



AMITY SCHOOL DISTRICT NO. 4J

AMITY, OREGON

JUNE 30, 2016

AUDIT REPORT

STEVE TUCHSCHERER
Certified Public Accountant
A Professional Corporation

AMITY SCHOOL DISTRICT NO. 4J

807 Trade Street
Amity, Oregon 97101-0138
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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, 2016

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, 2016

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 Property Tax Transactions	66
Schedule of Fund Expenditures & Appropriations	67
Schedule of Long-Term Debt Transactions	68
Schedule of Future Requirements to Retire Long-Term Debt	69
 ACCOMPANYING INFORMATION:	
Independent Auditor's Report Required by Oregon State Regulations	70

AMITY SCHOOL DISTRICT NO. 4J

AUDIT REPORT

June 30, 2016

TABLE OF CONTENTS (Continued):

	<u>PAGE</u>
SINGLE AUDIT SECTION:	
Schedule of Expenditures of Federal Awards	71
Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	72
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	73 - 74
Schedule of Findings and Questioned Costs	75
FORM 581-3211-C	76



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, 2016, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that 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, 2016, 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, budgetary comparison information on pages 46-49, and pension schedules on pages 55-51 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 required supplementary information 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.

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 combining and individual non-major fund financial statements and additional supporting schedules listed in the table of contents as Other Supplementary Information 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 combining and individual non-major fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements taken as a whole.

Other schedules listed in the table of contents as Additional Supporting Schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued our report dated December 7, 2016, on our consideration of the Amity School District No. 4J's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Amity School District No. 4J's internal control over financial reporting and compliance.



Steve Tuhscherer, CPA
December 7, 2016

MANAGEMENT'S DISCUSSION
AND ANALYSIS

AMITY SCHOOL DISTRICT NO. 4J
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2016
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, 2016. 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, 2016 are as follows:

- Pension asset and liability accounts are based on estimates from Oregon PERS that will fluctuate significantly from year to year, which impact several of the following highlights. See Note 7, starting on page 29 for additional information.
- The District's net position decreased by \$183,290 which represents a 21.6 percent decrease from the previous year.
- General revenues accounted for \$8,512,931 in revenue, or 89.8 percent of all revenues. Program specific revenues in the form of charges for services, and grants and contributions accounted for \$963,864 or 10.2 percent of total revenues of \$9,476,795.
- The District had \$9,660,085 in expenses related to governmental activities; which was more than total revenues, resulting in a decrease in net position of \$183,290. Total expenses increased \$491,733 over the previous year.
- Total assets of governmental activities decreased by \$26,416 a percentage decrease of 0.24 percent, primarily due to the elimination of the net pension asset from the prior year.
- Total liabilities increased by \$420,951, largely due to the addition of the net pension liability of \$523,750 and a new QZAB loan of \$650,000.
- Among the governmental funds, the general fund had \$7,980,301 in revenues, which primarily consisted of state school support funds and property taxes. General Fund expenditures totaled \$8,097,718 including \$95,000 in budgeted interfund transfers out and \$69,261 in budgeted debt service payments. The General Fund's fund balance decreased \$117,417 to \$683,262.

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.

AMITY SCHOOL DISTRICT NO. 4J
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2016
Unaudited

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.

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, 2016
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 \$667,201. This is a \$183,290 decrease from last year's net position and represents a 21.6 percent decrease 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, 2016	June 30, 2015	Percentage Change
Assets			
Current and Other Assets	\$ 5,967,893	\$ 5,784,629	3.17%
Capital Assets	5,051,813	5,261,493	-3.99%
Total Assets	11,019,706	11,046,122	-0.24%
Deferred Outflow of Resources	33,745	-	N/A
Liabilities			
Long-Term Liabilities	9,323,170	8,987,169	3.74%
Other Liabilities	904,860	819,910	10.36%
Total Liabilities	10,228,030	9,807,079	4.29%
Deferred Inflow of Resources	158,220	388,552	-59.3%
Net Position			
Invested in Capital Assets			
Net of Debt	275,332	543,255	-49.32%
Restricted	33,894	244,293	-86.13%
Unrestricted	357,975	62,943	468.73%
Total Net Position	\$ 667,201	\$ 850,491	-21.55%

AMITY SCHOOL DISTRICT NO. 4J
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2016
Unaudited

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

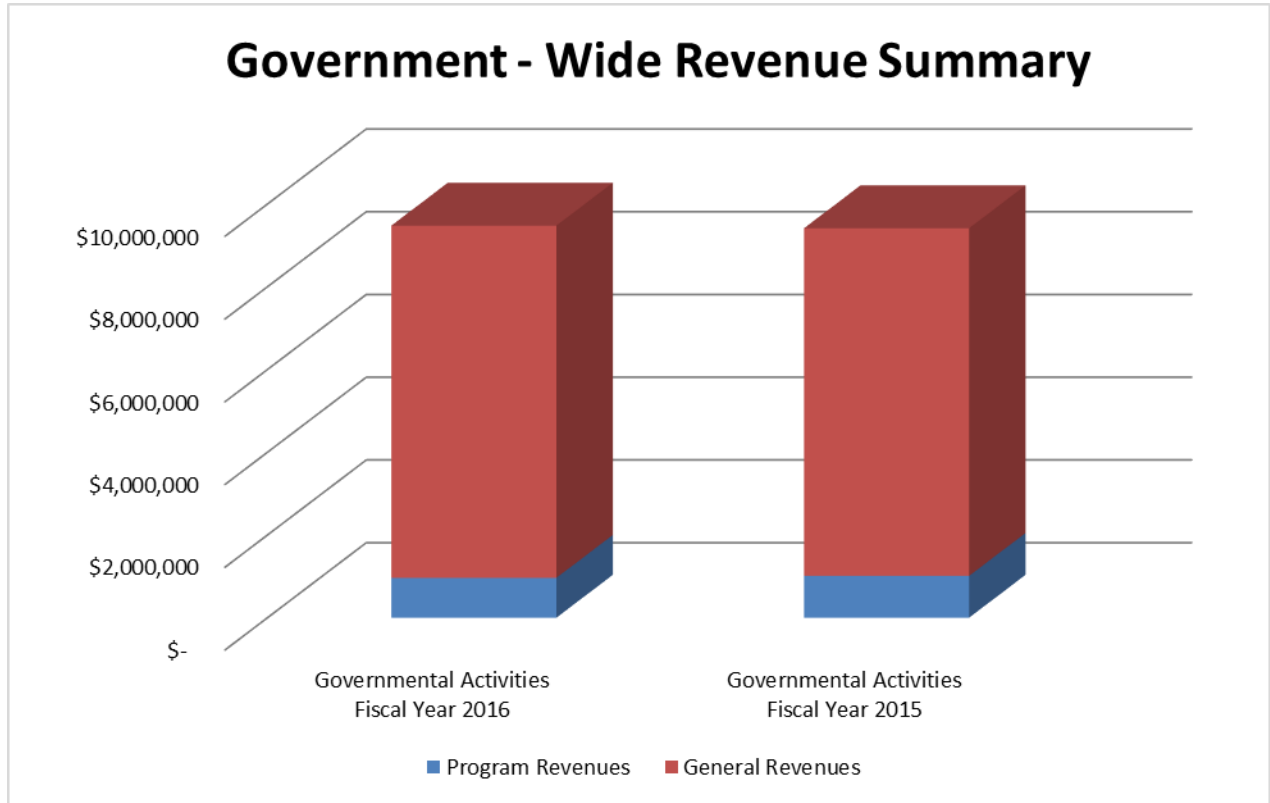
Changes in Net Position

	<u>Governmental Activities</u>		
	<u>2015-16</u>	<u>2014-15</u>	<u>Percentage Change</u>
Revenues			
Program Revenues			
Charges for Services	\$ 365,944	\$ 353,539	3.5%
Operating Grants and Contributions	597,920	658,151	-9.2%
General Revenues			
Property Taxes	2,087,547	2,068,940	0.9%
State Basic School Support	6,103,095	5,955,066	2.5%
Other	322,289	377,724	-14.7%
Total Revenues	<u>9,476,795</u>	<u>9,413,420</u>	0.7%
Program Expenses			
Instruction	5,647,704	5,318,520	6.2%
Support Services	3,236,698	2,970,945	8.9%
Community Services	307,251	323,506	-5.0%
Interest on Long-Term Debt	468,432	555,381	-15.7%
Total Program Expenses	<u>9,660,085</u>	<u>9,168,352</u>	5.4%
Change in Net Position before Special Items	(183,290)	245,068	-174.8%
Special Items	<u>-</u>	<u>1,075</u>	
Change in Net Position	<u><u>\$ (183,290)</u></u>	<u><u>\$ 246,143</u></u>	-174.5%

The largest governmental activities program is instruction, which comprises 58.5 percent of expenses. Interest expense was 4.9 percent of total expenses.

AMITY SCHOOL DISTRICT NO. 4J
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2016
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, 2016
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.

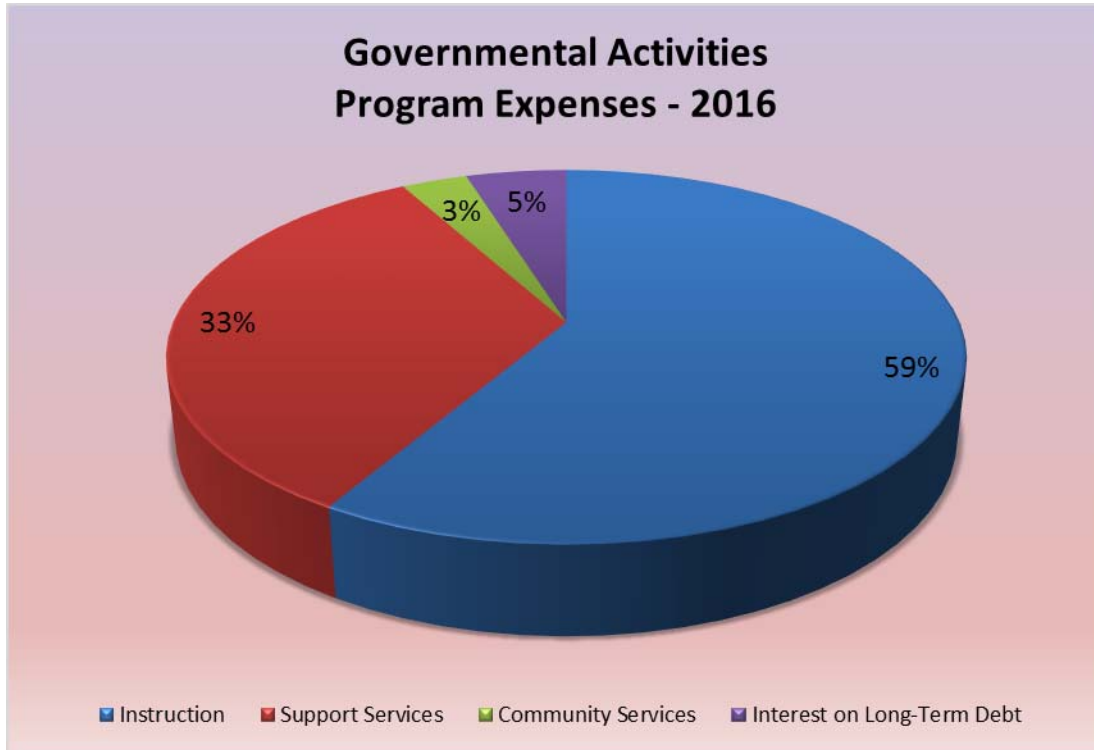
Governmental Activities

	2015-16		2014-15	
	Total Cost of Services	Net Cost (Profit) of Services	Total Cost of Services	Net Cost (Profit) of Services
Instruction	\$ 5,647,704	\$ 4,984,643	\$ 5,318,520	\$ 4,644,105
Support Services				
Students	487,215	487,161	464,564	464,297
Instructional Staff	147,176	114,323	153,998	98,028
General Administration	210,848	210,848	197,303	197,303
School Administration	612,909	610,418	541,658	536,983
Business Services	286,304	286,304	256,414	256,414
Operation & Maintenance of Plant Services	786,905	786,905	724,171	724,171
Student Transportation Services	456,492	456,492	408,438	408,438
Staff Services	25,853	25,322	21,547	21,547
Technology Services	222,996	222,996	202,852	202,852
Community Services	307,251	42,377	323,506	47,143
Interest on Long-Term Debt	468,432	468,432	555,381	555,381
Total Program Expenses	<u>\$ 9,660,085</u>	<u>\$ 8,696,221</u>	<u>\$ 9,168,352</u>	<u>\$ 8,156,662</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, 2016
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 \$2,571,101, an increase of \$653,862. 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 decrease in fund balance in the General Fund for the fiscal year was \$117,417.

