



PHILOMATH School District

PHILOMATH SCHOOL DISTRICT NO. 17J
Benton County, Oregon

ANNUAL FINANCIAL REPORT

June 30, 2016



Accuity, LLC
CERTIFIED PUBLIC ACCOUNTANTS
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Albany, Oregon 97321 | (541) 223-5555

PHILOMATH SCHOOL DISTRICT NO. 17J
Benton County, Oregon

DISTRICT OFFICIALS

June 30, 2016

BOARD OF DIRECTORS

Tom Klipfel, Chair

Don Cruise, Vice Chair

Jim Kildea

Shelly Morris

Rick Wells

ADMINISTRATION

Melissa Goff, Superintendent

Jackie Olsen, Business Manager

PHILOMATH SCHOOL DISTRICT NO. 17J
Benton County, Oregon

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FINANCIAL SECTION



Accuity, LLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Philomath School District No. 17J
Philomath, Oregon 97370

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the remaining fund information of Philomath School District No. 17J, Benton County, Oregon, and Kings Valley Charter School, its discretely presented component unit, 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 principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit, each major fund, and the remaining fund information of Philomath School District No. 17J, Benton County, Oregon 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, schedules of funding progress and employer contributions, and budgetary comparison information on pages 4 through 11 and 56 through 59, respectively, 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. We have applied certain limited procedures to the management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the management's discussion and analysis because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 our opinion, the budgetary comparison information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Philomath School District No. 17J's basic financial statements as a whole. The individual fund schedules, other financial schedules, and supplemental information required by the Oregon Department of Education are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund schedules, and other financial schedules are the responsibility of management, and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other

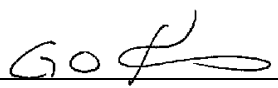
additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The supplemental information required by the Oregon Department of Education has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 21, 2016 on our tests of the District's compliance with certain provisions of laws and regulations specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Accuity, LLC

By: 
Glen O. Kearns, CPA

Albany, Oregon
December 21, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

PHILOMATH SCHOOL DISTRICT NO. 17J
Benton County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

As management of Philomath School District No. 17J, Benton County, Oregon, we offer readers this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2016. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- At June 30, 2016, total net position of Philomath School District No. 17J amounted to \$4,093,752. Of this amount, \$1,919,081 was invested in capital assets, net of related debt. The remaining balance included \$2,222,083 restricted for various purposes and (\$47,412) of unrestricted net position.
- At June 30, 2016, the District's governmental funds reported combined ending fund balances of \$5,150,182.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Philomath School District No. 17J's basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business.

The statement of net position presents information on all the District's assets and liabilities with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

PHILOMATH SCHOOL DISTRICT NO. 17J
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MANAGEMENT'S DISCUSSION AND ANALYSIS

Kings Valley Charter School is a charter school sponsored by the District and is reported as a discretely presented component unit. Their complete financial statements may be obtained from the District's administrative offices. The District is not financially responsible for the charter school, but the nature and significance of their financial relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. The component unit is presented in a separate column in the government-wide financial statements to emphasize that they are legally separate organization from the District. Revenues reported by the component unit as state school fund monies equal the amounts passed through the District.

The government-wide financial statements can be found on pages 12 through 14 of this report.

Fund Financial Statements

The fund financial statements are designed to demonstrate compliance with finance-related legal requirements overseeing the use of fund accounting. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. All of the funds of Philomath School District No. 17J can be divided into two categories: governmental funds and proprietary funds.

□ **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of available resources, as well as on balances of available resources at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains seven governmental funds. Information is presented separately in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, and Debt Service Funds, both of which are considered to be major governmental funds.

Philomath School District No. 17J adopts an annual appropriated budget for all of its funds. A budgetary comparison statement has been provided for each fund individually to demonstrate

PHILOMATH SCHOOL DISTRICT NO. 17J
Benton County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

compliance with their respective budgets. The basic governmental fund financial statements can be found on pages 15 through 18 of this report.

□ **Proprietary Funds**

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The District maintains one proprietary fund, which is an internal service fund.

Internal service funds serve as an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses the internal service fund to account for its unemployment insurance. Because this predominantly benefits governmental functions, it has been included within governmental activities in the government-wide financial statements. The basic proprietary fund financial statements can be found on pages 19 through 21 of this report.

□ **Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is the same as that used for governmental funds.

Philomath School District 17J adopts an annual appropriated budget for its fiduciary fund. A budgetary comparison statement has been provided for the fund to demonstrate compliance with its budget.

The basic fiduciary fund financial statements can be found on pages 22 through 23 of this report.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 24 through 55 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which includes budgetary comparison information for the General Fund. This required supplementary information can be found on pages 56 through 59 of this report. Individual fund schedules can be found immediately following the required supplementary information on pages 60 through 69 of this report.

PHILOMATH SCHOOL DISTRICT NO. 17J
Benton County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. At June 30, 2016, the District's assets exceeded its liabilities by \$4,093,752.

