

**COQUILLE SCHOOL DISTRICT NO. 8**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**COQUILLE SCHOOL DISTRICT NO. 8**  
**ANNUAL FINANCIAL REPORT**  
**For the Fiscal Year Ended June 30, 2013**

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## **DISTRICT OFFICIALS**

**COQUILLE SCHOOL DISTRICT NO. 8**  
**DISTRICT OFFICIALS**  
**June 30, 2013**

**BOARD OF DIRECTORS**

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Tim Sweeney, Superintendent

Teri Pointer, Business Manager

Coquille School District No. 8  
1366 N. Gould Street  
Coquille, Oregon 97423

Telephone: (541) 396-2181

## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

December 31, 2013

To the Board of Directors of Coquille School District No. 8:

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Coquille School District No. 8, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

### Basis for Qualified Opinion

The District has chosen to not adopt Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting for Employers for Postemployment Benefits Other Than Pensions*, which is required by accounting principles generally accepted in the United States of America. Because the District did not determine the amount of their liability under GASB Statement No. 45, the effect on the Statement of Net Position and the Statement of Activities cannot be determined.

## Qualified Opinion

In our opinion, except for the effects of not implementing GASB Statement No. 45, as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Coquille School District No. 8 as of June 30, 2013, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison information for the General Fund and Special Grant Fund as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budget and actual schedules for the General fund and major Special Grant Fund, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Coquille School District No. 8's basic financial statements. The supplementary information, as listed in the table of contents, and the Schedule of Expenditures of Federal Financial Awards are presented for purposes of additional analysis and are not required parts of the basic financial statements. The Schedule of Expenditures of Federal Financial Awards is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information and the Schedule of Expenditures of Federal Financial Awards 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



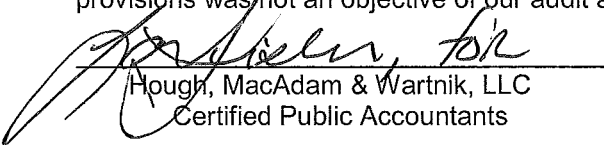
### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Coquille School District No. 8's basic financial statements. The Oregon Department of Education Supplemental Information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Oregon Department of Education Supplemental Information is required by the Oregon Department of Education. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly we express no opinion or provide any assurance on them.

### **Other Reporting Required by Government Auditing Standards and Oregon Revised Statutes**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2013, on our consideration of Coquille School District No. 8's internal control over financial reporting and on 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 result of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Coquille School District's internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 31, 2013, on our consideration of the Coquille School District's internal control over financial reporting and on tests of its compliance with the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 to 162-10-320. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.



Hough, MacAdam & Wartnik, LLC  
Certified Public Accountants

**COQUILLE SCHOOL DISTRICT 8  
COOS COUNTY,  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For Year Ended June 30, 2013**

This section of Coquille School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2013. The intent of the Management Discussion and Analysis (MD&A) is to look at the school district's financial performance as a whole. With this in mind, please also refer to the District's financial statements, which immediately follow this section.

**Financial Variances from the Prior Year**

There were some significant variances in revenues, expenditures and changes in fund balance from the prior year. The General Fund, as discussed in more detail later, had revenue of approximately \$7,491,423 (excluding the beginning fund balance), an increase of approximately \$305,055 from the prior year; however \$179,366 of this increase is artificial due to two factors: 1) South Coast Education Service District changed its accounting practices. In previous years, the amount of expenditures due to SCESD for services was offset by the amount of reimbursement back to the district. Starting in 12/13, SCESD started charging the full amount of contracts too districts, then cutting a check for the reimbursement. This caused an \$113,129 upwards fluctuation in miscellaneous revenue. 2) The other big factor is due to required accounting procedures to book revenue for the amount of Federal subsidy, \$66,237, for the districts QZAB loan. This left an increase of approximately \$125,689 which the majority was an increase in State School Funds (caused by an increase in ADMw) and an increase in the Common School Fund. General Fund expenses were approximately \$7,531,000 an increase of about \$16,000 from the prior year. This increase was held to a minimum due to a spending freeze in March of 2013. As a result of the other miscellaneous revenue changes, the ending fund balance had a downward change of approximately \$39,700. This is in contrast to the \$330,000 decrease from the prior year.

Special Grant Fund revenues were down approximately \$20,269 overall from the prior year. Expenditures were down approximately \$33,953. The overall net changes to these funds are due primarily to miscellaneous grants moving in/out and fluctuations in Student Body & Food Service. There was a positive net change in the fund balance of \$13,684.

The Capital Projects Fund ending fund balance was approximately \$69,349. These are the funds that remain after the major replacement of the Coquille Valley School HVAC system and will be used in the 13/14 year.

The Permanent and Fiduciary Funds and Agency fund increased in the 12/13 year by approximately \$203,992. This was due to a contribution from a private donor and is available for scholarships to graduating students who meet the GPA and other requirements of the trust.

**Statement of Net Position and the Statement of Activities**

While this document contains financial statements for each of the individual funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during the fiscal year ending June 30, 2013?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting includes all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's Net Position and changes in those assets. This change in Net Position is important because it tells the reader whether, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include economic conditions, mandated educational programs, enrollment levels, and other factors.

In the Statement of Net Position and the Statement of Activities, the School District reports governmental activities. Governmental activities are the activities where all of the School District's programs and services are reported including instruction, support services and community services. The School District does not have any business like activities.

## Reporting the School District's Most Significant Funds

### Fund Financial Statements

The analysis of the School District's major funds begins on page 12. Fund financial reports provide detailed information about the School District's major funds. The School District uses several funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, the Special Grant Fund, and the Capital Projects Fund.

### Governmental Funds

All of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Recall that the Statement of Net Position provides the perspective of the School District as a whole.

Table 1 provides a comparative summary of the School District's Net Position for the years ending June 30, 2012 and 2013.

**Table 1**  
**Net Position**

	<u>6/30/2012</u>	<u>6/30/2013</u>
Assets:		
Current and other assets	\$ 2,760,545	\$ 1,876,522
Capital assets	<u>4,827,967</u>	<u>4,612,347</u>
Total assets	<u>7,588,512</u>	<u>6,488,869</u>
Deferred Outflows of Resources		
Deferred amounts on refunding of bonds	\$ -	\$ 119,946
Liabilities:		
Current liabilities	1,033,966	809,217
Long-term liabilities	<u>3,244,036</u>	<u>3,292,104</u>
Total liabilities	<u>4,278,002</u>	<u>4,101,321</u>
Net Position:		
Invested in capital assets, net of related debt	1,287,387	1,222,010
Restricted	291,234	379,448
Restricted - unexpendable	36,052	36,052
Unrestricted	<u>1,695,837</u>	<u>869,984</u>
Total Net Position	<u>\$ 3,310,510</u>	<u>\$ 2,507,494</u>

Table 2 shows the changes in Net Position for the year ending June 30, 2012 and 2013.

**Table 2**  
**Changes in Net Position**

	<u>2012</u>	<u>2013</u>
<b>REVENUES:</b>		
Program revenues:		
Charges for services and contracts	\$ 636,164	\$ 708,896
Operating grants and contributions	1,336,073	1,454,076
General revenue:		
Property taxes	2,037,427	2,053,148
Federal, State & local sources	5,221,144	5,343,782
Earnings on investments	19,837	9,662
Gain (loss) on disposal of capital assets		(77,410)
Total Revenues	<u>9,250,645</u>	<u>9,492,154</u>
<b>EXPENSES:</b>		
Instruction	4,744,844	4,850,077
Support services	3,697,906	4,415,792
Community services	769,110	684,205
Capital acquisition and construction		
Interest on long-term debt	103,605	166,081
Unallocated amortization	81,485	13,929
Unallocated depreciation	<u>174,124</u>	<u>165,086</u>
Total Expenses	<u>9,571,074</u>	<u>10,295,170</u>
Increase (decrease) in net assets	(320,429)	(803,016)
Net Position - beginning	<u>3,630,939</u>	<u>3,310,510</u>
Net Position - ending	<u><u>\$ 3,310,510</u></u>	<u><u>\$ 2,507,494</u></u>

The Statement of Activities shows the cost of program services and the revenues received for charges for services and grants that offset those services for the year ending June 30, 2013.

Instruction expense includes students and instructional staff expenses directly dealing with the teaching of students and the interaction between teacher and student, and the activities involved with assisting staff with the content and process of teaching to students.

Supporting services includes general, school, and business administration expenses associated with administration of the District as a whole, the administration of the schools individually, and with the fiscal and financial supervision of the district. This also includes activities associated with upgrading and replacing technological equipment and operation and maintenance of the school grounds, buildings, and equipment.

Capital acquisition and construction includes construction and major renovation of building and equipment.

Community services include expenses related to food service costs and scholarship awards.

Interest is associated with the payment of debt principal and capital leases.

## **The School District's Funds**

Information about the School District's major funds revenues and expenditures is on page 13. These funds are accounted for using the modified accrual basis of accounting. Excluding debt refinancing and sales of capital assets, the General Fund had total revenues of \$7,462,127 and expenditures of \$7,406,176. After transfers, debt service, and sale of assets, the net change in fund balance for the year in the General Fund was a decrease of \$39,754.

The change in fund balance for Special Grant Fund was an increase of approximately \$13,684, which was due primarily to changes in student body accounts.

The Capital Projects Fund had carryover revenues of \$69,350.

## **General Fund Budgeting Highlights**

The School District's budget is prepared according to Oregon law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

The adopted budget as amended for the General Fund was \$7,729,883, of which \$645,112 was beginning fund balance. The actual beginning fund balance was \$410,838.

## **Capital Assets**

At the end of the fiscal year 2013, the School District had a net investment of \$4,612,347 in land, land improvements, buildings, equipment, and vehicles. There were no major decreases to the Net Position during the year.

