

BROOKINGS-HARBOR SCHOOL DISTRICT NO. 17C

Curry County, Oregon

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2014

WITH

INDEPENDENT AUDITOR'S REPORT

BROOKINGS-HARBOR SCHOOL DISTRICT NO.17C
Curry County, Oregon
June 30, 2014

Administrative Office
629 Easy Street
Brookings, Oregon 97415

BOARD OF DIRECTORS AS OF JUNE 30, 2014

Jamie Ryan - Chairperson

Kathryn Johnson - Vice-Chair

Sue Chambers - Director

Alice Farmer - Director

Bruce Raleigh - Director

ADMINISTRATIVE STAFF

Brian Hodges, Superintendent

Don Sweeney, Business Manager

BROOKINGS-HARBOR SCHOOL DISTRICT NO. 17C

Curry County, Oregon

Year Ended June 30, 2014

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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, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management 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, 2014, 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 General Fund and Special Revenue Fund budgetary comparison information, and the Schedule of Funding Progress – Other Postemployment Benefits be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Management's Discussion and Analysis and the Schedule of Funding Progress – Other Postemployment Benefits in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the Management's Discussion and Analysis or Schedule of Funding Progress 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 Fund budgetary comparison information is the responsibility of management and was 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 Fund budgetary comparison information are fairly stated in all material aspects, 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 and Other Financial Schedules, 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 by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The Other Supplementary Information, Other Financial Schedules 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, Other Financial Schedules and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Change in Accounting Principle

As discussed in note 1 to the financial statements, in 2014 the District adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinions are not modified with respect to this matter.

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 17, 2014, 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 17, 2014 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.

Stewart C. Parmele, CPA, Partner

Stewart C. Parmele, CPA, Partner
KDCO Piels, Certified Public Accountants, LLP
Medford, Oregon
December 17, 2014

**BROOKINGS HARBOR SCHOOL DISTRICT NO. 17C
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014**

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, 2014. We encourage readers to consider the information presented here.

FINANCIAL HIGHLIGHTS

- In the government-wide statements, the assets of the District exceeded its liabilities at June 30, 2014 by \$9.52 million. Of this amount, \$6.33 million represents the District's net investment in capital assets, \$1.09 million is restricted for debt service, \$34 thousand is restricted for scholarships, and the balance of \$2.1 million is unrestricted and available to meet the District's ongoing obligations to citizens and creditors.
- The District's total net position increased by \$358 thousand during the year ended June 30, 2014. In the prior year, the District's total net position decreased by \$467 thousand. The District decreased its total expenditures from the prior year, \$15.25 to \$15.10 million. District revenues increased from the prior year, \$14.79 to \$15.46 million.
- The District's total debt decreased by \$1.33 million during the 2013-2014 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 \$6.78 million, an increase of \$270 thousand in comparison to the prior year. Approximately \$2 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 million, up from \$1.9 million in the prior year. Total fund balance in the General Fund represented about 17.22 percent of total General Fund expenditures, up from 16.56 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, and 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 and liabilities of the District at year-end. Net position is what remains after the liabilities have been paid or otherwise satisfied. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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).

**BROOKINGS HARBOR SCHOOL DISTRICT NO. 17C
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014**

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

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.

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

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$9.52 million at June 30, 2014. At June 30, 2013 District assets were greater than liabilities by \$9.1 million, a change of \$358 thousand.

**BROOKINGS HARBOR SCHOOL DISTRICT NO. 17C
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Capital assets, which consist of the District's land, buildings, building improvements, vehicles, and equipment, represent about 52 percent of total assets at June 30, 2014. The remaining assets consist mainly of cash and investments, grants and property taxes receivable, inventories and prepaid pension benefit obligations. At June 30, 2013, capital assets represented approximately 51 percent of total assets.

The District's largest liability (87 percent) is for the repayment of general obligation and PERS bonds. Current liabilities, representing about 10 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 87 percent of total liabilities, while current liabilities represented about 10 percent of total liabilities.

A large portion of the District's net position (66 percent) 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. In the prior year, the District's investment in capital assets, net of related debt, represented 65 percent of total net position (as restated). 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.

Net Position
Governmental Activities
(in thousands)

	June 30, 2014	June 30, 2013
Current and other assets	\$ 7,899	\$ 7,947
Other assets	6,085	6,789
Capital assets	14,937	15,403
Total assets	28,921	30,139
Current liabilities	2,003	2,032
Long-term debt	17,397	18,676
Total liabilities	19,400	20,708
Net position:		
Net investment in capital assets	6,330	5,947
Restricted for scholarships	34	-
Restricted for debt service	1,087	1,931
Unassigned	2,068	1,553
Total net position	\$ 9,519	\$ 9,431

During the current fiscal year, the District's net position increased by \$358 thousand. Property tax revenues of \$5.96 million and state school support of \$6.71 million account for the significant revenues received.

**BROOKINGS HARBOR SCHOOL DISTRICT NO. 17C
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Governmental activities. As previously stated, all District activities are governmental in nature, and during the current fiscal year, the District's net position increased by \$358 thousand. The main reason for the increase was an increase in the state school support of approximately \$951 thousand.

Changes in Net Position
For the fiscal years ended June 30, 2013 and 2014
Governmental Activities
(in thousands)

	June 30, 2014	June 30, 2013
Revenues:		
Program revenues:		
Charges for service	\$ 128	\$ 114
Operating grants and contributions	1,388	1,383
General revenues:		
Property taxes	5,957	6,173
State school fund - general support	6,714	5,763
Other federal, state and local sources	640	634
Earnings on investments	114	27
Other	521	696
Total revenues	15,462	14,790
Expenses:		
Instruction	8,795	9,282
Support Services	4,967	4,765
Enterprise and community services	587	586
Interest on long-term debt	755	624
Total expenses	15,104	15,257
Change in net position	358	(467)

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Governmental funds. The focus of the District's governmental funds is to provide information on relatively short-term cash flow and funding for future basic services. Such information is useful in assessing the District's financing requirements. In particular, *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.

**BROOKINGS HARBOR SCHOOL DISTRICT NO. 17C
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (continued)

At June 30, 2014, the District's governmental funds reported combined ending fund balances of \$6.78 million, an increase of \$270 thousand in comparison with the prior year. About \$2 million (30 percent) of the ending fund balance constitutes *unassigned ending fund balance*, which is available for spending at the District's discretion. An additional \$1.1 million (16 percent) is reserved for debt service obligations.

General Fund: The General Fund is the chief operating fund of the District. As of June 30, 2014, total fund balance was \$2 million, up \$152 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. Fund balance represents about 17.22 percent of total General Fund expenditures.

Special Revenue Fund: The Special Revenue Fund had a total fund balance of \$3.4 million, of which \$44 thousand is non-spendable, \$34 thousand is restricted for scholarships, \$2.9 million is committed and \$397 thousand is assigned.

Debt Service Fund: The Debt Service Fund has a total fund balance of \$987 thousand, all of which is restricted for the payment of debt service.

Capital Projects Fund: The Capital Projects Fund has a total fund balance of \$326 thousand, all of which is committed for ongoing capital projects. The fund balance increased by \$14 thousand which was from interest on investment in the LGIP pool.

CURRENT ECONOMIC FACTORS

The major economic factor facing the Brookings Harbor School District is the declining enrollment. In the 2004-05 school year the enrollment at the Brookings Harbor School District was 1904 students. In 13-14 this number had decreased to 1597. The District is funded per student; therefore, the declining enrollment will put additional pressure on the School District's resources. Under the current funding formula used by the state of Oregon, the drop of 297 students equals approximately 1.96 million dollars in lost funding from the state.

The School District has added a virtual education program designed to target children living in the Brookings Harbor area who do not currently attend the School District. The initial results of this program saw 30 new students initially enrolled in the virtual program with the numbers fluctuating from month to month. In the 14-15 school year, we will be moving this program to a newly constructed facility. The students range in participation from very part time to full time.

The School District must continue to find ways to expand our offerings and attract more students who live in the Brookings Harbor area to our School District. In addition the School District must be conscience of the declining enrollment trend and continue to plan accordingly.

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.

