation		\$0							
1272 Title I		\$0							
1280 Alternative Education		\$0							
1291 English Second Language Programs		\$0							
1292 Teen Parent Program		\$0							
1293 Migrant Education		\$0							
1294 Youth Corrections Education		\$0							
1299 Other Programs		\$0							
1300 Adult/Continuing Education Programs		\$0							
1400 Summer School Programs		\$0							
<b>Total Instruction Expenditures</b>		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Support Services Expenditures</b>									
2110 Attendance and Social Work Services		\$0							
2120 Guidance Services		\$0							
2130 Health Services		\$0							
2140 Psychological Services		\$0							
2150 Speech Pathology and Audiology Services		\$0							
2160 Other Student Treatment Services		\$0							
2190 Service Direction, Student Support Services		\$0							
2210 Improvement of Instruction Services		\$0							
2220 Educational Media Services		\$0							
2230 Assessment & Testing		\$0							
2240 Instructional Staff Development		\$0							
2310 Board of Education Services		\$0							
2320 Executive Administration Services		\$0							
2410 Office of the Principal Services		\$0							
2490 Other Support Services - School Administration		\$0							
2510 Direction of Business Support Services		\$0							
2520 Fiscal Services		\$0							
2540 Operation and Maintenance of Plant Services		\$0							
2550 Student Transportation Services		\$0							
2570 Internal Services		\$0							
2610 Direction of Central Support Services		\$0							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services		\$0							
2630 Information Services		\$0							
2640 Staff Services		\$0							
2660 Technology Services		\$0							
2670 Records Management Services		\$0							
2690 Other Support Services - Central		\$0							
2700 Supplemental Retirement Program		\$0							
<b>Total Support Services Expenditures</b>		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Enterprise and Community Services Expenditures</b>									
3100 Food Services		\$0							
3200 Other Enterprise Services		\$0							
3300 Community Services		\$0							
3500 Custody and Care of Children Services		\$0							
<b>Total Enterprise and Community Services Expenditures</b>		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Facilities Acquisition and Construction Expenditures</b>									
4110 Service Area Direction		\$0							
4120 Site Acquisition and Development Services		\$0							
4150 Building Acquisition, Construction, and Improvement Services		\$0							
4180 Other Capital Items		\$0							
4190 Other Facilities Construction Services		\$0							
<b>Total Facilities Acquisition and Construction Expenditures</b>		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Other Uses Expenditures</b>									
5100 Debt Service		\$1,237,298					\$1,237,298		
5200 Transfers of Funds		\$0							
5300 Apportionment of Funds by ESD		\$0							
5400 PERS UAL Bond Lump Sum		\$0							
<b>Total Other Uses Expenditures</b>		\$1,237,298	\$0	\$0	\$0	\$0	\$0	\$1,237,298	\$0
<b>Grand Total</b>		\$1,237,298	\$0	\$0	\$0	\$0	\$0	\$1,237,298	\$0