## **Debt Administration and Outstanding Debt**

The School District has several outstanding debt obligations. One is a general obligation bond issue, which was approved by the voters in 2001. These bonds are required to be paid within no more than 20 years from the date of issue and are backed by the full faith and credit of the District. The proceeds from the bond were used to expand and improve the District's facilities, which the District has completed. On October 6, 2005, a portion of the bonds maturing June 15 in the years 2006 through 2021 were refinanced (2005 Advanced Refunding of 2001 GO Bonds). The remaining bond now matures in 2021 with a 12/13 payment due of \$303,450. The district also has an outstanding QZAB loan. This is an interest "free to the district" loan (the interest is subsidized by the federal government) that will be repaid over the course of 19 years. The loan matures in 2030 with an annual payment due of \$56,944.44. The district made a bus purchase in 11/12 in the amount of \$104,478 that has a 5 year payback. This lease has a maturity date of 2016, with an annual payment of \$22,844. Finally, the district purchased a piece of property in the 11/12 year that gave them access to the high school football practice field that was basically landlocked. The purchase price was \$88,842 and has a maturity date of 2016 with an annual payment of \$19,476. The total of the outstanding long term debt (principal) at the end of the 12/13 year was \$3,319,566.

On June 30, 2013 the balance owing on all long-term debt was approximately \$3.3. The School District's overall legal debt margin is approximately \$33 million, so they are well within the prescribed boundaries.

## **Current Financial Issues and Concerns**

At the end of fiscal year 2012-2013, the General Fund had a balance of approximately \$371,084, a decrease over the previous year of around \$39,754.

The student population of Coquille School District is on a slight increase. This is due in part to the creation of the Winter Lakes Alternative High School (WLHS). This high school allows the district to recover some of those "at risk" students that are not going to school for varied reasons as well as offering services to our local home schooled students. Winter Lakes Alternative School has also added a virtual component that allows students both within and outside of Coquille District to participate in alternative curriculum. WLHS has also expanded to take in students from Bandon, Powers and Port Orford as well as Myrtle Point School District with a tuition agreement that is beneficial to both the resident district and the attending district. On the downside, payroll and payroll costs, maintenance and special education costs continue to rise, as does the cost of general education. District is ever challenged to find innovative ways to maximize the use of available resources.

Another financial concern for the district is the way the Department of Education is contemplating changing the 'poverty' formula. In the past, the way districts received additional state compensation was by the number of free and/or reduced lunches that were served within the district. There was a bill passed that changed that formula to look at three different numbers...free and/or reduced lunch, the last federal census and income tax returns. With this new formula, Coquille stands to lose close to \$85,000 in state revenue. Our 'at risk' population has not decreased, however the last census was in 2008, prior to the loss of so many jobs in the area. The district superintendent is working to mitigate the impact to the district by talking with State representatives.

Coquille School District has just voted to re-configure the district by moving the 1<sup>st</sup> and 2<sup>nd</sup> grade to Coquille Valley School, moving the 7<sup>th</sup> and 8<sup>th</sup> grade to what will now be the Jr/Sr high school and making Lincoln an early learning center. This move will not only offer the Jr/Sr high students more choices, but should also result in a savings of approximately \$200,000 in expenses.

Coquille School District is still participating in partnerships with other districts and has added a Special Education Director and an additional payroll partnership resulting in significant savings.

In conclusion, the Coquille School District No. 8 continues to be dedicated to academic excellence and financial responsibility. The School District's system of curricular programs, policies, financial planning, budgeting, and internal financial controls are in constant review and development. The School District will maintain sound fiscal management and encourage staff at all levels to seek ways to stretch our resources while providing daily opportunities for students to grow personally as well as academically.

### **Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information contact: Teri Pointer, Business Manager, Coquille School District No. 8, 1366 N. Gould St, Coquille, OR 97423.

## **BASIC FINANCIAL STATEMENTS**

**COQUILLE SCHOOL DISTRICT NO. 8**  
**STATEMENT OF NET POSITION**  
June 30, 2013

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 805,155
Investments available for sale	176,658
Receivables:	
Accounts	3,104
Intergovernmental	559,947
Property taxes	273,814
Prepaid expenses	12,930
Restricted assets - cash and investments	
Permanently restricted - permanent trust	36,052
Temporarily restricted - permanent trust	8,862
Capital assets:	
Land	162,580
Depreciable assets net of depreciation	<u>4,449,767</u>
Total assets	<u>6,488,869</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred amounts on refunding of bonds	<u>119,946</u>
<b>LIABILITIES</b>	
Accounts payable	144,603
Accrued payroll and benefits	496,072
Intergovernmental payable	26,483
Accrued interest payable	5,147
Compensated absences payable	38,679
Capital leases	
Amount due within one year	29,369
Amount due after one year	68,864
Long-term debt	
Amount due within one year	299,258
Amount due after one year	<u>2,992,846</u>
Total liabilities	<u>4,101,321</u>
<b>NET POSITION</b>	
Net investment in capital assets	1,222,010
Nonexpendable, restricted for:	
Educational projects	36,052
Expendable, restricted for:	
Debt service	90,301
Capital projects	66,821
Specific educational purposes	213,464
Scholarships	8,862
Unrestricted	<u>869,984</u>
Total net position	<u><u>\$ 2,507,494</u></u>

The notes to the basic financial statements are an integral part of this statement.



**COQUILLE SCHOOL DISTRICT NO. 8**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2013**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position
		Charges for Services & Contracts	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental activities:</b>					
Instruction	\$ 4,850,077	\$ 290,038	\$ 604,166	\$ -	\$ (3,955,873)
Supporting services	4,415,792	190,279	395,875	-	(3,829,638)
Community services	684,205	228,579	454,035	-	(1,591)
Interest on long-term debt*	166,081	-	-	-	(166,081)
Unallocated amortization*	13,929	-	-	-	(13,929)
Unallocated depreciation*	165,086	-	-	-	(165,086)
<b>Total governmental activities</b>	<b>\$ 10,295,170</b>	<b>\$ 708,896</b>	<b>\$ 1,454,076</b>	<b>\$ -</b>	<b>(8,132,198)</b>
<b>General revenues:</b>					
Taxes:					
Property taxes, levied for general purposes					1,739,016
Property taxes, levied for debt service					314,132
Federal and State aid not restricted to specific purposes					5,343,782
Interest and investment earnings					9,662
Gain (loss) on disposal of capital assets					(77,410)
<b>Total general revenues</b>					<b>7,329,182</b>
<b>Changes in net assets</b>					<b>(803,016)</b>
Net position - beginning					3,310,510
Net position - ending					<b>\$ 2,507,494</b>

\* depreciation, amortization and interest expense are not allocated

The notes to the basic financial statements are an integral part of this statement.

**COQUILLE SCHOOL DISTRICT NO. 8**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2013

	Major Funds			Nonmajor	
	General	Special Grant	Capital Projects	Funds	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 649,780	\$ -	\$ 69,607	\$ 130,682	\$ 850,069
Receivables:					
Accounts	60	3,044	-	-	3,104
Intergovernmental	127,366	432,581	-	-	559,947
Property taxes - current	25,688	-	-	4,533	30,221
Property taxes - deferred	206,550	-	-	37,043	243,593
Prepaid expenses	12,930	-	-	-	12,930
Interfund receivable	150,529	-	-	-	150,529
Total assets and other debits	<u>\$ 1,172,903</u>	<u>\$ 435,625</u>	<u>\$ 69,607</u>	<u>\$ 172,258</u>	<u>\$ 1,850,393</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 77,492	\$ 66,854	\$ 257	\$ -	\$ 144,603
Payroll and benefits payable	496,072	-	-	-	496,072
Intergovernmental payable	21,705	4,778	-	-	26,483
Interfund payable	-	150,529	-	-	150,529
Total liabilities	<u>595,269</u>	<u>222,161</u>	<u>257</u>	<u>-</u>	<u>817,687</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	<u>206,550</u>	<u>-</u>	<u>-</u>	<u>37,043</u>	<u>243,593</u>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	36,052	36,052
Restricted	-	213,464	66,821	99,163	379,448
Committed	-	-	2,529	-	2,529
Unassigned	371,084	-	-	-	371,084
Total fund balances	<u>371,084</u>	<u>213,464</u>	<u>69,350</u>	<u>135,215</u>	<u>789,113</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 1,172,903</u>	<u>\$ 435,625</u>	<u>\$ 69,607</u>	<u>\$ 172,258</u>	<u>\$ 1,850,393</u>

The notes to the basic financial statements are an integral part of this statement.

**COQUILLE SCHOOL DISTRICT NO. 8**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**June 30, 2013**

**Total fund balances - governmental funds** \$ 789,113

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

Capital assets used in government activities are not current financial resources and, therefore, are not reported in the fund financial statements. These assets consist of:

Land	\$ 162,580	
Buildings, equipment and vehicles	9,532,376	
Less accumulated depreciation on capital assets	<u>(5,082,609)</u>	
		4,612,347

Certain assets reported in the Statement of Net Position are not current financial resources and are not reported in the fund financial statements.

Investments available for sale	176,658	
Deferred bond refunding amounts (net)	<u>119,946</u>	
		296,604

The Statement of Net Position reports receivables at their net realizable value. However, receivables not available to pay for current period expenditures are deferred in governmental funds.

Property taxes		243,593
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Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities consist of:

Long-term debt - General Obligation Bonds	(3,292,104)	
Capital leases payable	(98,233)	
Accrued interest on long-term debt	(5,147)	
Compensated absences	<u>(38,679)</u>	
		<u>(3,434,163)</u>

<b>Total net position - governmental activities</b>		<u><u>\$ 2,507,494</u></u>
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The notes to the basic financial statements are an integral part of this statement.