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, 2014

	<u>Governmental Activities</u>
ASSETS:	
Cash and investments	\$ 6,623,652
Receivables	1,212,032
Inventories	19,248
Prepays	43,816
Prepaid pension benefit obligation	6,084,638
Capital assets, net	
Land	224,401
Buildings and improvements	13,941,975
Vehicles and equipment	771,052
	<u>28,920,814</u>
TOTAL ASSETS	
LIABILITIES:	
Accounts payable	224,975
Accrued salaries and benefits	373,594
Accrued interest payable	33,835
Unearned revenue	100
Accrued compensated absences payable	23,290
Other post employment obligation	531,943
Capital lease payable:	
Due within one year	49,992
Due in more than one year	62,527
Bonds payable, net of unamortized premium/discount:	
Due within one year	1,298,048
Due in more than one year	16,802,552
	<u>19,400,856</u>
TOTAL LIABILITIES	
NET POSITION:	
Net investment in capital assets	6,329,909
Restricted for scholarship	34,114
Restricted for debt service	1,087,479
Unrestricted	2,068,456
	<u>9,519,958</u>
TOTAL NET POSITION	<u>\$ 9,519,958</u>

BROOKINGS-HARBOR SCHOOL DISTRICT 17C
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2014

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change In Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
Instruction	\$ 8,795,641	\$ 23,024	\$ 360,992	\$ (8,411,624)
Supporting services	4,966,753	13,981	238,389	(4,714,384)
Enterprise and community services	587,241	90,719	789,043	292,521
Interest on long-term debt	754,729	-	-	(754,729)
Total government activities	<u>\$ 15,104,364</u>	<u>\$ 127,724</u>	<u>\$ 1,388,424</u>	<u>(13,588,216)</u>
General revenues:				
Property taxes levied for general purposes				4,718,567
Property taxes levied for debt service				1,238,900
Tax receipt from other government				106,492
State school fund - general support				6,714,479
Common school fund				135,746
Federal forest fees				350,081
Unrestricted state and local sources				5,300
Contributions				42,114
Earnings on investments				113,528
Miscellaneous				<u>521,248</u>
Total general revenues				<u>13,946,455</u>
CHANGE IN NET POSITION				358,239
Net Position - July 1, 2013 (as restated)				<u>9,161,719</u>
Net Position - June 30, 2014				<u><u>\$ 9,519,958</u></u>

FUND FINANCIAL STATEMENTS

**BROOKINGS-HARBOR SCHOOL DISTRICT 17C
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
ASSETS					
Equity in pooled cash and investments	\$ 2,401,966	\$ 2,925,203	\$ 970,338	\$ 326,145	\$ 6,623,652
Receivables	523,424	571,467	117,141	-	1,212,032
Prepays	-	43,816	-	-	43,816
TOTAL ASSETS	<u>\$ 2,925,390</u>	<u>\$ 3,540,486</u>	<u>\$ 1,087,479</u>	<u>\$ 326,145</u>	<u>\$ 7,879,500</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 196,594	\$ 28,381	\$ -	\$ -	\$ 224,975
Accrued salaries and benefits	272,136	101,458	-	-	373,594
Unearned revenue	-	100	-	-	100
TOTAL LIABILITIES	<u>468,730</u>	<u>129,939</u>	<u>-</u>	<u>-</u>	<u>598,669</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	403,271	-	99,497	-	502,768
TOTAL DEFERRED INFLOWS	<u>403,271</u>	<u>-</u>	<u>99,497</u>	<u>-</u>	<u>502,768</u>
Fund Balances:					
Non-spendable	-	43,816	-	-	43,816
Restricted for debt service	-	-	987,982	-	987,982
Restricted for scholarships	-	34,114	-	-	34,114
Committed	-	2,935,383	-	326,145	3,261,528
Assigned	-	397,234	-	-	397,234
Unassigned	2,053,389	-	-	-	2,053,389
Total fund balances	<u>2,053,389</u>	<u>3,410,547</u>	<u>987,982</u>	<u>326,145</u>	<u>6,778,063</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 2,925,390</u>	<u>\$ 3,540,486</u>	<u>\$ 1,087,479</u>	<u>\$ 326,145</u>	<u>\$ 7,879,500</u>

**BROOKINGS-HARBOR SCHOOL DISTRICT 17C
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
June 30, 2014**

TOTAL FUND BALANCES \$ 6,778,063

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

Inventory is not reported as a governmental fund asset under the purchase method of accounting for inventory 19,248

Prepaid pension benefit obligations are not a financial resource and therefore are not reported in the governmental funds 6,084,638

Capital assets are not financial resources and therefore are not reported in the governmental funds:

Cost	\$ 23,678,464	
Accumulated depreciation	<u>(8,741,036)</u>	14,937,428

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. 502,768

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:

Accrued interest payable	(33,835)	
Other post employment obligation	(531,943)	
Capital lease payable	(112,519)	
Bonds payable	(18,100,600)	
Compensated absences payable	<u>(23,290)</u>	<u>(18,802,187)</u>

TOTAL NET POSITION \$ 9,519,958

BROOKINGS-HARBOR SCHOOL DISTRICT 17C
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FISCAL YEAR ENDED JUNE 30, 2014

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
REVENUES					
Local sources					
Property taxes	\$ 4,975,564	\$ -	\$ 1,270,602	\$ -	\$ 6,246,166
Revenue from logal government	106,492	-	-	-	106,492
Interest	17,188	85,246	6,237	4,857	113,528
Student fees	37,005	-	-	-	37,005
Lunch sales	-	90,719	-	-	90,719
Contributions and donations	-	42,114	-	-	42,114
Miscellaneous	171,083	339,067	-	11,098	521,248
Intermediate Sources					
Restricted revenue	-	17,679	-	-	17,679
State sources					
State school support fund	6,714,479	-	-	-	6,714,479
Common school fund	135,746	-	-	-	135,746
Other restricted grants	5,300	51,600	-	-	56,900
Federal sources					
Federal forest fees	350,081	-	-	-	350,081
Restricted grants	309	908,534	-	-	908,843
School nutrition	-	379,841	-	-	379,841
Commodities	-	30,462	-	-	30,462
TOTAL REVENUES	12,513,247	1,945,262	1,276,839	15,955	15,751,303
EXPENDITURES					
Current					
Instruction	7,406,460	1,266,236	-	-	8,672,696
Support services	4,520,372	393,310	-	-	4,913,682
Enterprise and community services	-	596,311	-	-	596,311
Facilities acquisition	-	-	-	1,536	1,536
Debt service	-	75,858	1,221,076	-	1,296,934
TOTAL EXPENDITURES	11,926,832	2,331,715	1,221,076	1,536	15,481,159
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	586,415	(386,453)	55,763	14,419	270,144
OTHER FINANCING SOURCES (USES):					
Transfers in	-	434,078	-	-	434,078
Transfers out	(434,078)	-	-	-	(434,078)
TOTAL OTHER FINANCING SOURCES (USES)	(434,078)	434,078	-	-	-
NET CHANGE IN FUND BALANCES	152,337	47,625	55,763	14,419	270,144
FUND BALANCE, July 1, 2013	1,901,052	3,362,922	932,219	311,726	6,507,919
FUND BALANCE, June 30, 2014	\$ 2,053,389	\$ 3,410,547	\$ 987,982	\$ 326,145	\$ 6,778,063

**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, 2014**

NET CHANGE IN FUND BALANCE	\$	270,144
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
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.		9,070
Prepaid pension benefit obligations are reported as an asset on the Statement of Net Position. These amounts are amortized in the Statement of Activities.		(434,616)
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	32,390	
Less current year depreciation	<u>(498,076)</u>	(465,686)
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.		(794)
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.		11,320
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.		(68,762)
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	67,968	
Principal paid on long-term general obligation debt	<u>1,258,295</u>	1,326,263
Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the Statement of Activities property taxes are recognized as revenue when levied.		<u>(288,700)</u>
CHANGE IN NET POSITION	\$	<u>358,239</u>

NOTES TO BASIC FINANCIAL STATEMENTS

BROOKINGS-HARBOR SCHOOL DISTRICT NO. 17C
Notes to Basic Financial Statements
June 30, 2014

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, 2014

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 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 financials and proprietary funds) 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 currently does not have any items that qualify for reporting in this category.

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.

BROOKINGS-HARBOR SCHOOL DISTRICT NO. 17C
Notes to Basic Financial Statements
June 30, 2014

Note 1 - Summary of Significant Accounting Policies (continued)

Measurement Focus and Basis of Accounting (continued)

The District has only one type of deferred inflow, which arises only under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet.

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 cost 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, 2014

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

Retirement Plan

Substantially all of the District's full time employees are participants in the State of Oregon Public Employees Retirement System (PERS). Contributions to PERS are made on a current basis as required by the plan and are charged as expenditures/expenses as funded.

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, 2014

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.

