



AMITY SCHOOL DISTRICT NO. 4J

AMITY, OREGON

JUNE 30, 2017

AUDIT REPORT

STEVE TUCHSCHERER
Certified Public Accountant
A Professional Corporation

AMITY SCHOOL DISTRICT NO. 4J

807 Trade Street
Amity, Oregon 97101-0138
(503) 835-2171

DISTRICT OFFICIALS

BARBARA ROWE Board Chair
PO Box 590, Amity, OR 97101

RAY BOTTENBERG. Vice Chair
9605 Yocum Road, Sheridan, OR 97378

PAUL DAUENHAUER Board Member
12800 SE Fairview Rd., Dayton, OR 97114

MATT FOERTSCH Board Member
PO Box 404, Amity, OR 97101

RYAN JONES Board Member
22320 SE Boulder Crest Lane, Amity, OR 97101

ADMINISTRATION

JEFF CLARK. Superintendent
807 Trade Street, Amity, OR 97101

ANN ADAMS. Deputy Clerk
807 Trade Street, Amity, OR 97101

AMITY SCHOOL DISTRICT NO. 4J

AUDIT REPORT

June 30, 2017

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1a – 1b
MANAGEMENT'S DISCUSSION AND ANALYSIS	2 - 10
 BASIC FINANCIAL STATEMENTS:	
<u>Government-wide Financial Statements:</u>	
Statement of Net Position	11
Statement of Activities	12
 <u>Fund Financial Statements:</u>	
Balance Sheet - Governmental Funds	13
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	14
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	16
 <u>Notes To The Basic Financial Statements</u>	 17 - 45
 REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund #100	46
Schedule of Expenditures - Budget and Actual - General Fund #100	47
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:	
IDEA Grant Fund #200	48
Title 1 Grant Fund #201	49
Schedule of Proportionate Share of the Net Pension Liability	50
Schedule of Employer Contributions	51

AMITY SCHOOL DISTRICT NO. 4J

AUDIT REPORT

June 30, 2017

TABLE OF CONTENTS (Continued):

	<u>PAGE</u>
OTHER SUPPLEMENTARY INFORMATION:	
<u>Non-Major Special Revenue Funds:</u>	
Combining Balance Sheet	52
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	53
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:	
Federal Miscellaneous Grants Fund #204	54
State Miscellaneous Grants Fund #205	55
Community Projects Fund #250	56
Student Body Fund #270.	57
Food Service Fund #280	58
Vehicle Replacement Fund #292	59
Technology Replacement Fund #293	60
Unemployment Fund #298	61
Scholarship Fund #299	62
 <u>Debt Service Funds:</u>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:	
Debt Service Fund #300 (A Major Fund)	63
PERS Bond Debt Service Fund #302 (A Major Fund)	64
 <u>Capital Projects Funds:</u>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:	
Capital Improvement Fund #430 (A Major Fund)	65
 <u>Additional Supporting Schedules:</u>	
Schedule of Fund Expenditures & Appropriations	66
Schedule of Long-Term Debt Transactions	67
Schedule of Future Requirements to Retire Long-Term Debt	68
 <u>Schedule of Expenditures of Federal Awards</u>	 69 – 70
 <u>Form 581-3211-C</u>	 71
 ACCOMPANYING INFORMATION:	
Independent Auditor’s Report Required by Oregon State Regulations	 72



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Amity School District No. 4J
807 Trade Street
Amity, Oregon 97101

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Amity School District No. 4J as of and for the year ended June 30, 2017, 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 standards 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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In my opinion, 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 Amity School District No. 4J as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 2-10, the schedules of revenues, expenditures and changes in fund balances – budget and actuals on pages 46-49, and pension schedules on pages 50-51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

I have applied certain limited procedures to the management's discussion and analysis and the pension schedules in accordance with the auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedules of revenues, expenditures and changes in fund balances – budget and actuals described above on pages 46-49 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The schedules of revenues, expenditures and changes in fund balances – budget and actuals have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedules of revenues, expenditures and changes in fund balances – budget and actuals are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Amity School District No. 4J's basic financial statements. The other supplementary information on pages 52-72 are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Amity School District No. 4J. The other supplementary information on pages 52-72 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the other supplementary information are fairly stated in all material respects in relation to the financial statements taken as a whole.

Report on Other Legal and Regulatory Requirements

In accordance with the *Minimum Standards for Audits of Oregon Municipal Corporations*, we have issued our report dated December 7, 2017, on our consideration of the Amity School District No. 4J's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on the District's compliance.



Steve Tuchscherer, CPA
December 7, 2017

MANAGEMENT'S DISCUSSION
AND ANALYSIS

AMITY SCHOOL DISTRICT NO. 4J
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2017
Unaudited

The discussion and analysis of Amity School District's financial performance provides an overview of the District's financial activities for the fiscal year that ended June 30, 2017. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year ended June 30, 2017 are as follows:

- The District's net position increased by \$256,511 which represents a 38.45 percent increase from the previous year.
- General revenues accounted for \$8,706,592 in revenue, or 90.1 percent of all revenues. Program specific revenues in the form of charges for services, and grants and contributions accounted for \$956,818 or 9.9 percent of total revenues of \$9,663,410.
- The District had \$9,408,468 in expenses related to governmental activities; which was less than total revenues, resulting in an increase in net position of \$254,942. Total expenses decreased \$251,617 over the previous year.
- Total assets of governmental activities decreased by \$223,085 a percentage decrease of 2.02 percent, primarily due to a decrease in capital assets, net of depreciation.
- Total liabilities increased by \$1,752,339, largely due to an increase in net pension liability of \$2,544,081.
- Among the governmental funds, the general fund had \$8,165,282 in revenues, which primarily consisted of state school support funds and property taxes. General Fund expenditures totaled \$7,888,628 including \$105,000 in budgeted interfund transfers out and \$112,595 in budgeted debt service payments. The General Fund's fund balance increased \$276,654 to \$959,917.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis introduces the District's basic financial statements. The basic financial statements include: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes additional supplementary information to supplement the basic financial statements.

Government-wide Financial Statements

The first of the government-wide statements is the *Statement of Net Position*. This is the District-wide statement of financial position presenting information that includes all of the District's assets and liabilities. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall economic health of the District would extend to other non-financial factors such as the condition of school buildings and other facilities and changes in the district's enrollment, which dictates the majority of revenue to be collected through the State Funding Formula.

The second government-wide statement is the *Statement of Activities* which reports how the District's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the *Statement of Activities* is to show the financial reliance of the distinct activities or functions of the District that are primarily supported by intergovernmental revenues--principally state basic school support and property tax revenues. The governmental activities of the District include instruction, instructional support services, operation and maintenance of plant, student transportation, and non-instructional support services.

AMITY SCHOOL DISTRICT NO. 4J
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2017
Unaudited

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, Fund Financial Statements focus on the District's most significant funds rather than the District as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of individual budget versus actual statements and combining statements in a later section of this report.

At this time the District has two kinds of funds:

Governmental funds focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. Unlike the government-wide financial statements, the fund financial statements report short-term fiscal accountability focusing on use of spendable resources during the year, and balances of spendable resources available at the end of the fiscal year. They are useful in evaluating whether the annual financing requirements of governmental programs such as regular and special education were financed in the short term and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental statement of assets, liabilities, and fund equities and the governmental fund statement of receipts, expenditures, and changes in fund balances provide a reconciliation to government-wide statements to assist in understanding the differences between these two perspectives.

Fiduciary funds such as private-purpose trust funds for scholarships are reported in the fiduciary fund financial statements, but are excluded from government-wide reporting. Fiduciary fund financial statements report net position and changes in net position on a cash basis.

Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

AMITY SCHOOL DISTRICT NO. 4J
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2017
Unaudited

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents, as required supplementary information schedules of revenues, expenditures, and changes in fund balance–budget and actual for the General Fund, the IDEA Grant Fund, the Title 1 Fund. The required supplementary information immediately follows the notes to the financial statements. Other supplementary information includes individual fund schedules of revenues, expenditures, and changes in fund balance–budget and actual for the Debt Service Funds and all non-major funds. Also presented as other supplementary information are various other schedules. These schedules immediately follow the required supplementary information in this report.

Financial Analysis of the School District as a Whole

Recall that the Statement of Net Position provides the perspective of the District as a whole. Net position may serve over time as a useful indicator of a government's financial position.

The District's net position at fiscal year-end is \$923,712. This is a \$256,511 increase from last year's net position and represents a 38.45 percent increase from the previous year.

The following table provides a summary of the District's net position. Prior year information is provided for comparative purposes.

Summary of Net Position

	Governmental Activities		
	June 30, 2017	June 30, 2016	Percentage Change
Assets			
Current and Other Assets	\$ 5,898,781	\$ 5,967,893	-1.16%
Capital Assets	4,897,840	5,051,813	-3.05%
Total Assets	10,796,621	11,019,706	-2.02%
Deferred Outflow of Resources	2,290,681	33,745	N/A
Liabilities			
Long-Term Liabilities	11,004,573	9,323,170	18.03%
Other Liabilities	975,796	904,860	7.84%
Total Liabilities	11,980,369	10,228,030	17.13%
Deferred Inflow of Resources	183,222	158,220	15.8%
Net Position			
Net Investment in Capital Assets	787,197	275,332	185.91%
Restricted	32,422	33,894	-4.34%
Unrestricted	104,093	357,975	-70.92%
Total Net Position	\$ 923,712	\$ 667,201	38.45%

AMITY SCHOOL DISTRICT NO. 4J
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2017
Unaudited

The following table shows the changes in net position. Prior year information is provided for comparison of government-wide revenue and expense information.

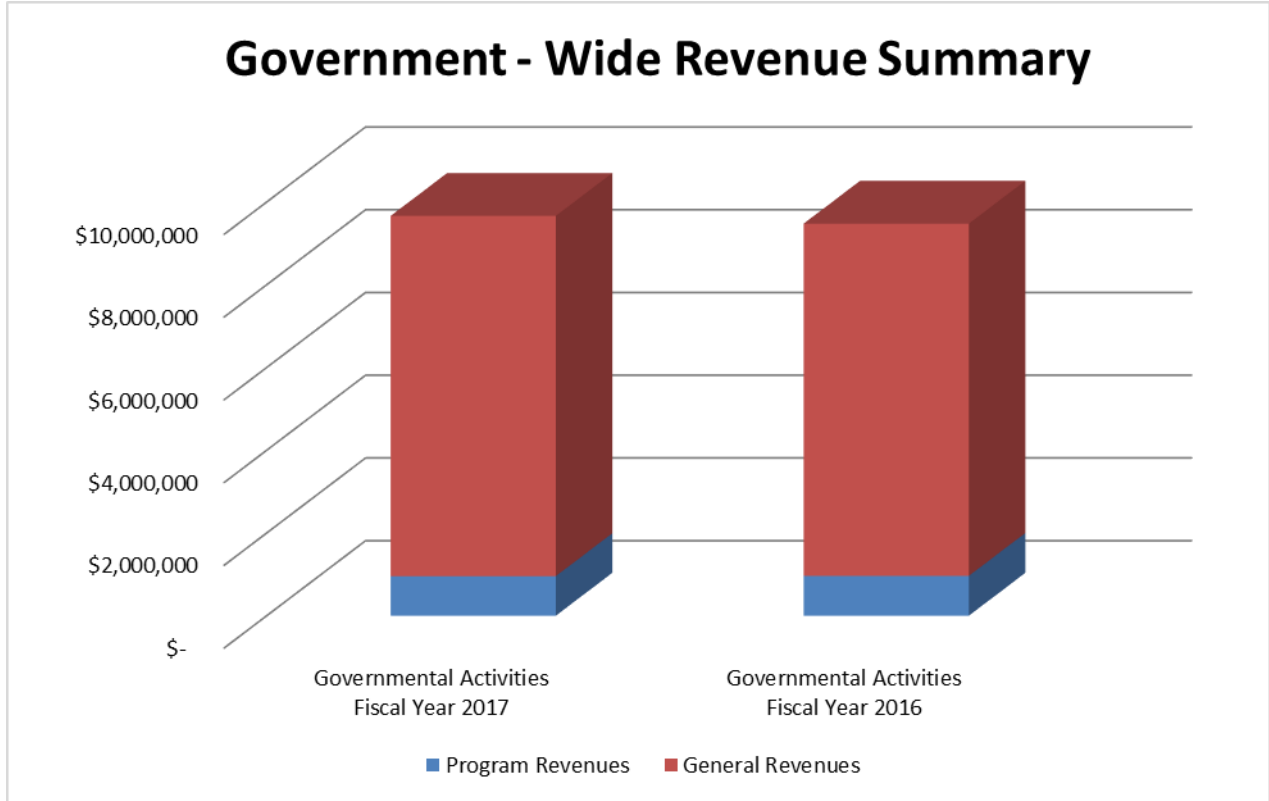
Changes in Net Position

	<u>Governmental Activities</u>		
	<u>2016-17</u>	<u>2015-16</u>	<u>Percentage Change</u>
Revenues			
Program Revenues			
Charges for Services	\$ 343,746	\$ 365,944	-6.1%
Operating Grants and Contributions	613,072	597,920	2.5%
General Revenues			
Property Taxes	2,172,178	2,087,547	4.1%
State Basic School Support	6,186,151	6,103,095	1.4%
Other	348,263	322,289	8.1%
Total Revenues	<u>9,663,410</u>	<u>9,476,795</u>	2.0%
Program Expenses			
Instruction	5,481,667	5,647,704	-2.9%
Support Services	3,112,197	3,236,698	-3.8%
Community Services	326,421	307,251	6.2%
Interest on Long-Term Debt	488,183	468,432	4.2%
Total Program Expenses	<u>9,408,468</u>	<u>9,660,085</u>	-2.6%
Change in Net Position	<u>\$ 254,942</u>	<u>\$ (183,290)</u>	-239.1%

The largest governmental activities program is instruction, which comprises 58.3 percent of expenses. Interest expense was 5.2 percent of total expenses.

AMITY SCHOOL DISTRICT NO. 4J
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2017
Unaudited

The following chart analyzes the revenue between governmental activities from prior to current year.



AMITY SCHOOL DISTRICT NO. 4J
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2017
Unaudited

The Statement of Activities shows the cost of program services and the charges for services, grants, and contributions offsetting those services. The following table shows, for governmental activity, the total cost of the four major functional activities of the District. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and District's taxpayers by each of these functions.

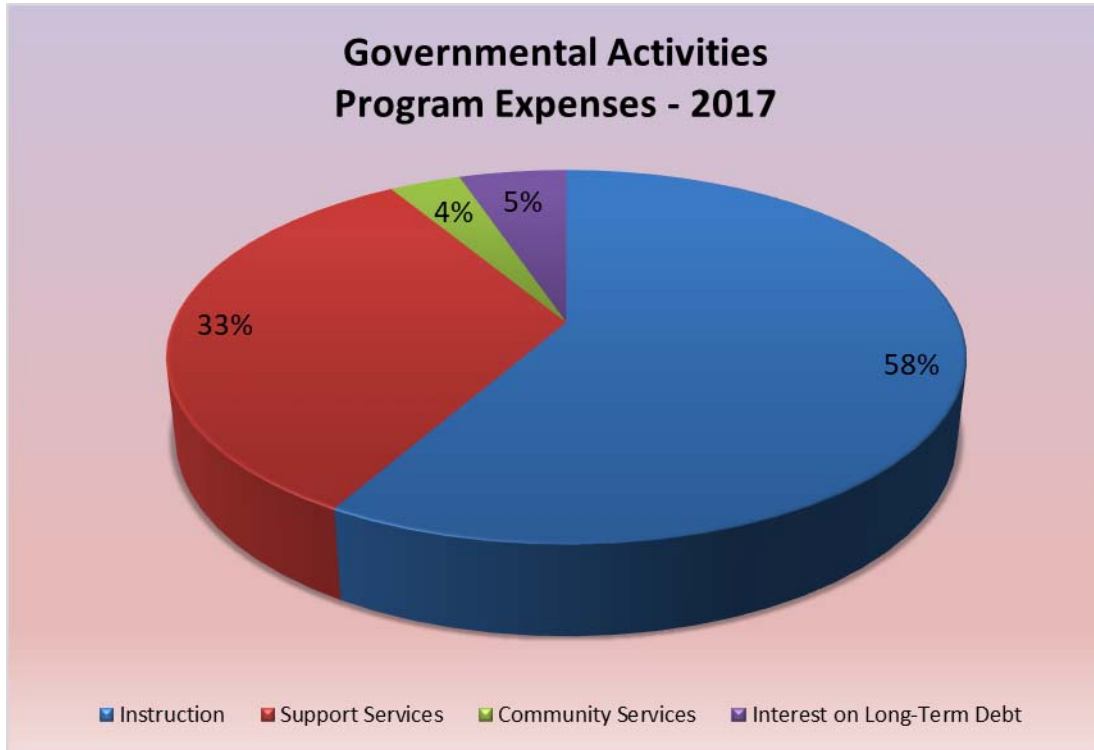
Governmental Activities

	<u>2016-17</u>		<u>2015-16</u>	
	<u>Total Cost of Services</u>	<u>Net Cost (Profit) of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost (Profit) of Services</u>
Instruction	\$ 5,481,667	\$ 4,829,099	\$ 5,647,704	\$ 4,984,643
Support Services				
Students	486,733	486,133	487,215	487,161
Instructional Staff	119,568	79,363	147,176	114,323
General Administration	207,837	207,837	210,848	210,848
School Administration	611,988	607,937	612,909	610,418
Business Services	214,452	214,452	286,304	286,304
Operation & Maintenance of Plant Services	745,887	745,887	786,905	786,905
Student Transportation Services	458,870	458,870	456,492	456,492
Staff Services	28,825	14,947	25,853	25,322
Technology Services	238,037	238,037	222,996	222,996
Community Services	326,421	80,905	307,251	42,377
Interest on Long-Term Debt	488,183	488,183	468,432	468,432
Total Program Expenses	<u>\$ 9,408,468</u>	<u>\$ 8,451,650</u>	<u>\$ 9,660,085</u>	<u>\$ 8,696,221</u>

The dependence on property tax and state basic support revenues is apparent. Over 88 percent of instruction activities are supported through property tax and state basic support. For all governmental activities general revenue support was 90 percent. Unrestricted state basic school support payments are by far the primary support of Amity School District No. 4J students.