AMITY SCHOOL DISTRICT NO. 4J
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2016
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 \$7,936,683 during the fiscal year. Actual General Fund receipts of \$7,980,301 were more than budgeted revenues by \$43,618, or 0.6 percent. In the General Fund, District spending was less than budgeted amounts in most function areas. Total appropriations budgeted in the General Fund were \$8,830,983 while actual General Fund expenditures of \$8,097,718 resulted in a difference of \$733,265 or 8.3 percent of the budgeted total.

The IDEA Grant Fund actual revenues of \$149,089 were \$99,911 less than budgeted while expenditures of \$149,089 were \$99,911 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 \$120,278 were \$79,722 less than budgeted while expenditures of \$120,278 were \$79,722 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 \$28,113 more than budgeted while expenditures equaled the budgeted amount of \$561,556. The fund began the year with a \$44,781 balance and ended the year with a \$33,894 balance.

The PERS Bond Service Fund actual revenues received were \$107,007 more than budgeted while expenditures equaled the budgeted amount. The fund began the year with a \$445,084 balance and ended the year with a \$581,876 balance.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2016, the District had invested \$10,467,635 in capital assets, including school buildings, athletic facilities, land, vehicles, computers and other equipment and furnishings. This amount represents an increase of \$121,344 from the prior year due to additions.

Total depreciation expense for the year was \$331,024. 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, 2016
Unaudited

Long-Term Debt

At June 30, 2016, the District had general obligation bonds payable due of \$3,530,000. The entire balance is backed by the full faith and credit of the District. Principal payments on the current bonds were \$490,000 during the fiscal year. Interest of \$71,556 was paid on the bonded debt.

The District had an outstanding limited tax pension obligation bond payable of \$4,711,420. For more information see note 5 of this document.

The District had Qualified Zone Academy Bonds (QZAB) payable of \$1,108,865. A new QZAB loan was acquired during the fiscal year in the amount of \$650,000. The entire balance is backed by the full faith and credit of the District. Debt payments reduced the QZAB debts by \$69,261 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 \$137,616, the current principal payment was \$32,496 and \$3,912 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 District's declining student enrollment level in spite of a 3 percent increase in anticipated state school fund allocations. The budget was created with a 5 percent decrease in PERS rates as compared to the current fiscal year.

Budgeted expenditures in the General Fund decreased 4 percent to \$8,574,768 for fiscal year 2016-2017. Anticipated revenue decreases in state school fund accounts for the decrease in budgeted expenditures. No new programs were added to the 2016-2017 budget.

The State's budget for the 2016-2017 biennium is expected to meet the District's 2016-2017 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 2016-17 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, 2016

	Governmental Activities
<u>ASSETS:</u>	
Current Assets:	
Cash and Investments	\$ 2,371,814
Property Taxes Receivable	200,049
Accounts Receivable	67,899
Due From Other Governments	124,654
Prepaid Expenses	544
Prepaid Loan Fees, net of accumulated amortization	131,447
Inventory-Food, Supplies & Commodities	7,519
Total Current Assets	\$ 2,903,926
Capital Assets:	
Land	296,099
Land Improvements	767,926
Buildings & Improvements	8,529,167
Vehicles	509,545
Equipment	364,898
Less: Accumulated Depreciation	(5,415,822)
Total Capital Assets, Net of Depreciation	5,051,813
Other Assets:	
Prepaid Expense - Pension Obligation	6,618,174
Less: Accumulated Amortization	\$ (3,554,207)
Total Other Assets, Net of Amortization	3,063,967
Total Assets	\$ 11,019,706
<u>DEFERRED OUTFLOW OF RESOURCES:</u>	
Pension Related Deferrals	33,745
Total Deferred Outflow of Resources	\$ 33,745
<u>LIABILITIES:</u>	
Current Liabilities:	
Accounts Payable	\$ 27,578
Accrued Vacation Benefits	27,718
Interest Payable	4,559
Current Portion of Long-Term Liabilities:	
Capital Leases Payable	33,243
QZAB Note Payable	112,595
General Obligations Bonds	520,000
Limited Tax PERS Bonds	179,167
Total Current Liabilities	\$ 904,860
Long-Term Liabilities:	
Noncurrent Portion of Long-Term Liabilities:	
Capital Leases Payable	\$ 104,373
General Obligations Bonds	3,010,000
Limited Tax PERS Bonds	4,532,253
QZAB Note Payable	996,270
Net OPEB Obligation	156,524
Net Pension Liability	523,750
Total Long-Term Liabilities	9,323,170
Total Liabilities	\$ 10,228,030
<u>DEFERRED INFLOW OF RESOURCES:</u>	
Pension Related Deferrals	158,220
Total Deferred Inflow of Resources	\$ 158,220
<u>NET POSITION:</u>	
Invested in capital assets, net of related debt	\$ 275,332
Restricted for:	
Debt Service	33,894
Unrestricted	357,975
Total Net Position	\$ 667,201

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, 2016

	(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	\$ 4,280,580	\$ 307,088	\$ 92,815	\$ (3,880,677)
Special Programs	1,365,446	-	263,158	(1,102,288)
Summer School Programs	1,678	-	-	(1,678)
Total Instruction	<u>5,647,704</u>	<u>307,088</u>	<u>355,973</u>	<u>(4,984,643)</u>
Support Services:				
Students	487,215	-	54	(487,161)
Instructional Staff	147,176	-	32,853	(114,323)
General Administration	210,848	-	-	(210,848)
School Administration	612,909	-	2,491	(610,418)
Business Services	286,304	-	-	(286,304)
Operation & Maintenance of Plant Service	786,905	-	-	(786,905)
Student Transportation Services	456,492	-	-	(456,492)
Staff Services	25,853	-	531	(25,322)
Technology Services	222,996	-	-	(222,996)
Total Support Services	<u>3,236,698</u>	<u>-</u>	<u>35,929</u>	<u>(3,200,769)</u>
Community Services	<u>307,251</u>	<u>58,856</u>	<u>206,018</u>	<u>(42,377)</u>
Interest on Long-Term Debt	<u>468,432</u>	<u>-</u>	<u>-</u>	<u>(468,432)</u>
Total Governmental Activities	<u>\$ 9,660,085</u>	<u>\$ 365,944</u>	<u>\$ 597,920</u>	<u>\$ (8,696,221)</u>

GENERAL REVENUES:

Local Sources:

Property Taxes, Levied for General Purposes	1,540,264
Property Taxes, Levied for Debt Service Purposes	547,283
Interest and Investment Earnings	21,864
Miscellaneous	102,217
County School Fund	88,768
State School Support Available for General Purposes	6,103,095
Common School Fund	109,440
Subtotal - General Revenues	<u>8,512,931</u>
Change in Net Position	(183,290)
Net Position - July 1, 2015	850,491
Net Position - June 30, 2016	<u>\$ 667,201</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, 2016**

	General Fund #100	IDEA Grant Fund #200	Title 1 Fund #201	Debt Service Fund #300	PERS Bond Debt Service Fund #302	Capital Improveme Fund #430	Other Funds	Total Governmental Funds
ASSETS:								
Cash and Cash Equivalents	\$ 507,701	\$ -	\$ -	\$ 24,619	\$ 581,876	\$ 738,897	\$ 518,721	\$ 2,371,814
Accounts Receivable	67,899	-	-	-	-	-	-	67,899
Property Taxes Receivable	143,006	-	-	57,043	-	-	-	200,049
Due From Other Funds	110,001	-	-	-	-	-	-	110,001
Due from Other Governments	-	55,225	41,302	-	-	-	28,127	124,654
Prepaid Expenses	-	-	-	-	-	-	544	544
Inventory-Food, Supplies & Commodities	-	-	-	-	-	-	7,519	7,519
Total Assets	\$828,607	\$ 55,225	\$ 41,302	\$ 81,662	\$ 581,876	\$ 738,897	\$ 554,911	\$ 2,882,480
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:								
Liabilities:								
Account Payables	\$ 26,832	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 746	\$ 27,578
Due to Other Funds	-	55,225	41,302	-	-	-	13,474	110,001
Total Liabilities	26,832	55,225	41,302	-	-	-	14,220	137,579
Deferred Inflows of Resources:								
Deferred Property Tax Revenue	118,513	-	-	47,768	-	-	-	166,281
Total Deferred Inflows of Resources	118,513	-	-	47,768	-	-	-	166,281
Fund Balances:								
Non-spendable	-	-	-	-	-	-	7,519	7,519
Restricted for:								
Debt Service	-	-	-	33,894	-	-	-	33,894
Committed for:								
Educational Programs	-	-	-	-	-	-	74,977	74,977
Community Projects	-	-	-	-	-	-	12,634	12,634
Student Body Activities	-	-	-	-	-	-	174,256	174,256
Food Service Programs	-	-	-	-	-	-	5,798	5,798
Equipment Acquisition	-	-	-	-	-	-	140,179	140,179
Capital Construction & Bldg. Maint.	-	-	-	-	-	738,897	-	738,897
Employee Benefits Programs	-	-	-	-	-	-	125,328	125,328
Debt Service	-	-	-	-	581,876	-	-	581,876
Unassigned	683,262	-	-	-	-	-	-	683,262
Total Fund Balances	683,262	-	-	33,894	581,876	738,897	540,691	2,578,620
Total Liabilities, Deferred Inflows of Resources & Fund Balances	\$828,607	\$ 55,225	\$ 41,302	\$ 81,662	\$ 581,876	\$ 738,897	\$ 554,911	\$ 2,882,480

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, 2016

Total Fund Balances - Governmental Funds \$ 2,578,620

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 -	\$10,467,635	
The accumulated depreciation is -	<u>(5,415,822)</u>	
Net Value of Assets		5,051,813

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>(3,554,207)</u>	
Net Value of Prepaid Expense		3,063,967

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 -		131,447
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Accrued interest payable is not included as a liability in the governmental funds. (4,559)

Property taxes receivable that will not be available to pay for current-period expenditures are deferred in the governmental funds. 166,281

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

Deferred Pension Contributions	33,745	
Deferred Earnings on Pension Assets	<u>(158,220)</u>	
Net Value of Deferrals		(124,475)

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	27,718	
Capital Leases	137,616	
Limited Tax PERS Bonds	4,711,420	
General Obligation Bonds	3,530,000	
Net OPEB Obligation	156,524	
QZAB Note Payable	1,108,865	
Net Pension Liability	<u>523,750</u>	
Total Long-Term Liabilities		(10,195,893)