BROOKINGS-HARBOR SCHOOL DISTRICT NO. 17C
Notes to Basic Financial Statements
June 30, 2014

Note 1 - Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements and Resulting Restatement of Beginning Net Position

For the year ending June 30, 2014, the District implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB Statement No. 65, was effective for financial statement periods beginning after December 15, 2012. GASB 65 amends or supersedes the accounting and financial reporting guidance for certain items previously required to be reported as assets and liabilities. The implementation of GASB 65 resulted in reclassification of property tax previously identified as a liability (deferred revenue) in governmental funds to a deferred inflow of resources (unavailable revenue).

In addition, the beginning net position was restated in order to write-off the unamortized portion of bond issuance costs that occurred in prior years. The result of the restatement was a \$269,802 reduction in the Government-wide beginning net position of the District.

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.

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, 2014

Note 2 - Equity in Pooled 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, 2014. If bank deposits at year end are not entirely insured or collateralized with securities held by the District or by its agent in the District's name, the District must disclose the custodial credit risk that exists. Deposits with financial institutions are 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, 2014, the carrying amounts of the District deposits in various qualifying financial institutions were \$(79,799) and the bank balances were \$563,033. All deposits are held in the name of the District. At June 30, 2014 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 2014. 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, 2014 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, 2014

Note 2 - Equity in Pooled Cash and Investments (continued)

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, 2014, the District had the following investments:

<u>Investment Type</u>	<u>Maturity</u>	<u>Percentage of Portfolio</u>	<u>Fair Value</u>
Local Government Investment Pool	1 day	73.34%	\$ 4,916,118
Government Securities	1 day	26.66%	1,787,300
Cash with Fiscal Agent	1 day	0.00%	<u>33</u>
Total Investments			<u><u>\$ 6,703,451</u></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	\$ (79,799)
Investments:	
Government Securities	1,787,300
Cash with Fiscal Agent	33
Local Government Investment Pool	<u>4,916,118</u>
	<u><u>\$ 6,623,652</u></u>

Cash and investments are shown on the basic financial statements as:

Statement of Net Position	
Cash and investments	<u><u>\$ 6,623,652</u></u>

BROOKINGS-HARBOR SCHOOL DISTRICT NO. 17C
Notes to Basic Financial Statements
June 30, 2014

Note 3 - Receivables

Receivables are comprised of the following as of June 30, 2014:

	<u>General</u>	<u>Special Programs</u>	<u>Debt Service</u>	<u>Totals</u>
Property Taxes	\$ 473,228	\$ -	\$ 117,141	\$ 590,369
Grants/Other	50,196	571,467	-	621,663
Receivables	<u>\$ 523,424</u>	<u>\$ 571,467</u>	<u>\$ 117,141</u>	<u>\$ 1,212,032</u>

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 - Pension Assets

Limited tax pension bonds of \$10,671,455 were issued in 2002 and 2004 to provide funds for payment of the estimated unfunded Public Employees Retirement System (PERS) pension liability. The District participated as one of several Oregon school districts and education service districts in issuing limited tax pension bonds used to finance the estimated unfunded actuarial liability with PERS. The Oregon School Boards Association (OSBA) sponsored this pooled limited tax pension program. OSBA does not have a financial obligation in connection with the bonds issued under this program, except for the payment of its pension bond payments and additional charges when due. Each participating school district has no obligation or liability to any other participating school district's pension bonds or liabilities to PERS.

The following is based upon amortization schedules with information and assumptions known at the time of bond issuance. However, this is a material estimate that will be subject to change in the near future when the Oregon Public Employee Retirement System issues new actuarial reports which contains new information and assumptions.

	<u>Original Issue</u>	<u>Prepaid at June 30, 2013</u>	<u>Amortization</u>	<u>Prepaid at June 30, 2014</u>
Prepaid Pension Expense	<u>\$ 10,671,455</u>	<u>\$ 6,519,254</u>	<u>\$ 434,616</u>	<u>\$ 6,084,638</u>

BROOKINGS-HARBOR SCHOOL DISTRICT NO. 17C
Notes to Basic Financial Statements
June 30, 2014

Note 5 - Capital Assets

The changes in capital assets for the year ended June 30, 2014, are as follows:

	Balance July 1, 2013	Capital Acquisitions	Dispositions	Balance June 30, 2014
Capital assets not being depreciated				
Land	\$ 224,401	\$ -	\$ -	\$ 224,401
 Total capital assets not being depreciated	<u>\$ 224,401</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 224,401</u>
 Capital assets being depreciated				
Buildings	\$ 19,804,444	\$ -	\$ -	\$ 19,804,444
Building Improvements	1,602,425	-	-	1,602,425
Machinery & Equipment	516,074	32,390	-	548,464
Vehicles	1,498,730	-	-	1,498,730
 Totals	<u>23,421,673</u>	<u>32,390</u>	<u>-</u>	<u>23,454,063</u>
 Less accumulated depreciation for:				
Buildings	(5,754,788)	(373,348)	-	(6,128,136)
Building Improvements	(1,302,107)	(34,651)	-	(1,336,758)
Machinery & Equipment	(426,223)	(19,369)	-	(445,592)
Vehicles	(759,842)	(70,708)	-	(830,550)
 Total	<u>(8,242,960)</u>	<u>(498,076)</u>	<u>-</u>	<u>(8,741,036)</u>
 Total net capital assets being depreciated	<u>15,178,713</u>			<u>14,713,027</u>
 Total Capital Assets	<u>\$ 15,403,114</u>			<u>\$ 14,937,428</u>

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

Program:	
Instruction	\$ 316,240
Supporting Services	<u>181,836</u>
 Total	<u>\$ 498,076</u>

Note 6 - 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. In addition, governmental funds and proprietary funds report deferred inflows in connection with resources that have been received but not yet earned. At June 30, 2014, the components of deferred inflows of resources included in the governmental funds' Balance Sheet consist of the following:

BROOKINGS-HARBOR SCHOOL DISTRICT NO. 17C
Notes to Basic Financial Statements
June 30, 2014

Note 6 - Deferred Inflows of Resources (continued)

<u>Fund by Type</u>	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Property taxes:			
General fund	\$ 403,271	\$ -	\$ 403,271
Debt service fund	99,497	-	99,497
Other:			
Special revenue fund	-	100	100
 Total Deferred Revenue	 <u>\$ 502,768</u>	 <u>\$ 100</u>	 <u>\$ 502,868</u>

Note 7 - Interfund Transfers

The composition of interfund transfers as of June 30, 2014:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 434,078
Special Revenue Fund	434,078	-
 Total Transfers	 <u>\$ 434,078</u>	 <u>\$ 434,078</u>

The District made budgeted transfers from the General Fund to the Special Revenue fund including; a routine transfer of \$153,220 to the Student Activity program for support of activities, \$7,000 to the Food Service program to support its operations, \$75,858 to the transportation equipment program to support its operations, \$168,000 to the facility maintenance program to support its operations, and \$30,000 to the Textbook Adoption program to support its operations.

Note 8 - Leases

Operating Leases

The District leases copiers and a postage machine under noncancellable operating leases. Total costs for such leases were \$38,239 for the year ended June 30, 2014. The future minimum lease payments for these leases are as follows:

<u>Year Ending June 30</u>	
2015	\$ 29,107
2016	27,522
2017	21,374
2018	20,660
	<u>\$ 98,663</u>

BROOKINGS-HARBOR SCHOOL DISTRICT NO. 17C
Notes to Basic Financial Statements
June 30, 2014

Note 8 – 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, 2014 were \$67,968. The cost of the leased buses totaled \$660,135, with accumulated depreciation of \$192,957, and a net book value of \$467,178 as of the year ended June 30, 2014.

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

Year Ended June 30		
2015	\$	54,619
2016		54,619
2017		10,803
Total minimum lease payments		120,041
Less: amount representing interest		(7,522)
		\$ 112,519

During the fiscal year ended June 30, 2014, \$7,522 of interest was charged to expense related to capitalized leases payable.

Note 9 - Long-term Debt

General Obligation Bonds. On January 15, 2001 the District issued general obligation bonds in the amount of \$4,050,000 for 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. On December 1, 2004, the portion of the bonds maturing December 15 in years 2014 through 2021 were refinanced (General Obligation Refunding Bonds, Series 2004). The remaining amount of \$65,000 matured in year 2014 with interest rate of 4.5%.

During the fiscal year ended June 30, 2014, \$1,462 of interest was charged to expense related to this bond.