A large portion of the District's net position reflects its investment in capital assets (e.g., land, buildings, and equipment) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets for classrooms and supporting services for providing kindergarten through twelfth grade education; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

District's Net Position

At the end of the current fiscal year, the District was able to report positive balances in all categories of net position. The District's net position decreased by \$1,932,639 during the current fiscal year. Condensed statement of net position information is shown below.

Condensed Statement of Net Position

	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
Assets		
Current and other assets	\$ 4,714,227	\$ 5,523,592
Restricted assets	2,334,032	2,646,693
Capital assets, net of accumulated depreciation	<u>35,146,383</u>	<u>36,219,258</u>
Total assets	<u>42,194,642</u>	<u>44,389,543</u>
Deferred outflows of resources	<u>792,433</u>	<u>744,104</u>
Liabilities		
Current liabilities	2,602,992	2,574,768
Noncurrent liabilities	<u>35,328,403</u>	<u>33,223,610</u>
Total liabilities	<u>37,931,395</u>	<u>35,798,378</u>
Deferred inflows of resources	<u>961,928</u>	<u>3,308,878</u>
Net position		
Net investment in capital assets	1,919,081	6,605,990
Restricted for various purposes	2,222,083	2,407,308
Unrestricted	<u>(47,412)</u>	<u>(2,986,907)</u>
Total net position	<u>\$ 4,093,752</u>	<u>\$ 6,026,391</u>

PHILOMATH SCHOOL DISTRICT NO. 17J
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MANAGEMENT'S DISCUSSION AND ANALYSIS

District's Changes in Net Position

The condensed statement of activities information shown on the following page explains changes in net position.

Changes in Net Position

	Governmental Activities	
	<u>2016</u>	<u>2015</u>
Program revenues		
Regular programs	\$ 258,434	\$ 171,703
Special programs	679,443	1,519,119
Enterprise and Community services	<u>335,951</u>	<u>309,330</u>
Total program revenues	<u>1,273,828</u>	<u>2,000,152</u>
General revenues		
Property taxes - general	3,327,696	3,506,253
Property taxes - debt service	1,865,382	1,888,108
State school fund - general support	10,451,302	10,367,071
Common school fund	265,002	223,130
Unrestricted state and local revenue	326,244	311,533
Unrestricted grants and contributions	-	50,663
Investment earnings	1,068,870	1,028,977
Amortization of bond premium and discount	-	45,942
Miscellaneous	<u>626,558</u>	<u>685,564</u>
Total general revenues	<u>17,931,054</u>	<u>18,107,241</u>
Total revenues	<u>19,204,882</u>	<u>20,107,393</u>
Program expenses		
Instruction	12,009,314	8,389,951
Support services	5,976,343	4,602,488
Enterprise and community servers	381,580	377,245
Facilities acquisition and construction	-	26,198
Unallocated depreciation expense	1,152,232	1,183,343
Interest on long-term debt	<u>1,577,933</u>	<u>1,712,632</u>
Total program expenses	<u>21,097,402</u>	<u>16,291,857</u>
Transfers	(40,119)	(31,327)
Change in net position	(1,932,639)	3,784,209
Net position - beginning of year, as restated	<u>6,026,391</u>	<u>2,242,182</u>
Net position - end of year	<u>\$ 4,093,752</u>	<u>\$ 6,026,391</u>

PHILOMATH SCHOOL DISTRICT NO. 17J
Benton County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

Revenues

Since the District's mission is to provide a free and appropriate public education for kindergarten through twelfth grade students within its boundaries, the District may not charge for its core services. As expected, therefore, general revenues provide 93% of the funding required for governmental programs. Property taxes and state school funding combined for 87% of general revenues and 81% of total revenues.

Charges for services make up less than 2% of total revenues and are comprised of the following items for which it is appropriate that the District charge tuition or fees:

• Food services charges for lunch and breakfast	\$ 49,386
• Various student extracurricular activities	<u>350,033</u>
Total charges for services	<u>\$ 399,419</u>

Operating grants and contributions represent 5% of total revenues. Included in this category are \$586,144 of state reimbursements for special education programs and \$288,265 for grants and contributions to support various educational activities.

Expenses

Expenses related to governmental activities are presented in several broad functional categories. Costs of direct classroom instruction activities account for 57% of the total expenses of \$21,097,402. In addition, approximately 30% of the costs in supporting services relate to students, instructional staff, and school administration.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measurement of the District's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the District's governmental funds reported combined fund balances of \$5,150,182. Of this amount, \$2,749,678 constitutes unassigned fund balance, which is available for spending at the District's discretion.

PHILOMATH SCHOOL DISTRICT NO. 17J
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MANAGEMENT'S DISCUSSION AND ANALYSIS

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, total fund balance of the General Fund was \$2,749,678, all of which was unassigned.

Proprietary Fund

The District's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Net position of the proprietary fund at year-end amounted to \$25,064, all of which is considered to be unrestricted.