AMITY SCHOOL DISTRICT NO. 4J
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2017
Unaudited

This graph represents the cost of the District's program expenses by governmental activities.



Financial Analysis of the District's Funds

Governmental Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the District's governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$2,767,337, an increase of \$188,716. The fund balance consists of non-spendable, restricted amounts, committed amounts, and unassigned amounts.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$276,654.

AMITY SCHOOL DISTRICT NO. 4J
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2017
Unaudited

Budgetary Highlights

Over the course of the year, the District made only minor changes to its various funds' budgets.

General Fund revenues were budgeted and anticipated to be collected in the amount of \$7,904,768 during the fiscal year. Actual General Fund revenues of \$8,165,282 were more than budgeted revenues by \$260,514, or 3.3 percent. In the General Fund, District spending was less than budgeted amounts in most function areas. Total appropriations budgeted in the General Fund were \$8,8574,768 while actual General Fund expenditures of \$7,888,628 resulted in a difference of \$686,140 or 8 percent of the budgeted total.

The IDEA Grant Fund actual revenues of \$134,598 were \$124,402 less than budgeted while expenditures of \$134,598 were \$124,402 less than the budgeted amount. The fund began the year with a \$0 balance and ended the year with a \$0 balance.

The Title 1 Grant Fund actual revenues of \$152,500 were \$72,500 less than budgeted while expenditures of \$152,500 were \$72,500 less than the budgeted amount. The fund began the year with a \$0 balance and ended the year with a \$0 balance.

The Debt Service Fund actual revenues received were \$30,029 more than budgeted while expenditures equaled the budgeted amount of \$582,834. The fund began the year with a \$33,893 balance and ended the year with a \$32,422 balance.

The PERS Bond Service Fund actual revenues received were \$23,075 more than budgeted while expenditures equaled the budgeted amount. The fund began the year with a \$581,877 balance and ended the year with a \$604,936 balance.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2017, the District had invested \$10,638,008 in capital assets, including school buildings, athletic facilities, land, vehicles, computers and other equipment and furnishings. This amount represents an increase of \$170,373 from the prior year due to additions.

Total depreciation expense for the year was \$324,346. Additional information on the District's capital assets can be found in Note 4 in the notes to the basic financial statements section of this report.

AMITY SCHOOL DISTRICT NO. 4J
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2017
Unaudited

Long-Term Debt

At June 30, 2017, the District had general obligation bonds payable due of \$3,010,000. The entire balance is backed by the full faith and credit of the District. Principal payments on the current bonds were \$520,000 during the fiscal year. Interest of \$62,834 was paid on the bonded debt.

The District had an outstanding limited tax pension obligation bond payable of \$4,532,252. For more information see note 5 of this document.

The District had Qualified Zone Academy Bonds (QZAB) payable of \$996,270. The entire balance is backed by the full faith and credit of the District. Debt payments reduced the QZAB debts by \$112,595 during the fiscal year. Annual payments are made to a trustee, which accumulates the payments until the bonds come due in 2019. Interest is earned on the account held by the trustee, and interest on the bonds is subsidized by the federal government's QZAB program.

The District had capital leases for bus purchases payable of \$104,373, the current principal payment was \$33,243 and \$3,165 was paid in interest.

Economic Factors and Next Year's Budget and Rates

The primary factors considered in developing the budget for next year were the anticipated increases in state funding along with the District's continued increase in incoming inter-district student transfers. PERS continues to be the pressure-creator for the state budgets as benefit obligations far outweigh return on investments statewide. The 2017-18 budget was created with a 20% effective PERS rate, which is consistent with the rate used for the 2016-17, and which is somewhat mitigated by reducing the PERS reserves if necessary.

Budgeted expenditures in the General Fund increased 7.6 percent to \$9,227,460 for fiscal year 2017-2018. Anticipated revenue increases in state school fund accounts for the increase in budgeted expenditures. No new programs were added to the 2017-2018 budget.

The State's budget for the 2017-2019 biennium is expected to meet the District's 2017-2018 budgeted state basic school support revenues. The district continues its conservative approach to review the status of the various issues impacting its funding while scrutinizing all expenditures and working closely with staff to implement cost saving practices. The 2017-18 budget has been prepared emphasizing transparency in order to maximize efficiency.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have any questions about this report or need additional information, contact the Business Office, Amity School District No. 4J, 807 Trade St., Amity, Oregon 97101.

BASIC FINANCIAL
STATEMENTS

Government-wide
Financial Statements

AMITY SCHOOL DISTRICT NO. 4J

STATEMENT OF NET POSITION

June 30, 2017

		<u>Governmental Activities</u>
<u>ASSETS:</u>		
Current Assets:		
Cash and Investments	\$ 2,732,818	
Property Taxes Receivable	189,387	
Accounts Receivable	55,489	
Due From Other Governments	5,386	
Prepaid Loan Fees, net of accumulated amortization	101,114	
Inventory-Food, Supplies & Commodities	5,951	
Total Current Assets		\$ 3,090,145
Capital Assets:		
Land & Construction in Progress	377,542	
Land Improvements	773,583	
Buildings & Improvements	8,612,440	
Vehicles	509,545	
Equipment	364,898	
Less: Accumulated Depreciation	(5,740,168)	
Total Capital Assets, Net of Depreciation		4,897,840
Other Assets:		
Prepaid Expense - Pension Obligation	6,618,174	
Less: Accumulated Amortization	(3,809,538)	
Total Other Assets, Net of Amortization		2,808,636
Total Assets		10,796,621
<u>DEFERRED OUTFLOW OF RESOURCES:</u>		
Pension Related Deferrals	2,290,681	
Total Deferred Outflow of Resources		2,290,681
<u>LIABILITIES:</u>		
Current Liabilities:		
Accounts Payable	62,899	
Accrued Vacation Benefits	39,359	
Interest Payable	3,695	
Current Portion of Long-Term Liabilities:		
Capital Leases Payable	34,007	
QZAB Note Payable	112,595	
General Obligations Bonds	545,000	
Limited Tax PERS Bonds	178,241	
Total Current Liabilities		975,796
Long-Term Liabilities:		
Noncurrent Portion of Long-Term Liabilities:		
Capital Leases Payable	70,366	
General Obligations Bonds	2,465,000	
Limited Tax PERS Bonds	4,354,011	
QZAB Note Payable	883,675	
Net OPEB Obligation	163,690	
Net Pension Liability	3,067,831	
Total Long-Term Liabilities		11,004,573
Total Liabilities		11,980,369
<u>DEFERRED INFLOW OF RESOURCES:</u>		
Pension Related Deferrals	183,222	
Total Deferred Inflow of Resources		183,222
<u>NET POSITION:</u>		
Net Investment in Capital Assets	787,197	
Restricted for:		
Debt Service	32,422	
Unrestricted	104,093	
Total Net Position		\$ 923,712

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

AMITY SCHOOL DISTRICT NO. 4J

STATEMENT OF ACTIVITIES For the Fiscal Year Ended June 30, 2017

	(Expenses)	Program Revenues		Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
<u>GOVERNMENTAL ACTIVITIES:</u>				
Instruction:				
Regular Instruction	\$ 4,166,513	\$ 287,452	\$ 95,281	\$ (3,783,780)
Special Programs	1,312,068	-	269,835	(1,042,233)
Summer School Programs	3,086	-	-	(3,086)
Total Instruction	<u>5,481,667</u>	<u>287,452</u>	<u>365,116</u>	<u>(4,829,099)</u>
Support Services:				
Students	486,733	-	600	(486,133)
Instructional Staff	119,568	-	40,205	(79,363)
General Administration	207,837	-	-	(207,837)
School Administration	611,988	-	4,051	(607,937)
Business Services	214,452	-	-	(214,452)
Operation & Maintenance of Plant Service	745,887	-	-	(745,887)
Student Transportation Services	458,870	-	-	(458,870)
Staff Services	28,825	-	13,878	(14,947)
Technology Services	238,037	-	-	(238,037)
Total Support Services	<u>3,112,197</u>	<u>-</u>	<u>58,734</u>	<u>(3,053,463)</u>
Community Services	<u>326,421</u>	<u>56,294</u>	<u>189,222</u>	<u>(80,905)</u>
Interest on Long-Term Debt	<u>488,183</u>	<u>-</u>	<u>-</u>	<u>(488,183)</u>
Total Governmental Activities	<u>\$ 9,408,468</u>	<u>\$ 343,746</u>	<u>\$ 613,072</u>	<u>\$ (8,451,650)</u>

GENERAL REVENUES:

Local Sources:

Property Taxes, Levied for General Purposes	\$ 1,596,102
Property Taxes, Levied for Debt Service Purposes	576,076
Interest and Investment Earnings	36,371
Miscellaneous	149,011
County School Fund	52,300
State School Support Available for General Purposes	6,186,151
Common School Fund	110,581
Subtotal - General Revenues	<u>8,706,592</u>
Change in Net Position	254,942
Net Position - July 1, 2016	668,770
Net Position - June 30, 2017	<u>\$ 923,712</u>

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

BASIC FINANCIAL
STATEMENTS

Fund Financial Statements
Governmental Funds

AMITY SCHOOL DISTRICT NO. 4J

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2017**

	General Fund #100	IDEA Grant Fund #200	Debt Service Fund #300	PERS Bond Debt Service Fund #302	Capital Improve Fund #430	Other Funds	Total Governmental Funds
<u>ASSETS:</u>							
Cash and Cash Equivalents	\$ 940,576	\$ -	\$ 24,234	\$ 604,936	\$ 584,116	\$ 578,956	\$ 2,732,818
Accounts Receivable	55,489	-	-	-	-	-	55,489
Property Taxes Receivable	136,531	-	52,856	-	-	-	189,387
Due From Other Funds	4,136	-	-	-	-	-	4,136
Due from Other Governments	-	869	-	-	-	4,517	5,386
Inventory-Food, Supplies & Commodities	-	-	-	-	-	5,951	5,951
Total Assets	\$1,136,732	\$ 869	\$ 77,090	\$ 604,936	\$ 584,116	\$ 589,424	\$ 2,993,167
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</u>							
Liabilities:							
Account Payables	\$ 62,688	\$ -	\$ -	\$ -	\$ -	\$ 211	\$ 62,899
Due to Other Funds	-	869	-	-	-	3,267	4,136
Total Liabilities	62,688	869	-	-	-	3,478	67,035
Deferred Inflows of Resources:							
Deferred Property Tax Revenue	114,127	-	44,668	-	-	-	158,795
Total Deferred Inflows of Resources	114,127	-	44,668	-	-	-	158,795
Fund Balances:							
Non-spendable	-	-	-	-	-	5,951	5,951
Restricted for:							
Debt Service	-	-	32,422	-	-	-	32,422
Committed for:							
Educational Programs	-	-	-	-	-	71,007	71,007
Community Projects	-	-	-	-	-	18,405	18,405
Student Body Activities	-	-	-	-	-	174,655	174,655
Food Service Programs	-	-	-	-	-	7,167	7,167
Equipment Acquisition	-	-	-	-	-	188,549	188,549
Capital Construction & Bldg. Maint.	-	-	-	-	584,116	-	584,116
Employee Benefits Programs	-	-	-	-	-	120,212	120,212
Debt Service	-	-	-	604,936	-	-	604,936
Unassigned	959,917	-	-	-	-	-	959,917
Total Fund Balances	959,917	-	32,422	604,936	584,116	585,946	2,767,337
Total Liabilities, Deferred Inflows of Resources & Fund Balances	\$1,136,732	\$ 869	\$ 77,090	\$ 604,936	\$ 584,116	\$ 589,424	\$ 2,993,167

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

AMITY SCHOOL DISTRICT NO. 4J

RECONCILIATION OF THE BALANCE SHEET GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

June 30, 2017

Total Fund Balances - Governmental Funds \$ 2,767,337

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

Capital assets used in governmental activities are not financial resources and therefore not reported in the governmental funds.

The cost of the assets is -	\$10,638,008	
The accumulated depreciation is -	<u>(5,740,168)</u>	
Net Value of Assets		4,897,840

Amounts paid to Oregon Public Retirement System to reduce the unfunded pension obligation of the District are not financial resources and therefore are not capitalized as a prepaid expense in the governmental funds.

The original prepaid amount is -	6,618,174	
The accumulated amortization is -	<u>(3,809,538)</u>	
Net Value of Prepaid Expense		2,808,636

Amounts paid for loan fees out of refunding bond proceeds are not financial resources and therefore are not capitalized as a prepaid expense in the governmental funds.

The original prepaid amount net of accumulated amortization is -		101,114
--	--	---------

Accrued interest payable is not included as a liability in the governmental funds. (3,695)

Property taxes receivable that will not be available to pay for current-period expenditures are deferred in the governmental funds. 158,795

Deferred inflows and outflows of pension contributions and earnings are not reported in the governmental funds.

Deferred Pension Contributions	2,290,681	
Deferred Earnings on Pension Assets	<u>(183,222)</u>	
Net Value of Deferrals		2,107,459

Certain liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.

Those liabilities at year-end consist of :

Accrued Vacation Benefits	39,359	
Capital Leases	104,373	
Limited Tax PERS Bonds	4,532,252	
General Obligation Bonds	3,010,000	
Net OPEB Obligation	163,690	
QZAB Note Payable	996,270	
Net Pension Liability	<u>3,067,831</u>	
Total Long-Term Liabilities		<u>(11,913,775)</u>

Net Position of Governmental Activities **\$ 923,711**

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

AMITY SCHOOL DISTRICT NO. 4J

**Statement of Revenues,
Expenditures, and Changes in Fund Balances
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2017**

	General Fund #100	IDEA Grant Fund #200	Title 1 Fund #201	Debt Service Fund #300	PERS Bond Debt Service Fund #302	Capital Improve- ment Fund #430	Other Govern- mental Funds	Total Govern- mental Funds
REVENUES:								
Basic School Support Fund	\$ 6,157,270	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,881	\$ 6,186,151
Ad Valorem Taxes-Current Year	1,543,767	-	-	556,325	-	-	-	2,100,092
Ad Valorem Taxes-Prior Year	57,802	-	-	21,770	-	-	-	79,572
Services Provided to Other Funds	-	-	-	-	618,917	-	-	618,917
Fees and Charges	30,537	-	-	-	-	-	299,204	329,741
Admission to Co-Curricular Activities	14,005	-	-	-	-	-	-	14,005
Interest on Investments	18,691	-	-	3,268	6,358	6,566	1,488	36,371
Miscellaneous Local Revenues	90,788	-	-	-	-	16,197	42,026	149,011
County School Fund	52,300	-	-	-	-	-	-	52,300
Common School Fund	110,581	-	-	-	-	-	-	110,581
State Grants-In-Aid	89,541	-	-	-	-	-	8,201	97,742
Federal Reimbursement Grants	-	134,598	152,500	-	-	-	228,231	515,329
Total Revenues	8,165,282	134,598	152,500	581,363	625,275	22,763	608,031	10,289,812
EXPENDITURES:								
Current:								
Instruction:								
Regular Instruction	3,687,313	-	-	-	-	-	248,585	3,935,898
Special Programs	1,033,558	129,371	140,464	-	-	-	-	1,303,393
Summer School Programs	2,978	-	-	-	-	-	-	2,978
Support Services:								
Students	495,508	600	-	-	-	-	-	496,108
Instructional Staff	79,534	4,627	11,453	-	-	-	24,125	119,739
General Administration	208,783	-	-	-	-	-	-	208,783
School Administration	618,777	-	-	-	-	-	4,051	622,828
Business Services	166,564	-	-	-	-	-	6,471	173,035
Operation & Maint. of Plant Services	718,232	-	-	-	-	17,170	-	735,402
Student Transportation Services	419,558	-	-	-	-	-	-	419,558
Information and Staff Services	13,069	-	-	-	-	-	13,878	26,947
Technology Services	227,159	-	-	-	-	-	8,730	235,889
Community Services	-	-	583	-	-	-	315,528	316,111
Facilities Acquisition and Construction	-	-	-	-	-	170,374	-	170,374
Debt Service	112,595	-	-	582,834	602,216	-	36,408	1,334,053
Total Expenditures	7,783,628	134,598	152,500	582,834	602,216	187,544	657,776	10,101,096
Excess (Deficiency) of Revenues Over Expenditures	381,654	-	-	(1,471)	23,059	(164,781)	(49,745)	188,716
OTHER FINANCING SOURCES (USES):								
Interfund Transfers In	-	-	-	-	-	10,000	95,000	105,000
Interfund Transfers Out	(105,000)	-	-	-	-	-	-	(105,000)
Net Change in Fund Balances	276,654	-	-	(1,471)	23,059	(154,781)	45,255	188,716
Fund Balances - July 1, 2016	683,263	-	-	33,893	581,877	738,897	540,691	2,578,621
Fund Balances - June 30, 2017	\$ 959,917	\$ -	\$ -	\$ 32,422	\$604,936	\$584,116	\$ 585,946	\$ 2,767,337

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

AMITY SCHOOL DISTRICT #4J

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Fiscal Year Ended June 30, 2017

Net Changes in Fund Balances - Total Governmental Funds \$ 188,716

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

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense.