2004 Refunding of 2000 and 2001 G.O. Bonds. On December 1, 2004, the District refinanced a portion of its 2000 and 2001 General Obligation Bonds. 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. This debt was refunded through the 2013 General Obligation Bonds for the fiscal years 2015 through 2021. Interest payments are payable semiannually on June 15 and December 15.

Year Ending June 30	Principal	Interest	Total
2015	\$ 930,000	\$ 303,410	\$ 1,233,410
	\$ 930,000	\$ 303,410	\$ 1,233,410

BROOKINGS-HARBOR SCHOOL DISTRICT NO. 17C
Notes to Basic Financial Statements
June 30, 2014

Note 9 - Long-term Debt (continued)

During the fiscal year ended June 30, 2013, the District refinanced \$7,085,000 of this bond and this amount is considered to be defeased. During the fiscal year ended June 30, 2014, \$66,875 of interest was charged to expense related to this bond.

2013 General Obligation Refunding Bonds: On March 19, 2013, the District refinanced certain outstanding 2004 General Obligation Refunding Bonds. 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 15th and December 15th of each year to maturity. Interest expense for the fiscal year was \$102,747.

Year Ending June 30	Principal	Interest	Total	Interest Rate
2015	\$ 135,000	\$ 101,112	\$ 236,112	0.518%
2016	1,140,000	97,307	1,237,307	0.608%
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>\$ 7,565,000</u>	<u>\$ 480,193</u>	<u>\$ 8,045,193</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. The bonds mature in 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.

Year Ending June 30	Principal	Interest	Total	Interest Rate
2015	233,048	579,769	812,817	5.51%
2016	261,092	596,063	857,155	5.67%
2017	287,860	612,262	900,122	5.67%
2018	319,093	627,577	946,670	5.82%
2019	351,520	644,965	996,485	6.02%
2020-2024	3,347,987	2,101,492	5,449,479	5.93%-6.10
2025-2028	4,380,000	571,520	4,951,520	5.55%
	<u>\$ 9,180,600</u>	<u>\$ 5,733,648</u>	<u>\$ 14,914,248</u>	

During the fiscal year ended June 30, 2014, total payments of \$575,763 of interest was charged to interest expense.

BROOKINGS-HARBOR SCHOOL DISTRICT NO. 17C
Notes to Basic Financial Statements
June 30, 2014

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 principal payment June 30, 2021.

Year Ending June 30,	Principal	Interest	Total	Interest Rate
2015	\$ -	\$ 11,687	\$ 11,687	2.75%
2016	-	11,687	11,687	2.75%
2017	-	11,688	11,688	2.75%
2018	-	11,688	11,688	2.75%
2019	-	11,688	11,688	2.75%
2020	-	11,688	11,688	2.75%
2021	425,000	11,688	436,688	2.75%
	<u>\$ 425,000</u>	<u>\$ 81,814</u>	<u>\$ 506,814</u>	

During the fiscal year ended June 30, 2014, total payments of \$11,687 of interest was charged to interest expense.

The changes in long-term obligations for year ended June 30, 2014, are as follows:

Issue Date:	Outstanding July 1, 2013	Issued	Matured and Redeemed	Outstanding June30, 2014
General Obligation 2001 Bond Payable	\$ 65,000	\$ -	\$ (65,000)	\$ -
PERS Bonds Payable	9,813,895	-	(208,295)	9,605,600
2004 Bond Refinancing	1,745,000	-	(815,000)	930,000
2012 Bond Refinancing	7,735,000	-	(170,000)	7,565,000
Total	<u>19,358,895</u>	<u>-</u>	<u>(1,258,295)</u>	<u>18,100,600</u>
Capital Leases	<u>180,487</u>	<u>-</u>	<u>(67,968)</u>	<u>112,519</u>
	<u>\$ 19,539,382</u>	<u>\$ -</u>	<u>\$ (1,326,263)</u>	<u>\$ 18,213,119</u>

BROOKINGS-HARBOR SCHOOL DISTRICT NO. 17C
Notes to Basic Financial Statements
June 30, 2014

Note 9 - Long-term Debt (continued)

The annual debt service requirements on long-term debt outstanding as of June 30, 2014 are as follows:

Year Ending June 30	Debt Obligations		Capital Lease Obligations	
	Principal	Interest	Principal	Interest
2015	\$ 1,298,048	\$ 715,829	\$ 49,992	\$ 4,627
2016	1,401,092	869,067	52,082	2,537
2017	1,462,861	845,825	10,445	358
2018	1,529,093	716,556	-	-
2019	1,601,520	717,628	-	-
2020-2024	6,427,986	2,179,255	-	-
2025-2028	4,380,000	571,520	-	-
	<u>\$ 18,100,600</u>	<u>\$ 6,615,680</u>	<u>\$ 112,519</u>	<u>\$ 7,522</u>

Outstanding issues are callable as follows:

- January 15, 2001 - at par plus accrued interest, if any, beginning December 15, 2011
- October 9, 2002 - not callable
- February 6, 2004 - not callable
- December 1, 2004 - at par plus accrued interest, if any, beginning December 15, 2015

Note 10 – Compensated Absences

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

	Balance 6/30/2013	Additions	Reclassifications/ Reductions	Balance 6/30/2014	Due Within One Year
Compensated absences	<u>\$ 34,610</u>	<u>\$ 47,351</u>	<u>\$ (58,671)</u>	<u>\$ 23,290</u>	<u>\$ 23,290</u>

Note 11 - Other Post Employment Benefits

Postemployment Health Insurance Subsidy

The District implemented GASB Statement 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (OPEB) for the fiscal year ended June 30, 2010. The implementation allows the District to report its liability for other post employment benefits consistent with established generally accepted accounting principles and to reflect an actuarially determined liability for the present value of projected future benefits for retired and active employees on the financial statements. The District does not issue a stand alone report for this plan.

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. There are 162 active and 17 retired members in the plan.

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.

BROOKINGS-HARBOR SCHOOL DISTRICT NO. 17C
Notes to Basic Financial Statements
June 30, 2014

Note 11 - Other Post Employment Benefits (continued)

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 resents the District's implicit employer contribution.

Funding Policy. The benefits from this program are and 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, 2014, the amount actually contributed to the plan, and changes in the District's net OPEB obligation.

Annual required contribution (ARC) and annual OPEB cost (expense)	\$ 149,815
Less: Implicit Benefit Payments	<u>(81,053)</u>
Increase in net OPEB obligation	68,762
Net OPEB obligation - beginning of year	<u>463,181</u>
Net OPEB obligation - end of year	<u><u>\$ 531,943</u></u>

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, 2014 and 2013 are:

Fiscal year	Annual OPEB Cost	Contributions	Funded Ratio	Net OPEB Obligation
2014	\$ 149,815	\$ 81,053	54%	\$ 531,943
2013	\$ 148,288	\$ 74,683	50%	\$ 463,181
2012	\$ 253,154	\$ 106,238	42%	\$ 389,576

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 3.5% and an assumed health care inflation rate of 6.0% per year in 2013-14 grading up to 7.0% in 15 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) age 64 health claim costs, and the impact of age to the claims cost which range from 5% per year under age 40 to 4.2% per year for ages 60-64, and (7) and no investment return, due to lack of assets set aside to fund this program.

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, however, the October 1, 2009 is the only valuation prepared to date.

BROOKINGS-HARBOR SCHOOL DISTRICT NO. 17C
Notes to Basic Financial Statements
June 30, 2014

Note 11 - Other Post Employment Benefits (continued)

For the District's initial valuation the Projected Unit Credit Method was the valuation method used to determine the District's OPEB liability. 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 in 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, 2012 the actuarial accrued liability for benefits was \$915,647 and the actuarial value of assets was \$0, resulting in a UAAL of \$915,647. The covered payroll (annual payroll of active employees covered by the plan) was \$7.5 million for fiscal year 2013 and the ratio of the UAAL to the covered payroll was 12%. Using a 15-year amortization period, the Annual Required Contribution (ARC) for 2014 has been actuarially determined to be \$189,297.

Note 12 - Pension Plan

The District contributes to two pension plans administered by the Oregon Public Employees Retirement System (PERS). The Oregon Public Employees Retirement Fund (OPERF) applies to the District's contribution for qualifying employees who were hired before August 29, 2003, and is a cost-sharing multiple-employer defined benefit pension plan. The Oregon Public Service Retirement Plan (OPSRP) is a hybrid successor plan to the OPERF and consists of two programs: The Pension Program, the defined benefit portion of the plan, applies to qualifying District employees hired after August 29, 2003, and to inactive employees who return to employment following a six-month or greater break in service. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service. Beginning January 1, 2004, all PERS member contributions go into the Individual Account Program (IAP), the defined contribution portion of the plan.