**COQUILLE SCHOOL DISTRICT NO. 8**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2013**

	Major Funds				
	General	Special Grant	Capital Projects	Nonmajor Funds	Total
Revenues:					
Local sources	\$ 2,052,108	\$ 755,470	\$ -	\$ 308,055	\$ 3,115,633
Intermediate sources	8,620	78,711	-	-	87,331
State sources	5,327,886	6,361	-	-	5,334,247
Federal sources	73,513	956,479	-	-	1,029,992
Total revenues	7,462,127	1,797,021	-	308,055	9,567,203
Expenditures:					
Current:					
Instruction	4,036,217	813,860	-	-	4,850,077
Supporting services	3,204,457	410,272	833,623	-	4,448,352
Community services	-	684,205	-	-	684,205
Debt service	165,502	-	-	308,950	474,452
Total expenditures	7,406,176	1,908,337	833,623	308,950	10,457,086
Excess (deficiency) of revenues over (under) expenditures	55,951	(111,316)	(833,623)	(895)	(889,883)
Other financing sources (uses):					
Transfer in	-	125,000	-	-	125,000
Transfer out	(125,000)	-	-	-	(125,000)
Issuance of debt	26,951	-	-	-	26,951
Sale of assets	2,344	-	-	-	2,344
Total other financing sources (uses)	(95,705)	125,000	-	-	29,295
Net changes in fund balances	(39,754)	13,684	(833,623)	(895)	(860,588)
Fund balances, beginning of year	410,838	199,780	902,973	136,110	1,649,701
Fund balances, end of year	\$ 371,084	\$ 213,464	\$ 69,350	\$ 135,215	\$ 789,113

The notes to the basic financial statements are an integral part of this statement.

**Coquille School District No. 8**  
**Reconciliation of the Governmental Funds Statement of Revenues,**  
**Expenditures and Changes in Fund Balances**  
**to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2013**

**Total net change in fund balances - governmental funds** **\$ (860,588)**

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

Governmental funds defer revenues that do not provide current financial resources. However, the Statement of Activities recognizes such revenues at their net realizable value when earned, regardless of when received.

Property taxes		2,361
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Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, these costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. This is the amount of depreciation and capital outlay expenditures for the year.

Depreciation	\$ (165,086)	
Capital outlay	29,220	
Gain (Loss) on disposition of capital assets	<u>(79,754)</u>	(215,620)

The issuance of long-term debt and proceeds of capital leasing provides current financial resources to the governmental funds while the repayment of long-term debt and capital leases consumes the current financial resources. However, neither has any affect on the Statement of Activities.

Capital lease proceeds	(26,951)	
Amortization of deferred payment on bond refunding	(13,929)	
Principal payments on refinanced General Obligation Bonds	283,607	
Principal payments on capital lease	<u>27,462</u>	270,189

Some items reported in the Statement of Activities do not require the use of current financial resources or may not be available as a current financial resource and therefore, are not reported as expenditures or resources in governmental funds.

Change in accrued interest payable	1,024	
Change in compensated absences	<u>(382)</u>	642

<b>Change in net position of governmental activities</b>	<b>\$ (803,016)</b>	
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The notes to the basic financial statements are an integral part of this statement.

**COQUILLE SCHOOL DISTRICT NO. 8**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**June 30, 2013**

	<u>Private Purpose Trust Fund</u>	<u>Alumni Agency Fund</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$      8,000	\$      5,028
Investments	<u>195,704</u>	<u>-</u>
Total assets	<u><u>\$     203,704</u></u>	<u><u>\$      5,028</u></u>
<b>LIABILITIES</b>		
Due to others	<u>-</u>	<u><u>\$      5,028</u></u>
<b>NET POSITION</b>		
Held in trust for scholarships - expendable	4,673	
Held in trust for scholarships - non-expendable	<u>199,031</u>	
Total net position	<u><u>\$     203,704</u></u>	

The notes to the basic financial statements are an integral part of this statement.

COQUILLE SCHOOL DISTRICT NO. 8  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
PRIVATE PURPOSE TRUST FUND  
For the Fiscal Year Ended June 30, 2013

	<u>Actual</u>
Additions:	
Contributions	\$ 199,031
Interest	<u>4,673</u>
Total additions	<u>203,704</u>
Change in net position held in trust for scholarships	203,704
Net position beginning of year	<u>-</u>
Net position end of year	<u><u>\$ 203,704</u></u>

The notes to the basic financial statements are an integral part of this statement.

**COQUILLE SCHOOL DISTRICT NO. 8**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2013**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

Coquille School District No. 8 (District), located in Coos County, Oregon, was organized under Oregon statutes pursuant to Oregon Revised Statutes (ORS) Chapter 332 for the purpose of operating elementary and secondary schools. The District is governed by an elected seven member Board of Directors. The Superintendent is the District Clerk and is responsible to the Board of Directors.

In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. Based on the application of the criteria established by Governmental Accounting Standards Board (GASB), there are no potential component units of the District.

**B. Measurement Focus, Basis of Accounting and Basis of Presentation**

The financial statements of Coquille School District No. 8 have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

*1. Basis of Presentation*

***District-wide Financial Statements.*** The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the primary government. Fiduciary funds are not included in the District-wide financial statements.

Governmental activities – The District's programs are reported in this category, including Instruction, Supporting Services, Community Services, and Capital Acquisition/Construction. Property taxes and state and federal grants are the primary sources that finance these activities.

The District-wide statements are prepared using the economic resources measurement focus and are reported on the accrual basis of accounting. This is the same approach used in the preparation of proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the District-wide statements and the statements for governmental funds. Transactions between funds, such as transfers and loans, are eliminated in the District-wide statements.

The District-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Indirect expenses such as interest and depreciation are not allocated across functions, as they are not specifically associated with a particular service, program or department.



Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Intergovernmental revenues are recognized as revenues when all eligibility requirements are met. There are however, essentially two types of intergovernmental revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the District; therefore, all eligibility requirements are determined to be met when the underlying expenditures are recorded. In the other, monies are virtually unrestricted as to the purpose of the expenditure and are usually revocable only for failure to comply with prescribed requirements; therefore, all eligibility requirements are determined to be met at the time of receipt or earlier if the susceptible to accrual criteria are met.

**Fund Financial Statements.** Fund financial statements report detailed information about the District. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Separate financial statements are provided for governmental funds. Major individual funds are reported as separate columns in the fund financial statements.

The financial statements for the governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

## **2. Fund Accounting**

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. A minimum number of funds are maintained consistent with legal and managerial requirements.

Governmental funds are used to account for the District's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes, other taxes and charges for services are susceptible to accrual if received within 30 days of fiscal year end. Other receipts become measurable and available when cash is received by the District and are recognized as revenue at that time.

Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims of judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

The District reports the following major governmental funds:

*General Fund* - The General Fund is the District's primary operating fund. It accounts for and reports on all financial resources of the general government, except those required to be accounted for in another fund. Resources consist of property taxes, state school support and other various revenues sources.

*Special Grant Fund* – The Special Grant Fund accounts for and reports on revenue sources that are legally restricted to expenditure for specific purposes, as well as revenues received and expenditures made for athletics, professional growth, food service, scholarships and student activities. Federal grants, fees, charges for service and interest earnings are the major sources of revenue.

*Capital Projects Fund* - This fund accounts for and reports on the acquisition of capital assets or construction of major capital projects not being financed by the General Fund. The major sources of revenue are proceeds from the sale of capital assets, bond or loan proceeds, and interest earnings.

Additionally, the District reports the following fund types:

*Debt Service Fund* – This fund accounts for and reports on servicing of long term debt. Resources are provided by property tax receipts and interest earnings.

*Permanent Fund* – This fund accounts for and reports on the contributions received from the Hanley Trust. This fund is legally restricted to the extent that only earnings, not principal, may be used to support any of the District's programs.

*Fiduciary funds* account for and report on assets held by the District in a trustee capacity or as an agent on behalf of others. Funds of this type are accounted for on the flow of economic resources measurement focus and uses the accrual basis of accounting.

The Hupperich Trust, a private purpose trust fund, accounts for and reports assets of which only the earnings may be spent on scholarships.

The *Agency Fund* accounts for assets held by the District in a purely custodial capacity.

## **C. Assets, Liabilities and Equity**

### **1. Cash and Cash Equivalents**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and investments in the Oregon State Treasury Local Government Investment Pool (LGIP).

All cash and cash equivalents are carried at amortized cost, which approximates fair value. The District maintains merged bank accounts for its funds in a central pool of cash and cash equivalents.

The investment policy of the District is to invest in LGIP and interest bearing demand deposits with local banks and to transfer resources to the general checking account as the need arises. This policy is in accordance with ORS 294.035, which specifies the types of investments authorized for municipal corporations. The District allocates interest to the General Fund, the Debt Service Fund, the Special Grant Fund, the Capital Projects Fund, the Hanley Trust Fund and the Hupperich Trust Fund based on average monthly cash balances.

During the fiscal year the District was the recipient of a gift of mutual funds. The purpose of the gift was to provide for scholarships for District students to attend college out of the investment gains of the corpus. These investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair value is based upon quoted market prices.

## *2. Receivables and Payables*

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

Other receivables including property taxes, accounts, entitlements, and shared revenues are reported in accordance with the policies enumerated in Paragraph B above.

## *3. Inventories*

Physical inventories are taken for control purposes only with no dollar value assigned. The fair market value of such inventories has been recorded as expenditures when purchased. Accordingly, a value is not included on the balance sheet.

## *4. Capital Assets*

Capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the District-wide Statement of Net Position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. Capital assets are defined by the District as assets with an initial individual cost of \$5,000 or more and an initial useful life of more than a single reporting period. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of capital assets is also capitalized.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Land improvements	10 - 40 years
Buildings	20 - 100 years
Equipment	5 - 25 years
Vehicles	10 - 15 years

#### 5. *Compensated Absences*

Vested or accumulated vacation leave is reported on the District-wide financial statements. No expenditure is reported for these amounts in the fund financial statements and they are reported as liabilities on the District-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as the result of employee resignations and retirements. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

The governmental fund typically used in prior years to liquidate the liability for compensated absences has been the General Fund.

#### 6. *Long-term Obligations*

The District reports long-term debt of governmental activities at face value in the District-wide Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of the debt issued is reported as other financing sources.

#### 7. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position 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 has one type of item that qualifies for reporting in this category. It is the deferred charge on refunded bonds reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its acquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

## 8. *Use of Estimates*

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

## 9. *Net Position*

For the year ending June 30, 2013, the District implemented two new Governmental Accounting Standards.

GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* is effective for financial statement periods beginning after December 5, 2011. This statement provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in accordance with Concepts Statement No. 4, Elements of Financial Statements. Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources in the District's financial statements.

Government-wide and proprietary fund net position is divided into three components:

Net investment in capital assets - consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.

Restricted net position - consists of assets that are restricted by the District's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.

Unrestricted – all other net position is reported in this category.

GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities* (GASB 65) is effective for financial statement periods beginning after December 15, 2012. The District opted to implement this standard early. GASB 65 amends or supersedes the accounting and financial reporting guidance for certain items previously required to be reported as assets and liabilities. The objective is to either properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses) or inflows of resources (revenues). The implementation of GASB 65 resulted in reclassification of the non-current portion of property taxes receivable, and reclassification of the deferred charges related to refunding bonds.

## 10. *Fund Equity*

Fund balance classifications are comprised of a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

In the fund financial statements, fund balances are classified as follows:

Nonspendable—Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted—Amounts that can be spent only for specific purposes because of the local, state or federal laws, or externally imposed conditions by grantors, creditors or enabling legislation.

Committed—Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts can not be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed.

Assigned—Amounts that are constrained by the District's intent to be used for a specific purpose, but are neither restricted nor committed. Intent must be expressed by the Board of Directors or their authorized designee. The Board of Directors has not appointed an authorized designee.

Unassigned—All amounts not included in other classifications.

The amounts in the various categories of fund balance are included in the governmental funds balance sheet. As discussed in Note 1 B.2 restricted funds are used first as appropriate. Decreases to the remaining fund balance categories first reduce committed fund balance, followed by assigned fund balance, then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of those fund balance classifications could be used.

## 11. New Pronouncements

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus* is effective for financial statement periods beginning after June 15, 2012. The statement will improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the requirements of Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. Management has determined that implementing this accounting standard has no significant impact on the District.

## II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

### A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. All annual appropriations lapse at fiscal year end.

Oregon Local Budget Law establishes standard procedures relating to the preparation, adoption, and execution of the annual budget. The District begins its budgeting process by appointing budget committee members in early fall of each year. Recommendations are developed through early spring and the Budget Committee usually approves the budget in late spring. Public notices of the budget hearing are generally published in early June, and the public hearing is held in late June. The budget is adopted, appropriations are made and the tax rate is declared no later than June 30. The resolution authorizing appropriations for each fund, by function, sets the legal limit for expenditures.

The following functions, by fund, are the legal levels of budgetary control:

- Instruction
- Supporting services
- Community services
- Facilities acquisition and construction
- Interagency/Fund transactions
- Debt service
- Contingency

Management may reassign resources within functions without seeking approval of the District's Board of Directors.

Original appropriations may be increased through resolutions by transferring amounts between appropriations in the same fund or by transferring from an appropriation in the General Fund to an appropriation category in another fund. A supplemental budget is needed to increase appropriations when appropriations transfers are unauthorized. Budget amounts are as originally adopted, or as amended by the District's Board of Directors.

### III. DETAILED NOTES ON ALL FUNDS

#### A. Deposits and Investments

**Deposits.** The Governmental Accounting Standards Board has adopted accounting principles generally accepted in the United States of America (GAAP), which include standards to categorize deposits to give an indication of the level of custodial credit risk assumed by the District at June 30, 2013. 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 the depository institution to participate in the Public Funds Collateralization Pool.

The Public Funds Collateralization Pool is a multiple financial institution collateral pool administered by the Oregon State Treasurer's Office.

For the fiscal year ended June 30, 2013, the carrying amount of the District's deposits in various financial institutions was \$692,995 and the bank balance was \$802,973. Of the bank balance, \$250,000 was insured by the Federal Depository Insurance Corporation and \$552,973 was covered by the collateralization pool. Additionally, \$1,021 deposited in a PayPal account was uninsured and uncollateralized.

*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.

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty, the government will not be able to recover the value of its investments that are in the possession of an outside party. Of the District's investment in mutual funds of \$195,704, the District has custodial credit risk exposure of \$195,704 because the related securities are uninsured, unregistered, and held by the District's brokerage firm.

The Oregon State Treasurer is responsible for monitoring public funds held by bank depositories in excess of FDIC insured amounts, and for assuring that public funds on deposit are collateralized to the extent required by Oregon Revised Statutes (ORS) 295. ORS Chapter 295 requires depository banks to place and maintain on deposit with a third party custodian bank securities having a value of 10 percent, 25 percent or 110 percent of public funds on deposit depending primarily on the capitalization level of the depository bank. Deposits in the Public Funds Collateralization Pool are not 100% guaranteed.

**Investments.** Coquille School District has invested funds in the State Treasurer's Oregon Short-Term Fund Local Government Investment Pool. 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 unrated external investment pool managed by the State Treasurer's office, which allows governments within the state to pool their funds for investment purposes. The amounts invested in the pool are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry form as defined by GASB Statement No. 40.

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

Investments in the Oregon State Treasury LGIP are made under the provisions of ORS 294.810. These funds are held in the District's name and are not subject to collateralization requirements of ORS 295.015. Investments are stated at cost, which approximates fair value.

State statutes authorize the District to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, debt obligations of the State of Oregon and its political subdivisions, debt obligations of the States of California, Washington, and Idaho and their political subdivisions, time deposits of insured savings institutions, bankers' acceptances, certain corporate indebtedness, and repurchase agreements. During the fiscal year the District was the recipient of a gift of mutual funds. This is not an allowable investment under Oregon Revised Statutes.

*Credit Risk.* Credit risk for investments is the risk that, in the event of the failure of the counterparty, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The State of Oregon LGIP is not registered with the U.S. Securities and Exchange Commission as an investment company. The Oregon Revised Statutes and the Oregon Investment Council govern the Pool's investment policies. The State Treasurer is the investment officer of the Pool and it is responsible for all funds in the Pool. These funds must be invested and the investments managed, as a prudent investor would, exercising reasonable care, skill and caution. Investments in the fund are further governed by portfolio guidelines issued by the Oregon Short-Term Funds Board, which establish diversification percentages and specify the types and maturities of investments. The District has no formal investment policy that further restricts its investment choices.

*Concentration of Credit Risk.* The District is required to provide information about the concentration of credit risk associated with its investments in one issuer that represent 5 percent or more of the total investments, excluding investments in external investment pools or those issued and explicitly guaranteed by the U.S. Government. As shown in the table on the following page, mutual funds managed by a brokerage firm represent 54% of the District's investments.

*Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Oregon Short-Term Fund Board manages this risk by limiting the maturity of the investments held by the fund. The District has no formal investment policy that explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates.



As of June 30, 2013, the District had the following investments:

Investment Type	Maturity	Percentage of Portfolio	Fair Value
Local Government Investment Pool	1 day	46%	\$ 168,681
Mutual funds	1 day	54%	195,704
		<u>100%</u>	<u>\$ 364,385</u>

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

Cash on hand	\$ 400
Carrying amounts of deposits	694,016
Carrying amounts of investments in LGIP	168,681
Carrying amounts of Hupperich Trust investments	<u>195,704</u>
Total cash and cash equivalents	<u>\$ 1,058,801</u>
Cash and cash equivalents and restricted cash and cash equivalents by fund:	
General fund	\$ 649,780
Capital projects fund	69,607
Nonmajor funds:	
Restricted cash and cash equivalents	<u>130,682</u>
Total Governmental Funds	850,069
Fiduciary funds	<u>208,732</u>
Total cash and cash equivalents	<u>\$ 1,058,801</u>

## B. Receivables

Receivables as of fiscal year-end are as follows:

	General Fund	Special Grant Fund	Capital Projects Fund	Non-major Funds	Totals
Receivables:					
Intergovernmental	\$ 127,366	\$ 432,581	\$ -	\$ -	\$ 559,947
Trade	60	3,044	-	-	3,104
Property taxes - current	25,688	-	-	4,533	30,221
Property taxes - deferred	<u>206,550</u>	<u>-</u>	<u>-</u>	<u>37,043</u>	<u>243,593</u>
Net total receivables	<u>\$ 359,664</u>	<u>\$ 435,625</u>	<u>\$ -</u>	<u>\$ 41,576</u>	<u>\$ 836,865</u>

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

Property taxes are assessed and attach as an enforceable lien on property as of July 1. Taxes are levied on July 1 and are payable on November 15. They may be paid in installments due November 15, February 15, and May 15. Taxes are billed and collected by the County of Coos and remittance to the District is made at periodic intervals. For fiscal year 2012-2013, the District imposed the taxes at a rate of \$4.2522 per \$1,000 of assessed value. After reduction for estimated shared offsets, truncation, and loss due to constitutional limits of \$20,294, this resulted in a net levy of \$2,104,371, including \$320,881 levied for payment of bonded debt.