Net Position of Governmental Activities **\$ 667,201**

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, 2016**

	General Fund #100	IDEA Grant Fund #200	Title 1 Fund #201	Debt Service Fund #300	PERS Bond Debt Service Fund #302	Capital Improvem Fund #430	Other Govern- mental Funds	Total Govern- mental Funds
REVENUES:								
Basic School Support Fund	\$ 6,074,042	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,053	\$ 6,103,095
Ad Valorem Taxes-Current Year	1,475,770	-	-	526,011	-	-	-	2,001,781
Ad Valorem Taxes-Prior Year	55,244	-	-	22,859	-	-	-	78,103
Services Provided to Other Funds	-	-	-	-	706,416	-	-	706,416
Fees and Charges	30,768	-	-	-	-	-	318,405	349,173
Admission to Co-Curricular Activities	16,771	-	-	-	-	-	-	16,771
Interest on Investments	10,610	-	-	1,799	2,591	879	5,985	21,864
Miscellaneous Local Revenues:	30,613	-	-	-	-	31,939	39,665	102,217
County School Fund	88,768	-	-	-	-	-	-	88,768
Common School Fund	109,440	-	-	-	-	-	-	109,440
State Grants-In-Aid	88,270	-	-	-	-	-	7,694	95,964
Federal Reimbursement Grants	5	149,089	120,278	-	-	-	232,584	501,956
Total Revenues	7,980,301	149,089	120,278	550,669	709,007	32,818	633,386	10,175,548
EXPENDITURES:								
Instruction:								
Regular Instruction	3,788,206	-	-	-	-	-	246,542	4,034,748
Special Programs	1,082,144	143,462	119,696	-	-	-	-	1,345,302
Summer School Programs	1,595	-	-	-	-	-	-	1,595
Support Services:								
Students	491,171	54	-	-	-	-	-	491,225
Instructional Staff	115,503	5,573	47	-	-	-	27,233	148,356
General Administration	210,631	-	-	-	-	-	-	210,631
School Administration	618,171	-	-	-	-	-	2,491	620,662
Business Services	233,029	-	-	-	-	13,000	216	246,245
Operation & Maint. of Plant Service:	757,669	-	-	-	-	17,304	12,606	787,579
Student Transportation Services	408,748	-	-	-	-	-	-	408,748
Information and Staff Services	23,924	-	-	-	-	-	531	24,455
Technology Services	202,666	-	-	-	-	-	16,484	219,150
Community Services	-	-	535	-	-	-	296,450	296,985
Facilities Acquisition and Construction	-	-	-	-	-	96,565	-	96,565
Debt Service	69,261	-	-	561,556	572,215	-	36,408	1,239,440
Total Expenditures	8,002,718	149,089	120,278	561,556	572,215	126,869	638,961	10,171,686
Excess (Deficiency) of Revenues Over Expenditures	(22,417)	-	-	(10,887)	136,792	(94,051)	(5,575)	3,862
OTHER FINANCING SOURCES (USES):								
Interfund Transfers In	-	-	-	-	-	45,000	50,000	95,000
Bond Proceeds In	-	-	-	-	-	650,000	-	650,000
Interfund Transfers Out	(95,000)	-	-	-	-	-	-	(95,000)
Net Change in Fund Balances	(117,417)	-	-	(10,887)	136,792	600,949	44,425	653,862
Fund Balances - July 1, 2015	800,679	-	-	44,781	445,084	137,948	488,747	1,917,239
Fund Balances - June 30, 2016	\$ 683,262	\$ -	\$ -	\$ 33,894	\$ 581,876	\$ 738,897	\$ 533,172	\$ 2,571,101

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, 2016

Net Changes in Fund Balances - Total Governmental Funds		\$ 653,862
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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	\$ 121,344	
Less current year depreciation	<u>(331,024)</u>	(209,680)

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>7,663</u>	7,663
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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>1,386</u>	1,386
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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>815</u>	815
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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)
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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)
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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	(7,257)	
Vacation Payable	<u>(27,718)</u>	(34,975)

Adjustment for pension costs on accrued basis		(459,185)
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Bond proceeds are recognized as revenue for the governmental funds.		(650,000)
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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	22,295	
Capital Leases Payable	32,496	
General Obligations Bonds	490,000	
Limited Tax PERS Bonds	178,436	
QZAB Note Payable	<u>69,261</u>	<u>792,488</u>

Changes in Net Position of Governmental Activities		\$ (183,290)
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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, 2016

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.

1. 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, 2016

1. 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, 2016

1. 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, 2016

1. 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 (PERS) 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, 2016

1. 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>	<u>Estimated Years of Useful Lives</u>
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, 2016

1. 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, 2016

1. 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. Invested in capital assets, net of related debt - 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, 2016

1. 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 PERS. 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.

2. 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, 2016

2. 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, 2016, the reported amounts of the District's deposits were \$819,041 and the bank balance was \$1,311,221. 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, 2016, the District's investment in the Oregon State Treasurer's Local Government Investment Pool (LGIP) was unrated.

At June 30, 2016, 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)	\$ 1,552,710	N/A
Federal Agency Notes	64	N/A
Total Investments	\$ 1,552,773	

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, 2016

3. RECEIVABLES:

Receivables as of the end of the year for the District's individual major funds and non-major funds in the aggregate are as follows:

	General Fund	IDEA Grant Fund	Title 1 Fund	Debt Service Fund	Non-Major and Other Fund	Total
Property Taxes	\$ 143,006	\$ -	\$ -	\$ 57,043	\$ -	\$ 200,049
Accounts Receivable	67,899	-	-	-	-	67,899
Due from Other Governments	-	55,225	41,302	-	28,127	124,654
Total	<u>\$ 210,905</u>	<u>\$ 55,225</u>	<u>\$ 41,302</u>	<u>\$ 57,043</u>	<u>\$ 28,127</u>	<u>\$ 392,602</u>

4. CAPITAL ASSETS:

The following is a summary of capital asset activity for the fiscal year ended June 30, 2016:

Governmental Activities	June 30, 2015	Additions	Deletions	June 30, 2016
Assets not being depreciated:				
Land	\$ 296,099	\$ -	\$ -	\$ 296,099
Total Non-Depreciable Assets	296,099	-	-	296,099
Assets being depreciated:				
Land Improvements	717,161	50,765	-	767,926
Buildings & Improvements	8,487,798	41,369	-	8,529,167
Vehicles	496,939	12,606	-	509,545
Equipment	348,294	16,604	-	364,898
Total Depreciable Assets	10,050,192	121,344	-	10,171,536
Less: Accumulated Depreciation				
Land Improvements	527,396	29,735	-	557,131
Buildings & Improvements	3,957,070	259,393	-	4,216,463
Vehicles	301,040	29,213	-	330,253
Equipment	299,292	12,683	-	311,975
Total Accumulated Depreciation	5,084,798	331,024	-	5,415,822
Net Value of Capital Assets Being Depreciated	4,965,394	(209,680)	-	4,755,714
Total Governmental Activities--				
Net Value of Capital Assets	<u>\$ 5,261,493</u>	<u>\$ (209,680)</u>	<u>\$ -</u>	<u>\$ 5,051,813</u>

Depreciation expense was charged to governmental functions as follows:

Instruction - Regular Programs	\$ 287,177
Instruction - Special Programs	2,040
Support Services--Business Services	2,236
Support Services--Operation & Maintenance	7,114
Support Services--Student Transportation	27,264
Community & Enterprise Services - Food Services	5,193
Total depreciation expense - governmental activities	<u>\$ 331,024</u>

AMITY SCHOOL DISTRICT NO. 4J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

5. LONG-TERM DEBT:

A summary of debt transactions for the year ended June 30, 2016 is as follows:

	Outstanding Balance June 1, 2015	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2016	Amounts Due Within One Year
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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	\$ 4,020,000	\$ -	\$ 490,000	\$ 3,530,000	\$ 520,000
Interest	-	71,556	71,556	-	62,834
Totals	\$ 4,020,000	\$ 71,556	\$ 561,556	\$ 3,530,000	\$ 582,834

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	\$ 4,889,856	\$ -	\$ 178,436	\$ 4,711,420	\$ 179,167
Interest	-	393,779	393,779	-	423,048
Totals	\$ 4,889,856	\$ 393,779	\$ 572,215	\$ 4,711,420	\$ 602,215

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	\$ 170,112	\$ -	\$ 32,496	\$ 137,616	\$ 33,243
Interest	-	3,912	3,912	-	3,165
Totals	\$ 170,112	\$ 3,912	\$ 36,408	\$ 137,616	\$ 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	\$ 528,126	\$ -	\$ 69,261	\$ 458,865	\$ 69,261
Interest	-	-	-	-	-
Totals	\$ 528,126	\$ -	\$ 69,261	\$ 458,865	\$ 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	\$ -	\$ 650,000	\$ 43,334
Interest	-	-	-	-	-
Totals	\$ -	\$ 650,000	\$ -	\$ 650,000	\$ 43,334

TOTAL DEBT AGREEMENTS:

Principal	\$ 9,608,094	\$ 650,000	\$ 770,193	\$ 9,487,901	\$ 845,005
Interest	-	469,247	469,247	-	489,047
Totals	<u>\$ 9,608,094</u>	<u>\$ 1,119,247</u>	<u>\$ 1,239,440</u>	<u>\$ 9,487,901</u>	<u>\$ 1,334,052</u>

AMITY SCHOOL DISTRICT NO. 4J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

5. 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>				
	2017	699,167	485,882	1,185,049
	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
	2022-2026	3,172,019	1,707,536	4,879,555
	2027-2028	1,315,000	98,832	1,413,832
	Totals	\$ 8,241,420	\$ 4,459,937	\$ 12,701,357
<u>Qualified Zone Academy Bond:</u>				
	2019	\$ 1,012,953	\$ -	\$ 1,012,953
	2031	650,000	-	650,000
	Totals	1,662,953	-	1,662,953
<u>Capital Leases:</u>				
	2017	33,243	3,165	36,408
	2018	34,007	2,401	36,408
	2019	34,790	1,618	36,408
	2020	35,576	832	36,408
	Totals	\$ 137,616	\$ 8,016	\$ 145,632

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, 2016

6. PENSION PLAN:

A. Name of Pension Plan

The Oregon Public Employees Retirement System (PERS) 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 PERS 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 PERS employer at the time of death,
- the member died within 120 days after termination of PERS-covered employment,
- the member died as a result of injury sustained while employed in a PERS-covered job, or
- the member was on an official leave of absence from a PERS-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 PERS judge members) for disability benefits regardless of the length of PERS-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, 2016

6. 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 2016 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 2016 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 Plan Description:

OPSRP Individual Account Program (OPSRP IAP)

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, 2016

6. 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

PERS contracts with VOYA Financial to maintain IAP participant records.

C. Contributions

PERS 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 PERS 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, 2016 were \$344,286, 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 PERS 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 PERS 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, 2016

6. PENSION PLAN (Cont.):

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

Valuation Date	December 31, 2013
Measurement Date	June 30, 2015
Experience Study	2014, published September 2015
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Inflation rate	2.75 percent
Long-term expected rate of return	7.75 percent
Discount rate	7.75 percent
Projected salary increases	3.75 percent
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 (65% for males, 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.</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 7.75 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, 2016

6. 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 PERS:

- PERS 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>Low Range</u>	<u>High Range</u>	<u>OIC Target</u>
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Private Equity	16.0%	24.0%	20.0%
Real estate	9.4%	15.5%	12.5%
Alternative Equity	0.0%	10.0%	10.0%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			<u>100%</u>

AMITY SCHOOL DISTRICT NO. 4J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

6. 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 PERS 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	Annual Arithmetic Mean	20-Year Annualized Geometric Mean	Annual 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%
Portfolio - Net of Investment Expenses	100%	7.80%	7.03%	13.27%

AMITY SCHOOL DISTRICT NO. 4J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

6. 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 7.75 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 (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease 6.75%	Discount Rate 7.75%	1% Increase 8.75%
Employer's proportionate share of the net pension liability	\$ 1,264,052	\$ 523,750	\$ (100,129)

H. Summary of Significant Accounting Policies

Reporting Entity

PERS' 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 PERS assets. As a result of this fiduciary responsibility, PERS 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, 2016

6. 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, 2016

6. 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, PERS did not hold investments in any one organization that represent 5 percent or more of PERS' 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

Allocation of Liability for Service Segments

For purposes of allocating Tier 1/Tier 2 member's actuarial accrued liability among multiple employers, the valuation uses a weighted average of the Money Match methodology and the Full Formula methodology used by PERS when the member retires. The weights are determined based on the prevalence of each formula among the current Tier 1/Tier 2 population. For the December 31, 2012 and December 31, 2013 valuations, the Money Match was weighted 70 percent for General Service members and 5 percent for Police & Fire members. For the December 31, 2014 and December 31, 2015 valuations, this weighting has been adjusted to 25 percent for General Service members and 0 percent for Police & Fire members, based on a projection of the proportion of liability attributable to Money Match benefits at those valuation dates.