PERS members retain their existing PERS accounts, but any future member contributions are deposited into the member's IAP, not the member's PERS account.

Both PERS plans provide retirement and disability benefits, post employment healthcare benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is administered under Oregon Revised Statute Chapter 238, which establishes the Oregon Public Employees Retirement Board (OPERB) as the governing body of PERS. PERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to PERS, PO Box 23700, Tigard, OR, 97281-3700 or by calling 503-598-7377.

Covered employees are required by state statute to contribute 6.00% of their annual salary to the system, but the employer is allowed to pay any or all of the employees' contribution in addition to the required employers' contribution. The District is required by ORS 238.225 to contribute at an actuarially determined rate for the qualifying employees under the OPERF plan, and a general service rate for the qualifying employees under the OPSRP plan. The OPERF and the OPSRP rates in effect for the year ended June 30, 2014 were 7.26% and 5.26% respectively. The contribution requirements for plan members are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature.

BROOKINGS-HARBOR SCHOOL DISTRICT NO. 17C
Notes to Basic Financial Statements
June 30, 2014

Note 12 - Pension Plan (continued)

The District's contributions to PERS for the years ending June 30, 2014, 2013, and 2012 were \$1,251,998, \$1,153,642, and \$1,032,179, respectively, equal to the required contribution for the years. The District has included the prepaid pension assets in the Statement of Net Position and will amortize the asset over 25 years effectively reducing the annual future pension required contribution to below the annual pension cost.

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, 2014.

Note 15 - Fund Balances

In the Special Programs 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, 2014 through December 17, 2014, the date of the financial statements were available for issuance, for recognition and/or disclosure in the financial statements.

On October 9, 2014, 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 \$139,155 and is payable in five annual installments, beginning on January 15, 2015 and with a final installment due January 15, 2019.

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, 2014**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
REVENUES				
Local sources				
Property taxes	\$ 5,123,746	\$ 5,123,746	\$ 4,975,564	\$ (148,182)
Revenue from local government	-	-	106,492	106,492
Interest	15,000	15,000	17,188	2,188
Student fees	35,000	35,000	37,005	2,005
Miscellaneous	175,000	175,000	171,083	(3,917)
Intermediate sources				
Other	-	-	-	-
State sources				
State school support fund	6,799,653	6,799,653	6,714,479	(85,174)
Common school fund	124,850	124,850	135,746	10,896
Other restricted grants-in-aid	50,000	50,000	5,300	(44,700)
Federal sources				
Restricted grants	-	-	309	309
Federal forest fees	-	-	350,081	350,081
TOTAL REVENUES	12,323,249	12,323,249	12,513,247	189,998
EXPENDITURES				
Current				
Instruction	7,583,786	7,583,786	7,406,460	177,326
Support services	4,630,872	4,630,872	4,520,372	110,500
Contingency	1,524,513	1,524,513	-	1,524,513
TOTAL EXPENDITURES	13,739,171	13,739,171	11,926,832	1,812,339
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,415,922)	(1,415,922)	586,415	2,002,337
OTHER FINANCING SOURCES (USES):				
Transfers to other funds	(434,078)	(434,078)	(434,078)	-
TOTAL OTHER FINANCING SOURCES (USES)	(434,078)	(434,078)	(434,078)	-
NET CHANGE IN FUND BALANCE	(1,850,000)	(1,850,000)	152,337	2,002,337
FUND BALANCE, July 1, 2013	1,850,000	1,850,000	1,901,052	51,052
FUND BALANCE, June 30, 2014	\$ -	\$ -	\$ 2,053,389	\$ 2,053,389

**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, 2014**

	Budget		Actual	Variance with
	Adopted	Final		Final Budget Positive (Negative)
REVENUES				
Local sources				
Interest	\$ 76,400	\$ 76,400	\$ 85,246	\$ 8,846
Lunch sales	130,594	130,594	90,719	(39,875)
Student fees	434,000	434,000	-	(434,000)
Contributions and donations	-	-	42,114	42,114
Miscellaneous	83,925	83,925	339,067	255,142
Intermediate sources				
Other	25,000	25,000	-	(25,000)
Restricted revenue	-	-	17,679	17,679
State sources				
School lunch match	24,000	24,000	-	(24,000)
Other restricted grants-in-aid	70,401	70,401	51,600	(18,801)
Federal sources				
Restricted grants	1,345,846	1,345,846	908,534	(437,312)
School nutrition	-	-	379,841	379,841
Commodities	-	-	30,462	30,462
TOTAL REVENUES	2,190,166	2,190,166	1,945,262	(244,904)
EXPENDITURES				
Current				
Instruction	1,696,210	1,696,210	1,266,236	429,974
Support services	593,679	593,679	393,310	200,369
Enterprise and community services	659,594	659,594	596,311	63,283
Debt service	75,858	75,858	75,858	-
Contingency	257,700	257,700	-	257,700
TOTAL EXPENDITURES	3,283,041	3,283,041	2,331,715	951,326
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,092,875)	(1,092,875)	(386,453)	706,422
OTHER FINANCING SOURCES (USES):				
Transfers in (out)	434,078	434,078	434,078	-
TOTAL OTHER FINANCING SOURCES (USES)	434,078	434,078	434,078	-
NET CHANGE IN FUND BALANCE	(658,797)	(658,797)	47,625	706,422
FUND BALANCE, July 1, 2013	3,403,797	3,403,797	3,362,922	(40,875)
FUND BALANCE, June 30, 2014	\$ 2,745,000	\$ 2,745,000	\$ 3,410,547	\$ 665,547

BROOKINGS-HARBOR SCHOOL DISTRICT 17C
Schedule of Funding Progress
June 30, 2014

Schedule of Funding Progress

<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>UAA/ 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%

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.

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, 2014**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Local sources				
Property taxes	\$ 1,255,622	\$ 1,255,622	\$ 1,270,602	\$ 14,980
Interest	5,000	5,000	6,237	1,237
TOTAL REVENUES	<u>1,260,622</u>	<u>1,260,622</u>	<u>1,276,839</u>	<u>16,217</u>
EXPENDITURES				
Debt service:	<u>1,262,122</u>	<u>1,262,122</u>	<u>1,221,076</u>	<u>41,046</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,500)	(1,500)	55,763	57,263
FUND BALANCE, July 1, 2013	<u>1,000,000</u>	<u>1,000,000</u>	<u>932,219</u>	<u>(67,781)</u>
FUND BALANCE, June 30, 2014	<u>\$ 998,500</u>	<u>\$ 998,500</u>	<u>\$ 987,982</u>	<u>\$ (10,518)</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, 2014**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Local sources				
Interest	\$ 1,500	\$ 1,500	\$ 4,857	\$ 3,357
Miscellaneous	200,000	200,000	11,098	(188,902)
TOTAL REVENUES	<u>201,500</u>	<u>201,500</u>	<u>15,955</u>	<u>185,545</u>
EXPENDITURES				
Capital outlay	200,000	200,000	1,536	198,464
TOTAL EXPENDITURES	<u>200,000</u>	<u>200,000</u>	<u>1,536</u>	<u>198,464</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,500	1,500	14,419	12,919
FUND BALANCE, July 1, 2013	<u>311,750</u>	<u>311,750</u>	<u>311,726</u>	<u>(24)</u>
FUND BALANCE, June 30, 2014	<u>\$ 313,250</u>	<u>\$ 313,250</u>	<u>\$ 326,145</u>	<u>\$ 12,895</u>

