

**OREGON COAST TECHNOLOGY
CHARTER SCHOOL**

**A PROGRAM OF
COOS COUNTY SCHOOL DISTRICT NO. 13**

**FINANCIAL STATEMENTS
JUNE 30, 2009**

**OREGON COAST TECHNOLOGY CHARTER SCHOOL
A PROGRAM OF COOS COUNTY SCHOOL DISTRICT NO. 13**

June 30, 2009

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BOARD OF DIRECTORS

**OREGON COAST TECHNOLOGY CHARTER SCHOOL
A PROGRAM OF COOS COUNTY SCHOOL DISTRICT NO. 13**

**BOARD OF DIRECTORS
(ORCO-Tech)**

John Berman
1988 Newmark
Coos Bay, OR 97420

Kurt Brecheisen
756 Tower
North Bend, OR 97459

Twinkie Goorhuis
2728 Alder Ridge Drive
North Bend, OR 97459

Valerie Stein
93883 Sunny Hill Lane
North Bend, OR 97459

Deborah Reid
66704 Raven Road
North Bend, OR 97459

Diana Schab
1988 Newmark
Coos Bay, OR 97420

Jay Noggle
1182 Commercial
Coos Bay, OR 97420

**BOARD OF DIRECTORS
(Coos County School District No. 13)**

Karen Helland
2502 Troy Lane
North Bend, OR 97459

Deborah Reid
66704 Raven Road
North Bend, OR 97459

Carol Salisbury
2880 14th Street
North Bend, OR 97459

Megan Jacquot
66097 North Bay Road
North Bend, OR 97459

Tom Nicholls
3798 Edgewood Drive
North Bend, OR 97459

Robert Adams, Jr.
3783 Spruce Street
North Bend, OR 97459

BJ Hollensteiner - Superintendent

James A. Moyer, Director of Curriculum and Instruction

Sherri Flora, CPA, Business Manager

Stebbins and Coffey:
James Coffey - Attorney

MAILING ADDRESS

Oregon Coast Technology Charter School
A Program of Coos County School District No. 13
1913 Meade Street
North Bend, OR 97459

FINANCIAL SECTION



Hough, MacAdam & Wartnik, LLC
CERTIFIED PUBLIC ACCOUNTANTS

JIM HOUGH, CPA
SHIRLEY MacADAM, CPA
JAYSON WARTNIK, CPA
BRIAN BRAS, CPA
JOE COLO, CPA

SHAWN EICHNER, CPA
LAURA FISHER, CPA
BOB GORMAN, CPA
SALLY JAEGLI, CPA
KARL MAXON, CPA

INDEPENDENT AUDITOR'S REPORT

December 4, 2009

Governing Body
Oregon Coast Technology Charter School
A Program of Coos County School District No. 13
1913 Meade
North Bend, OR 97459

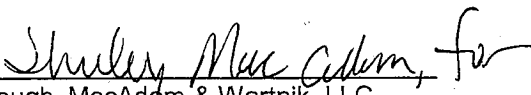
We have audited the basic financial statements of the Oregon Coast Technology Charter School, a program of Coos County School District No. 13, as of June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of Oregon Coast Technology Charter School's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the Oregon Coast Technology Charter School, a program of Coos County School District No. 13, as of June 30, 2009, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis and budgetary comparison information are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. The School has elected not to prepare the Management's Discussion and Analysis and budgetary comparison information is not available.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2009 on our consideration of Oregon Coast Technology Charter School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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* and should be read in conjunction with this report in considering the results of our audit.


Hough, MacAdam & Wartnik, LLC
North Bend, Oregon

BASIC FINANCIAL STATEMENTS

**OREGON COAST TECHNOLOGY CHARTER SCHOOL
A PROGRAM OF COOS COUNTY SCHOOL DISTRICT NO. 13**

**STATEMENT OF NET ASSETS
June 30, 2009**

	<u>Governmental Activities</u>
ASSETS	
Total assets	\$ -
NET ASSETS	
Unrestricted	-
Total liabilities and net assets	\$ -

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

**OREGON COAST TECHNOLOGY CHARTER SCHOOL
A PROGRAM OF COOS COUNTY SCHOOL DISTRICT NO. 13**

**STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2009**

Expenses:	
Instruction	\$ 1,174,260
Supporting services	<u>869,099</u>
Total program expenses	2,043,359
General revenues:	
Intergovernmental aid not restricted for a specific purpose	<u>2,043,359</u>
Increase in net assets	-
Net assets - beginning of year	<u>-</u>
Net assets - end of year	<u><u>\$ -</u></u>

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

**OREGON COAST TECHNOLOGY CHARTER SCHOOL
A PROGRAM OF COOS COUNTY SCHOOL DISTRICT NO. 13**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Oregon Coast Technology Charter School, (the School or ORCO-Tech) although incorporated as a nonprofit corporation under the laws of the State of Oregon on June 16, 2003, is considered a program of Coos County School District No. 13. The School was organized under provision of Oregon Revised Statutes Chapter 338 for the purpose of operating a school and is governed by a seven-member board, appointed by the governing body of Coos County School District No. 13 (the District).

The School provides a technology-based curriculum to students from grades six to twelve. The School is sponsored by the District and students enrolled with ORCO-Tech attend classes at the District's middle and high schools, along with students who are not enrolled in the program. Therefore, ORCO-Tech is considered a "school-within-a-school." Support for the School comes from the State of Oregon in the form of the basic school support and federal and state grants.