Changes in Economic Assumptions

Inflation - The inflation assumption was lowered from 2.75% to 2.50%.

Payroll Growth – Due to the lowered inflation assumption, the payroll growth assumption will be reduced from 3.75% to 3.50%.

Regular Investment Return - The assumed investment return was reduced to 7.50% from 7.75%.

Tier 1/Tier 2 Administrative Expenses - Assumed administrative expenses for tier 1/tier 2 were valued at \$33 million per year.

Healthcare Cost Inflation - The healthcare cost inflation for the maximum RHIPA subsidy was updated based on analysis performed by Milliman's healthcare actuaries. This analysis includes the consideration of the excise tax that will be introduced in 2018 by the Patient Protection and Affordable Care Act

AMITY SCHOOL DISTRICT NO. 4J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

6. PENSION PLAN (Cont.):

Changes in Demographic Assumptions

A summary of the changes recommended to the Board are as follows:

- Adjust the healthy mortality assumption to reflect an updated mortality improvement scale for all groups.
- Adjust retirement rates for most groups modestly to more closely align with recent and expected future experience.
- Increase the merit component of the salary increase assumption for all members based on observations of the last eight years of experience.
- Update pre-retirement termination of employment assumptions for two member categories.
- Slightly lower assumed rates of duty disability for general service members.
- Update the Tier 1 unused vacation cash out assumption for most categories. The recommendations increase the Tier 1 unused vacation cash out assumption based on recent experience.
- Adjust the Tier 1/Tier 2 unused sick leave assumption for three groups to more closely reflect recently observed experience.
- Decrease the healthy participation assumption for the RHIA retiree healthcare programs from 45% to 38%.
- Increase the participation assumption for the RHIPA retiree healthcare program for longer-service members.

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, 2016

6. 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 PERS Board adopted several assumption changes, including lowering the investment return assumption to 7.50%, which will be effective January 1, 2016.

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

PERS 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. PERS does not try to accrue contributions based on paydate.

Beginning with fiscal year 2016, PERS will be able to report cash contributions and UAL side account amortization by employer, and will publish this information on the PERS 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 61, of the June 30, 2015 PERS CAFR.

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

At June 30, 2016, the employer reported a liability of \$523,750 for its proportionate share of the net pension liability. The net pension liability/(asset) was measured as of June 30, 2015, 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, 2016

6. PENSION PLAN (Cont.):

At June 30, 2015, the employer's proportion was 0.00912225 percent.

For the year ended June 30, 2016, the employer recognized pension expense of \$505,648. At June 30, 2016, 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	\$ 28,243	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on investments	-	109,790
Changes in proportionate share	5,502	-
Differences between employer contributions and employer's proportionate share of system contributions	-	48,430
Total Deferred Outflows/Inflows	\$ 33,745	\$ 158,220
Post-measurement date contributions	344,286	N/A
Total Deferred Outflow/(Inflow) of Resources	\$ 378,031	\$ 158,220
Net Deferred Outflow/(Inflow) of Resources prior to post-measurement date contributions		(124,475)

\$124,475 reported as deferred inflows 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, 2017. 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	\$ (55,864)
2nd Fiscal Year	(55,864)
3rd Fiscal Year	(55,864)
4th Fiscal Year	44,196
5th Fiscal Year	(1,079)
Thereafter	-
Total	\$ (124,475)

AMITY SCHOOL DISTRICT NO. 4J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

7. OTHER POST-EMPLOYMENT BENEFITS (OPEB):

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

Plan Description

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. 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 0.59% of annual covered 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. The District's contributions to PERS' RHIA for the year ended June 30, 2016, was \$20,628, which equaled the required contributions for the year.

AMITY SCHOOL DISTRICT NO. 4J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

7. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONT.):

Annual OPEB Cost and Net OPEB Obligation

The District's annual other post-employment benefit cost (expense) is calculated based on the annual required contribution of the employer, an amount actuarially determined in accordance within the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the fiscal year ending June 30, 2016, the amount actually contributed to the plans, and changes in the District's net OPEB obligation:

Annual required contribution	\$ 29,751
Interest on net OPEB obligation	7,090
Adjustment to the annual required contribution	<u>8,956</u>
Annual OPEB cost (expense)	45,797
Contributions made	<u>20,628</u>
Increase in net OPEB obligation	7,257
Net OPEB obligation, beginning of year	<u>149,267</u>
Net OPEB obligation, end of year	<u><u>\$ 156,524</u></u>

8. 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.

9. 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 2015-16 fiscal year is \$19,085. 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.

AMITY SCHOOL DISTRICT NO. 4J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

10. 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, 2016

11. 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, 2016 consisted of the following individual fund receivables and payables:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund #100	\$ 110,001	\$ -
Special Revenue Funds:		
IDEA Fund #200	-	55,225
Title 1 Fund #201	-	41,302
Federal Miscellaneous Fund #204	-	13,474
Total	<u>\$ 110,001</u>	<u>\$ 110,001</u>

Interfund transfers for the year ended June 30, 2016 were as follows:

	<u>Transfers Out</u>	<u>Transfers In</u>
General Fund #100	\$ 95,000	\$ -
Food Service Fund #280	-	30,000
Vehicle Replacement Fund #292	-	10,000
Technology Replacement Fund #293	-	10,000
Capital Improvement Fund #430	-	45,000
Total	<u>\$ 95,000</u>	<u>\$ 95,000</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 Technology 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, 2016

12. FUND BALANCE COMPARISONS:

<u>Fund</u>	<u>Actual</u> <u>June 30, 2016</u>	<u>Budgeted</u> <u>July 1, 2016</u>
General Fund #100	\$ 683,262	\$ 670,000
State Miscellaneous Grants Fund # 205	2,175	-
Community Projects Fund # 250	12,634	10,500
Student Body Fund # 270	174,256	185,000
Food Service Fund # 280	5,798	10,000
Vehicle Replacement Fund # 292	14,529	14,528
Technology Replacement Fund # 293	125,650	125,650
Unemployment Fund # 298	125,328	125,180
Scholarship Fund # 299	72,802	73,000
Debt Service Fund # 300	33,894	31,500
PERS Bond Debt Fund # 302	581,876	594,613
Capital Improvement Fund #430	\$ 738,897	\$ 733,209

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, 2016

	<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>Positive</u>
			<u>(See Note 1)</u>	<u>(Negative)</u>
<u>REVENUES:</u>				
Revenues from Local Sources:				
Ad Valorem Taxes-Current Year	1,440,000	1,440,000	1,475,770	35,770
Ad Valorem Taxes-Prior Year	60,000	60,000	55,244	(4,756)
Land Sales - Delinquent Taxes	25	25	28	3
Penalties & Interest on Taxes	25	25	21	(4)
Tuition	-	-	271	271
Interest on Investments	13,000	13,000	10,610	(2,390)
Admission to Co-Curricular	15,000	15,000	16,771	1,771
Fees	33,000	33,000	30,768	(2,232)
Rental on Buildings	9,800	9,800	9,770	(30)
Contributions from Private Sources	1,500	1,500	300	(1,200)
Services Provided Charter Schools	1,000	1,000	500	(500)
Recovery of Prior Years' Expenditures	5,000	5,000	39	(4,961)
Miscellaneous	25,000	25,000	18,940	(6,060)
Revenue in Lieu of Taxes	1,200	1,200	-	(1,200)
Fingerprint Fees	300	300	744	444
Total Local Revenues	1,604,850	1,604,850	1,619,776	14,926
Revenues from Intermediate Sources:				
County School Fund	3,000	3,000	1,105	(1,895)
ESD Apportionment	80,394	80,394	80,393	(1)
Restricted Revenue	-	-	5,280	5,280
Other Intermediate Sources	1,500	1,500	1,990	490
Total Intermediate Revenues	84,894	84,894	88,768	3,874
Revenues from State Sources:				
Basic School Support Fund	5,901,657	5,901,657	6,074,042	172,385
Common School Fund	80,272	80,272	109,440	29,168
Other Unrestricted Grants-in-Aid	265,000	265,000	88,270	(176,730)
Total State Revenues	6,246,929	6,246,929	6,271,752	24,823
Revenues from Federal Sources:				
Federal Forest Fees	10	10	5	(5)
Total Federal Revenues	10	10	5	(5)
Total Revenues	7,936,683	7,936,683	7,980,301	43,618
Total Expenditures	8,830,983	8,830,983	8,097,718	(733,265)
Excess (Deficiency) of Revenues				
Over Expenditures	(894,300)	(894,300)	(117,417)	776,883
Fund Balance - July 1, 2015	1,000,000	1,000,000	800,679	(199,321)
Fund Balance - June 30, 2016	\$ 105,700	\$ 105,700	\$ 683,262	\$ 577,562