	Expenditures for capitalized assets	\$ 88,930	
	Less current year depreciation	<u>(324,346)</u>	(235,416)

Some property tax revenues will not be collected for several months after the District's fiscal year end and are therefore not considered "available" revenues in the governmental funds, instead these funds are shown as deferred revenue.

However, these funds are recorded as revenue in the Statement of Activities.		<u>(7,486)</u>	(7,486)
--	--	----------------	---------

Changes in the Food Service inventory balance from the prior year to the current year are an adjustment to expense for the Statement of Activities. That change is reflected as a change in fund balance reserve for the fund financial statements. That difference in accounting is reconciled here.

		<u>(1,568)</u>	(1,568)
--	--	----------------	---------

Expense accruals in the governmental funds do not include accrued interest expense payable. The change in payables from the prior year to the current year is reconciled here.

		<u>864</u>	864
--	--	------------	-----

Payment of unfunded pension obligation was originally reported in the governmental funds as an expenditure. In the Statement of Activities the amount to be charged each year as an expense over the estimated expense incurred to pay the obligation is amortized, rather than expensed at the time of the prepayment of PERS funding.

	Amount of current year amortization	<u>(255,331)</u>	(255,331)
--	-------------------------------------	------------------	-----------

Cost of loan fees was originally reported in the governmental funds as an expenditure. In the Statement of Activities the amount to be charged each year as an expense over the repayment period of the obligation is amortized, rather than expensed at the time the loan fees were incurred.

	Amount of current year amortization	<u>(30,333)</u>	(30,333)
--	-------------------------------------	-----------------	----------

Some items reported in Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

These activities consist of:

	Increase in accrued OPEB	(7,166)	
	Vacation Payable	<u>(39,359)</u>	(46,525)

Adjustment for pension costs on accrued basis (312,147)

Repayment of debt principal amounts are expenditures in the governmental funds, but the repayment reduces long-term debt liabilities in the Statement of Net Position.

Retirement of principal is as follows:

	Vacation Payable	27,718	
	Capital Leases Payable	33,243	
	General Obligations Bonds	520,000	
	Limited Tax PERS Bonds	179,168	
	QZAB Note Payable	<u>69,261</u>	<u>829,390</u>

Changes in Net Position of Governmental Activities	<u>\$ 130,164</u>
---	--------------------------

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

BASIC FINANCIAL
STATEMENTS

Notes to the Basic
Financial Statements

AMITY SCHOOL DISTRICT NO. 4J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

Amity School District No. 4J was organized under the provisions of Oregon Statutes pursuant to ORS Chapter 332 for the purpose of operating elementary and secondary schools. The District is government by a separately elected five-member Board of Directors who approve the administrative officials. The daily functioning of the District is under the supervision of the Superintendent. As required by generally accepted accounting principles, all activities of the District have been included in the basic financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of Amity School District No. 4J have been prepared in conformity with accounting principals generally accepted in the United States of America 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.

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

A. Reporting Entity

In determining the financial reporting entity, Amity School District No. 4J complies with Governmental Accounting Standards Board Statement 14, "The Financial Reporting Entity." The criteria for including organizations as component units within the District's reporting entity, include whether 1) the District appoints a voting majority of the organization's board; 2) the District is able to impose its will on the organization; 3) the organization has the potential to impose a financial benefit or burden on the District; and 4) there is fiscal dependency by the organization on the District.

Based on these criteria, Amity School District No. 4J has no component units.

B. Basis of Presentation

Government-wide 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 overall District. Eliminations have been made to minimize the double counting of internal activities. Governmental activities include programs supported primarily by taxes, state school support payments, grants and other intergovernmental revenues. The District has no business type activities that rely, to a significant extent, on fees and charges for support. The District also reports no fiduciary activities.

The statement of activities demonstrates the degree to which direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a program of function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. 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.

AMITY SCHOOL DISTRICT NO. 4J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):

B. Basis of Presentation (Cont.)

Fund Financial Statements: During the fiscal year, the District segregates transactions related to certain school district functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds.

The fund financial statements provide reports on the financial condition and results of operations for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

General Fund - The General Fund is the main operating fund of the District. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General Fund expenditures are categorized by "Instruction" which is the direct teaching of students or the interaction between teacher and students. "Support Services" covers all the support activities for students, teachers, and facilities. Major activities in support services are transportation, maintenance of facilities (i.e. heating, phones, electricity, cleaning,) administration, counseling for students, and technology support.

IDEA Grant Fund - This fund includes all resources received from federal IDEA grants passed through the Oregon Department of Education.

Title 1 Grant Fund - This fund includes all resources received from federal Title 1 grants passed through the Oregon Department of Education.

PERS Bond Debt Service Fund - Revenues accounted for in the PERS Bond Fund are charges to other funds and interest earned on investments. Expenditures accounted for in the PERS Bond Fund are the principal and interest payments on the PERS Bond.

Debt Service Fund - Revenues accounted for in the Debt Service Fund are from local property taxes levied to make general obligation bond payments, which are also accounted for in this fund according to the bond repayment schedule.

Capital Improvement Fund - Revenues accounted for in the Capital Improvement Fund are from transfers in and loan proceeds to cover capital expenditures.

C. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when transactions are recognized in the financial records and reported on the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

AMITY SCHOOL DISTRICT NO. 4J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):

C. Measurement Focus/Basis of Accounting (Cont.)

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized when the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or within sixty days after year end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt which are reported when due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

The revenues susceptible to accrual are property taxes, charges for services, interest income and intergovernmental revenues. All other governmental fund revenues are recognized when received, as they are deemed immaterial. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when the revenue recognition is met or when the District has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

D. Budgeting

The District budgets all funds as required by state law. The District budgets for all funds on a modified accrual basis. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total expenditures are controlled by annual appropriations at the following organizational levels: instruction, support services, community services, facilities acquisition and construction, and other expenditures. Appropriations lapse as of the fiscal year-end. A detailed budget document is required that contains more detailed information for the above-mentioned expenditure categories.

Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriations resolution. A supplemental budget may require hearings before the public, publications in newspapers, and approval by the District Board of Directors. Original and supplemental budgets may be modified by the use of appropriations transfers between the levels of control. Such transfers require approval by the District Board of Directors.

AMITY SCHOOL DISTRICT NO. 4J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):

E. Cash and Investments

Cash and cash equivalents include cash on hand, checking, savings and money market accounts and any short-term, highly liquid investments with initial maturity dates of three months or less.

The District has adopted an investment policy requiring compliance with Oregon statutes, which authorizes the District to invest in obligations of the United States, the agencies and instrumentalities of the United States and the State of Oregon, and numerous other investment instruments.

The District's investments may consist of time certificates of deposit, banker's acceptances, commercial paper, U.S. Government Agency securities, and the State of Oregon Treasurer's Local Government Investment Pool (LGIP). The District's investments are reported at fair value at year-end. Changes in the fair value of investments are recorded as investment earnings. The LGIP is stated at cost, which approximates fair value. Fair value of the LGIP is the same as the District's value in the pool shares.

The Oregon State Treasury administers the LGIP. It is an open-ended, non-load diversified portfolio offered to any agency, political subdivision or public corporation of the State that by law is made the custodian of, or has control of, any fund. The LGIP is included in the Oregon Short Term Fund (OSTF) which was established by the State Treasurer. In seeking to best serve local governments of Oregon, the Oregon legislature established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment options of the LGIP.

F. Receivables

Amounts due from individuals, organizations or other governmental units are recorded as receivables at year-end. These amounts include charges for services rendered, or for goods and material provided by the District. All receivables are expected to be collected. Accordingly, receivables are reported at the gross amount without an allowance for uncollectible accounts.

Receivables are also recognized for property taxes and intergovernmental grants. Property taxes receivable consist of uncollected taxes levied and payable at the end of the fiscal year. All taxes are considered collectible. Consequently no allowance for uncollectible taxes has been established. In the governmental fund financial statements, property taxes not collected within sixty days of the end of the fiscal year are reported as a deferred inflow or resources. (See note 1.K.)

Intergovernmental grant reimbursement and entitlement amounts for which all eligibility requirements imposed by the provider have been met, but which were not received by the fiscal year end, are reported as due from other governments.

G. Prepaid Expenses

The District has elected to report the amount paid to Oregon Public Employee Retirement System (OPERS) to reduce the calculated unfunded pension liability obligation as a prepaid expense, as reported on the government-wide Statement of Net Position. The prepaid asset is to be amortized in the amounts and over the estimated length of time the unfunded portion of the pension obligation is expected be paid out to its current and former employees.

AMITY SCHOOL DISTRICT NO. 4J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):

H. Inventory

Food & supplies inventories in the Food Service Fund are valued at cost determined on the FIFO method. Commodities inventory in the Food Service Fund is valued at estimated fair market value. Inventory is treated as being expended when used rather than when purchased. Inventories of non-food service supplies are not considered significant. The District records the cost of non-food service supplies as expenses and expenditures when purchased rather than when used.

I. Capital Assets

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost, or estimated cost when original cost is not available. Donated capital assets are valued at their estimated fair market value on the date received. Maintenance and repairs of capital assets are not capitalized, but rather are charged to expenditures in the governmental funds. The District does not possess any infrastructure. The capitalization threshold used by the District as recommended by the State of Oregon is \$5,000.

In the government-wide financial statements, all reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method over the estimated useful lives as follows:

<u>Asset Class</u>	Estimated Years of Useful Lives
Buildings	20-50
Building Improvements	20-50
Land Improvements	15-25
Vehicles	10
Equipment	5-10

In the governmental fund financial statements, fixed assets are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

J. Compensated Absences and Accrued Liabilities:

The liability for accrued vacation benefits reported in the government-wide statements consists of unpaid, accumulated annual vacation. The early retirement liability has been calculated using the accrual method for benefit amounts due to former employees who currently are receiving early-termination benefits.

All payables and accrued liabilities are reported on the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full form current financial resources are reported as obligations of the funds.

AMITY SCHOOL DISTRICT NO. 4J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):

K. Deferred Inflows/Outflows 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. Currently, the District has only one item that qualifies for reporting in this category, deferred pension contributions.

In addition to liabilities, the statement of financial 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(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item that qualifies for reporting in this category, deferred earnings on pension assets. In the governmental funds balance sheet, a different category of deferred inflow of resources, delinquent property tax revenue not available, is reported. Property taxes levied and considered receivable at the end of the fiscal year, but not collected within sixty days of the end of the fiscal year are reported in this category. These amounts are recognized as an inflow of resources (revenue) in the period that the amounts become available.

L. Long-Term Obligations

All bonds payable, notes payable and capital leases payable are recognized in the government-wide financial statements as a liability of the District. Amounts of the long-term debt due within the following fiscal year are included in the current liabilities section of the Statement of Net Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the governmental fund financial statements, proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources. Principal and interest payments on bonded debt and capital lease payments are recorded as a debt service in the expenditure section of the statement and schedules.

AMITY SCHOOL DISTRICT NO. 4J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):

M. Equity Classifications:

Government-wide Statements

Equity is classified as net position, which represents the difference between assets, liabilities, and deferred accounts. Net position is displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantor, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

The District’s policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Financial Statements

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted: This classification includes fund balance amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Committed: This classification includes fund balance amounts that are constrained for specific purpose that are internally imposed by the government through resolution of the highest level of decision making authority, the Board of Directors, and does not lapse at year-end.
- Assigned: This classification includes fund balance amounts that are intended to be used for specific purposes that are neither restricted nor committed. This intent can be expressed by the Board of Directors or through the Board of Directors delegating this responsibility to selected staff members or through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned: This classification includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories, and negative fund balances of other governmental funds.

The District’s policy is to use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of the constrained fund balances.

AMITY SCHOOL DISTRICT NO. 4J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):

N. Property Taxes

Real and personal property taxes attach as an enforceable lien on property as of January 1. All taxes are levied as of the lien date and are payable in three installments on November 15, February 15, and May 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

Uncollected property taxes are recorded on the statement of net position. Uncollected taxes are deemed to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectable taxes has been established. All property taxes receivable are due from property owners within the District.

O. Inter-Fund Transactions

Quasi-external transactions are accounted for as revenues or expenditures, while reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other inter-fund transactions are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other inter-fund transfers are reported as operating transfers.

P. 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 the reported amount of assets and liabilities as well as disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Q. Pensions

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

CASH AND INVESTMENTS:

For discussion of deposit and investment policies and other related information, see Note 1.E.

The District follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Various restrictions on deposits and investments are imposed by state statutes. These restrictions are summarized at Note 1.E.

Investments, including amounts held in pool cash and investments are stated at fair value. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, investments with a remaining maturity of more than one year at the time of purchase are stated at fair value. Fair value is determined at the quoted market prices, if available; otherwise, the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. Investments in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value.

AMITY SCHOOL DISTRICT NO. 4J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

CASH AND INVESTMENTS (CONT.):

Deposits - All cash is deposited in compliance with Oregon statutes. The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. FDIC insurance of \$250,000 applies to the deposits in each depository. Where balances continually exceed \$250,000, ORS 295 requires the depositor to verify that deposit accounts are only maintained at financial institutions on the list of qualified depositories found on the state treasurer's website. Qualifying depository banks must pledge securities with a particular value based on the bank's level of capitalization. The balances in excess of the FDIC insurance are considered exposed to custodial credit risk.

Custodial Credit Risk for Deposits - Custodial credit risk for deposits exists when, in the event of a depository failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk.

As of June 30, 2017, the reported amounts of the District's deposits were \$1,327,710 and the bank balance was \$1,739,204. Of the bank balance, the entire amount was covered by federal depository insurance or by pledged securities with the qualifying depository banks.

Investments - Oregon statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, banker's acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the Local Governmental Investment Pool. The District has no credit risk policy or investment policy that would further limit its investment choices

Credit Risk - Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations. As of June 30, 2017, the District's investment in the Oregon State Treasurer's Local Government Investment Pool (LGIP) was unrated.

At June 30, 2017, the District's investments in financial institutions are as follows:

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Oregon State Treasurer's Local Government		
Investment Pool (LGIP)	\$ 1,404,242	N/A
Federal Agency Notes	867	N/A
Total Investments	\$ 1,405,109	

Investments in the LGIP and federal agency notes do not require disclosure credit rating quality.

Concentration of Credit Risk - An increased risk of loss occurs as more investments are acquired from one issuer. This results in a concentration of credit risk. The District places no limit on the amount that may be invested in any one issuer. More than 5 percent of the District's investments are in the Oregon State Treasurer's Local Government Investment Pool (LGIP). This investment is 100% of the District's total investments.