Following is a summary of property tax transactions for the year ended June 30, 2013:

General Fund	Receivable 6/30/2012	2012-2013 Net Levy	Collections and Adjustments	Receivable 6/30/2013
2012-13	\$ -	\$ 1,783,490	\$ 1,687,319	\$ 96,171
2011-12	100,240	-	44,210	56,030
2010-11	53,104	-	20,275	32,829
2009-10	31,273	-	18,731	12,542
2008-09	11,474	-	8,382	3,092
2007-08	3,168	-	1,401	1,767
Prior Years	5,670	-	1,551	4,119
Total	<u>\$ 204,929</u>	<u>\$ 1,783,490</u>	<u>\$ 1,781,869</u>	206,550
Taxes receivable, current				<u>25,688</u>
Total taxes receivable				<u>\$ 232,238</u>

Debt Service	Receivable 6/30/2012	2012-2013 Net Levy	Collections and Adjustments	Receivable 6/30/2013
2012-13	\$ -	\$ 320,881	\$ 303,579	\$ 17,302
2011-12	18,277	-	8,062	10,215
2010-11	9,951	-	3,799	6,152
2009-10	4,801	-	2,875	1,926
2008-09	1,775	-	1,297	478
2007-08	494	-	218	276
Prior Years	1,005	-	311	694
Total	<u>\$ 36,303</u>	<u>\$ 320,881</u>	<u>\$ 320,141</u>	37,043
Taxes receivable, current				<u>4,533</u>
Total taxes receivable				<u>\$ 41,576</u>

### C. Capital Assets

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

Governmental Capital Assets	Balance 6/30/2012	Additions	Deletions	Balance 6/30/2013
<i><u>Capital assets not being depreciated</u></i>				
Land	\$ 162,580	\$ -	\$ -	\$ 162,580
<i><u>Capital assets being depreciated</u></i>				
Land improvements	363,445	-	-	363,445
Buildings	8,175,567	-	(132,600)	8,042,967
Equipment	377,736	29,220	(55,229)	351,727
Vehicles	774,237	-	-	774,237
Total capital assets being depreciated	9,690,985	29,220	(187,829)	9,532,376
<i><u>Less accumulated depreciation for:</u></i>				
Land improvements	(358,551)	(119,617)	61,870	(416,298)
Buildings	(3,744,812)	(7,393)	-	(3,752,205)
Equipment	(313,915)	(17,390)	46,205	(285,100)
Vehicles	(608,320)	(20,686)	-	(629,006)
Total accumulated depreciation	(5,025,598)	(165,086)	108,075	(5,082,609)
Total capital assets being depreciated (net)	4,665,387	(135,866)	(79,754)	4,449,767
Governmental activities capital assets (net)	<u>\$ 4,827,967</u>	<u>\$ (135,866)</u>	<u>\$ (79,754)</u>	<u>\$ 4,612,347</u>

Depreciation expense is not allocated among functions.

#### D. Fund Balance

The District has adopted GASB Statement No. 54 which redefined how fund balances are presented in fund financial statements. In the governmental fund financial statements, fund balances are classified as follows:

	General Fund	Special Grant Fund	Capital Projects Fund	Nonmajor Funds	Total
Nonspendable:					
Trust corpus	\$ -	\$ -	\$ -	\$ 36,052	\$ 36,052
Restricted:					
Debt service	-	-	-	90,301	90,301
Donations for specific purposes	-	54,463	-	8,862	63,325
Food service	-	21,515	-	-	21,515
Student body activities	-	137,486	-	-	137,486
Capital projects	-	-	66,821	-	66,821
Committed:					
Capital projects	-	-	2,529	-	2,529
Unassigned:	371,084	-	-	-	371,084
Total fund balance	<u>\$ 371,084</u>	<u>\$ 213,464</u>	<u>\$ 69,350</u>	<u>\$ 135,215</u>	<u>\$ 789,113</u>

#### E. Deferred Inflows/Outflows of Resources

Governmental funds Balance Sheet reports deferred inflows of revenues in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The Statement of Net Position reports deferred outflows of resources in connection with deferred amounts paid on bond refundings.

At June 30, 2013, the General Fund and Debt Service Fund reported deferred inflows of resources for property taxes on the Balance Sheet of \$206,550 and \$37,043 respectively. The Statement of Net Position reported deferred outflows of resources for bond refundings in the amount of \$119,946.

## F. Interfund Transfers

The composition of interfund transfers in the fund financial statements as of June 30, 2013 is as follows:

<u>Receivable Fund</u>	<u>Amount</u>
General Fund	<u>\$ 150,529</u>
<u>Payable Fund</u>	
Special Grant Fund	<u>\$ 150,529</u>
<u>Interfund Transfers:</u>	
Transfer out General Fund	<u>\$ 125,000</u>
Transfer in Special Grant Fund	<u>\$ 125,000</u>

The interfund receivable/payable between the General Fund and the Special Grant Fund is for cash management purposes. The transfers from the General Fund to the Special Grant Fund are routine transfers to support activities related to Professional Growth, Food Service and Athletics.

## G. Leases

*Operating leases:* The District leases a postage machine under a non-cancelable operating lease. Total costs for the lease was \$1,476 for the fiscal year ended June 30, 2013. The future minimum payments for these leases are as follows:

<u>Fiscal Year</u>	<u>Payments</u>
2013-2014	\$ 1,476
2014-2015	1,476
2015-2016	1,476
2016-2017	738
	<u>\$ 5,166</u>

## H. Long-Term Debt

*Capital Leases:* At June 30, 2013, the District had five copiers and one bus under lease purchase agreements. The balance of these agreements at June 30, 2013 was \$98,233. The items under lease at year-end had a cost of \$152,635, with accumulated depreciation of \$24,308 and a net book value of \$128,327. Capital lease payments are made out of the general fund.

The annual lease payments for these capital leases are as follows:

<u>Fiscal Year</u>	<u>Payments</u>
2013-14	\$ 32,126
2014-15	32,373
2015-16	30,970
2016-17	7,387
2017-18	970
	<u>103,826</u>
Less interest	<u>(5,593)</u>
Principal due	<u>\$ 98,233</u>

*General Obligation Bonds:* On March 13, 2001, the voters of the District approved a general obligation (GO) bond issue in the amount of \$3,545,000 to expand and improve the District's facilities. 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 for a period of 20 years. On October 6, 2005, a portion of the bonds maturing June 15 in the years 2006 through 2021 were refinanced (2005 Advanced Refunding of 2001 GO Bonds). The remaining bonds matured in 2011. The refinanced bonds bear interest rates of 3.0 percent to 4.0 percent. The purpose of the refunding was undertaken to reduce the total debt service payments over the next 15 years by \$108,874 and resulted in an economic gain of \$84,974.

The reacquisition price exceeded the net carrying amount of the refunded debt by \$204,463. This amount is reported as a deferred outflow of resources and is amortized over the life of the refunded debt, which is the same life as the debt issued. GO Bond payments are made out of the debt service fund.

The future debt maturity requirements are as follows at June 30, 2013:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2013-2014	\$ 225,000	\$ 85,838	\$ 310,838
2014-2015	235,000	76,837	311,837
2015-2016	255,000	68,495	323,495
2016-2017	270,000	59,188	329,188
2017-2018	295,000	49,197	344,197
2018-2019	310,000	38,135	348,135
2019-2020	330,000	26,355	356,355
2020-2021	350,000	13,650	363,650
Total	<u>\$ 2,270,000</u>	<u>\$ 417,695</u>	<u>\$ 2,687,695</u>

*Promissory Note:* On July 18, 2011 the District entered into a loan agreement with Oregon First Community Credit Union in the amount of \$70,711 for the purpose of purchasing a house and piece of land adjacent to District property. The loan bears an interest rate of 4% and has a four-year term. Debt service payments will be made out of the general fund.

The future debt maturity requirements are as follows at June 30, 2013:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2013-2014	\$ 17,314	\$ 2,162	\$ 19,476
2014-2015	18,007	1,469	19,476
2015-2016	18,727	749	19,476
Total	<u>\$ 54,048</u>	<u>\$ 4,380</u>	<u>\$ 58,428</u>

*Certificates of Participation:* On January 19, 2012 the District entered into an agreement to participate in the Oregon School Boards Association Flex Fund Program. The program issues tax-credit bonds, known as Qualified Zone Academy Bonds (QZAB). Bonds were issued in the amount of \$1,025,000 and mature in 2030. Proceeds are to be used to finance roof replacements, HVAC replacements, and various improvements at school facilities. The bonds bear interest at 4.625%, however, as part of the Taxpayer Relief Act of 1997 the institutions holding the bonds receive a tax credit in lieu of interest. Interest is payable semiannually, with principal payments due in June of each year. Payment is made from the general fund.

The future debt maturity requirements are as follows at June 30, 2013:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2013-2014	\$ 56,944	\$ 47,406	\$ 104,350
2014-2015	56,944	47,406	104,350
2015-2016	56,944	47,406	104,350
2016-2017	56,944	47,406	104,350
2017-2018	56,944	47,406	104,350
2018-2019	56,944	47,406	104,350
2019-2020	56,944	47,406	104,350
2020-2025	284,720	237,030	521,750
2025-2030	284,728	237,034	521,762
Total	<u>\$ 968,056</u>	<u>\$ 805,906</u>	<u>\$ 1,773,962</u>

During the year ended June 30, 2013, the following changes occurred in long-term liabilities reported in the Statement of Net Position:

	Balance 6/30/2012	Additions	Deletions	Balance 6/30/2013	Due Within One Year
Capital leases	\$ 98,744	\$ 26,951	\$ (27,462)	\$ 98,233	\$ 29,369
2012 Green house loan	70,711	-	(16,663)	54,048	17,314
2012 QZAB loan	1,025,000	-	(56,944)	968,056	56,944
2005 Refunding of 2001 general obligation bonds payable	2,480,000	-	(210,000)	2,270,000	225,000
Total	3,674,455	26,951	(311,069)	3,390,337	328,627
Less: deferred amounts on refunding	(133,875)	-	13,929	(119,946)	(13,929)
Total	<u>\$ 3,540,580</u>	<u>\$ 26,951</u>	<u>\$ (297,140)</u>	<u>\$ 3,270,391</u>	<u>\$ 314,698</u>

Additionally, the following changes occurred in compensated absences payable:

	Balance 6/30/2012	Additions	Deletions	Balance 6/30/2013	Due Within One Year
Compensated absences	<u>\$ 38,297</u>	<u>\$ 39,471</u>	<u>\$ (39,089)</u>	<u>\$ 38,679</u>	<u>\$ 38,679</u>

#### IV. OTHER INFORMATION

##### A. Risk Management

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

##### B. Commitments and Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.



## C. Employee Retirement Systems and Plans

### *Public Employees Retirement System*

**Plan Description.** Coquille School District No. 8 contributes to the State of Oregon Public Employees Retirement System (PERS), a cost-sharing multiple-employer defined benefit pension plan administered by the Oregon Public Employees Retirement System. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Oregon Revised Statutes 238 assigns the authority to establish and amend benefit provisions to the PERS Board of Trustees.