AMITY SCHOOL DISTRICT NO. 4J

SCHEDULE OF EXPENDITURES

GENERAL FUND #100

For the Fiscal Year Ended June 30, 2016

	Actual Amounts (Budgetary Basis - See Note 1)										
	Salaries 100	Employee Benefits 200	Purchased Services 300	Supplies			Transfers 700	Total	Budgeted Amounts		Variance with Final Budget Positive (Negative)
				Materials 400	Other Objects 600				Original	Final	
INSTRUCTION:											
Regular Programs:											
#1111 Elementary K-5	\$ 908,429	\$ 471,863	\$ 8,191	\$ 32,035	\$ 145	\$ -	\$ -	\$ 1,420,663	\$ 1,509,704	\$ 1,509,704	\$ (89,041)
#1113 Elementary Extracurricular	6,969	2,252	975	1,208	-	-	-	11,404	10,838	10,838	566
#1121 Middle School	534,613	253,357	4,186	10,408	-	-	-	802,564	849,771	849,771	(47,207)
#1122 Middle School Extracurricular	16,186	3,118	4,446	2,238	-	-	-	25,988	24,358	24,358	1,630
#1131 High School	857,168	410,706	13,611	32,398	1,386	-	-	1,315,269	1,321,289	1,271,289	43,980
#1132 High School Extracurricular	114,870	36,548	41,674	15,666	3,560	-	-	212,318	220,680	220,680	(8,362)
Special Programs:											
#1210 Talented & Gifted	-	-	-	-	-	-	-	-	3,857	3,857	(3,857)
#1220 Restrict. Prgrms f/ Stdnts w/Disablts.	-	-	205,639	-	-	-	-	205,639	177,600	177,600	28,039
#1225 Restrict. Prgrms f/ Stdnts w/Disablts., Out of Dist.	-	-	-	-	-	-	-	-	600	600	(600)
#1250 Resources Room	273,302	168,952	528	5,139	-	-	-	447,921	466,582	466,582	(18,661)
#1280 Alternative Education	-	-	369,818	-	-	-	-	369,818	445,735	420,735	(50,917)
#1291 English as Second Language	41,507	14,178	-	3,081	-	-	-	58,766	77,186	77,186	(18,420)
#1292 Teen Parent Program	-	-	-	-	-	-	-	-	203	203	(203)
#1294 Youth Corrections Education	-	-	-	-	-	-	-	-	2,060	2,060	(2,060)
#1430 High School Summer Programs	1,200	395	-	-	-	-	-	1,595	1,985	1,985	(390)
Total Instruction	2,754,244	1,361,369	649,068	102,173	5,091	-	-	4,871,945	5,112,448	5,037,448	(165,503)
SUPPORT SERVICES:											
Students:											
#2110 Attendance and Social Work Svcs	64,602	45,785	17,147	5	-	-	-	127,539	130,192	130,192	(2,653)
#2120 Guidance Services	138,119	61,588	514	523	-	-	-	200,744	219,844	254,844	(54,100)
#2130 Health Services	-	-	2,128	-	-	-	-	2,128	3,830	3,830	(1,702)
#2140 Psychological Services	-	-	38,750	-	-	-	-	38,750	10,030	50,030	(11,280)
#2150 Speech, Pathlgy & Audiology Svcs	-	-	266	-	-	-	-	266	700	700	(434)
#2190 Service Direction Services	81,168	40,576	-	-	-	-	-	121,744	110,917	110,917	10,827
Instructional Staff:											
#2210 Improvement of Instruct. Svcs	-	-	-	-	-	-	-	-	1,015	1,015	(1,015)
#2220 Education Media Services	67,696	20,707	540	3,881	110	-	-	92,934	52,578	52,578	40,356
#2230 Assessment and Testing	6,753	3,656	-	1,596	-	-	-	12,005	16,459	16,459	(4,454)
#2240 Instructional Staff Development	1,250	8,299	1,015	-	-	-	-	10,564	2,016	2,016	8,548
General Administration:											
#2310 Board of Education Services	-	-	16,409	1,940	11,090	-	-	29,439	40,780	40,780	(11,341)
#2320 Executive Administrative Services	116,454	60,204	3,087	522	925	-	-	181,192	186,840	186,840	(5,648)
School Administration:											
#2410 Office of the Principal Services	384,527	222,808	5,836	2,280	2,720	-	-	618,171	588,273	588,273	29,898
Business:											
#2520 Fiscal Services	103,138	50,405	27,952	2,884	48,650	-	-	233,029	175,762	175,762	57,267
#2540 Operation and Maintenance of Plant Svcs											
Care & Upkeep of Buildings	179,131	130,732	216,538	56,048	59,026	-	-	641,475	719,828	719,828	(78,353)
Care & Upkeep of Grounds	7,248	4,469	19,219	6,089	-	-	-	37,025	39,802	39,802	(2,777)
District-Wide Maintenance	43,700	26,885	6,358	2,226	-	-	-	79,169	82,985	82,985	(3,816)
#2550 Student Transportation Services											
Service Direction	6,528	3,347	-	-	-	-	-	9,875	9,867	9,867	8
Vehicle Operations Services	2,214	225	264,730	6,056	3,818	-	-	277,043	333,003	333,003	(55,960)
Special Education Transportation Svcs	-	-	99,703	-	-	-	-	99,703	96,360	96,360	3,343
Other Student Transportation Services	14,001	8,126	-	-	-	-	-	22,127	21,856	21,856	271
Central Activities:											
#2630 Information Services	14,189	7,373	180	-	-	-	-	21,742	23,559	23,559	(1,817)
#2640 Staff Services	-	-	2,182	-	-	-	-	2,182	3,529	3,529	(1,347)
#2660 Technology Services	72,497	39,939	54,128	35,952	150	-	-	202,666	234,248	234,248	(31,582)
Total Support Services	1,303,215	735,124	776,682	120,002	126,489	-	-	3,061,512	3,104,273	3,179,273	(117,761)
Debt Service	-	-	-	-	69,261	-	-	69,261	69,262	69,262	(1)
Interfund Transfers	-	-	-	-	-	95,000	-	95,000	95,000	105,000	(10,000)
Contingency	-	-	-	-	-	-	-	450,000	440,000	440,000	(440,000)
Total General Fund Expenditures	\$4,057,459	\$2,096,493	\$1,425,750	\$ 222,175	\$ 200,841	\$ 95,000	\$8,097,718	\$ 8,830,983	\$ 8,830,983	\$ (733,265)	

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, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis) (See Note 1)	Final Budget Positive (Negative)
REVENUES:				
Revenues from Federal Sources:				
IDEA Grant	\$220,000	\$220,000	\$ 135,170	\$ (84,830)
IDEA Supplemental Grant	-	-	2,621	2,621
IDEA - 619 Grant	10,000	10,000	4,896	(5,104)
State Personnel Development Grant (EBISS)	9,000	9,000	6,402	(2,598)
SPR&I	5,000	5,000	-	(5,000)
IDEA Enhancement	5,000	5,000	-	(5,000)
Total Federal Revenues	249,000	249,000	149,089	(99,911)
Total Revenues	249,000	249,000	149,089	(99,911)
EXPENDITURES:				
Instruction:				
#1111 Primary Programs				
Supplies & Materials	-	-	2,099	2,099
#1255 Resource Rooms				
Salaries	144,945	144,945	100,667	(44,278)
Employee Benefits	56,655	56,655	39,071	(17,584)
Purchased Services	2,895	2,895	-	(2,895)
#1256 Resource Rooms				
Salaries	1,285	1,285	1,350	65
Employee Benefits	445	445	275	(170)
#1260 Treatment and Habilitation				
Purchased Services	3,505	3,505	-	(3,505)
Total Instruction	209,730	209,730	143,462	(66,268)
Support Services:				
#2190 Service Direction, Student Support Svcs				
Salaries	11,300	11,300	41	(11,259)
Employee Benefits	355	355	13	(342)
Purchased Services	600	600	-	(600)
# 2210 Improvement of Instruction Services				
Salaries	3,025	3,025	84	(2,941)
Employee Benefits	580	580	14	(566)
Purchased Services	5,610	5,610	772	(4,838)
Supplies and Materials	300	300	72	(228)
#2240 Instructional Staff Development				
Salaries	11,800	11,800	1,332	(10,468)
Employee Benefits	-	-	411	411
Purchased Services	3,000	3,000	2,437	(563)
Supplies and Materials	2,700	2,700	451	(2,249)
Total Support Services	39,270	39,270	5,627	(33,643)
Total Expenditures	249,000	249,000	149,089	(99,911)
Excess (Deficiency) of Revenues				
Over Expenditures	-	-	-	-
Fund Balance - July 1, 2015				
	-	-	-	-
Fund Balance - June 30, 2016	\$ -	\$ -	\$ -	\$ -

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, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis) (See Note 1)	Final Budget Positive (Negative)
REVENUES:				
Revenues from Federal Sources:				
Title 1 Grant	\$ 200,000	\$ 200,000	\$ 120,278	\$ (79,722)
Total Revenues	200,000	200,000	120,278	(79,722)
EXPENDITURES:				
Instruction:				
#1272 Title 1				
Salaries	77,032	77,032	79,928	2,896
Employee Benefits	58,918	58,918	26,293	(32,625)
Purchased Services	3,500	3,500	3,287	(213)
Supplies and Materials	30,000	30,000	9,917	(20,083)
Other Uses	-	-	271	271
Total Instruction	169,450	169,450	119,696	(49,754)
Support Services:				
#2240 Instructional Staff Development				
Purchased Services	30,000	30,000	47	(29,953)
Total Support Services	30,000	30,000	47	(29,953)
Enterprise and Community Services:				
#3330 Civic Services				
Supplies and Materials	550	550	535	(15)
Total Enterprise and Community Svcs	550	550	535	(15)
Total Expenditures	200,000	200,000	120,278	(79,722)
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-
Fund Balance - July 1, 2015	-	-	-	-
Fund Balance - June 30, 2016	\$ -	\$ -	\$ -	\$ -

AMITY SCHOOL DISTRICT NO. 4J

**SCHEDULE OF PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY**

PERS

Last 10 Fiscal Years*

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	\$ 344,286	\$ 338,760	\$ 286,635	\$ 257,842	\$ 255,071	\$ 192,983	\$ 200,041	\$ 226,213	\$ 219,554	\$ 168,111
Contributions in relation to the contractually required contribution	344,286	338,760	286,635	257,842	255,071	192,983	200,041	226,213	219,554	168,111
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	\$ 3,931,540	\$ 3,864,906	\$ 3,864,906	\$ 3,589,876	\$ 3,553,505	\$ 3,363,297	\$ 3,440,483	\$ 3,570,818	\$ 3,620,977	\$ 3,584,215
Contributions as a percentage of covered - employee payroll	0.53%	3.69%	3.69%	2.06%	2.06%	0.29%	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, 2016

	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
ASSETS:										
Cash and Investments	\$ -	\$ 1,631	\$ 11,489	\$ 174,256	\$ (6,964)	\$ 14,529	\$ 125,650	\$ 125,328	\$ 72,802	\$ 518,721
Accounts Receivable	-	544	-	-	-	-	-	-	-	544
Intergovernmental Receivable	13,474	-	1,145	-	13,508	-	-	-	-	28,127
Inventories-Food, Supplies and Commodities	-	-	-	-	7,519	-	-	-	-	7,519
Total Assets	\$ 13,474	\$ 2,175	\$ 12,634	\$ 174,256	\$ 14,063	\$ 14,529	\$ 125,650	\$ 125,328	\$ 72,802	\$ 554,911
LIABILITIES & FUND BALANCES:										
Liabilities:										
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 746	\$ -	\$ -	\$ -	\$ -	\$ 746
Due to Other Funds	13,474	-	-	-	-	-	-	-	-	13,474
Total Liabilities	13,474	-	-	-	746	-	-	-	-	14,220
Fund Balances:										
Non-spendable	-	-	-	-	7,519	-	-	-	-	7,519
Committed for:										
Educational Programs	-	2,175	-	-	-	-	-	-	72,802	74,977
Community Projects	-	-	12,634	-	-	-	-	-	-	12,634
Student Body Activities	-	-	-	174,256	-	-	-	-	-	174,256
Food Service Programs	-	-	-	-	5,798	-	-	-	-	5,798
Equipment Acquisition	-	-	-	-	-	14,529	125,650	-	-	140,179
Employee Benefits Programs	-	-	-	-	-	-	-	125,328	-	125,328
Total Fund Balances	-	2,175	12,634	174,256	13,317	14,529	125,650	125,328	72,802	540,691
Total Liabilities and Fund Balances	\$ 13,474	\$ 2,175	\$ 12,634	\$ 174,256	\$ 14,063	\$ 14,529	\$ 125,650	\$ 125,328	\$ 72,802	\$ 554,911

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, 2016

	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	\$ -	\$ -	\$ -	\$ -	\$ 2,571	\$ 26,482	\$ -	\$ -	\$ -	\$ 29,053
Fees and Charges	-	-	8,657	259,549	50,199	-	-	-	-	318,405
Interest on Investments	-	-	-	-	5	-	-	792	5,188	5,985
Miscellaneous Local Revenues	-	-	-	-	2,343	-	37,322	-	-	39,665
State Grants-In-Aid	-	5,747	-	-	1,947	-	-	-	-	7,694
Federal Reimbursement Grants	29,048	-	-	-	203,536	-	-	-	-	232,584
Total Revenues	29,048	5,747	8,657	259,549	260,601	26,482	37,322	792	5,188	633,386
EXPENDITURES:										
Instruction:										
Regular Instruction	-	4,206	-	242,336	-	-	-	-	-	246,542
Support Services:										
Instructional Staff	26,026	1,207	-	-	-	-	-	-	-	27,233
School Administration	2,491	-	-	-	-	-	-	-	-	2,491
Business Services	-	-	-	-	-	-	-	216	-	216
Operation & Maint. of Plant Services	-	-	-	-	-	12,606	-	-	-	12,606
Information and Staff Services	531	-	-	-	-	-	-	-	-	531
Technology Services	-	-	-	-	-	-	16,484	-	-	16,484
Enterprise & Community Svcs	-	-	5,232	-	286,518	-	-	-	4,700	296,450
Debt Service	-	-	-	-	-	36,408	-	-	-	36,408
Total Expenditures	29,048	5,413	5,232	242,336	286,518	49,014	16,484	216	4,700	638,961
Excess (Deficiency) of Revenues										
Over Expenditures	-	334	3,425	17,213	(25,917)	(22,532)	20,838	576	488	(5,575)
OTHER FINANCING SOURCES (USES):										
Operating Transfers In	-	-	-	-	30,000	10,000	10,000	-	-	50,000
Total Other Financing Sources (Uses)	-	-	-	-	30,000	10,000	10,000	-	-	50,000
Net Change in Fund Balances	-	334	3,425	17,213	4,083	(12,532)	30,838	576	488	44,425
Fund Balances - July 1, 2015	-	1,841	9,209	157,043	1,715	27,061	94,812	124,752	72,314	488,747
Fund Balances - June 30, 2016	\$ -	\$ 2,175	\$ 12,634	\$ 174,256	\$ 5,798	\$ 14,529	\$ 125,650	\$ 125,328	\$ 72,802	\$ 533,172