AMITY SCHOOL DISTRICT NO. 4J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

CAPITAL ASSETS:

The following is a summary of capital asset activity for the fiscal year ended June 30, 2017:

<u>Governmental Activities</u>	<u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2017</u>
Assets not being depreciated:				
Land	\$ 296,099	\$ -	\$ -	\$ 296,099
Construction in Progress	-	81,443	-	81,443
Total Non-Depreciable Assets	296,099	81,443	-	377,542
Assets being depreciated:				
Land Improvements	767,926	5,657	-	773,583
Buildings & Improvements	8,529,167	83,273	-	8,612,440
Vehicles	509,545	-	-	509,545
Equipment	364,898	-	-	364,898
Total Depreciable Assets	10,171,536	88,930	-	10,260,466
Less: Accumulated Depreciation				
Land Improvements	557,131	30,112	-	587,243
Buildings & Improvements	4,216,463	260,323	-	4,476,786
Vehicles	330,253	26,515	-	356,768
Equipment	311,975	7,396	-	319,371
Total Accumulated Depreciation	5,415,822	324,346	-	5,740,168
Net Value of Capital Assets Being Depreciated	4,755,714	(235,416)	-	4,520,298
Total Governmental Activities--				
Net Value of Capital Assets	<u>\$ 5,051,813</u>	<u>\$ (153,973)</u>	<u>\$ -</u>	<u>\$ 4,897,840</u>

Depreciation expense was charged to governmental functions as follows:

Instruction - Regular Programs	\$ 287,142
Instruction - Special Programs	2,040
Support Services--Business Services	2,236
Support Services--Operation & Maintenance	3,171
Support Services--Student Transportation	24,564
Community & Enterprise Services - Food Services	5,193
Total depreciation expense - governmental activities	<u>\$ 324,346</u>

AMITY SCHOOL DISTRICT NO. 4J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

LONG-TERM DEBT:

A summary of debt transactions for the year ended June 30, 2017 is as follows:

	Outstanding Balance June 1, 2016	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2017	Amounts Due Within One Year
--	--	---------------------------------------	--------------------------------------	---	-----------------------------------

General Obligation and Limited Tax Bonded Debt:

General Obligation Refunding Bond, Series 2015 for refunding of GO Refunding Bonds, Series 2005, dated March 19, 2015. The original balance of the 2015 refunding bonds was \$4,076,000. Interest rate on the refunding bonds is fixed at 1.78%

Principal	\$ 3,530,000	\$ -	\$ 520,000	\$ 3,010,000	\$ 545,000
Interest	-	62,834	62,834	-	53,578
Totals	\$ 3,530,000	\$ 62,834	\$ 582,834	\$ 3,010,000	\$ 598,578

Oregon School Boards Association Limited Tax Pension Obligation Bonds Series 2004, held by Wells Fargo Bank Northwest, NA trustee. The original balance was \$6,618,714 issued April 21, 2004. Fixed interest rates on the bonds vary from 1.5% to 6.27%.

Principal	\$ 4,711,420	\$ -	\$ 179,168	\$ 4,532,252	\$ 178,241
Interest	-	423,048	423,048	-	453,974
Totals	\$ 4,711,420	\$ 423,048	\$ 602,216	\$ 4,532,252	\$ 632,215

Capitalized Lease:

Bus Leases with Sovereign Bank. Total Lease \$237,820 for 3 busses purchased on October 15, 2013 with an interest rate of 2.30%.

Principal	\$ 137,616	\$ -	\$ 33,243	\$ 104,373	\$ 34,007
Interest	-	3,165	3,165	-	2,401
Totals	\$ 137,616	\$ 3,165	\$ 36,408	\$ 104,373	\$ 36,408

Qualified Zone Academy Bond:

Qualified Zone Academy Bond (QZAB), original balance of \$1,290,000, dated February 1, 2004, for funding qualified building improvements and equipment purchases. Interest costs are subsidized by the federal government. Annual payments of \$69,261 are placed into a sinking fund maintained by a paying agent. Earnings of the sinking fund reduce total payments made to retire bonds. The debt will be paid to bondholders at maturity in 2019 from the sinking fund. Reported outstanding balance at fiscal year end reflects total of original bond payable amount net of deposits made to date into sinking fund.

Principal	\$ 458,865	\$ -	\$ 69,261	\$ 389,604	\$ 69,261
Interest	-	-	-	-	-
Totals	\$ 458,865	\$ -	\$ 69,261	\$ 389,604	\$ 69,261

Qualified Zone Academy Bond (QZAB), original balance of \$650,000, dated April 6, 2016, for the purchase of equipment and improvements to real property. Held by Pacific Continental Bank. Deposit amounts of \$43,334.00 per year required, with the first deposit being due April 6, 2017. Bond interest is computed at 0.00%.

Principal	\$ 650,000	\$ -	\$ 43,334	\$ 606,666	\$ 43,334
Interest	-	-	-	-	-
Totals	\$ 650,000	\$ -	\$ 43,334	\$ 606,666	\$ 43,334

TOTAL DEBT AGREEMENTS:

Principal	\$ 8,837,901	\$ -	\$ 845,006	\$ 8,642,895	\$ 869,843
Interest	-	489,047	489,047	-	509,953
Totals	\$ 8,837,901	\$ 489,047	\$ 1,334,053	\$ 8,642,895	\$ 1,379,796

AMITY SCHOOL DISTRICT NO. 4J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

LONG-TERM DEBT (Cont.):

The debt service requirements on the above debt are as follows:

	Due Fiscal Year Ending June 30,	Principal	Interest	Total
<u>General Obligation and Limited Tax Bonds:</u>				
	2018	723,241	507,552	1,230,793
	2019	751,588	529,504	1,281,092
	2020	776,485	554,373	1,330,858
	2021	803,920	576,258	1,380,178
	2022	833,094	600,870	1,433,964
	2023-2027	3,228,925	1,181,358	4,410,283
	2028	425,000	24,140	449,140
	Totals	\$ 7,542,253	\$ 3,974,055	\$ 11,516,308
<u>Qualified Zone Academy Bond:</u>				
	2019	\$ 1,012,953	\$ -	\$ 1,012,953
	2031	606,666	-	606,666
	Totals	1,619,619	-	1,619,619
<u>Capital Leases:</u>				
	2018	34,007	2,401	36,408
	2019	34,790	1,618	36,408
	2020	35,576	832	36,408
	Totals	\$ 104,373	\$ 4,851	\$ 109,224

For further detail on debt service, see the 'Schedule of Long Term Debt Transactions' and 'Schedule of Future Requirements for Retirement of Long Term' in the Supplemental Data section of this report.

AMITY SCHOOL DISTRICT NO. 4J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

PENSION PLAN:

A. Name of Pension Plan

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

B. Description of Benefit Terms

Plan Benefits

All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A.

1. Tier One/Tier Two Retirement Benefit (Chapter 238). Tier One/Tier Two Retirement Benefit plan is closed to new members hired on or after August 29, 2003.

Pension Benefits

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

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

Death Benefits

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

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

Disability Benefits

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

AMITY SCHOOL DISTRICT NO. 4J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

PENSION PLAN (Cont.):

Benefit Changes After Retirement

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

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2017 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

2. OPSRP Defined Benefit Pension Program (OPSRP DB). The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003.

Pension Benefits

This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit. A member of the OPSRP Pension Program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

Death Benefits

Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

Disability Benefits

A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

Benefit Changes After Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2017 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

3. IAP Defined Contribution Plan Description:

OPSRP Individual Account Program (OPSRP IAP)

Participants in OPERS defined benefit pension plan also participate in the defined contribution plan.

Pension Benefits

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies. Upon retirement, a member of the OPSRP Individual Account Program (IAP)

AMITY SCHOOL DISTRICT NO. 4J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

PENSION PLAN (Cont.):

may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

Death Benefits

Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

Recordkeeping

OPERS contracts with VOYA Financial to maintain IAP participant records.

C. Contributions

OPERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the OPERS Defined Benefit Plan and the Other Postemployment Benefit Plans.

Employer contribution rates during the period were based on the December 31, 2013 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2015. The state of Oregon and certain schools, community colleges, and political subdivisions have made lump sum payments to establish side accounts, and their rates have been reduced.

Employer contributions for the year ended June 30, 2017 were \$315,525, excluding amounts to fund employer specific liabilities.

D. Pension Plan CAFR

Oregon PERS produces an independently audited CAFR which can be found at:
http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx

E. Actuarial Valuations

The employer contribution rates effective July 1, 2015, through June 30, 2017, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the OPERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. For the OPSRP Pension Program component of the OPERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

AMITY SCHOOL DISTRICT NO. 4J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

PENSION PLAN (Cont.):

F. Actuarial Methods and Assumptions Used in Developing Total Pension Liability

Valuation Date	December 31, 2014
Measurement Date	June 30, 2016
Experience Study	2014, published September 2015
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Inflation rate	2.50 percent (reduced from 2.75%)
Long-term expected rate of return	7.50 percent (reduced from 7.75%)
Discount rate	7.50 percent (reduced from 7.75%)
Projected salary increases	3.50 percent (reduced from 3.75%)
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service.
Mortality	<p>Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p>Disabled retirees: Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table.</p>
<p>1 At its September 25, 2015 meeting, the PERS Board reduced the assumed rate of return on investments from 7.75 percent to 7.50 percent.</p>	

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

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

AMITY SCHOOL DISTRICT NO. 4J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

PENSION PLAN (Cont.):

Depletion Date Projection

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for OPERS:

- OPERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is our independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

Assumed Asset Allocation

<u>Asset Class/Strategy</u>	<u>OIC Policy Range</u>	<u>OIC Target Allocation</u>	<u>Asset Class/Strategy</u>	<u>Actual Allocation</u>
Cash	0.0% - 3.0%	0.0%	Cash	3.9%
Debt Securities	15.0% - 25.0%	20.0%	Debt Securities	20.7%
Public Equity	32.5% - 42.5%	37.5%	Public Equity	37.9%
Real estate	9.5% - 15.5%	12.5%	Real estate	12.0%
Private Equity	13.5% - 21.5%	17.5%	Private Equity	19.5%
Alternative Equity	0.0% - 12.5%	12.5%	Alternative Equity	4.1%
Opportunity Portfolio	0.0% - 3.0%	0.0%	Opportunity Portfolio	1.9%
Total		<u>100%</u>	Total	<u>100%</u>

AMITY SCHOOL DISTRICT NO. 4J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

PENSION PLAN (Cont.):

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2013 the OPERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below.

Asset Class	Target Allocation*	Annual Arithmetic Mean	Compound Annual (Geometric) Return	Standard Deviation
Core Fixed Income	8.00%	4.10%	4.00%	4.68%
Short-Term Bonds	8.00%	3.65%	3.61%	2.74%
Bank/Leveraged Loans	3.00%	5.69%	5.42%	7.82%
High Yield Bonds	1.00%	6.67%	6.20%	10.28%
Large/Mid Cap US Equities	15.75%	7.96%	6.70%	17.07%
Small Cap US Equities	1.31%	8.93%	6.99%	21.35%
Micro Cap US Equities	1.31%	9.37%	7.01%	23.72%
Developed Foreign Equities	13.13%	8.34%	6.73%	19.40%
Emerging Foreign Equities	4.13%	10.56%	7.25%	28.45%
Non-US Small Cap Equities	1.88%	9.01%	7.22%	20.55%
Private Equity	17.50%	11.60%	7.97%	30.00%
Real Estate (Property)	10.00%	6.48%	5.84%	12.00%
Real Estate (REITS)	2.50%	8.74%	6.69%	22.02%
Hedge Fund of Funds - Diversified	2.50%	4.94%	4.64%	8.09%
Hedge Fund - Event-driven	0.63%	7.07%	6.72%	8.90%
Timber	1.88%	6.60%	5.85%	13.00%
Farmland	1.88%	7.11%	6.37%	13.00%
Infrastructure	3.75%	8.31%	7.13%	16.50%
Commodities	1.88%	6.07%	4.58%	18.40%
Assumed Inflation - Mean			2.50%	1.85%

* Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, revised as of December 3, 2014. The revised allocation was adopted at the June 3, 2015 OIC meeting.

AMITY SCHOOL DISTRICT NO. 4J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

PENSION PLAN (Cont.):

G. Sensitivity Analysis

The following presents the employer's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease 6.50%	Discount Rate 7.50%	1% Increase 8.50%
Employer's proportionate share of the net pension liability	\$ 4,953,524	\$ 3,067,831	\$ 1,491,721

H. Summary of Significant Accounting Policies

Reporting Entity

OPERS' financial statements are prepared on the basis of a fiscal year ended June 30. The Oregon State Treasurer has statutory responsibility for custody and investment of OPERS assets. As a result of this fiduciary responsibility, OPERS is included as part of the primary government in the State of Oregon Comprehensive Annual Financial Report.

Basis of Presentation

The accompanying financial statements are prepared in accordance with Governmental Accounting Standards Board Statements and generally accepted accounting principles that apply to governmental accounting for fiduciary funds.

Basis of Accounting

The accrual basis of accounting is used. Revenues are recognized when earned. Contributions are recognized when due, pursuant to formal commitments, as well as statutory and Board requirements. Expenses are recognized when incurred. Benefits are recognized when currently due and payable. Withdrawals are recognized in the month they are due and payable.

Investments

Oregon Revised Statute (ORS) 293.706 established the Oregon Investment Council (OIC), which consists of five voting members. Four members of the council, who are qualified by training and experience in the field of investment or finance, are appointed by the governor subject to state Senate confirmation. The state treasurer serves as the council's remaining voting member. In addition, the director of the Public Employees Retirement System serves as a non-voting OIC member.

OIC ensures moneys in the investment funds are invested and reinvested to achieve the investment objective of making the moneys as productive as possible. Furthermore, the investments of those funds are managed as a prudent investor would do under the prevailing circumstances and in light of the purposes, terms, distribution requirements, and laws governing each investment fund. This standard requires the exercise of reasonable care, skill, and caution and is applied to investments not in isolation, but in the context of each fund's portfolio as part of an overall investment strategy. The strategy should incorporate risk and return objectives reasonably suitable to the particular investment fund.

AMITY SCHOOL DISTRICT NO. 4J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

PENSION PLAN (Cont.):

When implementing investment decisions, OIC has a duty to diversify the investments of the investment funds unless, under the circumstances, it is not prudent to do so. In addition, OIC must act with prudence when selecting agents and delegating authority.

Investments are recognized at fair value, the amount at which financial instruments could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale.

The fair value of publicly traded debt and equity securities in active markets is determined by the custodian's pricing agent using nationally recognized pricing services. The custodian's pricing agent values equity securities traded on a national or international exchange at the last reported sales price, and generally values debt securities by using evaluated bid prices. For securities that do not have an active market, such as private placements or commingled investment vehicles, a market price is calculated by either the custodian's pricing agent or the investment manager. For example, a similar benchmark security may be used to derive the fair value. The benchmark will typically have a coupon rate and maturity date comparable to the debt security being valued, and its market risk will be similar, considering current market conditions. The fair value of real estate investment trust (REIT) securities is determined by the custodian's pricing agent using recognized pricing services.

Investments in private equities are recorded at fair value, as of June 30, 2015, as determined by management based on valuation information provided by the general partner. Investments in private equities representing publicly traded securities are stated at quoted market price. Where observable market inputs are not available, valuation models are applied. The general partner determines fair value based on the best information available and by reference to information including, but not limited to, the following: projected sales, net earnings, earnings before interest, taxes, depreciation and amortization, balance sheets, public and private transactions, valuations for publicly traded comparable companies, and/or other measures, and consideration of any other pertinent information including the types of securities held and the general partner's own assumptions regarding the investment. The methods used to determine the fair value of these investments typically include: (1) the market approach (whereby fair value is derived by reference to observable valuation measures for comparable companies or assets) and (2) the income approach (e.g., the discounted cash flow method).

Investments in real estate, with the exception of publicly traded REITS, for which observable market prices in active markets do not exist, are reported at fair value as of June 30, 2014, as determined by management based on valuation information provided in good faith by the general partner. Direct investments in real estate are appraised every two to three years, and between appraisals, investment managers adjust values to reflect current and projected operating performance and financial transactions. In the absence of observable market prices, general partners determine the fair value of real estate partnerships using valuation methods considered most appropriate. A variety of factors are considered, including the nature of the investment, local market conditions, trading values on public exchanges for comparable investments, current and projected operating performance, and financing transactions subsequent to the acquisition of the investment.

Investments in the opportunity and alternatives portfolios are recorded at fair value as of June 30, 2015 by the respective general partner or account manager. Investments in the opportunity and alternatives portfolios representing publicly traded securities are stated at quoted market price. Where observable market inputs are not available, valuation models are applied. The general partner or account manager determines fair value based on the best information available and by reference to information including, but not limited to, the following: projected sales, net earnings, earnings before interest, taxes, depreciation, and amortization, balance sheets, public and private transactions, valuations for publicly traded comparable companies, and/or other measures, and consideration of any other pertinent information including the types of securities held and the general partner's own assumptions regarding the investment. The methods used to determine the fair value of these investments typically include: (1) the market approach (whereby fair value is derived by reference to observable valuation measures for comparable companies or assets); (2) the income approach (e.g. the discounted cash flow method).

AMITY SCHOOL DISTRICT NO. 4J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

PENSION PLAN (Cont.):

Due to the inherent uncertainty and the degree of judgment involved in determining private equity, opportunity, alternatives, and real estate portfolio investment valuations, the fair values reflected in the accompanying financial statements may differ significantly from values that would have been used had a readily determinable market value for the investments existed and the difference could be material. In addition, these investments are generally considered to be illiquid long-term investments, and the recorded fair values may materially differ from the amounts that eventually may be realized from the sale or other disposition of these investments.