OTHER FINANCIAL SCHEDULES

**BROOKINGS-HARBOR SCHOOL DISTRICT NO. 17C
SCHEDULE OF PROPERTY TAX TRANSACTIONS
FISCAL YEAR ENDED JUNE 30, 2014**

	Tax Year	Uncollected July 1, 2013	Levy as Extended by Assessor	Discounts and Adjustments	Interest	Collections Per Treasurer	Uncollected June 30, 2014
<u>GENERAL FUND:</u>							
Current	2013-14		\$ 5,076,035	\$ (142,762)	\$ 3,436	\$ (4,682,811)	\$ 253,898
Prior	2012-13	\$ 393,725		(137,528)	10,172	(158,169)	108,200
	2011-12	140,904		(26,733)	8,570	(61,135)	61,606
	2010-11	73,287		(12,544)	9,490	(40,911)	29,322
	2009-10	46,551		(20,342)	5,435	(25,609)	6,035
	2008-09	52,651		(47,109)	285	(2,112)	3,715
	Prior	18,637		(7,821)	79	(443)	10,452
Total prior		725,755	-	(252,077)	34,031	(288,379)	219,330
TOTAL GENERAL FUND		<u>\$ 725,755</u>	<u>\$ 5,076,035</u>	<u>\$ (394,839)</u>	<u>\$ 37,467</u>	<u>\$ (4,971,190)</u>	<u>\$ 473,228</u>
<u>DEBT SERVICE:</u>							
Current	2013-14		\$ 1,306,571	(41,787)	\$ 884	\$ (1,200,336)	\$ 65,332
Prior	2012-13	\$ 68,209		(8,893)	2,356	(36,617)	25,055
	2011-12	30,961		(5,828)	1,888	(13,452)	13,569
	2010-11	19,167		(3,204)	2,491	(10,756)	7,698
	2009-10	11,809		(5,147)	1,381	(6,509)	1,534
	2008-09	12,317		(11,021)	67	(494)	869
	Prior	4,041		(881)	23	(99)	3,084
Total prior		146,504	-	(34,974)	8,206	(67,927)	51,809
TOTAL DEBT SERVICE FUND		<u>\$ 146,504</u>	<u>\$ 1,306,571</u>	<u>\$ (76,761)</u>	<u>\$ 9,090</u>	<u>\$ (1,268,263)</u>	<u>\$ 117,141</u>

SCHOOL DISTRICT FINANCIAL
ACCOUNTING SUMMARIES

BROOKINGS HARBOR SCHOOL DISTRICT NO. 17C
2013 - 14 DISTRICT AUDIT REVENUE SUMMARY

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
Revenue from Local Sources							
1110 Ad Valorem Taxes Levied by District	4,975,564		1,270,602				
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	106,492						
1311 Regular Day School Tuition - From Individuals							
1312 Regular Day School Tuition - Other Dist Within State	9,553						
1313 Regular Day School Tuition - Other Districts Outside	27,452						
1320 Adult/Continuing Education Tuition							
1330 Summer School Tuition							
1411 Transportation Fees - From Individuals							
1412 Transportation Fees - Other Dist Within State							
1413 Transportation Fees - Other Districts Outside							
1420 Summer School Transportation Fees							
1500 Earnings on Investments	17,188	85,246	6,237	4,857			
1600 Food Service		90,719					
1700 Extracurricular Activities							
1800 Community Services Activities							
1910 Rentals							
1920 Contributions and Donations From Private Sources		42,114					
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							
1980 Fees Charged to Grants							
1990 Miscellaneous	171,083	339,067		11,098			
Total Revenue from Local Sources	5,307,332	557,146	1,276,839	15,955	-	-	-
Revenue from Intermediate Sources							
2101 County School Funds							
2102 General ESD Revenue							
2103 Excess ESD Local Revenue							
2105 Natural Gas, Oil, and Mineral Receipts							
2110 Intermediate "I" Tax							
2199 Other Intermediate Sources							
2200 Restricted Revenue		17,679					
2800 Revenue in Lieu of Taxes							
2900 Revenue for/on Behalf of the District							
Total Revenue from Intermediate Sources	-	17,679	-	-	-	-	-
Revenue from State Sources							
3101 State School Fund - General Support	6,714,479						
3102 State School Fund - School Lunch Match							
3103 Common School Fund	135,746						
3104 State Managed County Timber							
3106 State School Fund - Accrual							
3199 Other Unrestricted Grants-in-Aid	5,300						
3204 Driver Education							
3222 State School Fund (SSF) Transportation Equipment							
3299 Other Restricted Grants-in-Aid	-	51,600					
3800 Revenue in Lieu of Taxes							
3900 Revenue for/on Behalf of the District							
Total Revenue from State Sources	6,855,525	51,600	-	-	-	-	-
Revenue from Federal Sources							
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		28,803					
4500 Restricted Revenue From the Federal Government Through the State	309	1,258,572					
4700 Grants-In-Aid From the Federal Government Through Other Intermediate Agencies		1,000					
4801 Federal Forest Fees	350,081						
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		30,462					
Total Revenue from Federal Sources	350,390	1,318,837	-	-	-	-	-
Revenue from Other Sources							
5100 Long Term Debt Financing Sources							
5200 Interfund Transfers		434,078					
5300 Sale of or Compensation for Loss of Fixed Assets							
5400 Resources - Beginning Fund Balance	1,901,052	3,362,922	932,219	311,726			
Total Revenue from Other Sources	1,901,052	3,797,000	932,219	311,726	-	-	-
Grand Totals	\$14,414,299	\$5,742,262	\$2,209,058	\$327,681	\$0	\$0	\$0

**BROOKINGS HARBOR SCHOOL DISTRICT NO. 17C
2013 - 14 DISTRICT AUDIT EXPENDITURE SUMMARY**

Fund: 100 General Fund

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
Instruction Expenditures								
1111 Elementary, K-5 or K-6	2,602,795	1,548,410	757,520	14,298	282,567			
1113 Elementary Extracurricular	-							
1121 Middle/Junior High Programs	1,419,300	888,148	419,521	19,757	91,874			
1122 Middle/Junior High School Extracurricular	9,619	6,515	3,104	-	-			
1131 High School Programs	2,273,075	1,429,959	708,185	44,688	90,243			
1132 High School Extracurricular	6,143	4,801	1,342	-	-			
1140 Pre-Kindergarten Programs	-							
1210 Programs for the Talented and Gifted	-							
1220 Restrictive Programs for Students with Disabilities	-							
1250 Less Restrictive Programs for Students with Disabilities	991,052	546,972	355,738	67,353	20,989			
1260 Treatment and Habilitation	-							
1271 Remediation	-							
1272 Title I	-							
1280 Alternative Education	18,513	11,333	3,193	3,781	206			
1291 English Second Language Programs	85,963	55,599	28,189	686	1,489			
1292 Teen Parent Program	-							
1293 Migrant Education	-							
1294 Youth Corrections Education	-							
1299 Other Programs	-							
1300 Adult/Continuing Education Programs	-							
1400 Summer School Programs	-							
Total Instruction Expenditures	7,406,460	4,491,737	2,276,792	150,563	487,368	-	-	-
Support Services Expenditures								
2110 Attendance and Social Work Services	-							
2120 Guidance Services	188,184	122,904	61,460	-	3,820			
2130 Health Services	76,073	48,445	23,394	2,428	1,806			
2140 Psychological Services	93,722	59,341	29,056	-	5,325			
2150 Speech Pathology and Audiology Services	-							
2160 Other Student Treatment Services	-							
2190 Service Direction, Student Support Services	166,143	109,738	55,311	449	-		645	
2210 Improvement of Instruction Services	30,581	14,469	5,824	9,438	850			
2220 Educational Media Services	132,169	68,765	43,075	-	20,329			
2230 Assessment & Testing	-							
2240 Instructional Staff Development	12,797			12,797				
2310 Board of Education Services	26,127			23,142	482	-	2,503	
2320 Executive Administration Services	237,362	135,657	78,775	15,906	4,743	-	2,281	
2410 Office of the Principal Services	1,083,342	652,127	344,494	75,278	7,488	-	3,955	
2490 Other Support Services - School Administration	-							
2510 Direction of Business Support Services	-							
2520 Fiscal Services	419,569	172,212	33,084	70,921	10,721	-	132,631	
2540 Operation and Maintenance of Plant Services	1,092,903	424,177	269,596	315,352	51,388	32,390	-	
2550 Student Transportation Services	660,007	272,953	189,471	38,078	141,611	-	17,894	
2570 Internal Services	-							
2610 Direction of Central Support Services	-							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	989			989				
2630 Information Services	-							
2640 Staff Services	-							
2660 Technology Services	300,404	93,162	45,922	73,229	88,091			
2670 Records Management Services	-							
2690 Other Support Services - Central	-							
2700 Supplemental Retirement Program	-							
Total Support Services Expenditures	4,520,372	2,173,950	1,179,462	638,007	336,654	32,390	159,909	-
Enterprise and Community Services Expenditures								
3100 Food Services	-							
3200 Other Enterprise Services	-							
3300 Community Services	-							
3500 Custody and Care of Children Services	-							
Total Enterprise and Community Services Expenditures	-	-	-	-	-	-	-	-
Facilities Acquisition and Construction Expenditures								
4110 Service Area Direction	-							
4120 Site Acquisition and Development Services	-							
4150 Building Acquisition, Construction, and Improvement	-							
4180 Other Capital Items	-							
4190 Other Facilities Construction Services	-							
Total Facilities Acquisition and Construction Expenditures	-	-	-	-	-	-	-	-
Other Uses Expenditures								
5100 Debt Service	-							
5200 Transfers of Funds	434,078							434,078
5300 Apportionment of Funds by ESD	-							
5400 PERS UAL Bond Lump Sum	-							
Total Other Uses Expenditures	434,078	-	-	-	-	-	-	434,078
Grand Total	\$12,360,910	\$6,665,687	\$3,456,254	\$788,570	\$824,022	\$32,390	\$159,909	\$434,078