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, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
			(Budgetary Basis)	Positive
			(See Note 1)	(Negative)
REVENUES:				
Revenues from Federal Sources:				
Title IIa Improving Teacher Quality Grant	\$ 70,000	\$ 70,000	\$ 27,982	\$ (42,018)
Title IIIa English Language No Child Left Behind	10,000	10,000	-	(10,000)
Title VI Grant	138,000	138,000	-	(138,000)
Vocational Education Carl Perkins Grant	4,000	4,000	-	(4,000)
Title X Innovative Program	10,000	10,000	-	(10,000)
Grants-in-Aid from the Fed Gov't	30,000	30,000	-	(30,000)
Other Restricted Federal Grant	4,000	4,000	1,066	(2,934)
Total Revenues	266,000	266,000	29,048	(236,952)
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)
Supplies and Materials	48,000	48,000	-	(48,000)
#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	161,000	161,000	-	(161,000)
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	2,250	(5,050)
Employee Benefits	-	-	733	733
#2213 Social Work Services - Misc Fed Grants				
Supplies and Materi	20,000	20,000	-	(20,000)
#2240 Instructional Staff Development - Title IIa				
Salaries	26,625	26,625	7,584	(19,041)
Employee Benefits	2,170	2,170	2,355	185
Purchased Services	32,000	32,000	12,038	(19,962)
#2241 Instructional Staff Development - TNT				
Salaries	3,500	3,500	835	(2,665)
Employee Benefits	500	500	231	(269)
#2490 Other Support Services				
Salaries	1,705	1,705	-	(1,705)
Purchased Services	2,200	2,200	2,491	291
#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	-	-	400	400
Employee Benefits	-	-	131	131
Total Support Services	105,000	105,000	29,048	(75,952)
Total Expenditures	266,000	266,000	29,048	(236,952)
Excess (Deficiency) of Revenues				
Over Expenditures	-	-	-	-
Fund Balance - July 1, 2015				
	-	-	-	-
Fund Balance - June 30, 2016	\$ -	\$ -	\$ -	\$ -

AMITY SCHOOL DISTRICT NO. 4J

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual STATE MISCELLANEOUS GRANTS FUND #205 For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis) (See Note 1)	Final Budget Positive (Negative)
REVENUES:				
Other Revenue from Local Sources	\$ 75,000	\$ 75,000	\$ -	\$ (75,000)
Other Restricted State Grants	84,000	84,000	5,747	(78,253)
Total Revenues	159,000	159,000	5,747	(153,253)
EXPENDITURES:				
Instruction:				
#1121 Middle School Programs				
Supplies & Materials	40,000	40,000	-	(40,000)
#1131 High School Programs				
Salaries	-	-	174	174
Employee Benefits	-	-	50	50
Purchased Services	-	-	691	691
Supplies & Materials	10,000	10,000	3,291	(6,709)
Total Instruction	50,000	50,000	4,206	(45,794)
Support Services:				
#2113 Social Work Services				
Salaries	30,000	30,000	-	(30,000)
Employee Benefits	10,000	10,000	-	(10,000)
Purchased Services	15,000	15,000	-	(15,000)
Supplies & Materials	5,000	5,000	-	(5,000)
#2210 Improvement of Instruction Services				
Salaries	6,900	6,900	-	(6,900)
Employee Benefits	600	600	-	(600)
Purchased Services	41,500	41,500	-	(41,500)
#2240 Instructional Staff Development				
Salaries	-	-	130	130
Employee Benefits	-	-	10	10
Purchased Services	-	-	1,067	1,067
Total Support Services	109,000	109,000	1,207	(107,793)
Total Expenditures	159,000	159,000	5,413	(153,587)
Excess (Deficiency) of Revenues Over Expenditures	-	-	334	334
Fund Balance - July 1, 2015	-	-	1,841	1,841
Fund Balance - June 30, 2016	\$ -	\$ -	\$ 2,175	\$ 334

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, 2016

	<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>Positive</u>
			<u>(See Note 1)</u>	<u>(Negative)</u>
<u>REVENUES:</u>				
Revenues from Local Sources:				
After School Child Care	\$ 21,000	\$ 21,000	\$ 8,657	\$ (12,343)
Total Revenues	21,000	21,000	8,657	(12,343)
<u>EXPENDITURES:</u>				
Enterprise and Community Services:				
#3502 Custody and Care of Children Svcs				
Salaries	23,217	23,217	4,854	(18,363)
Employee Benefits	2,922	2,922	378	(2,544)
Purchased Services	2,500	2,500	-	(2,500)
Supplies and Materials	2,861	2,861	-	(2,861)
Total Expenditures	31,500	31,500	5,232	(26,268)
Excess (Deficiency) of Revenues				
Over Expenditures	(10,500)	(10,500)	3,425	13,925
Fund Balance - July 1, 2015	10,500	10,500	9,209	(1,291)
Fund Balance - June 30, 2016	\$ -	\$ -	\$ 12,634	\$ 12,634

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, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis) (See Note 1)	Final Budget Positive (Negative)
<u>REVENUES:</u>				
Revenues from Local Sources:				
Other Curricular Activities	\$ 275,000	\$ 275,000	\$ 259,549	\$ (15,451)
Total Revenues	275,000	275,000	259,549	(15,451)
<u>EXPENDITURES:</u>				
Instruction:				
#1113 Elementary Extracurricular Materials and Supplies	80,000	80,000	37,018	(42,982)
#1122 Middle School Extracurricular Materials and Supplies	80,000	80,000	21,166	(58,834)
#1132 High School Extracurricular Materials and Supplies	300,000	300,000	184,152	(115,848)
Total Instruction	460,000	460,000	242,336	(217,664)
Total Expenditures	460,000	460,000	242,336	(217,664)
Excess (Deficiency) of Revenues Over Expenditures	(185,000)	(185,000)	17,213	202,213
Fund Balance - July 1, 2015	185,000	185,000	157,043	(27,957)
Fund Balance - June 30, 2016	\$ -	\$ -	\$ 174,256	\$ 174,256

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, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis (See Note 1))	Final Budget Positive (Negative)
REVENUES:				
Revenues from Local Sources:				
Interest on Investments	\$ 50	\$ 50	\$ 5	\$ (45)
Breakfast Sales	5,000	5,000	1,907	(3,093)
Lunch Sales	85,000	85,000	44,886	(40,114)
Daily Sales - Non-reimbursable	10,000	10,000	3,406	(6,594)
Special Functions	4,000	4,000	2,343	(1,657)
Miscellaneous Revenue	1,250	1,250	-	(1,250)
Total Local Revenues	105,300	105,300	52,547	(52,753)
Revenues from State Sources:				
Basic School Support Fund	3,500	3,500	2,571	(929)
Reduced Price Meal Reimbursement	40,000	40,000	1,947	(38,053)
Total State Revenues	43,500	43,500	4,518	(38,982)
Revenues from Federal Sources:				
School Nutrition Reimbursements - Lunch & Breakfast	200,000	200,000	184,451	(15,549)
Commodities	25,000	25,000	19,085	(5,915)
Total Federal Revenues	225,000	225,000	203,536	(21,464)
Total Revenues	373,800	373,800	260,601	(113,199)
EXPENDITURES:				
Enterprise and Community Services:				
#3120 Food Services:				
Salaries	75,351	85,351	71,145	(14,206)
Employee Benefits	77,811	77,811	40,109	(37,702)
Purchased Services	3,268	3,268	4,731	1,463
Supplies and Materials	212,000	212,000	151,870	(60,130)
Capital Outlay	11,000	11,000		(11,000)
Other Objects	6,300	6,300	4,793	(1,507)
#3190 Other Food Services:				
Salaries	9,181	9,181	10,263	1,082
Employee Benefits	9,889	9,889	3,607	(6,282)
Total Enterprise and Community Services	404,800	414,800	286,518	(128,282)
Other Uses:				
#5100 Debt Service				
Long Term Debt Service	40,000	40,000	-	(40,000)
Total Other Uses	40,000	40,000	-	(40,000)
Total Expenditures	444,800	454,800	286,518	(168,282)
Excess (Deficiency) of Revenues Over Expenditures	(71,000)	(81,000)	(25,917)	55,083
OTHER FINANCING SOURCES (USES):				
Long Term Debt Financing Source	40,000	40,000	-	(40,000)
Interfund Transfer In	30,000	40,000	30,000	(10,000)
Total Other Financing Sources (Uses)	70,000	80,000	30,000	(50,000)
Net Change in Fund Balance	(1,000)	(1,000)	4,083	5,083
Fund Balance - July 1, 2015	1,000	1,000	1,715	715
Fund Balance - June 30, 2016	\$ -	\$ -	\$ 5,798	\$ 5,798

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, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis) (See Note 1)	Final Budget Positive (Negative)
REVENUES:				
Revenues from State Sources:				
SSF Transportation	\$ 26,482	\$ 26,482	\$ 26,482	\$ -
Total Revenues	26,482	26,482	26,482	-
EXPENDITURES:				
Support Services:				
#2540 Operation & Maintenance of Plant Services				
Capital Outlay	-	-	12,606	12,606
#2550 Transportation Services				
Capital Outlay	27,134	27,134	-	(27,134)
Total Support Services	27,134	27,134	12,606	(14,528)
Other Uses:				
#5110 Debt Service				
#610 Redemption of Principal	32,496	32,496	32,496	-
#620 Interest	3,913	3,913	3,912	(1)
Total Other Uses	36,409	36,409	36,408	(1)
Total Expenditures	63,543	63,543	49,014	(14,529)
Excess (Deficiency) of Revenues Over Expenditures	(37,061)	(37,061)	(22,532)	14,529
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	(27,061)	(27,061)	(12,532)	14,529
Fund Balance - July 1, 2015	27,061	27,061	27,061	-
Fund Balance - June 30, 2016	\$ -	\$ -	\$ 14,529	\$ 14,529

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, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
			(Budgetary Basis)	Positive
			(See Note 1)	(Negative)
REVENUES:				
Revenues from Local Sources:				
E-Rate Revenue	\$ 37,000	\$ 37,000	\$ 37,322	\$ 322
Total Revenues	37,000	37,000	37,322	322
EXPENDITURES:				
Instruction:				
#1111 Elementary Programs				
Supplies & Materials	20,000	20,000	-	(20,000)
#1121 Middle School Programs				
Supplies & Materials	20,000	20,000	-	(20,000)
#1131 High School Programs				
Supplies & Materials	20,000	20,000	-	(20,000)
Total Instruction	60,000	60,000	-	(40,000)
Support Services:				
#2660 Technology Services				
Purchased Services	5,000	5,000	4,494	(506)
Supplies & Materials	52,000	52,000	11,990	(40,010)
Total Support Services	57,000	57,000	16,484	(40,516)
Total Expenditures	117,000	117,000	16,484	(80,516)
Excess (Deficiency) of Revenues				
Over Expenditures	(80,000)	(80,000)	20,838	80,838
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	(70,000)	(70,000)	30,838	80,838
Fund Balance - July 1, 2015	70,000	70,000	94,812	24,812
Fund Balance - June 30, 2016	\$ -	\$ -	\$ 125,650	\$ 105,650