OIC has approved the following asset classes for the PERF: Short-Term Investing, Fixed Income, Real Estate, Public and Private Equities, and Alternative Investments. In addition, PERF invests in the Opportunity Portfolio which may be populated with investment approaches across a wide range of investment opportunities with no limitation as to asset classes or strategies. OIC must approve, in advance, the purchase of investments in a new asset class not described above.

As of June 30, 2015, OPERS did not hold investments in any one organization that represent 5 percent of more of OPERS' fiduciary net position.

I. Changes in Assumptions

A summary of key changes implemented since the December 31, 2013 valuation are described briefly below. Additional detail and a comprehensive list of changes in methods and assumptions can be found in the 2014 Experience Study for the System, which was published on September 23, 2015, and can be found at:

https://www.oregon.gov/pers/docs/2014_experience_study_9-23-15.pdf

Changes in Actuarial Methods and Allocation Procedures

There were no changes to actuarial methods and procedures since the December 31, 2014 valuation.

Changes in Economic Assumptions

There were no changes to economic assumptions since the December 31, 2014 valuation.

Changes in Demographic Assumptions

There were no changes to economic assumptions since the December 31, 2014 valuation.

Changes in Benefit Terms and Assumptions

Benefit Terms: The Oregon Supreme Court decision in *Moro v. State of Oregon*, issued on April 30, 2015, reversed a significant portion of the reductions the 2013 Oregon Legislature made to future System Cost of Living Adjustments (COLA) through Senate Bills 822 and 861. This reversal increased the total pension liability as of June 30, 2015 compared to June 30, 2014 total pension liability.

Assumptions: The PERS Board adopted assumption changes that were used to measure the June 30, 2016 total pension liability. The changes include the lowering of the long-term expected rate of return to 7.50 percent and lowering of the assumed inflation to 2.50 percent. In addition, the healthy mortality assumption was changed to reflect an updated mortality improvement scale for all groups, and assumptions were updated for merit increases, unused sick leave, and vacation pay were updated.

AMITY SCHOOL DISTRICT NO. 4J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

PENSION PLAN (Cont.):

Mortality Rates

A summary of the current assumed mortality rates and recommended changes is shown below:

Assumption	December 31, 2013 Valuation	Recommended December 31, 2014 and 2015 Valuations
Healthy Annuitant Mortality	RP2000 Generational with Scale AA, Combined Active/Healthy Annuitant, Sex Distinct	RP2000 Generational with Scale BB, Combined Active/Healthy Annuitant, Sex Distinct
School District male	No collar, set back 24 months	No change to collar adjustment or set back
Other General Service male (and male beneficiary)	Blended 25% blue collar/75% white collar, set back 12 months	No change to collar adjustment or set back
Police & Fire male	Blended 25% blue collar/75% white collar, set back 12 months	No change to collar adjustment or set back
School District female	White collar, set back 24 months	No collar, set back 24 months
Other female (and female beneficiary)	White collar, no setback	Blended 25% blue collar/75% white collar, no setback
Disabled Retiree Mortality	RP 2000 Static, Disabled, No Collar, Sex distinct	RP 2000 Generational with Scale BB, Disabled, No Collar, Sex distinct
Male	65% of Disabled table, but not less than corresponding healthy annuitant rates	70% of Disabled table, but not less than corresponding healthy annuitant rates
Female	90% of Disabled table, but not less than corresponding healthy annuitant rates	95% of Disabled table, but not less than corresponding healthy annuitant rates
Non-Annuitant Mortality	Fixed Percentage of Healthy Annuitant Mortality	No change
School District male	70%	60%
Other General Service male	85%	75%
Police & Fire male	95%	75%
School District female	60%	55%
Other female	55%	60%

AMITY SCHOOL DISTRICT NO. 4J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

PENSION PLAN (Cont.):

Change in Proportionate Share

Since the December 31, 2013 actuarial valuation, the system-wide actuarial accrued liability has increased primarily due to the Moro decision and assumption changes, along with interest on the liability as current active members get closer to retirement. The Oregon Supreme Court decision in *Moro v. State of Oregon*, issued on April 30, 2015, reversed a significant portion of the reductions the 2013 Oregon Legislature made to future system Cost of Living Adjustments (COLA) through Senate Bills 822 and 861. This reversal increased the benefits projected to be paid by Employers compared to those developed in the prior actuarial valuation, and consequently increased plan liabilities. The employers' projected long-term contribution effort has been adjusted for the estimated impact of the Moro Decision. In accordance with statute, a biennial review of actuarial methods and assumptions was completed in 2105 to be used for the December 31, 2014 actuarial valuation. After completion of this review and subsequent to the measurement date, the OPERS Board adopted several assumption changes, including lowering the investment return assumption to 7.50%, which will be effective January 1, 2017.

Deferred Items

Deferred items are calculated at the system-wide level and are allocated to employers based on their proportionate share. For the measurement period ending June 30, 2015, employers will report the following deferred items:

- A difference between expected and actual experience, which is being amortized over 5.4 years, the remaining service lives of all plan participants, including retirees. One year of this amortization is included in the employer's total pension expense for the measurement period.
- Changes in employer proportion since the prior measurement date, which is being amortized over 5.4 years, the remaining service lives of all plan participants, including retirees. One year of this amortization is included in the employer's total pension expense for the measurement period.
- A Net difference between projected and actual earnings which is being amortized over a closed five-year period. One year's amortization is being recognized in the employer's total pension expense for the measurement period.

I. Employer Contributions

OPERS includes accrued contributions when due pursuant to legal requirements, as of June 30 in its Statement of Changes in Fiduciary Net Position. These are normally included in the employer statements cut off as of the fifth of the following month. OPERS does not try to accrue contributions based on payday.

Beginning with fiscal year 2016, OPERS will be able to report cash contributions and UAL side account amortization by employer, and will publish this information on the OPERS Website. Prior to fiscal year 2016, contributions to the OPSRP Defined Benefit plan were not accounted for by employer, as all employers were pooled for actuarial purposes.

J. Elements of Changes in Net Position

This information can be found in the Schedule of Changes in Net Pension Liability found on page 69, of the June 30, 2016 OPERS CAFR.

Pension Liabilities/(Assets), Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

At June 30, 2017, the employer reported a liability of \$3,067,831 for its proportionate share of the net pension liability. The net pension liability/(asset) was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on a projection of the employer's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

AMITY SCHOOL DISTRICT NO. 4J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

PENSION PLAN (Cont.):

At June 30, 2016, the employer's proportion was 0.02043542 percent.

For the year ended June 30, 2017, the employer recognized pension expense of \$647,514. At June 30, 2017, the employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 101,497	\$ -
Changes of assumptions	654,295	-
Net difference between projected and actual earnings on investments	606,075	-
Changes in proportionate share	613,289	-
Differences between employer contributions and employer's proportionate share of system contributions	-	183,222
Total Deferred Outflows/Inflows	\$ 1,975,156	\$ 183,222
Post-measurement date contributions	315,525	N/A
Total Deferred Outflow/(Inflow) of Resources	\$ 2,290,681	\$ 183,222
Net Deferred Outflow/(Inflow) of Resources prior to post-measurement date contributions		1,791,934

\$1,791,934 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense/(income) as follows:

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
1st Fiscal Year	\$ 342,891
2nd Fiscal Year	342,891
3rd Fiscal Year	566,655
4th Fiscal Year	457,865
5th Fiscal Year	81,632
Thereafter	-
Total	\$ 1,791,934

K. Net Pension Liability

Net pension liabilities are calculated at the system-wide level and are allocated to employers based on their proportionate share. UAL Side Accounts are included as assets in this calculation. The rate setting actuarial valuation will continue to allocate the UAL Side Account, transitional or pre-SLGRP liabilities or surpluses as adjustments to the respective employers.

AMITY SCHOOL DISTRICT NO. 4J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

OTHER POST-EMPLOYMENT BENEFITS (OPEB):

Oregon Public Employees Retirement Systems' (OPERS) Retiree Health Insurance Account (RHIA)

The District contributes to the Oregon Public Employees Retirement Systems' (PERS) Retiree Health Insurance Account (RHIA), a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the Oregon Public Employees Retirement Board (OPERB). The plan, which was established under Oregon Revised Statutes 238.420, provides a payment of up to \$60 per month towards the costs of health insurance for eligible PERS retirees. RHIA post-employment benefits are set by state statute. The plan was closed to new entrants hired on or after August 29, 2003.

To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

A 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 <http://oregon.gov/PERS/>.

Funding Policy

Participating employers are contractually required to contribute at a rate assessed bi-annually by the OPERB, currently 0.53% of annual covered PERS payroll and 0.45% for OPSRP payroll. The OPERB sets the employer contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years.

Contributions

The District's contributions to PERS' RHIA for the years ended June 30, 2017, 2016 and 2015 were \$19,539, \$7,257 and \$7,349 respectively which equaled the required contributions for the year.

AMITY SCHOOL DISTRICT NO. 4J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

CONTINGENT LIABILITIES:

Amounts received or receivable from grantor 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 amount, if any, to be immaterial.

The District is not currently named as a defendant in any pending or threatened litigation.

COMMODITIES RECEIVED IN FOOD SERVICE FUND:

During the year the District received USDA commodities. Fair market value of the amount of commodities used during the current fiscal year is \$19,335. The amount is reflected as federal revenue received and as a food expenditure in the Food Service Fund in the financial statements. Fair market value is determined by the Oregon Department of Education.

RISK MANAGEMENT:

The District is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters. The District is joined together with other school districts in the state, which are participating members of United Schools Insurance Program of Oregon, a public entity risk pool currently operating as a common risk management and insurance program for member governments. The District has an annually renewable contract to pay United Schools Insurance Program of Oregon an annual premium for its general liability, property liability, automobile liability, boiler and machinery, comprehensive crime, and umbrella insurance coverage.

The District carries commercial insurance for all other losses, including workers' compensation and employee health and accident insurance. Premiums to the health insurance company are paid through a combination of employer contributions and payroll withholdings for eligible employees.

The District came under the State Unemployment Act as of July 1, 1974. The District has elected to pay State Unemployment insurance to the State of Oregon to pay for any claims paid to former employees.

There have been no significant reductions in coverage from the prior years and settlements have not exceeded insurance coverage in the past three years.

AMITY SCHOOL DISTRICT NO. 4J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:

The interfund balances between the general fund and special revenue funds represent payments made by the general fund on behalf of the special revenue funds in relation to grant reimbursements. All balances are expected to be repaid within one year.

Interfund balances at June 30, 2017 consisted of the following individual fund receivables and payables:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund #100	\$ 4,136	\$ -
Special Revenue Funds:		
IDEA Fund #200	-	869
Federal Miscellaneous Fund #204	-	3,267
Total	<u>\$ 4,136</u>	<u>\$ 4,136</u>

Interfund transfers for the year ended June 30, 2017 were as follows:

	<u>Transfers Out</u>	<u>Transfers In</u>
General Fund #100	\$ 105,000	\$ -
Food Service Fund #280	-	70,000
Vehicle Replacement Fund #292	-	25,000
Capital Improvement Fund #430	-	10,000
Total	<u>\$ 105,000</u>	<u>\$ 105,000</u>

The transfer out of the General Fund to the Food Service Fund represents the District's election to provide General Fund support to the food service program. The transfer out of the General Fund to the Capital Improvement Fund and Vehicle Replacement Fund represents the District's election to provide General Fund support towards capital activities.

AMITY SCHOOL DISTRICT NO. 4J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

FUND BALANCE COMPARISONS:

<u>Fund</u>	<u>Actual</u> <u>June 30, 2017</u>	<u>Budgeted</u> <u>July 1, 2017</u>
General Fund #100	\$ 959,917	\$ 695,220
IDEA Grant Fund # 200	-	-
Title 1 Fund # 201	-	-
Federal Miscellaneous Grants Fund # 204	-	-
State Miscellaneous Grants Fund # 205	1,841	-
Community Projects Fund # 250	18,405	16,500
Student Body Fund # 270	174,655	190,000
Food Service Fund # 280	7,167	50,000
Vehicle Replacement Fund # 292	29,603	54,603
Technology Replacement Fund # 293	158,946	168,947
Unemployment Fund # 298	120,212	120,100
Scholarship Fund # 299	69,166	69,170
Debt Service Fund # 300	32,422	29,115
PERS Bond Debt Fund # 302	604,936	648,036
Capital Improvement Fund #430	\$ 584,116	\$ 805,056

AMITY SCHOOL DISTRICT NO. 4J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

OVER-EXPENDITURE OF APPROPRIATIONS:

Expenditures in excess of appropriation in individual funds for the year ended June 30, 2017 occurred as follows:

<u>Fund / Category</u>	<u>Appropriation</u>	<u>Expenditure</u>	<u>Variance</u>
General Fund/Debt Service	\$ 112,586	\$ 112,595	\$ 9

REQUIRED
SUPPLEMENTARY
INFORMATION

AMITY SCHOOL DISTRICT NO. 4J

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

GENERAL FUND #100

For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>(Budgetary Basis)</u>	<u>Over</u>
			<u>(See Note 1)</u>	<u>(Under)</u>
<u>REVENUES:</u>				
Revenues from Local Sources:				
Ad Valorem Taxes-Current Year	\$ 1,460,000	\$ 1,460,000	\$ 1,543,767	\$ 83,767
Ad Valorem Taxes-Prior Year	60,000	60,000	57,802	(2,198)
Land Sales - Delinquent Taxes	-	-	75	75
Penalties & Interest on Taxes	25	25	41	16
Tuition	25	25	-	(25)
Interest on Investments	13,000	13,000	18,691	5,691
Admission to Co-Curricular	16,000	16,000	14,005	(1,995)
Fees	33,000	33,000	30,537	(2,463)
Rental on Buildings	10,500	10,500	9,650	(850)
Contributions from Private Sources	1,500	1,500	27,940	26,440
Services Provided Charter Schools	1,000	1,000	-	(1,000)
Recovery of Prior Years' Expenditures	5,000	5,000	29,434	24,434
Miscellaneous	25,000	25,000	22,970	(2,030)
Fingerprint Fees	600	600	678	78
Total Local Revenues	1,625,650	1,625,650	1,755,590	129,940
Revenues from Intermediate Sources:				
County School Fund	3,000	3,000	826	(2,174)
ESD Apportionment	43,627	43,627	43,628	1
Restricted Revenue	-	-	7,238	7,238
Other Intermediate Sources	2,000	2,000	608	(1,392)
Total Intermediate Revenues	48,627	48,627	52,300	3,673
Revenues from State Sources:				
Basic School Support Fund	6,065,204	6,065,204	6,157,270	92,066
Common School Fund	84,077	84,077	110,581	26,504
Revenue in Lieu of Taxes	1,200	1,200	-	(1,200)
Other Unrestricted Grants-in-Aid	80,000	80,000	89,163	9,163
Other Restricted Grants-in-Aid	-	-	378	378
Total State Revenues	6,230,481	6,230,481	6,357,392	126,911
Revenues from Federal Sources:				
Federal Forest Fees	10	10	-	(10)
Total Federal Revenues	10	10	-	(10)
Total Revenues	7,904,768	7,904,768	8,165,282	260,514
Total Expenditures	8,574,768	8,574,768	7,888,628	(686,140)
Excess (Deficiency) of Revenues				
Over Expenditures	(670,000)	(670,000)	276,654	946,654
Fund Balance - July 1, 2016	670,000	670,000	683,263	13,263
Fund Balance - June 30, 2017	\$ -	\$ -	\$ 959,917	\$ 959,917