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

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

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

Both PERS and OPSRP are administered by the Oregon Public Employees Retirement Board ("OPERB"). The comprehensive annual financial report of the funds administered by the OPERB may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, OR 97281-3700, by calling (503) 598-7377, or by accessing the PERS web site at [www.oregon.gov/pers](http://www.oregon.gov/pers).

**Funding Policy.** Plan members are required to contribute 6 percent of their annual covered salary and Coquille School District No. 8 is required to contribute at an actuarially determined rate. For the District's portion, the current rate is 19.48 percent of annual covered payroll for Tier I and Tier II employees. Public employees hired after August 29, 2003, after a six month waiting period, become members of the Oregon Public Service Retirement Plan (OPSRP). The rate for OPSRP is set at 17.97 percent of annual covered payroll.

The contribution requirements of plan members and Coquille School District No. 8 are established and may be amended by the PERS Board of Trustees. The District's contributions to PERS for the years ending June 30, 2013, 2012, and 2011 were \$986,411, \$977,410, and \$737,537, respectively, equal to the required contributions for each year.

The pension liability (asset) was determined in accordance with *Government Accounting Standards* Board Statement No. 27. Since all actuarially determined contributions have been paid, the pension liability (asset) is zero.

#### **D. Postemployment Healthcare Plan**

The District did not implement GASB Statement No. 45, *Accounting and Financial Reporting for Employers for Postemployment Benefits Other Than Pensions* for the fiscal year ended June 30, 2013. This standard requires the District to report its liability for other postemployment benefits consistent with newly established generally accepted accounting principles and to reflect an actuarially determined liability for the present value of projected benefits for retired and active employees on the financial statements.

The District does not have a formal postemployment benefits plan for any employee group, however the District is required by Oregon Revised Statutes 243.303 to provide retirees with the opportunity to purchase group health and dental insurance from the date of retirement to age 65 at the same rate provided to current employees. The difference between retiree claims costs, which because of the effect of age is generally higher in comparison to all plan members, and the amount of the retiree healthcare premiums represents an implicit employer contribution. GASB Statement No. 45 is applicable to the District due only to this implicit rate subsidy. The District did not determine the amount of their liability under GASB Statement No. 45, therefore the effect on the Statement of Net Position and the Statement of Activities cannot be determined. This "plan" is not a stand-alone plan and therefore does not issue its own financial statements.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

## MAJOR FUNDS

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*General Fund* – The General Fund is used to account for and report on resources and activities directly associated with carrying out those operations related to the District's educational objectives. Included are all resources and activities which are not accounted for in another fund. The major sources of revenues are property taxes and state school funds.

*Special Grant Fund* – The Special Grant Fund accounts for and reports on revenue sources that are restricted or committed to expenditure for specific purposes, as well as revenues received and expenditures made for athletics, professional growth, food service, scholarships and student activities. Federal grants, fees, charges for service, transfers and interest earnings are the major sources of revenue.

*Capital Projects Fund* – The Capital Projects Fund accounts for and reports on the acquisition of capital assets or construction of major capital projects not being financed by the General Fund. The major sources of revenue are loan proceeds, proceeds from the sale of capital assets and interest earnings.

**COQUILLE SCHOOL DISTRICT NO. 8**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the Fiscal Year Ended June 30, 2013**

	Budget			
	Original	Final	Actual	Variance
Revenues:				
Local sources	\$ 1,891,001	\$ 1,897,251	\$ 2,052,108	\$ 154,857
Intermediate sources	20,000	23,821	8,620	(15,201)
State sources	5,067,462	5,067,462	5,327,886	260,424
Federal sources	81,237	81,237	73,513	(7,724)
Total revenues	7,059,700	7,069,771	7,462,127	392,356
Expenditures:				
Current:				
Instruction	4,038,452	4,038,702	4,036,217	2,485
Supporting services	3,290,858	3,300,679	3,204,457	96,222
Debt service	165,502	165,502	165,502	-
Contingency	100,000	100,000	-	100,000
Total expenditures	7,594,812	7,604,883	7,406,176	198,707
Excess (deficiency) of revenues over (under) expenditures	(535,112)	(535,112)	55,951	591,063
Other financing sources (uses):				
Transfer out	(125,000)	(125,000)	(125,000)	-
Sale of assets	-	-	2,344	2,344
Issuance of debt	15,000	15,000	26,951	11,951
Total other financing sources (uses)	(110,000)	(110,000)	(95,705)	14,295
Net change in fund balance	(645,112)	(645,112)	(39,754)	605,358
Fund balance, beginning of year	645,112	645,112	410,838	(234,274)
Fund balance, end of year	\$ -	\$ -	\$ 371,084	\$ 371,084

See auditor's report

**COQUILLE SCHOOL DISTRICT NO. 8**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**SPECIAL GRANT FUND**  
**For the Fiscal Year Ended June 30, 2013**

	Budget			
	Original	Final	Actual	Variance
Revenues:				
Local sources	\$ 967,165	\$ 1,039,418	\$ 755,470	\$ (283,948)
Intermediate sources	62,080	64,125	78,711	14,586
State sources	-	2,000	6,361	4,361
Federal sources	1,509,151	1,518,562	956,479	(562,083)
Total revenues	2,538,396	2,624,105	1,797,021	(827,084)
Expenditures:				
Current:				
Instruction	1,087,804	1,110,612	813,860	296,752
Supporting services	778,520	833,421	410,272	423,149
Community services	912,572	920,572	684,205	236,367
Total expenditures	2,778,896	2,864,605	1,908,337	956,268
Excess (deficiency) of revenues over (under) expenditures	(240,500)	(240,500)	(111,316)	129,184
Other financing sources (uses):				
Transfers in	95,000	95,000	125,000	30,000
Total other financing sources	95,000	95,000	125,000	30,000
Net change in fund balance	(145,500)	(145,500)	13,684	159,184
Fund balance, beginning of year	194,500	194,500	199,780	5,280
Fund balance, end of year	\$ 49,000	\$ 49,000	\$ 213,464	\$ 164,464

See auditor's report

## **SUPPLEMENTARY INFORMATION**

**COQUILLE SCHOOL DISTRICT NO. 8**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**CAPITAL PROJECTS FUND**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Federal sources	\$ 372,216	\$ -	\$ (372,216)
Expenditures:			
Current:			
Supporting services	1,004,487	833,623	170,864
Facilities acquisition and construction	23,514	-	23,514
Total expenditures	<u>1,028,001</u>	<u>833,623</u>	<u>194,378</u>
Net change in fund balance	(655,785)	(833,623)	(177,838)
Fund balance, beginning of year	<u>655,785</u>	<u>902,973</u>	<u>247,188</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ 69,350</u>	<u>\$ 69,350</u>

See auditor's report



## NONMAJOR FUNDS

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*Debt Service Fund* – This fund accounts for and reports on the servicing of long-term debt. Major sources of revenues are property taxes and interest earnings.

*Permanent Fund* – This fund accounts for and reports on the contributions received from the Hanley Trust. This fund is legally restricted to the extent that only earnings, not principal, may be used to support any of the District's programs.

**COQUILLE SCHOOL DISTRICT NO. 8  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2013**

	Debt Service Fund	Permanent Fund Hanley Trust	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 85,768	\$ 44,914	\$ 130,682
Property taxes receivable - current	4,533	-	4,533
Property taxes receivable - deferred	37,043	-	37,043
Total assets	<u>\$ 127,344</u>	<u>\$ 44,914</u>	<u>\$ 172,258</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue-property taxes	<u>\$ 37,043</u>	<u>\$ -</u>	<u>\$ 37,043</u>
Fund balances:			
Nonspendable	-	36,052	36,052
Restricted	90,301	8,862	99,163
Total fund balances	<u>90,301</u>	<u>44,914</u>	<u>135,215</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 127,344</u>	<u>\$ 44,914</u>	<u>\$ 172,258</u>

See auditor's report

**COQUILLE SCHOOL DISTRICT NO. 8**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2013**

	Debt Service Fund	Permanent Fund Hanley Trust	Total
Revenues:			
Local sources	\$ 307,797	\$ 258	\$ 308,055
Expenditures:			
Debt service	308,950	-	308,950
Net change in fund balances	(1,153)	258	(895)
Fund balance, beginning of year	91,454	44,656	136,110
Fund balance, end of year	\$ 90,301	\$ 44,914	\$ 135,215

See auditor's report

COQUILLE SCHOOL DISTRICT NO. 8  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
DEBT SERVICE FUND  
For the Fiscal Year Ended June 30, 2013

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Local sources	<u>\$ 320,001</u>	<u>\$ 307,797</u>	<u>\$ (12,204)</u>
Expenditures:			
Debt service	<u>320,001</u>	<u>308,950</u>	<u>11,051</u>
Net change in fund balance	-	(1,153)	(1,153)
Fund balance, beginning of year	<u>-</u>	<u>91,454</u>	<u>91,454</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ 90,301</u></u>	<u><u>\$ 90,301</u></u>

See auditor's report.

COQUILLE SCHOOL DISTRICT NO. 8  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
PERMANENT FUND - HANLEY TRUST  
For the Fiscal Year Ended June 30, 2013

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Local sources	<u>\$ -</u>	<u>\$ 258</u>	<u>\$ 258</u>
Net change in fund balance	-	258	258
Fund balance, beginning of year	<u>45,200</u>	<u>44,656</u>	<u>(544)</u>
Fund balance, end of year	<u>\$ 45,200</u>	<u>\$ 44,914</u>	<u>\$ (286)</u>

See auditor's report

## FIDUCIARY FUNDS

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*Private Purpose Trust Fund* - This fund accounts for and reports on contributions received from the Hupperich Trust. This fund is legally restricted to the extent that only earnings, not principal, may be used for scholarships.

*Alumni Agency Fund* – This fund accounts for assets held by the District in a purely custodial capacity.

**COQUILLE SCHOOL DISTRICT NO. 8**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**PRIVATE PURPOSE TRUST FUND - HUPPERICH TRUST**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Local sources	\$ -	\$ 203,704	\$ 203,704
Net change in fund balance	-	203,704	203,704
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ 203,704</u></u>	<u><u>\$ 203,704</u></u>

See auditor's report.