**BROOKINGS-HARBOR SCHOOL DISTRICT 17C  
2015 - 16 DISTRICT AUDIT EXPENDITURE SUMMARY**

**Fund: 400 Capital Projects Funds**

<b>Instruction Expenditures</b>		<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
1111 Elementary, K-5 or K-6		\$0							
1113 Elementary Extracurricular		\$0							
1121 Middle/Junior High Programs		\$0							
1122 Middle/Junior High School Extracurricular		\$0							
1131 High School Programs		\$0							
1132 High School Extracurricular		\$0							
1140 Pre-Kindergarten Programs		\$0							
1210 Programs for the Talented and Gifted		\$0							
1220 Restrictive Programs for Students with Disabilities		\$0							
1250 Less Restrictive Programs for Students with Disabilities		\$0							
1260 Treatment and Habilitation		\$0							
1271 Remediation		\$0							
1272 Title I		\$0							
1280 Alternative Education		\$0							
1291 English Second Language Programs		\$0							
1292 Teen Parent Program		\$0							
1293 Migrant Education		\$0							
1294 Youth Corrections Education		\$0							
1299 Other Programs		\$0							
1300 Adult/Continuing Education Programs		\$0							
1400 Summer School Programs		\$0							
<b>Total Instruction Expenditures</b>		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Support Services Expenditures</b>		<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
2110 Attendance and Social Work Services		\$0							
2120 Guidance Services		\$0							
2130 Health Services		\$0							
2140 Psychological Services		\$0							
2150 Speech Pathology and Audiology Services		\$0							
2160 Other Student Treatment Services		\$0							
2190 Service Direction, Student Support Services		\$0							
2210 Improvement of Instruction Services		\$0							
2220 Educational Media Services		\$0							
2230 Assessment & Testing		\$0							
2240 Instructional Staff Development		\$0							
2310 Board of Education Services		\$0							
2320 Executive Administration Services		\$0							
2410 Office of the Principal Services		\$0							
2490 Other Support Services - School Administration		\$0							
2510 Direction of Business Support Services		\$0							
2520 Fiscal Services		\$0							
2540 Operation and Maintenance of Plant Services		\$0							
2550 Student Transportation Services		\$0							
2570 Internal Services		\$0							
2610 Direction of Central Support Services		\$0							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services		\$0							
2630 Information Services		\$0							
2640 Staff Services		\$0							
2660 Technology Services		\$0							
2670 Records Management Services		\$0							
2690 Other Support Services - Central		\$0							
2700 Supplemental Retirement Program		\$0							
<b>Total Support Services Expenditures</b>		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Enterprise and Community Services Expenditures</b>		<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
3100 Food Services		\$0							
3200 Other Enterprise Services		\$0							
3300 Community Services		\$0							
3500 Custody and Care of Children Services		\$0							
<b>Total Enterprise and Community Services Expenditures</b>		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Facilities Acquisition and Construction Expenditures</b>		<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
4110 Service Area Direction		\$0							
4120 Site Acquisition and Development Services		\$0							
4150 Building Acquisition, Construction, and Improvement Services		\$12,700			\$12,700				
4180 Other Capital Items		\$0							
4190 Other Facilities Construction Services		\$0							
<b>Total Facilities Acquisition and Construction Expenditures</b>		\$12,700	\$0	\$0	\$12,700	\$0	\$0	\$0	\$0
<b>Other Uses Expenditures</b>		<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
5100 Debt Service		\$0							
5200 Transfers of Funds		\$0							
5300 Apportionment of Funds by ESD		\$0							
5400 PERS UAL Bond Lump Sum		\$0							
<b>Total Other Uses Expenditures</b>		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Grand Total</b>		<b>\$12,700</b>	<b>\$0</b>	<b>\$0</b>	<b>\$12,700</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

BROOKINGS HARBOR SCHOOL DISTRICT NO. 17C

SUPPLEMENTAL INFORMATION, 2015-2016

School District Business Managers and Auditors:

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

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

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

	Objects 325 & 326
Function 2540	\$248,406
Function 2550	\$ 1,041

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

\$0

Exclude these functions:

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

Exclude these functions:

4150 Construction  
 2550 Pupil Transportation  
 3100 Food Service  
 3300 Community Services

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

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

Board of Directors  
Brookings-Harbor School District No. 17C  
Curry County, Oregon

We have audited the basic financial statements of the Brookings-Harbor School District No. 17C (the District) as of and for the year ended June 30, 2016, and have issued our report thereon dated December 16, 2016. 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 of the United States.

### Compliance

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

- Deposit of public funds with financial institutions under ORS Chapter 295.
- Indebtedness limitations, restrictions and repayment under ORS 328.245.
- Budgets legally required under ORS Chapter 294.
- Insurance and fidelity under bonds in force or required by law.
- Programs funded from outside sources.
- Authorized investment of surplus funds under ORS Chapter 294.
- Public contracts and purchasing under ORS Chapters 279A, 279B, 279C.
- State School Fund factors and calculation

In connection with our audit, one finding came to our attention in relation to the State school fund factors. When testing teacher experience, we noted four exceptions within a testing population of 10 teachers. More specifically, the District was unable to provide supporting documentation that years of experience worked outside of the District or outside of the State was verified. With the exception of the finding associated to the State school fund factors, nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administration Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, except as stated above and as follows:

Excess of expenditures over appropriations

During the fiscal year ended June 30, 2016, the District was in compliance with Local Budget Law, except as follows:

The District over expended in the General Fund in the Instruction category by \$73,384, Special Revenue Fund in the Debt Service category by \$420.