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, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis) (See Note 1)	Final Budget Positive (Negative)
REVENUES:				
Revenues from Local Sources:				
Interest on Investments	\$ 720	\$ 720	\$ 792	\$ 72
Total Revenues	720	720	792	72
EXPENDITURES:				
Support Services:				
#2520 Fiscal Services -				
Employee Benefits	125,570	125,570	96	(125,474)
Purchased Services	150	150	120	(30)
Total Support Services	125,720	125,720	216	(125,504)
Total Expenditures	125,720	125,720	216	(125,504)
Excess (Deficiency) of Revenues Over Expenditures	(125,000)	(125,000)	576	125,576
Fund Balance - July 1, 2015	125,000	125,000	124,752	(248)
Fund Balance - June 30, 2016	\$ -	\$ -	\$ 125,328	\$ 125,328

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, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis) (See Note 1)	Final Budget Positive (Negative)
REVENUES:				
Revenues from Locals Sources:				
Interest on Investments	\$ 500	\$ 500	\$ 78	\$ (422)
Contributions from Private Sources	200	200	5,110	4,910
Total Revenues	700	700	5,188	4,488
EXPENDITURES:				
Enterprise and Community Services				
#3390 Other Comm. Svcs - Purchased Svcs	18,000	18,000	4,700	(13,300)
Total Enterprise and Community Svcs	18,000	18,000	4,700	(13,300)
Other Uses				
#6000 Contingency	55,700	55,700	-	(55,700)
Total Expenditures	73,700	73,700	4,700	(69,000)
Excess (Deficiency) of Revenues Over Expenditures				
	(73,000)	(73,000)	488	73,488
Fund Balance - July 1, 2015	73,000	73,000	72,314	(686)
Fund Balance - June 30, 2016	\$ -	\$ -	\$ 72,802	\$ 72,802

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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>(See Note 1)</u>	<u>Positive</u> <u>(Negative)</u>
<u>REVENUES:</u>				
Revenues from Local Sources:				
Current Year's Taxes	\$ 506,556	\$ 506,556	\$ 526,011	\$ 19,455
Prior Year's Taxes	15,000	15,000	22,859	7,859
Penalties and Interest on Local Taxes	-	-	8	8
Interest on Investments	1,000	1,000	1,791	791
Total Revenues	522,556	522,556	550,669	28,113
<u>EXPENDITURES:</u>				
Other Uses:				
#5110 Debt Service:				
#610 Principal Redemption	490,000	490,000	490,000	-
#620 Interest Expense	71,556	71,556	71,556	-
Total Expenditures	561,556	561,556	561,556	-
Excess (Deficiency) of Revenues				
Over Expenditures	(39,000)	(39,000)	(10,887)	28,113
Fund Balance - July 1, 2015	39,000	39,000	44,781	(28,113)
Fund Balance - June 30, 2016	\$ -	\$ -	\$ 33,894	\$ -

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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>(Budgetary Basis)</u> <u>(See Note 1)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Revenues from Local Sources:				
Services Provided Other Funds	\$ 600,000	\$ 600,000	\$ 706,416	\$ 106,416
Interest Income	2,000	2,000	2,591	591
Total Revenues	602,000	602,000	709,007	107,007
<u>EXPENDITURES:</u>				
Other Uses:				
#5110 Debt Service:				
#610 Principal Redemption	178,436	178,436	178,436	-
#620 Interest Expense	393,779	393,779	393,779	-
Total Expenditures	572,215	572,215	572,215	-
Excess (Deficiency) of Revenues Over Expenditures	29,785	29,785	136,792	107,007
Fund Balance - July 1, 2015	428,561	428,561	445,084	16,523
Fund Balance - June 30, 2016	\$ 458,346	\$ 458,346	\$ 581,876	\$ 123,530

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, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis) (See Note 1)	Final Budget Positive (Negative)
REVENUES:				
Revenues from Local Sources:				
Interest on Investments	\$ -	\$ -	\$ 879	\$ 879
Recovery of Prior Years' Expenditure	-	-	5,536	5,536
Miscellaneous	17,000	17,000	26,403	9,403
Total Revenues	17,000	17,000	32,818	15,818
EXPENDITURES:				
Support Services:				
#2520 Fiscal Services				
Other Objects	-	13,000	13,000	-
#2542 Care & Upkeep of Building Services				
Purchased Services	70,110	70,110	-	(70,110)
Supplies & Materials	10,000	10,000	700	(9,300)
Capital Outlay	50,000	50,000	16,604	(33,396)
Total Support Services	130,110	143,110	30,304	(112,806)
Enterprise and Community Services				
#3120 Food Preparation & Dispensing Svcs				
Capital Outlay	50,000	50,000	-	(50,000)
Total Enterprise and Community Svcs	50,000	50,000	-	(50,000)
Facilities Acquisition and Construction				
#4150 Bldng Acq., Const., & Impr. Svcs				
Supplies & Materials	-	-	4,431	4,431
Capital Outlay	100,000	737,000	92,134	(644,866)
Total Facilities Acquisition and Constr.	100,000	737,000	96,565	(640,435)
Other Uses:				
#5110 Debt Service				
#610 Redemption of Principal	5,000	5,000	-	(5,000)
Total Other Uses	5,000	5,000	-	(5,000)
Total Expenditures	285,110	935,110	126,869	(808,241)
Excess (Deficiency) of Revenues Over Expenditures	(268,110)	(918,110)	(94,051)	824,059
OTHER FINANCING SOURCES (USES):				
Long Term Debt Financing Sources	80,000	730,000	650,000	(80,000)
Interfund Transfer In	45,000	45,000	45,000	-
Total Other Financing Sources	125,000	775,000	695,000	(80,000)
Net Change in Fund Balance	(143,110)	(143,110)	600,949	744,059
Fund Balance - July 1, 2015	143,110	143,110	137,948	(5,162)
Fund Balance - June 30, 2016	\$ -	\$ -	\$ 738,897	\$ 738,897

OTHER
SUPPLEMENTARY
INFORMATION

Additional
Supporting Schedules

AMITY SCHOOL DISTRICT NO. 4J

SCHEDULE OF PROPERTY TAX TRANSACTIONS

For the Fiscal Year Ended June 30, 2016

	Subject to Measure 5 Limits	Bond Levy Tax, Outside Measure 5 Limits	Total
Yamhill County:			
Assessed Valuation, 2015-16 Tax Roll	\$ 286,790,275	\$ 286,790,275	\$ 286,790,275
General Fund Permanent Rate Levy, Per One Thousand Dollars	4.7796		4.7796
General Obligation Bond Levy Rate, Per One Thousand Dollars		1.6345	1.6345
Amount Levy Rates Will Raise	1,370,743	468,759	1,839,502
Loss Due to Measure 5 Compression	(40,662)	-	(40,662)
Other Adjustments	-	3,550	3,550
Net Tax Levy - Yamhill County	\$ 1,330,081	\$ 472,309	\$ 1,802,390

Polk County:			
Assessed Valuation, 2015-16 Tax Roll	\$ 53,674,359	\$ 53,674,359	\$ 53,674,359
General Fund Permanent Rate Levy, Per One Thousand Dollars	4.7796		4.7796
General Obligation Bond Levy Rate, Per One Thousand Dollars		1.6345	1.6345
Amount Levy Rates Will Raise	256,542	87,731	344,273
Loss Due to Measure 5 Compression	(10,457)	-	(10,457)
Net Tax Levy - Polk County	\$ 246,085	\$ 87,731	\$ 333,816

	Uncollected Balance July 1, 2015	Tax Collector's Adjustments Increase (Decrease)	Collections During the Year	Uncollected Balance June 30, 2016
2015-16	\$ 2,136,205	\$ (84,454)	\$ 1,978,486	\$ 73,265
2014-15	82,459	18,978	59,590	41,847
2013-14	47,573	6,114	23,189	30,498
2012-13	31,093	6,034	17,498	19,629
2011-12	14,090	6,904	11,479	9,515
2010-11	11,298	(196)	993	10,109
2009-10 & Prior	18,955	(2,037)	1,731	15,187
Totals	\$ 2,341,673	\$ (48,657)	2,092,966	\$ 200,050

Less 2014-15 Accrual

Add 2015-16 Accrual

Total Property Tax Revenues - Modified Accrual Method

Modified Accrual (Budget Basis)

Revenues by Fund:

	Current	Prior	Total
General Fund	\$ 1,475,770	\$ 55,244	\$ 1,531,014
Debt Service Fund	526,011	22,859	548,870
Total Property Tax Revenues	\$ 2,001,781	\$ 78,103	\$ 2,079,884

AMITY SCHOOL DISTRICT NO. 4J

SCHEDULE OF FUND EXPENDITURES AND APPROPRIATIONS

For the Fiscal Year Ended June 30, 2016

	<u>Expenditures</u>	<u>Appropriations</u>	<u>Over/(Under)</u> <u>Appropriations</u>
GENERAL FUND #100			
Instruction	\$ 4,871,945	\$ 5,037,448 ***	\$ (165,503)
Support Services	3,061,512	3,179,273 ***	(117,761)
Other Uses	164,261	174,262 **	(10,001)
Contingency	-	440,000 **	(440,000)
IDEA GRANT FUND #200			
Instruction	143,462	209,730	(66,268)
Support Services	5,627	39,270	(33,643)
TITLE 1 FUND #201			
Instruction	119,696	169,450	(49,754)
Support Services	47	30,000	(29,953)
Enterprise and Community Services	535	550	(15)
FEDERAL MISCELLANEOUS GRANTS FUND #204			
Instruction	-	161,000	(161,000)
Support Services	29,048	105,000	(75,952)
STATE MISCELLANEOUS GRANTS FUND #205			
Instruction	4,206	50,000	(45,794)
Support Services	1,207	109,000	(107,793)
COMMUNITY PROJECTS FUND #250			
Enterprise and Community Services	5,232	31,500	(26,268)
STUDENT BODY FUND #270			
Instruction	242,336	460,000	(217,664)
FOOD SERVICE FUND #280			
Enterprise and Community Services	286,518	414,800	(128,282)
Other Uses	-	40,000	(40,000)
VEHICLE REPLACEMENT FUND #292			
Support Services	12,606	27,134	(14,528)
Other Uses	36,408	36,409	(1)
TECHNOLOGY REPLACEMENT FUND #293			
Instruction	-	60,000	(60,000)
Support Services	16,484	57,000	(40,516)
UNEMPLOYMENT FUND #298			
Support Services	216	125,720	(125,504)
SCHOLARSHIP FUND #299			
Purchased Services	4,700	18,000	(13,300)
Contingency	-	55,700	(55,700)
DEBT SERVICE FUND #300			
Other Uses	561,556	561,556	-
PERS BOND DEBT SERVICE FUND #302			
Other Uses	572,215	572,215	-
CAPITAL IMPROVEMENT FUND #430			
Support Services	30,304	143,110	(112,806)
Enterprise and Community Services	-	50,000	(50,000)
Facilities Acquisition, Construction & Improvement	96,565	737,000 *	(640,435)
Other Uses	-	5,000	(5,000)
TOTAL ALL FUNDS	\$ 10,266,686	\$ 13,100,127	\$ (2,833,441)
RECAP:			
Original Budget Appropriation		12,440,127	
* Resolution 2015-2016 (4)		650,000	
** Resolution 2015-2016 (9)		10,000	
*** Resolution 2015-2016 (10)		-	
Total Budget Appropriations		\$ 13,100,127	