BROOKINGS HARBOR SCHOOL DISTRICT NO. 17C
2013 - 14 DISTRICT AUDIT EXPENDITURE SUMMARY

Fund: 200 Special Revenue Funds

Instruction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Elementary, K-5 or K-6	133,686	62,545	33,186	4,512	33,443			
1113 Elementary Extracurricular	-							
1121 Middle/Junior High Programs	10,450			10,450				
1122 Middle/Junior High School Extracurricular	118,512	30,834	10,110	17,254	60,314			
1131 High School Programs	181,361	5,772	2,507	5,421	167,661			
1132 High School Extracurricular	168,876	94,573	16,976	7,119	50,208			
1140 Pre-Kindergarten Programs	-							
1210 Programs for the Talented and Gifted	-							
1220 Restrictive Programs for Students with Disabilities	-							
1250 Less Restrictive Programs for Students with Disabilities	266,354	178,959	87,395					
1260 Treatment and Habilitation	-							
1271 Remediation	-							
1272 Title I	376,613	230,439	146,174					
1280 Alternative Education	7,681	5,933	1,698	50				
1291 English Second Language Programs	-							
1292 Teen Parent Program	-							
1293 Migrant Education	-							
1294 Youth Corrections Education	-							
1299 Other Programs	2,703			2,190	513			
1300 Adult/Continuing Education Programs	-							
1400 Summer School Programs	-							
Total Instruction Expenditures	1,266,236	609,055	298,046	46,996	312,139	-	-	-
Support Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	-							
2120 Guidance Services	89,616	54,013	32,932	1,578	1,093			
2130 Health Services	-							
2140 Psychological Services	-							
2150 Speech Pathology and Audiology Services	-							
2160 Other Student Treatment Services	-							
2190 Service Direction, Student Support Services	-							
2210 Improvement of Instruction Services	91,876	93	10	61,564	30,209			
2220 Educational Media Services	-							
2230 Assessment & Testing	-							
2240 Instructional Staff Development	48,115	35,767	8,291	3,852	205			
2310 Board of Education Services	-							
2320 Executive Administration Services	-							
2410 Office of the Principal Services	-							
2490 Other Support Services - School Administration	-							
2510 Direction of Business Support Services	-							
2520 Fiscal Services	-							
2540 Operation and Maintenance of Plant Services	163,703			119,630	44,073			
2550 Student Transportation Services	-							
2570 Internal Services	-							
2610 Direction of Central Support Services	-							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	-							
2630 Information Services	-							
2640 Staff Services	-							
2660 Technology Services	-							
2670 Records Management Services	-							
2690 Other Support Services - Central	-							
2700 Supplemental Retirement Program	-							
Total Support Services Expenditures	393,310	89,873	41,233	186,624	75,580	-	-	-
Enterprise and Community Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	596,311	186,073	118,824	7,492	283,732	-	190	
3200 Other Enterprise Services	-							
3300 Community Services	-							
3500 Custody and Care of Children Services	-							
Total Enterprise and Community Services Expenditures	596,311	186,073	118,824	7,492	283,732	-	190	-
Facilities Acquisition and Construction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	-							
4120 Site Acquisition and Development Services	-							
4150 Building Acquisition, Construction, and Improvement Services	-							
4180 Other Capital Items	-							
4190 Other Facilities Construction Services	-							
Total Facilities Acquisition and Construction Expenditures	-	-	-	-	-	-	-	-
Other Uses Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	75,858						75,858	
5200 Transfers of Funds	-							
5300 Apportionment of Funds by ESD	-							
5400 PERS UAL Bond Lump Sum	-							
Total Other Uses Expenditures	75,858	-	-	-	-	-	75,858	-
Grand Total	\$2,331,715	\$885,001	\$458,103	\$241,112	\$671,451	\$0	\$76,048	\$0

**BROOKINGS HARBOR SCHOOL DISTRICT NO. 17C
2013 - 14 DISTRICT AUDIT EXPENDITURE SUMMARY**

Fund: 300 Debt Service Funds

Instruction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Elementary, K-5 or K-6	-							
1113 Elementary Extracurricular	-							
1121 Middle/Junior High Programs	-							
1122 Middle/Junior High School Extracurricular	-							
1131 High School Programs	-							
1132 High School Extracurricular	-							
1140 Pre-Kindergarten Programs	-							
1210 Programs for the Talented and Gifted	-							
1220 Restrictive Programs for Students with Disabilities	-							
1250 Less Restrictive Programs for Students with Disabilities	-							
1260 Treatment and Habilitation	-							
1271 Remediation	-							
1272 Title I	-							
1280 Alternative Education	-							
1291 English Second Language Programs	-							
1292 Teen Parent Program	-							
1293 Migrant Education	-							
1294 Youth Corrections Education	-							
1299 Other Programs	-							
1300 Adult/Continuing Education Programs	-							
1400 Summer School Programs	-							
Total Instruction Expenditures	-	-	-	-	-	-	-	-
Support Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	-							
2120 Guidance Services	-							
2130 Health Services	-							
2140 Psychological Services	-							
2150 Speech Pathology and Audiology Services	-							
2160 Other Student Treatment Services	-							
2190 Service Direction, Student Support Services	-							
2210 Improvement of Instruction Services	-							
2220 Educational Media Services	-							
2230 Assessment & Testing	-							
2240 Instructional Staff Development	-							
2310 Board of Education Services	-							
2320 Executive Administration Services	-							
2410 Office of the Principal Services	-							
2490 Other Support Services - School Administration	-							
2510 Direction of Business Support Services	-							
2520 Fiscal Services	-							
2540 Operation and Maintenance of Plant Services	-							
2550 Student Transportation Services	-							
2570 Internal Services	-							
2610 Direction of Central Support Services	-							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	-							
2630 Information Services	-							
2640 Staff Services	-							
2660 Technology Services	-							
2670 Records Management Services	-							
2690 Other Support Services - Central	-							
2700 Supplemental Retirement Program	-							
Total Support Services Expenditures	-	-	-	-	-	-	-	-
Enterprise and Community Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	-							
3200 Other Enterprise Services	-							
3300 Community Services	-							
3500 Custody and Care of Children Services	-							
Total Enterprise and Community Services Expenditures	-	-	-	-	-	-	-	-
Facilities Acquisition and Construction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	-							
4120 Site Acquisition and Development Services	-							
4150 Building Acquisition, Construction, and Improvement Services	-							
4180 Other Capital Items	-							
4190 Other Facilities Construction Services	-							
Total Facilities Acquisition and Construction Expenditures	-	-	-	-	-	-	-	-
Other Uses Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	1,221,076						1,221,076	
5200 Transfers of Funds	-							
5300 Apportionment of Funds by ESD	-							
5400 PERS UAL Bond Lump Sum	-							
Total Other Uses Expenditures	1,221,076	-	-	-	-	-	1,221,076	-
Grand Total	\$1,221,076	\$0	\$0	\$0	\$0	\$0	\$1,221,076	\$0