Creation of new appropriation without a supplemental budget

The Board approved a resolution for the creation of a new appropriation category that did not exist within the originally adopted budget. A supplemental budget was required for the appropriation transfer from Contingency to Facilities and Acquisition within the General Fund of \$150,000.

**OAR 162-10-0230 Internal Control**

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

**Restrictions on Use**

This report is intended solely for the information and use of the Board of Directors and management of the District and the State of Oregon, Division of Audits and is not intended to be and should not be used by anyone other than these parties.

*Stewart Parmele CPA, Partner*

Stewart Parmele CPA, Partner  
KDP Certified Public Accountants, LLP  
Medford, Oregon  
December 16, 2016

**ITEMS REQUIRED BY THE UNIFORM GUIDANCE**

**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  
Brookings-Harbor School District No. 17C  
Curry County, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Brookings-Harbor School District No. 17C (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 16, 2016.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District'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*.

The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2016-1.

### **Brookings-Harbor School District No.17C Response to Findings**

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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.



Stewart Parmele CPA, Partner  
KDP Certified Public Accountants, LLP  
Medford, Oregon  
December 16, 2016

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors  
Brookings-Harbor School District No. 17C  
Curry County, Oregon

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

We have audited Brookings-Harbor School District No. 17C's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have direct and material effect on each of the District's major federal programs for the year ended June 30, 2016. The District's major federal programs are identified in 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 the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each Major Program***

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2016-1. Our opinion on each major federal program is not modified with respect to these matters.

The District's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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



Stewart Parmele CPA, Partner  
KDP Certified Public Accountants, LLP  
Medford, Oregon  
December 16, 2016

**BROOKINGS-HARBOR SCHOOL DISTRICT 17C  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FISCAL YEAR ENDED JUNE 30, 2016**

Grantor	Program Title	Grant Period	CFDA Number	Pass through #	Grant Amount	2015-16 Revenues	2015-16 Expenditures
<b>U.S. Department of Education:</b>							
Direct Grant	Title V Indian Education	7/1/15 - 6/30/16	84.060A	S060A150497	\$ 76,419	\$ 71,251	\$ 71,251
Passed through Oregon State Department of Education:							
	Title I-A :	7/1/15 - 9/30/16	84.010	35930	342,705	342,705	342,705
	Children w/disabilities - IDEA Part B:						
	IDEA Part B Sec 611	7/1/14 - 9/30/16	84.027	33228	258,837	99,596	99,596
	IDEA Part B Sec 611	7/1/15 - 9/30/17	84.027	36815	252,188	222,578	222,578
	IDEA Part B Sec 611 Enh	7/1/15 - 9/30/17	84.027	38274	2,652	2,652	2,652
	SPR&I Formula	8/1/15 - 6/30/16	84.027	37804	2,096	2,096	2,096
	IEP Training	8/17/15 - 8/30/15	84.027	38093	402	311	311
	Post School Outcomes	5/25/16 - 5/27/16	84.027	40293	223	223	223
	IDEA Part B Sec 619	7/1/14 - 3/31/16	84.173	33417	5,446	127	127
	Total Cluster				521,844	327,583	327,583
	Title II-A Improving Teacher Quality:	7/1/15 - 9/30/16	84.367	36127	72,529	72,529	72,529
	Title 6 Rural and Low income Schools:	7/1/15 - 9/30/16	84.358	37754	30,107	30,107	30,107
Passed through Oregon State Department of Health and Human Services:							
	YTP - Basic Vocational Rehabilitation Services	7/1/15 - 6/30/17	84.126a	2015-16	59,659	59,659	59,659
Passed through South Coast ESD:							
	Title I Carl D. Perkins:	7/1/15 - 6/30/16	84.048	2015-16	9,778	9,778	9,778
Passed through Southern Oregon ESD:							
	Title III	7/1/15 - 9/30/16	84.365	2015-16	2,370	2,615	2,615
Passed through Oregon University System:							
	GEAR-UP Sustain	7/1/15 - 7/30/16	84.334	F0868A	44,335	44,266	44,266
<b>Total U.S. Department of Education</b>					<b>\$ 1,159,746</b>	<b>\$ 960,493</b>	<b>\$ 960,493</b>
<b>U.S. Department of Agriculture:</b>							
Passed through Oregon State Department of Education:							
	National School Breakfast	2015-16	10.553	2015-16	\$ 127,996	\$ 127,996	\$ 127,996
	National School Lunch	2015-16	10.555	2015-16	329,285	329,285	329,285
	Summer Foods Program	2015-16	10.559	2015-16	15,337	15,337	15,337
	Commodities	Commodities	10.555	2015-16	25,347	25,347	25,347
	Commodities	Commodities	10.559	2015-16	79	79	79
	Total Cluster				498,044	498,044	498,044
Direct Award:	Federal Forest Fees	2015-16	10.665	2015-16	325,185	325,185	325,185
<b>Total U.S. Department of Agriculture</b>					<b>\$ 823,229</b>	<b>\$ 823,229</b>	<b>\$ 823,229</b>
<b>Total Federal Financial Assistance</b>					<b>\$ 1,982,975</b>	<b>\$ 1,783,722</b>	<b>\$ 1,783,722</b>