AMITY SCHOOL DISTRICT NO. 4J

**SCHEDULE OF EXPENDITURES
GENERAL FUND #100**

For the Fiscal Year Ended June 30, 2017

	Actual Amounts (Budgetary Basis - See Note 1)							Budgeted Amounts		Variance with Final Budget Over (Under)
	Salaries 100	Employee Benefits 200	Purchased Services 300	Supplies and Materials 400	Other Objects 600	Transfers 700	Total	Original	Final	
INSTRUCTION:										
Regular Programs:										
#1111 Elementary K-5	\$ 853,455	\$ 450,359	\$ 9,665	\$ 29,126	\$ -	\$ -	\$ 1,342,605	\$ 1,398,346	\$ 1,398,346	\$ (55,741)
#1113 Elementary Extracurricular	6,969	1,704	225	-	-	-	8,898	9,373	9,373	(475)
#1121 Middle School	545,104	262,239	4,765	8,234	-	-	820,342	826,462	826,462	(6,120)
#1122 Middle School Extracurricular	15,849	2,630	4,123	555	-	-	23,157	24,809	24,809	(1,652)
#1131 High School	823,356	399,455	12,007	28,964	1,142	-	1,264,924	1,224,643	1,224,643	40,281
#1132 High School Extracurricular	116,725	36,908	31,955	38,151	3,648	-	227,387	217,853	217,853	9,534
Special Programs:										
#1210 Talented & Gifted	92	24	-	-	-	-	116	3,857	3,857	(3,741)
#1220 Restrict. Prgrms f/ Stdnts w/Disablts.	-	-	145,977	-	-	-	145,977	181,600	181,600	(35,623)
#1225 Restrict. Prgrms f/ Stdnts w/Disablts., Out of Dist.	-	-	-	-	-	-	-	600	600	(600)
#1250 Resources Room	270,660	139,604	706	5,226	60	-	416,256	435,103	435,103	(18,847)
#1280 Alternative Education	-	-	420,942	-	-	-	420,942	445,735	445,735	(24,793)
#1291 English as Second Language	35,464	12,475	-	2,328	-	-	50,267	61,127	61,127	(10,860)
#1292 Teen Parent Program	-	-	-	-	-	-	-	203	203	(203)
#1294 Youth Corrections Education	-	-	-	-	-	-	-	2,060	2,060	(2,060)
#1430 High School Summer Programs	2,326	652	-	-	-	-	2,978	1,500	1,500	1,478
Total Instruction	2,670,000	1,306,050	630,365	112,584	4,850	-	4,723,849	4,833,272	4,833,272	(109,423)
SUPPORT SERVICES:										
Students:										
#2110 Attendance and Social Work Svcs	71,710	39,408	17,515	-	-	-	128,633	126,580	126,580	2,053
#2120 Guidance Services	169,667	78,759	361	75	-	-	248,862	250,505	250,505	(1,643)
#2130 Health Services	-	-	1,710	-	-	-	1,710	3,830	3,830	(2,120)
#2140 Psychological Services	-	-	100	-	-	-	100	3,030	3,030	(2,930)
#2150 Speech, Pathlgy & Audiology Svcs	-	-	-	50	-	-	50	700	700	(650)
#2190 Service Direction Services	78,686	37,449	-	18	-	-	116,153	116,520	116,520	(367)
Instructional Staff:										
#2210 Improvement of Instruct. Svcs	-	-	98	-	-	-	98	1,015	1,015	(917)
#2220 Education Media Services	39,687	15,537	118	5,343	100	-	60,785	64,513	64,513	(3,728)
#2230 Assessment and Testing	7,815	2,568	-	2,283	-	-	12,666	15,884	15,884	(3,218)
#2240 Instructional Staff Development	-	5,985	-	-	-	-	5,985	8,089	8,089	(2,104)
General Administration:										
#2310 Board of Education Services	-	-	21,945	1,373	11,794	-	35,112	40,780	40,780	(5,668)
#2320 Executive Administrative Services	115,659	51,094	4,670	1,323	925	-	173,671	168,640	168,640	5,031
School Administration:										
#2410 Office of the Principal Services	390,964	219,198	4,649	1,356	2,610	-	618,777	608,334	608,334	10,443
Business:										
#2520 Fiscal Services	106,065	42,278	16,127	1,364	730	-	166,564	150,781	150,781	15,783
#2540 Operation and Maintenance of Plant Svcs										
Care & Upkeep of Buildings	173,319	111,701	232,028	43,694	49,289	-	610,031	699,194	699,194	(89,163)
Care & Upkeep of Grounds	7,578	4,187	13,400	961	-	-	26,126	34,007	34,007	(7,881)
District-Wide Maintenance	45,679	25,167	7,863	3,366	-	-	82,075	84,763	84,763	(2,688)
#2550 Student Transportation Services										
Service Direction	6,859	2,968	-	-	-	-	9,827	9,947	9,947	(120)
Vehicle Operations Services	1,931	409	266,908	6,183	3,645	-	279,076	336,468	336,468	(57,392)
Special Education Transportation Svcs	-	-	108,507	-	-	-	108,507	108,000	108,000	507
Other Student Transportation Services	15,394	6,754	-	-	-	-	22,148	21,485	21,485	663
Central Activities:										
#2630 Information Services	7,986	4,172	150	-	-	-	12,308	12,593	12,593	(285)
#2640 Staff Services	-	-	761	-	-	-	761	3,529	3,529	(2,768)
#2660 Technology Services	74,998	37,699	58,593	55,869	-	-	227,159	224,722	224,722	2,437
Total Support Services	1,313,997	685,333	755,503	123,258	69,093	-	2,947,184	3,093,910	3,093,910	(146,726)
Debt Service	-	-	-	-	112,595	-	112,595	112,586	112,586	9
Interfund Transfers	-	-	-	-	-	105,000	105,000	85,000	140,000	(35,000)
Contingency	-	-	-	-	-	-	-	450,000	395,000	(395,000)
Total General Fund Expenditures	\$3,983,997	\$1,991,383	\$1,385,868	\$ 235,842	\$ 186,538	\$ 105,000	\$7,888,628	\$ 8,574,768	\$ 8,574,768	\$ (686,140)

AMITY SCHOOL DISTRICT NO. 4J

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

IDEA GRANT FUND #200

For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis) (See Note 1)	Final Budget Over (Under)
REVENUES:				
Revenues from Federal Sources:				
IDEA Grant	\$ 225,000	\$ 225,000	\$ 127,839	\$ (97,161)
IDEA Supplemental Grant	-	-	2,796	2,796
IDEA - 619 Grant	10,000	10,000	-	(10,000)
State Personnel Development Grant (EBISS)	12,000	12,000	3,963	(8,037)
SPR&I	5,000	5,000	-	(5,000)
IDEA Enhancement	6,000	6,000	-	(6,000)
Other Grants-In-Aid	1,000	1,000	-	(1,000)
Total Federal Revenues	259,000	259,000	134,598	(124,402)
Total Revenues	259,000	259,000	134,598	(124,402)
EXPENDITURES:				
Instruction:				
#1111 Primary Programs				
Supplies & Materials	3,000	3,000	-	(3,000)
#1255 Resource Rooms				
Salaries	168,055	168,055	82,159	(85,896)
Employee Benefits	59,945	59,945	45,680	(14,265)
#1256 Resource Rooms				
Salaries	2,000	2,000	1,382	(618)
Employee Benefits	397	397	150	(247)
Total Instruction	233,397	233,397	129,371	(104,026)
Support Services:				
#2190 Service Direction, Student Support Svcs				
Salaries	1,800	1,800	-	(1,800)
Employee Benefits	355	355	-	(355)
Purchased Services	600	600	600	-
# 2210 Improvement of Instruction Services				
Salaries	3,025	3,025	527	(2,498)
Employee Benefits	413	413	36	(377)
Purchased Services	6,110	6,110	101	(6,009)
Supplies and Materials	300	300	-	(300)
#2240 Instructional Staff Development				
Salaries	6,800	6,800	1,682	(5,118)
Employee Benefits	-	-	357	357
Purchased Services	3,500	3,500	1,924	(1,576)
Supplies and Materials	2,700	2,700	-	(2,700)
Total Support Services	25,603	25,603	5,227	(20,376)
Total Expenditures	259,000	259,000	134,598	(124,402)
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-
Fund Balance - July 1, 2016	-	-	-	-
Fund Balance - June 30, 2017	\$ -	\$ -	\$ -	\$ -

AMITY SCHOOL DISTRICT NO. 4J

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

TITLE 1 FUND #201

For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis) (See Note 1)	Final Budget Over (Under)
REVENUES:				
Revenues from Federal Sources:				
Title 1 Grant	\$ 225,000	\$ 225,000	\$ 152,500	\$ (72,500)
Total Revenues	225,000	225,000	152,500	(72,500)
EXPENDITURES:				
Instruction:				
#1272 Title 1				
Salaries	74,962	74,962	83,456	8,494
Employee Benefits	77,342	77,342	39,325	(38,017)
Purchased Services	6,996	6,996	5,320	(1,676)
Supplies and Materials	30,000	30,000	12,363	(17,637)
Total Instruction	189,300	189,300	140,464	(48,836)
Support Services:				
#2240 Instructional Staff Development				
Purchased Services	35,000	35,000	11,453	(23,547)
Total Support Services	35,000	35,000	11,453	(23,547)
Enterprise and Community Services:				
#3330 Civic Services				
Purchased Services	-	-	583	583
Supplies and Materials	700	700	-	(700)
Total Enterprise and Community Svcs	700	700	583	(117)
Total Expenditures	225,000	225,000	152,500	(72,500)
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-
Fund Balance - July 1, 2016	-	-	-	-
Fund Balance - June 30, 2017	\$ -	\$ -	\$ -	\$ -

AMITY SCHOOL DISTRICT NO. 4J

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

PERS

Last 10 Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's proportion of the net pension liability (asset)	0.02043542%	0.00912225%	0.00880183%
Employer's proportionate share of the net pension liability (asset)	\$ 3,067,831	\$ 523,750	\$ (199,512)
Employer's covered - employee payroll	\$ 3,869,212	\$ 3,931,540	\$ 3,931,540
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	79.29%	13.32%	-5.07%
Plan fiduciary net position as a percentage of the total pension liability	80.5%	91.9%	103.6%

*This schedule is presented to illustrate the requirement to show information for 10 years. However the full 10-year trend will be presented for those years for which information is available

AMITY SCHOOL DISTRICT NO. 4J
SCHEDULE OF EMPLOYER CONTRIBUTIONS
PERS
Last 10 Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Contractually required contribution	\$ 315,525	\$ 344,286	\$ 338,760	\$ 286,635	\$ 257,842	\$ 255,071	\$ 192,983	\$ 200,041	\$ 226,213	\$ 219,554
Contributions in relation to the contractually required contribution	315,525	344,286	338,760	286,635	257,842	255,071	192,983	200,041	226,213	219,554
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered - employee payroll	\$ 3,869,212	\$3,931,540	\$3,864,906	\$3,864,906	\$ 3,589,876	\$3,553,505	\$3,363,297	\$3,440,483	\$3,570,818	\$ 3,620,977
Contributions as a percentage of covered - employee payroll	0.53%	0.53%	3.69%	3.69%	2.06%	2.06%	0.29%	0.29%	0.29%	0.29%

OTHER
SUPPLEMENTARY
INFORMATION

Non-Major
Special Revenue Funds

AMITY SCHOOL DISTRICT NO. 4J

**COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS**

June 30, 2017

	Federal Misc. Grants Fund #204	State Misc. Grants Fund #205	Community Projects Fund #250	Student Body Fund #270	Food Service Fund #280	Vehicle Replacement Fund #292	Technology Replacement Fund #293	Unemploy- ment Fund #298	Scholarship Fund #299	Total
<u>ASSETS:</u>										
Cash and Investments	\$ -	\$ 1,841	\$ 18,405	\$ 174,655	\$ 6,128	\$ 29,603	\$ 158,946	\$ 120,212	\$ 69,166	\$ 578,956
Intergovernmental Receivable	3,267	-	-	-	1,250	-	-	-	-	4,517
Inventories-Food, Supplies and Commodities	-	-	-	-	5,951	-	-	-	-	5,951
Total Assets	\$ 3,267	\$ 1,841	\$ 18,405	\$ 174,655	\$ 13,329	\$ 29,603	\$ 158,946	\$ 120,212	\$ 69,166	\$ 589,424
<u>LIABILITIES & FUND BALANCES:</u>										
Liabilities:										
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 211	\$ -	\$ -	\$ -	\$ -	\$ 211
Due to Other Funds	3,267	-	-	-	-	-	-	-	-	3,267
Total Liabilities	3,267	-	-	-	211	-	-	-	-	3,478
Fund Balances:										
Non-spendable	-	-	-	-	5,951	-	-	-	-	5,951
Committed for:										
Educational Programs	-	1,841	-	-	-	-	-	-	69,166	71,007
Community Projects	-	-	18,405	-	-	-	-	-	-	18,405
Student Body Activities	-	-	-	174,655	-	-	-	-	-	174,655
Food Service Programs	-	-	-	-	7,167	-	-	-	-	7,167
Equipment Acquisition	-	-	-	-	-	29,603	158,946	-	-	188,549
Employee Benefits Programs	-	-	-	-	-	-	-	120,212	-	120,212
Total Fund Balances	-	1,841	18,405	174,655	13,118	29,603	158,946	120,212	69,166	585,946
Total Liabilities and Fund Balances	\$ 3,267	\$ 1,841	\$ 18,405	\$ 174,655	\$ 13,329	\$ 29,603	\$ 158,946	\$ 120,212	\$ 69,166	\$ 589,424

AMITY SCHOOL DISTRICT NO. 4J

**Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances
NON-MAJOR SPECIAL REVENUE FUNDS**

For the Fiscal Year Ended June 30, 2017

	Federal Misc. Grants Fund #204	State Misc. Grants Fund #205	Community Projects Fund #250	Student Body Fund #270	Food Service Fund #280	Vehicle Replacement Fund #292	Technology Replacement Fund #293	Unem- ployment Fund #298	Scholarship Fund #299	Totals
REVENUES:										
Basic School Support Fund	\$ -	\$ -	\$ -	\$ -	\$ 2,399	\$ 26,482	\$ -	\$ -	\$ -	\$ 28,881
Fees and Charges	-	-	12,810	242,910	43,484	-	-	-	-	299,204
Interest on Investments	-	-	-	-	19	-	-	1,355	114	1,488
Miscellaneous Local Revenues	-	-	-	-	-	-	42,026	-	-	42,026
State Grants-In-Aid	-	4,340	-	-	3,861	-	-	-	-	8,201
Federal Reimbursement Grants	43,454	-	-	-	184,777	-	-	-	-	228,231
Total Revenues	43,454	4,340	12,810	242,910	234,540	26,482	42,026	1,355	114	608,031
EXPENDITURES:										
Instruction:										
Regular Instruction	1,400	4,674	-	242,511	-	-	-	-	-	248,585
Support Services:										
Instructional Staff	24,125	-	-	-	-	-	-	-	-	24,125
School Administration	4,051	-	-	-	-	-	-	-	-	4,051
Business Services	-	-	-	-	-	-	-	6,471	-	6,471
Information and Staff Services	13,878	-	-	-	-	-	-	-	-	13,878
Technology Services	-	-	-	-	-	-	8,730	-	-	8,730
Enterprise & Community Svcs	-	-	7,039	-	304,739	-	-	-	3,750	315,528
Debt Service	-	-	-	-	-	36,408	-	-	-	36,408
Total Expenditures	43,454	4,674	7,039	242,511	304,739	36,408	8,730	6,471	3,750	657,776
Excess (Deficiency) of Revenues										
Over Expenditures	-	(334)	5,771	399	(70,199)	(9,926)	33,296	(5,116)	(3,636)	(49,745)
OTHER FINANCING SOURCES (USES):										
Operating Transfers In	-	-	-	-	70,000	25,000	-	-	-	95,000
Total Other Financing Sources (Uses)	-	-	-	-	70,000	25,000	-	-	-	95,000
Net Change in Fund Balances	-	(334)	5,771	399	(199)	15,074	33,296	(5,116)	(3,636)	45,255
Fund Balances - July 1, 2016	-	2,175	12,634	174,256	13,317	14,529	125,650	125,328	72,802	540,691
Fund Balances - June 30, 2017	\$ -	\$ 1,841	\$ 18,405	\$ 174,655	\$ 13,118	\$ 29,603	\$ 158,946	\$ 120,212	\$ 69,166	\$ 585,946

AMITY SCHOOL DISTRICT NO. 4J

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

FEDERAL MISCELLANEOUS GRANTS FUND #204

For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
			Amounts	Final Budget
	Original	Final	(Budgetary Basis) (See Note 1)	Over (Under)
REVENUES:				
Revenues from Federal Sources:				
Title IIa Improving Teacher Quality Grant	\$ 70,000	\$ 70,000	\$ 40,590	\$ (29,410)
Title IIIa English Language No Child Left Behind	10,000	10,000	-	(10,000)
Title VI Grant	138,000	138,000	-	(138,000)
Title X Innovative Program	10,000	10,000	-	(10,000)
Other Restricted Federal Grant	4,000	4,000	2,864	(1,136)
Total Federal Revenues	232,000	232,000	43,454	(188,546)
Total Revenues	232,000	232,000	43,454	(188,546)
EXPENDITURES:				
Instruction:				
#1111 Elementary K-5 - Title IIa				
Salaries	10,000	10,000	-	(10,000)
Supplies and Materials	92,000	92,000	-	(92,000)
#1131 High School Programs - Title X				
Salaries	1,000	1,000	-	(1,000)
#1131 High School Programs - Carl Perkins				
Purchased Services	46,000	46,000	-	(46,000)
Supplies and Materials	-	-	1,400	1,400
#1291 English Second Language Program				
Salaries	4,700	4,700	-	(4,700)
Employee Benefits	1,600	1,600	-	(1,600)
Purchased Services	2,800	2,800	-	(2,800)
Supplies and Materials	900	900	-	(900)
Total Instruction	159,000	159,000	1,400	(157,600)
Support Services:				
#2110 Attendance Services				
Supplies and Materials	5,975	5,975	-	(5,975)
Other Uses	2,000	2,000	-	(2,000)
#2210 Improvement of Instruction Services - Title IIa				
Salaries	7,300	7,300	-	(7,300)
#2240 Instructional Staff Development - Title IIa				
Salaries	24,625	24,625	2,244	(22,381)
Employee Benefits	2,855	2,855	448	(2,407)
Purchased Services	22,000	22,000	19,969	(2,031)
#2241 Instructional Staff Development - TNT				
Salaries	3,500	3,500	1,379	(2,121)
Employee Benefits	500	500	85	(415)
#2490 Other Support Services				
Salaries	1,020	1,020	-	(1,020)
Purchased Services	2,200	2,200	3,251	1,051
Supplies and Materials	-	-	800	800
#2520 Fiscal Services - Title X				
Salaries	400	400	-	(400)
Employee Benefits	325	325	-	(325)
Purchased Services	300	300	-	(300)
#2640 Staff Services - Title IIa				
Salaries	-	-	10,510	10,510
Employee Benefits	-	-	3,157	3,157
Purchased Services	-	-	211	211
Total Support Services	73,000	73,000	42,054	(30,946)
Total Expenditures	232,000	232,000	43,454	(188,546)
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-
Fund Balance - July 1, 2016	-	-	-	-
Fund Balance - June 30, 2017	\$ -	\$ -	\$ -	\$ -

