

Management and the Board of Directors
School District No. 509J
Jefferson County, Oregon

While planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Jefferson County School District No. 509J (the District), as of and for the year ended June 30, 2014, we noted certain immaterial matters. These matters are summarized in this letter.

Regular board oversight of financial information

One key piece of a strong organizational internal control system is regular board monitoring of financial information. We note the board consistently reviews and approves all expenditures and this is a very good start. We recommend building on this to include other essential monitoring activities such as regular monitoring of budget versus actual figures and communicating directly with the auditors annually or more often as needed. This may be something that needs not be a full board activity, but rather could be a committee made up of a couple of board members and management or other interested parties as necessary. This group would have oversight of financial monitoring activities, including communication with the auditors and oversight of the audit process itself.

Sale of surplus property

Under ORS 244, all government employees are considered public officials. Provisions in this law restrict financial benefits for both public officials and their relatives. District policy requires that surplus items must be valued using quoted values and that items must be posted for sale at least seven days before related parties are permitted to purchase them. We noted the maintenance department sold surplus vehicles to related parties during the year. The items were published for sale on Craigslist on September 19, 2013, however we noted the two checks written to purchase the vehicles were dated September 12 and 13, 2013. We recommend the District consider ongoing ethics training for staff, management and the board to provide them with the knowledge necessary to avoid potential conflicts of interest in the future.

Compliance with ODE reporting deadlines

ODE requires annual reporting of transportation data as part of the State School Fund calculation. As part of our audit, we are required to test compliance with these calculations. The report for FY 2013-13 was due to ODE on September 2. The draft was submitted to Finance Director for review on September 15 and returned to the transportation department for revisions. The final submittal was made to ODE September 24. In addition to not complying with an established due date, as we are required to audit the information on this form, the fact

that it was not prepared timely impacted the timing of our audit procedures. We recommend management make it a priority to ensure the transportation department complete this information in a timely manner and adhere to all due dates established by ODE.

The matters included in this letter are a result of our risk assessment procedures and not all deficiencies or weaknesses may have been identified. As part of our audit, we also communicated to the Board of Directors internal control related information with respect to significant deficiencies and material weaknesses in our communication dated October 8, 2014.

This information is intended solely for the use of the Board of Directors and management of the District and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

SGA CPAs & Consultants, LLP
SGA CPAs & Consultants, LLP

October 8, 2014