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**NOTE A - BASIS OF PRESENTATION**

The schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Brookings-Harbor School District 17C (the District) under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, and changes in fund balance of the District.

**NOTE B- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or Circular 87, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE C - INDIRECT COST RATE**

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

**BROOKINGS-HARBOR SCHOOL DISTRICT NO. 17C  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FISCAL YEAR ENDED JUNE 30, 2016**

**A. SUMMARY OF AUDIT RESULTS**

Financial Statements

1. The auditor's report expresses an unmodified opinion on the basic financial statements of Brookings-Harbor School District No. 17C.
2. No instances of noncompliance material to the basic financial statements of Brookings-Harbor School District No. 17C were disclosed during the audit.

Federal Awards

3. The auditor's report on compliance for the major federal award programs for Brookings-Harbor School District No. 17C expresses an unmodified opinion.
4. There was one audit finding that is required to be reported in accordance with the Uniform Guidance reported in this schedule.
5. The programs tested as major programs include:

**U.S. Department of Agriculture**

Child Nutrition Cluster

CFDA # 10.553, 10.555, 10.559

6. The threshold for distinguishing Types A and B Programs was \$750,000.
7. Brookings-Harbor School District No. 17C qualified as a low-risk auditee under the criteria specified in the Uniform Guidance.

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT**

None

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT –  
CURRENT YEAR**

**U.S. Department of Agriculture**

Child Nutrition Cluster

2016-1 Special Tests and Provisions – Significant Deficiency

*Annual Verification*

*Criteria:* In accordance with 7 CFR Section 245.6a, the local educational agency must verify eligibility of children in a sample of household applications approved for free and reduced meal benefits for that school year; the local education agency must complete the verification efforts not later than November 15 of each school year. Sources of information for verification may include written evidence, collateral contacts, and systems of records or participation in programs for which a case number may be provided in lieu of income information. Based upon the verification activities, the local educational agency shall make appropriate modifications to the eligibility determinations made initially.

*Statement of Condition:* The District did not complete the annual verification within the required timeline. For two of the six applications selected for verification, the process was not completed until December 15, 2015 and January 5, 2016, resulting in overpayment of benefits to ineligible recipients.

**BROOKINGS-HARBOR SCHOOL DISTRICT NO. 17C  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FISCAL YEAR ENDED JUNE 30, 2016**

*Cause:* Management did not have a procedure in place to review District verification completeness.

*Effect or Potential Effect:* The incompleteness of the verification process by the required deadline could require the District to have to pay back the monies received under the Federal program that paid the free meal benefits for the ineligible household members.

*Questioned Costs:* \$0

*Recommendations:* We recommend the District review their process of the annual verification and implement a secondary review and confirmation the process is completed by the required deadline.

*Views of Responsible Officials and Planned Corrective Actions:* The District agrees with the finding and plans to implement a secondary review of the annual verification documentation.