**COQUILLE SCHOOL DISTRICT NO. 8**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**ALUMNI AGENCY FUND**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Local sources	<u>\$ -</u>	<u>\$ 29</u>	<u>\$ 29</u>
Net change in fund balance	-	29	29
Fund balance, beginning of year	<u>5,150</u>	<u>4,999</u>	<u>(151)</u>
Fund balance, end of year	<u><u>\$ 5,150</u></u>	<u><u>\$ 5,028</u></u>	<u><u>\$ (122)</u></u>

See auditor's report



## **ACCOMPANYING INFORMATION**



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

December 31, 2013

To the Board of Directors of Coquille School District No. 8:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Coquille School District No. 8 as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Coquille School District No. 8's basic financial statements as listed in the table of contents and have issued our report thereon dated December 31, 2013. The report was qualified because the District has chosen to not adopt Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting for Employers for Postemployment Benefits Other Than Pensions*, which is required by accounting principles generally accepted in the United States of America.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Coquille School District No. 8'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 opinion 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 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.

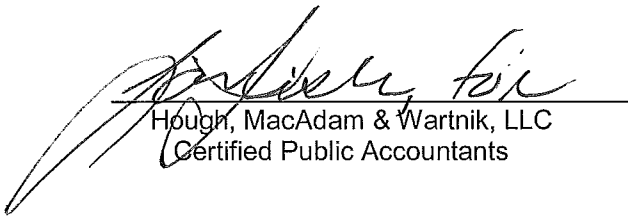
Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies 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 Coquille School District No. 8's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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Hough, MacAdam & Wartnik, LLC  
Certified Public Accountants



**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE AND  
ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH OREGON MINIMUM AUDIT STANDARDS**

December 31, 2013

To the Board of Directors of Coquille School District No. 8:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Coos County School District No. 8 ("the District") as of and for the year ended June 30, 2013, 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 31, 2013.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Oregon Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

**Compliance**

As part of obtaining reasonable assurance about whether the District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 to 162-10-320, as set forth below, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

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

The use of approved depositories to secure the deposit of public funds (ORS Chapter 295).

The requirements relating to debt.

The requirements relating to the preparation, adoption and execution of annual budgets (ORS Chapter 294).

The requirements relating to insurance and fidelity bond coverage.

The appropriate laws, rules and regulations pertaining to programs funded wholly or partially by other governmental agencies.

The statutory requirements pertaining to the investment of public funds (ORS Chapter 294).

State school fund factors and calculation.

The requirements pertaining to the awarding of public contracts and the construction of public improvements (ORS Chapters 279A, 279B, 279C).

Except as discussed below, the results of our tests disclosed no instances of noncompliance that are required to be reported under the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Oregon Secretary of State.

The District received a gift of approximately \$199,000 to set up in trust for the purpose of generating scholarships for graduating seniors. The gift was in the form of a mutual fund, which is not an allowed investment under ORS 294.035. At fiscal year-end, the District had not yet moved the money to an allowable investment.

### **Internal Control Over Financial Reporting**

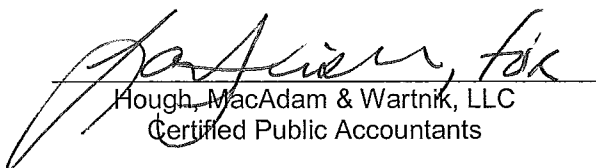
In planning and performing our audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of 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 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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

### **Purpose of this Report**

This report is intended solely for the information and use of management, Coos County School District No. 8's Board of Directors, the Oregon Secretary of State Division of Audits, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Hough, MacAdam & Wartnik, LLC  
Certified Public Accountants

## EXPENSES

BUDGET SUMMARY 3211-100 FUND  
For Fiscal Year 12/13

FUND RANGE: 100-999

FUNCTION	1XX	2XX	3XX	4XX	5XX	6XX	7XX	TOTAL
1111	728,505.57	468,881.87	4,127.56	20,162.23	.00	.00	.00	1,221,677.23
1113	.00	.00	.00	40.25	.00	.00	.00	40.25
1121	426,545.58	267,077.73	5,569.22	18,300.16	.00	210.00	.00	717,702.69
1122	5,125.50	1,200.99	.00	.00	.00	.00	.00	6,326.49
1131	672,067.28	408,616.78	3,977.59	30,195.07	.00	50.00	.00	1,114,906.72
1132	15,974.34	4,852.30	.00	.00	.00	.00	.00	20,826.64
1210	4,162.08	1,369.72	11,495.47	115.16	.00	445.00	.00	17,587.43
1220	.00	.00	223,997.25	.00	.00	.00	.00	223,997.25
1250	181,533.47	134,599.68	95.31	443.82	.00	.00	.00	316,672.28
1280	211,593.14	111,162.60	13,116.56	3,341.03	.00	860.50	.00	340,073.83
1291	34,430.82	21,631.24	36.00	307.53	.00	.00	.00	56,405.59
2110	38,934.84	28,591.69	.00	.00	.00	.00	.00	67,526.53
2120	111,859.39	73,083.88	10,087.25	1,202.99	.00	.00	.00	196,233.51
2130	1,535.33	1,265.29	176,687.35	1,467.81	.00	1,428.00	.00	182,383.78
2140	29,381.52	18,808.76	3,464.14	1,094.75	.00	.00	.00	52,749.17
2150	.00	.00	65,194.24	.00	.00	.00	.00	65,194.24
2160	.00	.00	51,422.51	.00	.00	.00	.00	51,422.51
2190	40,155.20	21,418.98	.00	.00	.00	.00	.00	61,574.18
2220	31,049.60	21,356.69	.00	4,375.43	.00	.00	.00	56,781.72
2240	.00	.00	2,938.60	.00	.00	.00	.00	2,938.60
2310	2,882.65	2,486.47	56,855.01	1,555.38	.00	11,148.97	.00	74,928.48
2320	102,495.77	59,124.35	3,001.97	2,580.31	.00	897.00	.00	168,099.40
2410	328,412.76	187,398.85	7,678.14	15,688.91	21,022.00	5,959.00	.00	566,159.66
2520	151,977.11	84,852.46	8,148.58	3,605.11	5,929.00	3,229.90	.00	257,742.16
2540	199,356.93	144,473.17	303,673.33	39,173.08	.00	55,198.37	.00	741,874.88
2550	208,230.82	128,164.02	14,937.79	66,926.12	.00	13,601.85	.00	431,860.60

12/27/13

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COQUILLE SCHOOL DISTRICT #8

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## EXPENSES

BUDGET SUMMARY 3211-100 FUND  
For Fiscal Year 12/13

FUND RANGE: 100-999

FUNCTION	1XX	2XX	3XX	4XX	5XX	6XX	7XX	TOTAL
2660	76,315.91	42,799.80	35,996.65	71,725.02	.00	150.00	.00	226,987.38
5100	.00	.00	.00	.00	.00	165,501.92	.00	165,501.92
5200	.00	.00	.00	.00	.00	.00	125,000.00	125,000.00
TOTAL	3,602,525.61	2,233,217.32	1,002,500.52	282,300.16	26,951.00	258,680.51	125,000.00	7,531,175.12

EXPENSES

BUDGET SUMMARY 3211-200 FUND  
For Fiscal Year 12/13

FUND RANGE: 100-999

FUNCTION	1XX	2XX	3XX	4XX	5XX	6XX	7XX	TOTAL
1113	500.00	172.57	171.73	6,735.22	.00	3,549.88	.00	11,129.40
1121	16,410.88	11,351.35	2,713.26	5,279.26	.00	1,842.40	.00	37,597.15
1122	23,365.36	6,581.80	916.22	34,318.69	.00	5,592.75	.00	70,774.82
1131	.00	.00	.00	4,510.60	.00	.00	.00	4,510.60
1132	54,818.51	17,865.50	28,968.33	112,582.39	.00	40,003.22	.00	254,237.95
1250	98,370.69	65,707.98	.00	39.50	.00	.00	.00	164,118.17
1272	146,188.73	92,178.69	.00	1,212.79	.00	.00	.00	239,580.21
1280	.00	32.95-	.00	.00	.00	.00	.00	32.95-
1299	17,484.06	8,942.57	1,865.11	3,651.26	.00	.00	.00	31,943.00
2120	.00	.00	2,405.85	.00	.00	.00	.00	2,405.85
2130	.00	.00	.00	1,216.37	.00	500.00	.00	1,716.37
2140	19,587.56	12,539.05	17.16	.00	.00	.00	.00	32,143.77
2190	742.13	249.27	609.86	78.74	.00	.00	.00	1,680.00
2210	451.66	15,053.95	4,815.14	1,830.00	.00	685.25	.00	22,836.00
2240	37,508.43	13,212.27	11,528.29	8,630.60	.00	7,967.86	.00	78,847.45
2410	.00	.00	.00	52.01	.00	.00	.00	52.01
2520	84,418.83	46,632.87	.00	.00	.00	.00	.00	131,051.70
2540	.00	.00	35,590.01	.00	.00	.00	.00	35,590.01
2550	11,930.51	4,160.93	.00	.00	.00	.00	.00	16,091.44
2660	53,069.96	32,175.47	160.57	2,452.80	.00	.00	.00	87,858.80
3100	126,394.06	98,368.35	424,678.73	24,505.61	.00	2,759.97	.00	676,706.72
3300	.00	.00	.00	.00	.00	7,498.51	.00	7,498.51
TOTAL	691,241.37	425,159.67	514,440.26	207,095.84	.00	70,399.84	.00	1,908,336.98



EXPENSES

BUDGET SUMMARY 3211-300 FUND  
For Fiscal Year 12/13

FUND RANGE: 100-999

FUNCTION	1XX	2XX	3XX	4XX	5XX	6XX	7XX	TOTAL
5100	.00	.00	.00	.00	.00	308,950.00	.00	308,950.00
TOTAL	.00	.00	.00	.00	.00	308,950.00	.00	308,950.00