AMITY SCHOOL DISTRICT NO. 4J

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances NON-MAJOR SPECIAL REVENUE FUNDS

For the Fiscal Year Ended June 30, 2017

	Federal Misc. Grants Fund #204	State Misc. Grants Fund #205	Community Projects Fund #250	Student Body Fund #270	Food Service Fund #280	Vehicle Replacement Fund #292	Technology Replacement Fund #293	Unem- ployment Fund #298	Scholarship Fund #299	Totals
REVENUES:										
Basic School Support Fund	\$ -	\$ -	\$ -	\$ -	\$ 2,399	\$ 26,482	\$ -	\$ -	\$ -	\$ 28,881
Fees and Charges	-	-	12,810	242,910	43,484	-	-	-	-	299,204
Interest on Investments	-	-	-	-	19	-	-	1,355	114	1,488
Miscellaneous Local Revenues	-	-	-	-	-	-	42,026	-	-	42,026
State Grants-In-Aid	-	4,340	-	-	3,861	-	-	-	-	8,201
Federal Reimbursement Grants	43,454	-	-	-	184,777	-	-	-	-	228,231
Total Revenues	43,454	4,340	12,810	242,910	234,540	26,482	42,026	1,355	114	608,031
EXPENDITURES:										
Instruction:										
Regular Instruction	1,400	4,674	-	242,511	-	-	-	-	-	248,585
Support Services:										
Instructional Staff	24,125	-	-	-	-	-	-	-	-	24,125
School Administration	4,051	-	-	-	-	-	-	-	-	4,051
Business Services	-	-	-	-	-	-	-	6,471	-	6,471
Information and Staff Services	13,878	-	-	-	-	-	-	-	-	13,878
Technology Services	-	-	-	-	-	-	8,730	-	-	8,730
Enterprise & Community Svcs	-	-	7,039	-	303,171	-	-	-	3,750	313,960
Debt Service	-	-	-	-	-	36,408	-	-	-	36,408
Total Expenditures	43,454	4,674	7,039	242,511	303,171	36,408	8,730	6,471	3,750	656,208
Excess (Deficiency) of Revenues										
Over Expenditures	-	(334)	5,771	399	(68,631)	(9,926)	33,296	(5,116)	(3,636)	(48,177)
OTHER FINANCING SOURCES (USES):										
Operating Transfers In	-	-	-	-	70,000	25,000	-	-	-	95,000
Total Other Financing Sources (Uses)	-	-	-	-	70,000	25,000	-	-	-	95,000
Net Change in Fund Balances	-	(334)	5,771	399	1,369	15,074	33,296	(5,116)	(3,636)	46,823
Fund Balances - July 1, 2016	-	2,175	12,634	174,256	11,749	14,529	125,650	125,328	72,802	539,123
Fund Balances - June 30, 2017	\$ -	\$ 1,841	\$ 18,405	\$ 174,655	\$ 13,118	\$ 29,603	\$ 158,946	\$ 120,212	\$ 69,166	\$ 585,946

AMITY SCHOOL DISTRICT NO. 4J

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual COMMUNITY PROJECTS FUND #250 For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis) (See Note 1)	Final Budget Over (Under)
<u>REVENUES:</u>				
Revenues from Local Sources:				
After School Child Care	\$ 21,000	\$ 21,000	\$ 12,810	\$ (8,190)
Total Revenues	21,000	21,000	12,810	(8,190)
<u>EXPENDITURES:</u>				
Enterprise and Community Services:				
#3502 Custody and Care of Children Svcs				
Salaries	22,584	22,584	5,389	(17,195)
Employee Benefits	3,556	3,556	1,650	(1,906)
Purchased Services	2,500	2,500	-	(2,500)
Supplies and Materials	2,860	2,860	-	(2,860)
Total Expenditures	31,500	31,500	7,039	(24,461)
Excess (Deficiency) of Revenues				
Over Expenditures	(10,500)	(10,500)	5,771	16,271
Fund Balance - July 1, 2016	10,500	10,500	12,634	2,134
Fund Balance - June 30, 2017	\$ -	\$ -	\$ 18,405	\$ 18,405

AMITY SCHOOL DISTRICT NO. 4J

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

STUDENT BODY FUND #270

For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
			(Budgetary Basis)	Over
			(See Note 1)	(Under)
<u>REVENUES:</u>				
Revenues from Local Sources:				
Other Curricular Activities	\$ 275,000	\$ 275,000	\$ 242,910	\$ (32,090)
Total Revenues	275,000	275,000	242,910	(32,090)
<u>EXPENDITURES:</u>				
Instruction:				
#1113 Elementary Extracurricular				
Materials and Supplies	80,000	80,000	38,895	(41,105)
#1122 Middle School Extracurricular				
Materials and Supplies	80,000	80,000	25,443	(54,557)
#1132 High School Extracurricular				
Materials and Supplies	300,000	300,000	178,173	(121,827)
Total Expenditures	460,000	460,000	242,511	(217,489)
Excess (Deficiency) of Revenues				
Over Expenditures	(185,000)	(185,000)	399	185,399
Fund Balance - July 1, 2016	185,000	185,000	174,256	(10,744)
Fund Balance - June 30, 2017	\$ -	\$ -	\$ 174,655	\$ 174,655

AMITY SCHOOL DISTRICT NO. 4J

**Schedule of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual**

FOOD SERVICE FUND #280

For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts (Budgetary Basis (See Note 1))	Variance with Final Budget Over (Under)
	Original	Final		
	REVENUES:			
Revenues from Local Sources:				
Interest on Investments	\$ 50	\$ 50	\$ 19	\$ (31)
Breakfast Sales	5,000	5,000	2,053	(2,947)
Lunch Sales	85,000	85,000	37,579	(47,421)
Daily Sales - Non-reimbursable	10,000	10,000	3,852	(6,148)
Special Functions	4,000	4,000	-	(4,000)
Miscellaneous Revenue	1,250	1,250	-	(1,250)
Total Local Revenues	105,300	105,300	43,503	(61,797)
Revenues from State Sources:				
Basic School Support Fund	3,500	3,500	2,399	(1,101)
Reduced Price Meal Reimbursement	40,000	40,000	3,861	(36,139)
Total State Revenues	43,500	43,500	6,260	(37,240)
Revenues from Federal Sources:				
School Nutrition Reimbursements - Lunch & Breakfast	200,000	200,000	165,442	(34,558)
Commodities	20,000	20,000	19,335	(665)
Total Federal Revenues	220,000	220,000	184,777	(35,223)
Total Revenues	368,800	368,800	234,540	(134,260)
EXPENDITURES:				
Enterprise and Community Services:				
#3120 Food Services:				
Salaries	79,309	96,309	73,977	(22,332)
Employee Benefits	70,895	71,895	58,386	(13,509)
Purchased Services	3,000	18,000	11,343	(6,657)
Supplies and Materials	215,270	227,270	137,042	(90,228)
Other Objects	6,300	6,300	5,120	(1,180)
#3190 Other Food Services:				
Salaries	10,369	15,369	13,307	(2,062)
Employee Benefits	8,658	13,658	3,996	(9,662)
Total Expenditures	393,800	448,800	303,171	(145,629)
Excess (Deficiency) of Revenues Over Expenditures	(25,000)	(80,000)	(68,631)	11,369
OTHER FINANCING SOURCES (USES):				
Interfund Transfer In	15,000	70,000	70,000	-
Total Other Financing Sources (Uses)	15,000	70,000	70,000	-
Net Change in Fund Balance	(10,000)	(10,000)	1,369	11,369
Fund Balance - July 1, 2016	10,000	10,000	5,798	(4,202)
Fund Balance - June 30, 2017	\$ -	\$ -	\$ 7,167	\$ 7,167

Reconciliation to generally accepted accounting principles basis

Fund Balance - from above	\$ 7,167
Reserve for Inventory	5,951
Ending Fund Balance as Reported in Statement of Revenues, Expenditures, and Changes in Fund Balances	<u>\$ 13,118</u>

AMITY SCHOOL DISTRICT NO. 4J

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual VEHICLE REPLACEMENT FUND #292 For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis) (See Note 1)	Final Budget Over (Under)
REVENUES:				
Revenues from State Sources:				
SSF Transportation	\$ 26,482	\$ 26,482	\$ 26,482	\$ -
Total Revenues	26,482	26,482	26,482	-
EXPENDITURES:				
Support Services:				
#2550 Transportation Services				
Capital Outlay	27,010	27,010	-	(27,010)
Total Support Services	27,010	27,010	-	(27,010)
Other Uses:				
#5110 Debt Service				
#610 Redemption of Principal	39,000	39,000	33,243	(5,757)
#620 Interest	-	-	3,165	3,165
Total Other Uses	39,000	39,000	36,408	(2,592)
Total Expenditures	66,010	66,010	36,408	(29,602)
Excess (Deficiency) of Revenues Over Expenditures	(39,528)	(39,528)	(9,926)	29,602
OTHER FINANCING SOURCES (USES):				
Interfund Transfer In	25,000	25,000	25,000	-
Total Other Financing Sources (Uses)	25,000	25,000	25,000	-
Net Change in Fund Balance	(14,528)	(14,528)	15,074	29,602
Fund Balance - July 1, 2016	14,528	14,528	14,529	1
Fund Balance - June 30, 2017	\$ -	\$ -	\$ 29,603	\$ 29,603

AMITY SCHOOL DISTRICT NO. 4J

Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual TECHNOLOGY REPLACEMENT FUND #293 For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
			(Budgetary Basis)	Over
			(See Note 1)	(Under)
REVENUES:				
Revenues from Local Sources:				
E-Rate Revenue	\$ 40,000	\$ 40,000	\$ 42,026	\$ 2,026
Total Revenues	40,000	40,000	42,026	2,026
EXPENDITURES:				
Instruction:				
#1111 Elementary Programs				
Supplies & Materials	25,000	25,000	-	(25,000)
#1121 Middle School Programs				
Supplies & Materials	25,000	25,000	-	(25,000)
#1131 High School Programs				
Supplies & Materials	25,000	25,000	-	(25,000)
Total Instruction	75,000	75,000	-	(50,000)
Support Services:				
#2660 Technology Services				
Purchased Services	5,000	5,000	8,730	3,730
Supplies & Materials	95,650	95,650	-	(95,650)
Total Support Services	100,650	100,650	8,730	(91,920)
Total Expenditures	175,650	175,650	8,730	(141,920)
Excess (Deficiency) of Revenues				
Over Expenditures	(135,650)	(135,650)	33,296	143,946
OTHER FINANCING SOURCES (USES):				
Interfund Transfer In	10,000	10,000	-	(10,000)
Total Other Financing Sources (Uses)	10,000	10,000	-	(10,000)
Net Change in Fund Balance	(125,650)	(125,650)	33,296	133,946
Fund Balance - July 1, 2016	125,650	125,650	125,650	-
Fund Balance - June 30, 2017	\$ -	\$ -	\$ 158,946	\$ 133,946

AMITY SCHOOL DISTRICT NO. 4J

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual UNEMPLOYMENT FUND #298 For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis) (See Note 1)	Final Budget Over (Under)
REVENUES:				
Revenues from Local Sources:				
Interest on Investments	\$ 720	\$ 720	\$ 1,355	\$ 635
Total Revenues	720	720	1,355	635
EXPENDITURES:				
Support Services:				
#2520 Fiscal Services -				
Employee Benefits	125,900	125,900	6,351	(119,549)
Purchased Services	-	-	120	120
Total Expenditures	125,900	125,900	6,471	(119,429)
Excess (Deficiency) of Revenues Over Expenditures	(125,180)	(125,180)	(5,116)	120,064
Fund Balance - July 1, 2016	125,180	125,180	125,328	148
Fund Balance - June 30, 2017	\$ -	\$ -	\$ 120,212	\$ 120,212

AMITY SCHOOL DISTRICT NO. 4J

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual SCHOLARSHIP FUND #299 For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis) (See Note 1)	Final Budget Over (Under)
REVENUES:				
Revenues from Locals Sources:				
Interest on Investments	\$ 500	\$ 500	\$ 114	\$ (386)
Contributions from Private Sources	200	200	-	(200)
Total Revenues	700	700	114	(586)
EXPENDITURES:				
Enterprise and Community Services				
#3390 Other Comm. Svcs - Purchased Svcs	18,000	18,000	3,750	(14,250)
Total Enterprise and Community Svcs	18,000	18,000	3,750	(14,250)
Other Uses				
#6000 Contingency	55,700	55,700	-	(55,700)
Total Other Uses	55,700	55,700	-	(55,700)
Total Expenditures	73,700	73,700	3,750	(69,950)
Excess (Deficiency) of Revenues Over Expenditures				
	(73,000)	(73,000)	(3,636)	69,364
Fund Balance - July 1, 2016	73,000	73,000	72,802	(198)
Fund Balance - June 30, 2017	\$ -	\$ -	\$ 69,166	\$ 69,166

OTHER
SUPPLEMENTARY
INFORMATION

Debt Service Funds

AMITY SCHOOL DISTRICT NO. 4J

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

DEBT SERVICE FUND #300

(A Major Fund)

For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>(Budgetary Basis)</u>	<u>Over</u>
			<u>(See Note 1)</u>	<u>(Under)</u>
<u>REVENUES:</u>				
Revenues from Local Sources:				
Current Year's Taxes	\$ 531,834	\$ 531,834	\$ 556,325	\$ 24,491
Prior Year's Taxes	18,000	18,000	21,770	3,770
Penalties and Interest on Local Taxes	-	-	14	14
Interest on Investments	1,500	1,500	3,254	1,754
Total Revenues	551,334	551,334	581,363	30,029
<u>EXPENDITURES:</u>				
Other Uses:				
#5110 Debt Service:				
#610 Principal Redemption	582,834	582,834	520,000	(62,834)
#620 Interest Expense	-	-	62,834	62,834
Total Expenditures	582,834	582,834	582,834	-
Excess (Deficiency) of Revenues				
Over Expenditures	(31,500)	(31,500)	(1,471)	30,029
Fund Balance - July 1, 2016	31,500	31,500	33,893	(30,029)
Fund Balance - June 30, 2017	\$ -	\$ -	\$ 32,422	\$ -

AMITY SCHOOL DISTRICT NO. 4J

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

PERS BOND DEBT SERVICE FUND #302

(A Major Fund)

For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>(Budgetary Basis)</u>	<u>Over</u>
			<u>(See Note 1)</u>	<u>(Under)</u>
<u>REVENUES:</u>				
Revenues from Local Sources:				
Services Provided Other Funds	\$ 600,000	\$ 600,000	\$ 618,917	\$ 18,917
Interest Income	2,200	2,200	6,358	4,158
Total Revenues	602,200	602,200	625,275	23,075
<u>EXPENDITURES:</u>				
Other Uses:				
#5110 Debt Service:				
#610 Principal Redemption	602,216	602,216	179,168	(423,048)
#620 Interest Expense	-	-	423,048	423,048
Total Expenditures	602,216	602,216	602,216	-
Excess (Deficiency) of Revenues				
Over Expenditures	(16)	(16)	23,059	23,075
Fund Balance - July 1, 2016	594,613	594,613	581,877	(12,736)
Fund Balance - June 30, 2017	\$ 594,597	\$ 594,597	\$ 604,936	\$ 10,339

OTHER
SUPPLEMENTARY
INFORMATION

Capital Projects Funds

AMITY SCHOOL DISTRICT NO. 4J

Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual CAPITAL IMPROVEMENT FUND #430 (A Major Fund)