**BROOKINGS HARBOR SCHOOL DISTRICT NO. 17C
2013 - 14 DISTRICT AUDIT EXPENDITURE SUMMARY**

Fund: 400 Capital Projects Funds

Instruction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Elementary, K-5 or K-6	-							
1113 Elementary Extracurricular	-							
1121 Middle/Junior High Programs	-							
1122 Middle/Junior High School Extracurricular	-							
1131 High School Programs	-							
1132 High School Extracurricular	-							
1140 Pre-Kindergarten Programs	-							
1210 Programs for the Talented and Gifted	-							
1220 Restrictive Programs for Students with Disabilities	-							
1250 Less Restrictive Programs for Students with Disabilities	-							
1260 Treatment and Habilitation	-							
1271 Remediation	-							
1272 Title I	-							
1280 Alternative Education	-							
1291 English Second Language Programs	-							
1292 Teen Parent Program	-							
1293 Migrant Education	-							
1294 Youth Corrections Education	-							
1299 Other Programs	-							
1300 Adult/Continuing Education Programs	-							
1400 Summer School Programs	-							
Total Instruction Expenditures	-	-	-	-	-	-	-	-
Support Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	-							
2120 Guidance Services	-							
2130 Health Services	-							
2140 Psychological Services	-							
2150 Speech Pathology and Audiology Services	-							
2160 Other Student Treatment Services	-							
2190 Service Direction, Student Support Services	-							
2210 Improvement of Instruction Services	-							
2220 Educational Media Services	-							
2230 Assessment & Testing	-							
2240 Instructional Staff Development	-							
2310 Board of Education Services	-							
2320 Executive Administration Services	-							
2410 Office of the Principal Services	-							
2490 Other Support Services - School Administration	-							
2510 Direction of Business Support Services	-							
2520 Fiscal Services	-							
2540 Operation and Maintenance of Plant Services	-							
2550 Student Transportation Services	-							
2570 Internal Services	-							
2610 Direction of Central Support Services	-							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	-							
2630 Information Services	-							
2640 Staff Services	-							
2660 Technology Services	-							
2670 Records Management Services	-							
2690 Other Support Services - Central	-							
2700 Supplemental Retirement Program	-							
Total Support Services Expenditures	-	-	-	-	-	-	-	-
Enterprise and Community Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	-							
3200 Other Enterprise Services	-							
3300 Community Services	-							
3500 Custody and Care of Children Services	-							
Total Enterprise and Community Services Expenditures	-	-	-	-	-	-	-	-
Facilities Acquisition and Construction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	-							
4120 Site Acquisition and Development Services	-							
4150 Building Acquisition, Construction, and Improvement Services	1,536			1,536				
4180 Other Capital Items	-							
4190 Other Facilities Construction Services	-							
Total Facilities Acquisition and Construction Expenditures	1,536	-	-	1,536	-	-	-	-
Other Uses Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	-							
5200 Transfers of Funds	-							
5300 Apportionment of Funds by ESD	-							
5400 PERS UAL Bond Lump Sum	-							
Total Other Uses Expenditures	-	-	-	-	-	-	-	-
Grand Total	\$1,536	\$0	\$0	\$1,536	\$0	\$0	\$0	\$0

BROOKINGS HARBOR SCHOOL DISTRICT NO. 17C

SUPPLEMENTAL INFORMATION, 2013-2014

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	\$204,634
Function 2550	\$ 7,119

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

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

Exclude these functions:

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

Exclude these functions:

4150 Construction
 2550 Pupil Transportation
 3100 Food Service
 3300 Community Services

\$0

AUDIT COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATIONS



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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, 2014, and have issued our report thereon dated December 17, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller 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 Distribution Factors

In connection with our audit, 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*.

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.

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 C. Parmele, CPA, Partner

Stewart C. Parmele, CPA, Partner
KDCO Piels, Certified Public Accountants, LLP
Medford, Oregon
December 17, 2014

**Items required by the Single Audit Act
Amendments of 1996 for Federal award programs**



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**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, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 17, 2014.

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 from 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 did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

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 C. Parmele, CPA, Partner

Stewart C. Parmele, CPA, Partner
KDCO Piels, Certified Public Accountants, LLP
Medford, Oregon
December 17, 2014



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

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 Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2014. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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, 2014.

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

Report on Internal Control Over Compliance (continued)

compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Stewart C. Parmele, CPA, Partner

Stewart C. Parmele, CPA, Partner
KDCO Piels, Certified Public Accountants, LLP
Medford, Oregon
December 17, 2014

Brookings-Harbor School District 17C
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2014

Grantor	Program Title	Grant Period	CFDA Number	Pass	Grant Amount	2013-14 Revenues	2013-14 Expenditures
				through #			
U.S. Department of Education:							
Direct Grant	Title V Indian Education	7/1/13 - 6/30/14	84.060A		\$ 69,800	\$ 69,800	\$ 69,800
Passed through Oregon State Department of Education:							
	Title I-A :	7/1/13 - 9/30/14	84.010	28087	389,531	376,613	376,613
	Children w/disabilities - IDEA Part B:	7/1/12 - 9/30/14	84.027	26641	241,914	168,896	168,896
		7/1/13 - 9/30/15	84.027	28401	239,878	97,458	97,458
	Total				<u>481,792</u>	<u>266,354</u>	<u>266,354</u>
	Effective Behavioral and Instructional Support System (EBISS)	7/1/13 - 3/31/14	84.323	27773	3,061	-	-
					<u>3,061</u>	<u>-</u>	<u>-</u>
	Title II-A Improving Teacher Quality:	7/1/12 - 9/30/13	84.367	25429	78,668	24,053	24,053
		7/1/13 - 9/30/14	84.367	28599	73,148	72,259	72,259
					<u>151,816</u>	<u>96,312</u>	<u>96,312</u>
	YTP - Basic Vocational Rehabilitation Services	7/1/13 - 6/30/14	84.126	2013-14	45,980	45,980	45,980
Rural and Low income Schools	Title 6	7/1/12 - 9/30/13	84.358	26092	30,676	14,002	14,002
		7/1/13 - 9/30/14	84.358	29918	28,381	21,368	21,368
					<u>59,057</u>	<u>35,370</u>	<u>35,370</u>
Passed through Oregon University System:							
	Positive Family Support	7/1/13 - 7/30/14	84.324	2013-14	1,000	1,000	1,000
	GEAR-UP	7/1/13 - 7/30/14	84.334	2012-13	25,000	17,105	17,105
Total U.S. Department of Education					<u>1,227,037</u>	<u>908,534</u>	<u>908,534</u>
U.S. Department of Agriculture:							
Passed through Oregon State Department of Education:							
	National School Breakfast	2013-14	10.553	2013-14	94,043	94,043	94,043
	National School Lunch	2013-14	10.555	2013-14	275,261	275,261	275,261
	Summer Foods Program	2013-14	10.559	2013-14	10,537	10,537	10,537
	Commodities	2013-14	10.555	2013-14	30,462	30,462	30,462
	Total				<u>410,303</u>	<u>410,303</u>	<u>410,303</u>
Direct Award:	Federal Forest Fees	2013-14	10.666	2013-14	350,081	350,081	350,081
Total U.S. Department of Agriculture					<u>760,384</u>	<u>760,384</u>	<u>760,384</u>
U.S. Department of Health and Human Services:							
Passed through Oregon State Department of Education:							
	ARRA-Early Childhood Matters	3/1/12 - 8/30/13	93.708	27423	1,500	309	309
Total U.S. Department Health and Human Services:					<u>1,500</u>	<u>309</u>	<u>309</u>
Total Federal Financial Assistance					<u>\$ 1,988,921</u>	<u>\$ 1,669,227</u>	<u>\$ 1,669,227</u>

Note A - Basis of Presentation

The schedule of expenditures of federal awards includes the federal grant activity of the Brookings-Harbor School District 17C and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements

Note B - Food Distribution

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. For the year ended June 30, 2014, the District received food commodities totaling \$30,462.

**BROOKINGS-HARBOR SCHOOL DISTRICT NO. 17C
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FISCAL YEAR ENDED JUNE 30, 2014**

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 were no audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 reported in this schedule.
5. The programs tested as major programs include:

U.S. Department of Education

Title I
IDEA

CFDA # 84.010
CFDA # 84.027

U.S. Department of Agriculture

Food Service Cluster

CFDA # 10.555, 10.553, 10.559

6. The threshold for distinguishing Types A and B Programs was \$300,000.
7. Brookings-Harbor School District No. 17C did not qualify as a low-risk auditee under the criteria specified in OMB Circular A-133.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

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

None

**BROOKINGS-HARBOR SCHOOL DISTRICT NO. 17C
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FISCAL YEAR ENDED JUNE 30, 2014**

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

Findings 2013-1

IDEA CFDA # 84.027 / Title I # 84.010

Condition – During the audit, we reviewed a sample of payroll costs charged to the grant during the year. Time and effort reports were not completed during the year. Related salary and benefit expenditures totaled \$493,353.

Recommendation – We recommend the District revise its procedures and require all employees who work in federal programs to complete a semi-annual certification or complete time and effort reports to meet federal requirements.

Current Status – The District followed their corrective action plan and implemented time and effort documentation to meet the federal requirements. There were no similar findings in the current year.