## EXPENSES

BUDGET SUMMARY 3211-400 FUND  
For Fiscal Year 12/13

FUND RANGE: 100-999

FUNCTION	1XX	2XX	3XX	4XX	5XX	6XX	7XX	TOTAL
2320	14,433.25	7,048.80	.00	.00	.00	.00	.00	21,482.05
2410	13,974.31	7,203.25	.00	.00	.00	.00	.00	21,177.56
2520	10,284.24	5,670.37	.00	.00	.00	.00	.00	15,954.61
2540	17,463.57	11,569.00	725,599.94	17,983.28	.00	893.25	.00	773,509.04
2660	.00	.00	1,500.00	.00	.00	.00	.00	1,500.00
TOTAL	56,155.37	31,491.42	727,099.94	17,983.28	.00	893.25	.00	833,623.26

## REVENUES

BUDGET SUMMARY 3211-100 FUND  
For Fiscal Year 12/13

FUND RANGE: 100-999

FUNCTION	1XX	2XX	3XX	4XX	5XX	6XX	7XX	TOTAL
1110	1,742,990.67	.00	.00	.00	.00	.00	.00	1,742,990.67
1500	9,403.74	.00	.00	.00	.00	.00	.00	9,403.74
1700	11,742.78	.00	.00	.00	.00	.00	.00	11,742.78
1940	139,542.32	.00	.00	.00	.00	.00	.00	139,542.32
1990	148,429.40	.00	.00	.00	.00	.00	.00	148,429.40
2101	8,620.20	.00	.00	.00	.00	.00	.00	8,620.20
3101	5,222,278.22	.00	.00	.00	.00	.00	.00	5,222,278.22
3103	105,607.71	.00	.00	.00	.00	.00	.00	105,607.71
4500	66,237.07	.00	.00	.00	.00	.00	.00	66,237.07
4801	7,275.55	.00	.00	.00	.00	.00	.00	7,275.55
5100	26,951.00	.00	.00	.00	.00	.00	.00	26,951.00
5300	2,343.97	.00	.00	.00	.00	.00	.00	2,343.97
5400	410,837.56	.00	.00	.00	.00	.00	.00	410,837.56
TOTAL	7,902,260.19	.00	.00	.00	.00	.00	.00	7,902,260.19

REVENUES

BUDGET SUMMARY 3211-200 FUND  
For Fiscal Year 12/13

FUND RANGE: 100-999

FUNCTION	1XX	2XX	3XX	4XX	5XX	6XX	7XX	TOTAL
1500	250.02	.00	.00	.00	.00	.00	.00	250.02
1700	190,761.19	.00	.00	.00	.00	.00	.00	190,761.19
1920	53,947.44	.00	.00	.00	.00	.00	.00	53,947.44
1940	502,069.28	.00	.00	.00	.00	.00	.00	502,069.28
1990	8,441.15	.00	.00	.00	.00	.00	.00	8,441.15
2200	78,710.75	.00	.00	.00	.00	.00	.00	78,710.75
3199	3,361.00	.00	.00	.00	.00	.00	.00	3,361.00
3299	3,000.00	.00	.00	.00	.00	.00	.00	3,000.00
4300	30,993.00	.00	.00	.00	.00	.00	.00	30,993.00
4500	906,881.04	.00	.00	.00	.00	.00	.00	906,881.04
4900	18,606.45	.00	.00	.00	.00	.00	.00	18,606.45
5200	125,000.00	.00	.00	.00	.00	.00	.00	125,000.00
5400	199,780.12	.00	.00	.00	.00	.00	.00	199,780.12
TOTAL	2,121,801.44	.00	.00	.00	.00	.00	.00	2,121,801.44

## REVENUES

BUDGET SUMMARY 3211-300 FUND  
For Fiscal Year 12/13

FUND RANGE: 100-999

FUNCTION	1XX	2XX	3XX	4XX	5XX	6XX	7XX	TOTAL
1110	307,796.86	.00	.00	.00	.00	.00	.00	307,796.86
5400	91,453.97	.00	.00	.00	.00	.00	.00	91,453.97
TOTAL	399,250.83	.00	.00	.00	.00	.00	.00	399,250.83

REVENUES

BUDGET SUMMARY 3211-400 FUND  
For Fiscal Year 12/13

FUND RANGE: 100-999

FUNCTION	1XX	2XX	3XX	4XX	5XX	6XX	7XX	TOTAL
5400	902,972.65	.00	.00	.00	.00	.00	.00	902,972.65
TOTAL	902,972.65	.00	.00	.00	.00	.00	.00	902,972.65

REVENUES

BUDGET SUMMARY 3211-700 FUND  
For Fiscal Year 12/13

FUND RANGE: 100-999

FUNCTION	1XX	2XX	3XX	4XX	5XX	6XX	7XX	TOTAL
1500	4,960.50	.00	.00	.00	.00	.00	.00	4,960.50
1920	199,031.00	.00	.00	.00	.00	.00	.00	199,031.00
5400	49,655.19	.00	.00	.00	.00	.00	.00	49,655.19
TOTAL	253,646.69	.00	.00	.00	.00	.00	.00	253,646.69

SUPPLEMENTAL INFORMATION, 2012-2013

School District Business Managers and Auditors:

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

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

A. Energy Bill for Heating - **All Funds:**

Please enter your expenditures for electricity  
& heating fuel for these Functions & Objects.

	Objects 325 & 326	
Function 2540	\$	190,640
Function 2550	\$	5,967

B. Replacement of Equipment - General Fund:

Include all General Fund expenditures in object 542, except for the following exclusions \$ -

Exclude these functions:

Exclude these functions:

1113, 1122 & 1132	Co-curricular Activities	4150	Construction
1140	Pre-Kindergarten	2550	Pupil Transportation
1300	Continuing Education	3100	Food Service
1400	Summer School	3300	Community Services





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

December 31, 2013

To the Board of Directors of Coquille School District No. 8:

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

We have audited Coquille School District No. 8's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2013. Coquille School District No. 8'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 Coquille School District No. 8'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 Coquille School District No. 8'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 Coquille School District No. 8's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the Coquille School District No. 8 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, 2013.

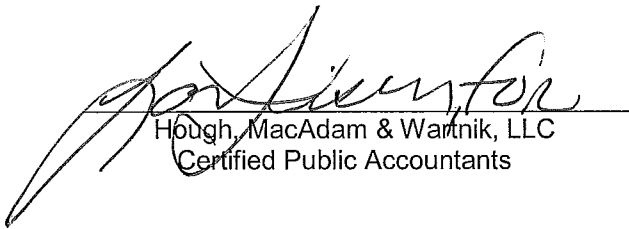
**Report on Internal Control Over Compliance**

The management of Coquille School District No. 8 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 Coquille School District No. 8's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 deficiencies, significant deficiencies or material weaknesses. 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.



John MacAdam  
Hough, MacAdam & Warnick, LLC  
Certified Public Accountants

**COOS COUNTY SCHOOL DISTRICT NO. 8**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Fiscal Year Ended June 30, 2013**

**SECTION I SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements:**

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

**Federal Awards:**

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

**Identification of major programs:**

Title I Grants to Local Educational Agencies	CFDA#	84.010
National School Lunch Cluster:		
National School Breakfast	CFDA#	10.553
National School Lunch	CFDA#	10.555
Child and Adult Food Care Program	CFDA#	10.558
Dollar threshold used to distinguish between type A and type B programs		<u>  \$  300,000  </u>
Auditee qualified as low-risk auditee?	<u>      </u> Yes	<u>  X  </u> No

## **SECTION II FINDINGS - FINANCIAL STATEMENT FINDINGS**

None

## **SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None

**COQUILLE SCHOOL DISTRICT NO. 8**  
**SUMMARY OF PRIOR AUDIT FINDINGS RELATED TO FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2013**

**Questioned Costs:**

There were no questioned costs for the year ended June 30, 2012.

**Findings:**

There were no findings for the year ended June 30, 2012.

**COQUILLE SCHOOL DISTRICT NO. 8**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2013**

Federal Grantor/Program Title	<u>Federal CFDA Number</u>	<u>2012-13 Modified Accrual Federal Expenditures</u>
<u>U.S. Department of Education</u>		
Direct federal awards		
Indian Education Act Title IV, Part A	84.060	\$ 30,993
Passed through State of Oregon		
Department of Education:		
Title I Grants to Local Educational Agencies	** 84.010	239,580
Title X Homeless	** 84.010	2,557
Focus Grant	** 84.010	5,000
		<u>247,137</u>
Title II A Class Size Reduction	84.367	66,677
IDEA Part B	84.027	170,326
ARRA - Kindergarten Readiness	93.708	1,500
		<u>485,640</u>
Total State of Oregon Department of Education		<u>485,640</u>
Total U.S. Department of Education		<u>516,633</u>
<u>U.S. Department of Agriculture</u>		
Passed through State of Oregon		
Department of Education:		
National School Lunch Program	** 10.555	155,760
National School Lunch Program -Commodities	** 10.555	18,607
School Breakfast Program	** 10.553	93,045
		<u>267,412</u>
Child and Adult Food Care Program	** 10.558	159,728
Cash in Lieu of Commodities	** 10.558	12,706
		<u>172,434</u>
Total State of Oregon Department of Education		439,846
Passed through Coos County:		
Schools and Roads - Grants to States	10.665	<u>7,276</u>
Total U.S. Department of Agriculture		<u>447,122</u>
Total Federal Expenditures		<u>\$ 963,755</u>

\*\* Major Program

**COQUILLE SCHOOL DISTRICT NO. 8**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2013**

**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Coquille School District No. 8 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 basic financial statements.

**Note 2. Interest Subsidy**

Interest subsidies related to the Qualified School Construction Bonds are funded through the Hiring Incentives to Restore Employment Act (HIRE) and are not listed on the schedule since these amounts go directly to the lender and not to the District. For the year ending June 30, 2013, the amount of interest subsidized was \$66,237.