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

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

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

1. Basis of Presentation

School-wide Financial Statements The Statement of Net Assets and the Statement of Activities display information about the School as a whole. These statements include the financial activities of the primary school. All of the School activities are categorized as governmental activities.

Governmental activities – The School programs are reported in this category. State and federal grants are the primary sources that finance these activities.

The School-wide statements are prepared using the economic resources measurement focus. This is the same approach used in preparation of proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared.

The School-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function of the School'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 School, 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 School.

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

2. Fund Accounting

The accounts of the School 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 School'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. 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.

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 School; 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 expenditures 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.

C. Assets, Liabilities and Net Assets

1. Cash and Cash Equivalents

The School's cash and cash equivalents are considered to be cash on hand and demand deposits.

The School maintains merged bank accounts for its funds in a central pool of cash and cash equivalents that are commingled with the Coos County School District No. 13.

2. Receivables and Payables

Receivables and payables are recorded on the Statement of Net Assets in accordance with the policies enumerated above. Management believes that the amount of any uncollectible accounts included in the receivable balance is not significant. Therefore, no provision for uncollectible accounts has been made.

3. Capital Assets

Capital assets are defined by the School as assets with an initial individual cost of \$5,000 or more, and an estimated useful life greater than one year. The School currently owns no capital assets.

4. Grants and Other Operating Revenues

The School receives funding from the State of Oregon based on the number of enrolled students. The School also receives federal grants, through the State of Oregon Department of Education. These grants are on a reimbursement basis, therefore, the District provides cash flows to the School until the grant funds are received.

5. 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.

6. Net Assets

Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School or through external restrictions imposed by creditors, grantors or law or regulations of other governments.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The School is a program within the Coos County School District No. 13 and School's budget is commingled within the District's. Oregon Department of Education does not require the School to adopt a separate budget.

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Cash Equivalents

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, 2009. If bank deposits at year end are not entirely insured or collateralized with securities held by the School District or by its agent in the School District's name, the School 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 Program. For the fiscal year ended June 30, 2009, the School had no deposits.

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 School does not have a formal deposit policy for custodial credit risk.

IV. OTHER INFORMATION

A. Contingent Liabilities

The ORCO-Tech Charter School received some of its support from other governmental entities. These amounts are subject to audit and adjustment by these governments and any ineligible costs may constitute a liability of the ORCO-Tech Charter School. As of June 30, 2009, management was not aware of any ineligible costs.

B. Risk Management

The School 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 Coos County School District No. 13 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.

ACCOMPANYING INFORMATION



Hough, MacAdam & Wartnik, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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KARL MAXON, CPA

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

December 4, 2009

To the Governing Body of
Oregon Coast Technology Charter School
A Program of Coos County School District No. 13

We have audited the financial statements of Oregon Coast Technology Charter School, a program of Coos County School District No. 13, as of and for the year ended June 30, 2009 and have issued our report thereon dated December 4, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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


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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Oregon Coast Technology Charter School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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*.

This report is intended solely for the information of management; the governing body, the State of Oregon, Secretary of State, Division of Audits; and cognizant and other federal awarding agencies and other 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
North Bend, Oregon

INDEPENDENT AUDITOR'S COMMENTS

Audit Report Requirements

Oregon Administrative Rules 162-10-000 through 162-10-330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy, enumerate the financial statements, schedules, comments, and disclosures required in audit reports. The required schedules, comments, and disclosures not included in the preceding section of this report are as follows:

Accounting Systems and Internal Controls

The School's accounting systems are the same as Coos County School District No. 13 and are adequate. The accounting records are properly maintained. The internal controls for the School are operating as designed and no significant deficiencies or material weaknesses were noted.

Collateral

Collateral was tested as a part of the audit process for the Coos County School District No. 13 and no instances of noncompliance were noted. For the fiscal year ended June 30, 2009 the School had no deposits.

Indebtedness

The School has no debt.

Budget

We reviewed the preparation, adoption, and execution of the budget for the current year and the preparation and adoption of the ensuing year's budget. The School is a program within the Coos County School District No. 13 and the School's budget is commingled within the District's. Oregon Department of Education does not require the School to adopt a separate budget.

Insurance and Fidelity Bonds

The School, through Coos County School District No. 13, has complied with the provisions of ORS 332.525 regarding the bonding of School personnel.

Investments

The School, through Coos County School District No. 13, is in compliance with legal requirements of ORS 294 pertaining to investment of public funds.

Least Cost Policy for Public Improvements

The School, through Coos County School District No. 13, is in compliance with the provisions of ORS 279 pertaining to the awarding of public contracts and the construction of public improvements.

Programs Funded from Outside Sources

We selected and tested, to the extent deemed appropriate, transactions, records, and reports relative to programs funded wholly or partially by other governmental agencies.

The results of our tests indicate, for the items tested, the School complied with the laws, rules, and regulations pertaining to programs funded wholly or partially by other governmental agencies, and for the items tested, financial reports and related data were in agreement with and supported by the accounting records.

Since the School expended less than \$500,000 in Federal Financial Assistance, they were not subject the requirements of OMB Circular A-133.

ADM Formula

Based on the results of our tests, the School is in compliance regarding the legal requirements of ORS 327.013, pertaining to the School calculation and reporting of factors used to compute the State School Fund Distribution.