For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
			(Budgetary Basis)	Over
			(See Note 1)	(Under)
REVENUES:				
Revenues from Local Sources:				
Interest on Investments	\$ -	\$ -	\$ 6,566	\$ 6,566
Miscellaneous	17,000	17,000	16,197	(803)
Total Revenues	17,000	17,000	22,763	5,763
EXPENDITURES:				
Support Services:				
#2542 Care & Upkeep of Building Services				
Purchased Services	96,000	96,000	17,170	(78,830)
Supplies & Materials	10,000	10,000	-	(10,000)
Capital Outlay	37,209	37,209	-	(37,209)
Total Support Services	143,209	143,209	17,170	(126,039)
Enterprise and Community Services				
#3120 Food Preparation & Dispensing Svcs				
Capital Outlay	5,000	5,000	-	(5,000)
Total Enterprise and Community Svcs	5,000	5,000	-	(5,000)
Facilities Acquisition and Construction				
#4150 Bldng Acq., Const., & Impr. Svcs				
Purchased Services	-	-	81,443	81,443
Capital Outlay	617,000	617,000	88,931	(528,069)
Other Capital Items				
#4180 Other Capital Items				
	20,000	20,000	-	(20,000)
Total Facilities Acquisition and Constr.	637,000	637,000	170,374	(466,626)
Total Expenditures	785,209	785,209	187,544	(597,665)
Excess (Deficiency) of Revenues				
Over Expenditures	(768,209)	(768,209)	(164,781)	603,428
OTHER FINANCING SOURCES (USES):				
Interfund Transfer In	35,000	35,000	10,000	(25,000)
Total Other Financing Sources	35,000	35,000	10,000	(25,000)
Net Change in Fund Balance	(733,209)	(733,209)	(154,781)	578,428
Fund Balance - July 1, 2016	733,209	733,209	738,897	5,688
Fund Balance - June 30, 2017	\$ -	\$ -	\$ 584,116	\$ 584,116

OTHER
SUPPLEMENTARY
INFORMATION

Additional
Supporting Schedules

AMITY SCHOOL DISTRICT NO. 4J

SCHEDULE OF FUND EXPENDITURES AND APPROPRIATIONS

For the Fiscal Year Ended June 30, 2017

	<u>Expenditures</u>	<u>Appropriations</u>	<u>Over/(Under) Appropriations</u>
GENERAL FUND #100			
Instruction	\$ 4,723,849	\$ 4,833,272	\$ (109,423)
Support Services	2,947,184	3,093,910	(146,726)
Debt Service	112,595	112,586	9
Other Uses	105,000	140,000 *	(35,000)
Contingency	-	395,000 *	(395,000)
IDEA GRANT FUND #200			
Instruction	129,371	233,397	(104,026)
Support Services	5,227	25,603	(20,376)
TITLE 1 FUND #201			
Instruction	140,464	189,300	(48,836)
Support Services	11,453	35,000	(23,547)
Enterprise and Community Services	583	700	(117)
FEDERAL MISCELLANEOUS GRANTS FUND #204			
Instruction	1,400	159,000	(157,600)
Support Services	42,054	73,000	(30,946)
STATE MISCELLANEOUS GRANTS FUND #205			
Instruction	4,674	73,000	(68,326)
Support Services	-	110,500	(110,500)
COMMUNITY PROJECTS FUND #250			
Enterprise and Community Services	7,039	31,500	(24,461)
STUDENT BODY FUND #270			
Instruction	242,511	460,000	(217,489)
FOOD SERVICE FUND #280			
Enterprise and Community Services	303,171	448,800 *	(145,629)
VEHICLE REPLACEMENT FUND #292			
Support Services	-	27,010	(27,010)
Other Uses	36,408	39,000	(2,592)
TECHNOLOGY REPLACEMENT FUND #293			
Instruction	-	75,000	(75,000)
Support Services	8,730	100,650	(91,920)
UNEMPLOYMENT FUND #298			
Support Services	6,471	125,900	(119,429)
SCHOLARSHIP FUND #299			
Purchased Services	3,750	18,000	(14,250)
Contingency	-	55,700	(55,700)
DEBT SERVICE FUND #300			
Other Uses	582,834	582,834	-
PERS BOND DEBT SERVICE FUND #302			
Other Uses	602,216	602,216	-
CAPITAL IMPROVEMENT FUND #430			
Support Services	17,170	143,209	(126,039)
Enterprise and Community Services	-	5,000	(5,000)
Facilities Acquisition, Construction & Improvement	170,374	637,000	(466,626)
TOTAL ALL FUNDS	\$ 10,204,528	\$ 12,826,087	\$ (2,621,559)
RECAP:			
Original Budget Appropriation		12,771,087	
* Resolution 2016-2017 (6)		55,000	
Total Budget Appropriations		\$ 12,826,087	

AMITY SCHOOL DISTRICT NO. 4J

SCHEDULE OF LONG-TERM DEBT TRANSACTIONS

For the Fiscal Year Ended June 30, 2017

	Outstanding Balance July 1, 2016	New Issues and Matured	Principal and Retired	Outstanding Balance June 30, 2017	Amount Due Within One Year
General Obligation Refunding Bond, Series 2015 for refunding of GO Refunding Bonds, Series 2005, dated March 19, 2015. The original balance of the 2015 refunding bonds was \$4,076,000. Interest rate on the refunding bonds is fixed at 1.78%					
Principal	\$ 3,530,000	\$ -	\$ 520,000	\$ 3,010,000	\$ 545,000
Interest	-	62,834	62,834	-	53,578
Totals	\$ 3,530,000	\$ 62,834	\$ 582,834	\$ 3,010,000	\$ 598,578

Oregon School Boards Association Limited Tax Pension Obligation Bonds Series 2004, held by Wells Fargo Bank Northwest, NA trustee. The original balance was \$6,618,714 issued April 21, 2004. Fixed interest rates on the bonds vary from 1.5% to 6.27%.

Principal	\$ 4,711,420	\$ -	\$ 179,168	\$ 4,532,252	\$ 178,241
Interest	-	423,048	423,048	-	453,974
Totals	\$ 4,711,420	\$ 423,048	\$ 602,216	\$ 4,532,252	\$ 632,215

Bus Leases with Sovereign Bank. Total Lease \$237,820 for 3 busses purchased on October 15, 2013 with an interest rate of 2.30%.

Principal	\$ 137,616	\$ -	\$ 33,243	\$ 104,373	\$ 34,007
Interest	-	3,165	3,165	-	2,401
Totals	\$ 137,616	\$ 3,165	\$ 36,408	\$ 104,373	\$ 36,408

Qualified Zone Academy Bond (QZAB), original balance of \$1,290,000, dated February 1, 2004, for funding qualified building improvements and equipment purchases. Interest costs are subsidized by the federal government. Annual payments of \$69,261 are placed into a sinking fund maintained by a paying agent. Earnings of the sinking fund reduce total payments made to retire bonds. The debt will be paid to bondholders at maturity in 2019 from the sinking fund. Reported outstanding balance at fiscal year end reflects total of original bond payable amount net of deposits made to date into sinking fund.

Principal	\$ 458,865	\$ -	\$ 69,261	\$ 389,604	\$ 69,261
Interest	-	-	-	-	-
Totals	\$ 458,865	\$ -	\$ 69,261	\$ 389,604	\$ 69,261

Qualified Zone Academy Bond (QZAB), original balance of \$650,000, dated April 6, 2016, for the purchase of equipment and improvements to real property. Held by Pacific Continental Bank. Deposit amounts of \$43,334.00 per year required, with the first deposit being due April 6, 2017. Bond interest is computed at 0.00%.

Principal	\$ 650,000	\$ -	\$ 43,334	\$ 606,666	\$ 43,334
Interest	-	-	-	-	-
Totals	\$ 650,000	\$ -	\$ 43,334	\$ 606,666	\$ 43,334

TOTAL DEBT AGREEMENTS:

Principal	\$ 9,487,901	\$ -	\$ 845,006	\$ 8,642,895	\$ 869,843
Interest	-	489,047	489,047	-	509,953
Totals	\$ 9,487,901	\$ 489,047	\$ 1,334,053	\$ 8,642,895	\$ 1,379,796

AMITY SCHOOL DISTRICT NO. 4J

SCHEDULE OF FUTURE REQUIREMENTS FOR RETIREMENT OF LONG-TERM DEBT

For the Fiscal Year Ended June 30, 2017

	Fiscal Year Ending June 30,	Total	Principal	Interest	Coupon Interest Rate
GO Refunding Bond, Series 2015	2018	\$ 598,578	\$ 545,000	\$ 53,578	1.78%
- Original Balance \$4,076,000	2019	618,877	575,000	43,877	1.78%
- Interest rate 1.78%	2020	633,642	600,000	33,642	1.78%
- Dated March 19, 2015	2021	652,962	630,000	22,962	1.78%
	2022	671,748	660,000	11,748	1.78%
Totals		\$ 3,175,807	\$ 3,010,000	\$ 165,807	
OSBA Limited Tax Pension OB,	2018	\$ 632,215	\$ 178,241	\$ 453,974	5.96%
Series 2004	2019	662,215	176,588	485,627	6.07%
- Original Balance \$6,618,714	2020	697,216	176,485	520,731	6.15%
- Interest rate 1.5% - 6.27%	2021	727,216	173,920	553,296	6.22%
- Dated: April 21, 2004	2022	762,216	173,094	589,122	6.26%
	2023	802,215	173,925	628,290	6.27%
	2024	842,216	645,000	197,216	6.27%
	2025	881,028	720,000	161,028	5.68%
	2026	920,132	800,000	120,132	5.68%
	2027	964,692	890,000	74,692	5.68%
	2028	449,140	425,000	24,140	5.68%
Totals		\$ 8,340,501	\$ 4,532,253	\$ 3,808,248	
QZAB Original Balance \$1,290,000	2019	\$ 1,012,953	\$ 1,012,953	\$ -	
Totals		\$ 1,012,953	\$ 1,012,953	\$ -	
QZAB held by Pacific Continental Bank	2018	\$ 43,334	\$ 43,334	\$ -	
- Original Balance \$650,000	2019	43,334	43,334	-	
- Interest rate 0.0%	2020	43,334	43,334	-	
- Dated April 6, 2016	2021	43,334	43,334	-	
- Required deposit of \$43,334 per year	2022	43,334	43,334	-	
	2023	43,334	43,334	-	
	2024	43,334	43,334	-	
	2025	43,334	43,334	-	
	2026	43,334	43,334	-	
	2027	43,334	43,334	-	
	2028	43,334	43,334	-	
	2029	43,334	43,334	-	
	2030	43,334	43,334	-	
	2031	43,324	43,324	-	
Totals		\$ 606,666	\$ 606,666	\$ -	
Bus Leases with Sovereign Bank					
- Original Balance \$237,820	2018	\$ 36,408	\$ 34,007	\$ 2,401	
- Interest rate 2.30%	2019	36,408	34,790	1,618	
- Dated: October 15, 2013	2020	36,408	35,576	832	
Totals		\$ 109,224	\$ 104,373	\$ 4,851	
Total Future Requirements for Long-Term Debt		\$ 13,245,151	\$ 9,266,245	\$ 3,978,906	

AMITY SCHOOL DISTRICT NO. 4J
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Fiscal Year Ended June 30, 2017

Federal Grantor/Pass Through Grantor/ Program Title	Fund	Federal CFDA Number	Grant Period	Original Program or Grant Amount	(Receivable)/ Deferred Revenue June 30, 2016	Cash Received	Expenditures	(Receivable)/ Deferred Revenue June 30, 2017
<u>Passed Through Oregon Department of Education:</u>								
Title 1-A	Title 1	84.010A	2016-17	\$ 113,968	\$ -	\$ 113,968	\$ 113,968	\$ -
Title 1-A	Title 1	84.010A	2015-16	134,007	(41,302)	79,834	38,532	-
Total Title 1				247,975	(41,302)	193,802	152,500	-
Title 2-A Improving Teacher Quality	Federal Misc.	84.367	2015-16	34,365	(12,782)	19,789	7,007	-
Title 2-A Improving Teacher Quality	Federal Misc.	84.367	2016-17	33,917	-	30,316	33,583	(3,267)
Total Title 2A - Improving Teacher Quality				68,282	(12,782)	50,105	40,590	(3,267)
IDEA - Special Education Grants to States	IDEA Grant	84.027A	2015-16	146,411	(49,485)	137,259	87,774	-
IDEA - Special Education Grants to States	IDEA Grant	84.027A	2016-17	147,678	-	40,065	40,065	-
IDEA - Enhancement & Extended Assessment Training	IDEA Grant	84.027	2015-16	651	(151)	151	-	-
IDEA - Enhancement & Extended Assessment Training	IDEA Grant	84.027	2016-17	2,122	-	403	1,160	(757)
IDEA, Special Education- Preschool Grants-15/16	IDEA Grant	84.173	2015-16	1,224	(832)	832	-	-
IDEA, Special Education-Preschool Grants-14/15	IDEA Grant	84.173	2016-17	3,882	-	-	-	-
IDEA - SPR&I	IDEA Grant	84.027	2016-17	1,636	-	1,636	1,636	-
Post School Outcomes	State Grant	84.027	2015-16	85	(85)	220	135	-
Special Education - State Personnel Development	IDEA Grant	84.323	2015-16	6,743	(4,757)	5,651	894	-
Special Education - State Personnel Development	IDEA Grant	84.323	2016-17	3,496	-	2,957	3,069	(112)
Total IDEA				313,928	(55,310)	189,174	134,733	(869)
<u>Passed through Education Service District:</u>								
Education for Homeless Children and Youth	Federal Misc.	84.196	2015-16	1,066	(692)	692	-	-
Education for Homeless Children and Youth	Federal Misc.	84.196	2016-17	2,864	-	2,864	2,864	-
Total Education for Homeless Children and Youth				3,930	(692)	3,556	2,864	-
Total U.S. Department of Education				\$ 634,115	\$ (110,086)	\$ 436,637	\$ 330,687	\$ (4,136)
<u>U.S. DEPARTMENT OF AGRICULTURE</u>								
<u>Passed Through Oregon Department of Education:</u>								
Commodities	Food Service	10.555	2016-17	\$ 19,335	\$ -	\$ 19,335	\$ 19,335	\$ -
National School Lunch - Breakfast	Food Service	10.553	2016-17	32,861	-	32,861	32,861	-
National School Lunch - Section 4	Food Service	10.555	2015-16	120,705	(12,583)	12,583	-	-
National School Lunch - Section 4	Food Service	10.555	2016-17	132,580	-	132,580	132,580	-
Total National School Lunch Program				305,481	(12,583)	197,359	184,776	-
Total U.S. Department of Agriculture				305,481	(12,583)	197,359	184,776	-
TOTALS				\$ 939,596	\$ (122,669)	\$ 633,996	\$ 515,463	\$ (4,136)

This schedule is prepared using the modified accrual basis of accounting

RECONCILIATION TO REVENUE:

Cash Receipts per Schedule Above	\$ 633,996
Grants Receivable/Deferred Revenue Beginning of Year	(122,669)
Grants Receivable/Deferred Revenue End of Year	4,136
Federal Revenue Recognized per Financial Statements	\$ 515,463

* major program

AMITY SCHOOL DISTRICT NO. 4J
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of federal awards (the “Schedule”) includes the federal award activity of Amity School District No. 4J under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Amity School District No. 4J, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Amity School District No. 4J.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 – INDIRECT COSTS RATE

Amity School District No. 4J has elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

AMITY SCHOOL DISTRICT NO. 4J

Oregon Department of Education Form 581-3211-C

For the Fiscal Year Ended June 30, 2017

SUPPLEMENTAL INFORMATION, 2016-2017

Parts A is needed for computing Oregon's full allocation for ESEA, Title 1 & other Federal Funds for Education

A. Energy Bills for Heating - All Funds:

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

	Objects 325 & 326
Function 2540	\$144,440
Function 2550	\$ -

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	Extra-curricular Activities	4150	Construction
1140	Pre-Kindergarten	2550	Pupil Transportation
1300	Continuing Education	3100	Food Service
1400	Summer School	3300	Community Services

ACCOMPANYING
INFORMATION

AMITY SCHOOL DISTRICT NO. 4J
INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS

As of June 30, 2017

To the Governing Body of the Amity School District No. 4J
Amity, Oregon

We have audited the basic financial statements of the Amity School District No. 4J as of and for the year ended June 30, 2017, and have issued our report thereon dated December 7, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the Amity School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements 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:

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

In connection with our testing nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, with the following exceptions:

For the fiscal year ended June 30, 2017, over-expenditure of appropriations occurred in one fund, as noted on page 46 of the audit report.

The District has adopted new procedures to review actual vs. budget amounts regularly to avoid these over-expenditures in the future.

OAR 162-10-0230 Internal Control

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

This report is intended solely for the information and use of the Board of Directors and management of Amity School District No. 4J and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.



Steve Tuchscherer, CPA, PC
Roseburg, Oregon
December 7, 2017