AMITY SCHOOL DISTRICT NO. 4J

SCHEDULE OF LONG-TERM DEBT TRANSACTIONS

For the Fiscal Year Ended June 30, 2016

	Outstanding Balance July 1, 2015	New Issues and Matured	Principal and Retired	Outstanding Balance June 30, 2016	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	\$ 4,020,000	\$ -	\$ 490,000	\$ 3,530,000	\$ 520,000
Interest	-	71,556	71,556	-	62,834
Totals	\$ 4,020,000	\$ 71,556	\$ 561,556	\$ 3,530,000	\$ 582,834
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	\$ 4,889,856	\$ -	\$ 178,436	\$ 4,711,420	\$ 179,167
Interest	-	393,779	393,779	-	423,048
Totals	\$ 4,889,856	\$ 393,779	\$ 572,215	\$ 4,711,420	\$ 602,215
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	\$ 170,112	\$ -	\$ 32,496	\$ 137,616	\$ 33,243
Interest	-	3,912	3,912	-	3,165
Totals	\$ 170,112	\$ 3,912	\$ 36,408	\$ 137,616	\$ 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	\$ 528,126	\$ -	\$ 69,261	\$ 458,865	\$ 69,261
Interest	-	-	-	-	-
Totals	\$ 528,126	\$ -	\$ 69,261	\$ 458,865	\$ 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	\$ -	\$ 650,000	\$ 43,334
Interest	-	-	-	-	-
Totals	\$ -	\$ 650,000	\$ -	\$ 650,000	\$ 43,334
TOTAL DEBT AGREEMENTS:					
Principal	\$ 9,608,094	\$ 650,000	\$ 770,193	\$ 9,487,901	\$ 845,005
Interest	-	469,247	469,247	-	489,047
Totals	\$ 9,608,094	\$ 1,119,247	\$ 1,239,440	\$ 9,487,901	\$ 1,334,052

AMITY SCHOOL DISTRICT NO. 4J

SCHEDULE OF FUTURE REQUIREMENTS FOR RETIREMENT OF LONG-TERM DEBT

For the Fiscal Year Ended June 30, 2016

	Fiscal Year Ending June 30,	Total	Principal	Interest	Coupon Interest Rate
GO Refunding Bond, Series 2015	2017	\$ 582,834	\$ 520,000	\$ 62,834	1.78%
- Original Balance \$4,076,000	2018	598,578	545,000	53,578	1.78%
- Interest rate 1.78%	2019	618,877	575,000	43,877	1.78%
- Dated March 19, 2015	2020	633,642	600,000	33,642	1.78%
	2021	652,962	630,000	22,962	1.78%
	2022	671,748	660,000	11,748	1.78%
Totals		\$ 3,758,641	\$ 3,530,000	\$ 228,641	
OSBA Limited Tax Pension OB, Series 2004	2017	\$ 602,215	\$ 179,167	\$ 423,048	5.83%
- Original Balance \$6,618,714	2018	632,215	178,241	453,974	5.96%
- Interest rate 1.5% - 6.27%	2019	662,215	176,588	485,627	6.07%
- Dated: April 21, 2004	2020	697,216	176,485	520,731	6.15%
	2021	727,216	173,920	553,296	6.22%
	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		\$ 8,942,716	\$ 4,711,420	\$ 4,231,296	
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	2017	\$ 43,334	\$ 43,334	\$ -	
- Original Balance \$650,000	2018	43,334	43,334	-	
- Interest rate 0.0%	2019	43,334	43,334	-	
- Dated April 6, 2016	2020	43,334	43,334	-	
- Required deposit of \$43,334 per year	2021	43,334	43,334	-	
	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		\$ 650,000	\$ 650,000	\$ -	
Bus Leases with Sovereign Bank	2017	\$ 36,408	\$ 33,243	\$ 3,165	
- 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		\$ 145,632	\$ 137,616	\$ 8,016	
Total Future Requirements for Long-Term Debt		\$ 14,509,942	\$ 10,041,989	\$ 4,467,953	

ACCOMPANYING
INFORMATION

AMITY SCHOOL DISTRICT NO. 4J
INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS
As of June 30, 2016

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, 2016, and have issued our report thereon dated December 7, 2016. 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.

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, 2016

SINGLE AUDIT SECTION

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

Fiscal Year Ended June 30, 2016

Federal Grantor/Pass Through Grantor/ Program Title	Fund	Federal CFDA Number	Grant Period	Original Program or Grant Amount	(Receivable)/ Deferred Revenue June 30, 2015	Cash Received	Expenditures	(Receivable)/ Deferred Revenue June 30, 2016
Passed Through Oregon Department of Education:								
Title 1-A	Title 1	84.010A	2013-14	\$ 174,961	\$ (9,155)	\$ 9,155	\$ -	\$ -
Title 1-A	Title 1	84.010A	2014-15	157,674	(55,259)	80,062	24,803	-
Title 1-A	Title 1	84.010A	2015-16	134,007	-	54,173	95,475	(41,302)
Total Title 1				466,642	(64,414)	143,390	120,278	(41,302)
Title 2-A Improving Teacher Quality	Federal Misc.	84.367	2015-16	34,365	-	14,576	27,358	(12,782)
Title 2-A Improving Teacher Quality	Federal Misc.	84.367	2014-15	35,006	(2,105)	2,729	624	-
Total Title 2A - Improving Teacher Quality				69,371	(2,105)	17,305	27,982	(12,782)
IDEA - Special Education Grants to States	IDEA Grant	84.027A	2015-16	146,411	-	9,152	58,637	(49,485)
IDEA - Special Education Grants to States	IDEA Grant	84.027A	2014-15	151,369	(39,721)	116,253	76,532	-
IDEA - Enhancement & Extended Assessment Training	IDEA Grant	84.027	2015-16	651	-	500	651	(151)
IDEA - Enhancement & Extended Assessment Training	IDEA Grant	84.027	2014-15	1,591	-	346	346	-
IDEA, Special Education- Preschool Grants-15/16	IDEA Grant	84.173	2015-16	1,224	-	392	1,224	(832)
IDEA, Special Education-Preschool Grants-14/15	IDEA Grant	84.173	2014-15	3,672	-	3,672	3,672	-
IDEA - SPR&I	IDEA Grant	84.027	2014-15	728	(276)	276	-	-
IDEA - SPR&I	IDEA Grant	84.027	2015-16	1,625	-	1,625	1,625	-
Post School Outcomes	State Grant	84.027	2015-16	85	-	-	85	(85)
Special Education - State Personnel Development	IDEA Grant	84.323	2015-16	6,743	-	1,092	5,849	(4,757)
Special Education - State Personnel Development	IDEA Grant	84.323	2014-15	12,392	(5,839)	6,392	553	-
Total IDEA				326,491	(45,836)	139,700	149,174	(55,310)
Passed through Education Service District:								
Education for Homeless Children and Youth	Federal Misc.	84.196	2015-16	1,066	-	374	1,066	(692)
Education for Homeless Children and Youth	Federal Misc.	84.196	2014-15	-	-	-	-	-
Total Education for Homeless Children and Youth				1,066	-	374	1,066	(692)
Total U.S. Department of Education				\$ 863,570	\$ (112,355)	\$ 300,769	\$ 298,500	\$ (110,086)
U.S. DEPARTMENT OF AGRICULTURE								
Passed Through Oregon Department of Education:								
Commodities	* Food Service	10.550	2015-16	\$ 19,085	\$ -	\$ 19,085	\$ 19,085	\$ -
National School Lunch - Breakfast	* Food Service	10.553	2015-16	51,163	-	51,163	51,163	-
National School Lunch - Breakfast	* Food Service	10.553	2014-15	53,087	(237)	237	-	-
National School Lunch - Section 4	* Food Service	10.555	2015-16	120,705	-	120,705	133,288	(12,583)
National School Lunch - Section 4	* Food Service	10.555	2014-15	-	-	-	-	-
Total National School Lunch Program				244,040	(237)	191,190	203,536	(12,583)
Passed Through Yamhill County:								
Federal Forest Fees	General	10.665	2015-16	5	-	5	5	-
Total U.S. Department of Agriculture				244,045	(237)	191,195	203,541	(12,583)
TOTALS				\$ 1,107,615	\$ (112,592)	\$ 491,964	\$ 502,041	\$ (122,669)

This schedule is prepared using the modified accrual basis of accounting

RECONCILIATION TO REVENUE:

Cash Receipts per Schedule Above	\$ 491,964
Grants Receivable/Deferred Revenue Beginning of Year	(112,592)
Grants Receivable/Deferred Revenue End of Year	122,669
Federal Revenue Recognized per Financial Statements	\$ 502,041

* major program



**STEVE
TUCHSCHERER**

Certified Public Accountant

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

To the Board of Directors
Amity School District No. 4J

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Amity School District No. 4J, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Amity School District No. 4J's basic financial statements and have issued our report thereon dated December 18, 2016.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered Amity School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Amity School District's internal control. Accordingly, I do not express an opinion on the effectiveness of Amity School District's internal control.

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

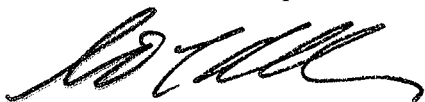
My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Amity School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Steve Tuchscherer, CPA

December 7, 2016

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Amity School District No. 4J59

Report on Compliance for Each Major Federal Program

I have audited Amity School District No. 4J's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of Amity School District No. 4J's major federal programs for the year ended June 30, 2016. Amity School District No. 4J's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of Amity School District No. 4J's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit 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). Those standards and the Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Amity School District No. 4J's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of Amity School District No. 4J's compliance.

Opinion on Each Major Federal Program

In my opinion, Amity School District No. 4J complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

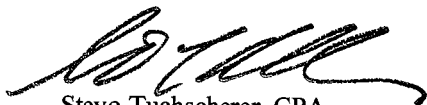
Report on Internal Control Over Compliance

The management of Amity School District No. 4J is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit, I considered Amity School District No. 4J's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Amity School District No. 4J's internal control over compliance.

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

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Steve Tuhscherer, CPA

December 7, 2016

AMITY SCHOOL DISTRICT NO. 4J

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2016

Section I—Summary of Auditor’s Results

1. The auditor’s report expresses an unqualified opinion on the financial statements of Amity School District No. 4J.
2. No material weaknesses or reportable conditions related to the financial statement audit were identified which are required to be reported in accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Amity School District No. 4J were disclosed during the audit.
4. No significant deficiencies in internal control were disclosed by the audit of the financial statements.
5. No material weaknesses or significant deficiencies in internal controls over major programs were disclosed by the audit.
6. The auditor’s report on compliance for the major federal award program expresses an unqualified opinion.
7. The audit did not disclose any findings that are required to be reported.
8. The program tested as a major program was the National School Lunch cluster, CFDA Number(s) 10.550, 10.553 and 10.555.
9. The threshold for distinguishing between Type A and B programs was \$300,000.
10. The District was determined to be a low-risk auditee.

Section II—Financial Statements Findings

No findings related to the financial statements are reported for the year ended June 30, 2016.

Section III—Findings and Questioned Costs for Federal Awards.

No matters were reported relating to significant deficiencies, material weaknesses, or instances of noncompliance related to the financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of *Government Auditing Standards*.

Section IV—Summary Schedule of Prior Audit Findings

There were no findings or questioned costs for the year ended June 30, 2015.

AMITY SCHOOL DISTRICT NO. 4J

Oregon Department of Education Form 581-3211-C

For the Fiscal Year Ended June 30, 2016

SUPPLEMENTAL INFORMATION, 2015-2016

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	\$125,438
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:

\$	-
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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