BUDGETARY HIGHLIGHTS

Budget amounts shown in the financial statements reflect the original budget amounts and three approved appropriation changes.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2016 amounted to \$35,146,383, net of accumulated depreciation. This investment in capital assets includes land, buildings, and machinery and equipment. The total depreciation related to the District's investment in capital assets for the current fiscal year was \$1,152,232.

Additional information on the District's capital assets can be found on pages 35 through 36 of this report.

Long-Term Debt

At the end of the current fiscal year, the District had total debt outstanding of \$32,829,176. This amount is comprised of general obligation bonds, limited tax pension bonds, and a loan payable. The District's total debt outstanding decreased by \$1,671,363 during the current fiscal year.

Additional information on the District's long-term debt can be found on pages 37 through 40 of this report.

PHILOMATH SCHOOL DISTRICT NO. 17J
Benton County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

KEY ECONOMIC FACTORS AND BUDGET INFORMATION FOR THE FUTURE

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that could affect its future health:

- PERS rates will be increasing by almost 4% for the 2017-2019 biennium. Rates are expected to continue to increase over the next couple of biennium's.
- New legislation, such as sick time and increasing minimum wage will have an impact on budgets for many years to come.

All of these factors were considered in preparing the District's budget for fiscal year 2016-2017.

The unassigned ending General Fund balance of \$2,749,678 will be available for program resources in fiscal year 2016-2017.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Philomath School District No. 17J's finances for all those with an interest. Questions concerning any of the information provided in the report or requests for additional information should be addressed to the Business Manager, Philomath School District No. 17J, 1620 Applegate Street, Philomath, Oregon 97370.

BASIC FINANCIAL STATEMENTS

PHILOMATH SCHOOL DISTRICT 17J
Benton County, Oregon

STATEMENT OF NET POSITION

June 30, 2016

	Governmental Activities	Component Unit
ASSETS		
Current assets		
Cash and investments	\$ 3,305,632	\$ 14,604
Accounts receivable	330,973	35,955
Prepaid expenses	-	13,108
Note receivable, current portion	28,047	-
Property taxes receivable	247,232	-
Total current assets	3,911,884	63,667
Restricted assets		
Cash and investments	2,210,003	76,201
Accounts receivable	4	-
Property taxes receivable	124,025	-
Total restricted assets	2,334,032	76,201
Net pension benefit - early retirement	63,183	-
Net pension benefit - OPEB	313,975	-
Note receivable, less current portion	425,185	-
Capital assets not being depreciated	1,784,357	-
Capital assets begin depreciated, net	33,362,026	247,289
Total assets	42,194,642	387,157
DEFERRED OUTFLOWS OF RESOURCES	792,433	13,090
LIABILITIES		
Current liabilities		
Accounts payable	172,728	24,771
Accrued interest	51,876	-
Payroll liabilities	535,124	1,951
Compensated absences	54,845	-
Long-term liabilities, current portion	1,788,419	11,548
Total current liabilities	2,602,992	38,270
Noncurrent liabilities		
Net pension liability - PERS	3,889,520	31,739
Long-term liabilities, less current portion	31,438,883	28,343
Total noncurrent liabilities	35,328,403	98,352
Total liabilities	37,931,395	98,352

(Continued)

The accompanying notes are an integral part of these financial statements.

PHILOMATH SCHOOL DISTRICT 17J
Benton County, Oregon

STATEMENT OF NET POSITION

June 30, 2016

(Continued)

	Governmental Activities	Component Unit
DEFERRED INFLOWS OF RESOURCES	\$ 961,928	\$ 14,608
NET POSITION		
Net investment in capital assets	1,919,081	207,398
Restricted for:		
Debt service	1,480,046	-
Capital projects	115,528	-
Other purposes	626,509	15,128
Unrestricted	(47,412)	64,761
Total net position	\$ 4,093,752	\$ 287,287

The accompanying notes are an integral part of these financial statements.

PHILOMATH SCHOOL DISTRICT 17J
Benton County, Oregon

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2016

<u>Functions/Programs</u>	Net (Expense) Revenue and Changes in Net Position				
	Expenses	Program Revenues		Primary Government	Component Unit
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Kings Valley Charter School
Primary government					
Governmental activities					
Instruction					
Regular programs	\$ 7,918,999	\$ 256,734	\$ 1,700	\$ (7,660,565)	\$ -
Special programs	4,085,625	93,299	586,144	(3,406,182)	-
Summer school program	4,690	-	-	(4,690)	-
Support services					
Student support services	1,066,323	-	-	(1,066,323)	-
Instructional staff support	217,153	-	-	(217,153)	-
General administrative support	376,527	-	-	(376,527)	-
School administrative support	1,202,284	-	-	(1,202,284)	-
Business support services	2,506,522	-	-	(2,506,522)	-
Central activities support	295,750	-	-	(295,750)	-
Supplemental retirement	311,784	-	-	(311,784)	-
Enterprise and community services	381,580	49,386	286,565	(45,629)	-
Unallocated depreciation expense	1,152,232	-	-	(1,152,232)	-
Interest on long-term debt	1,577,933	-	-	(1,577,933)	-
Total governmental activities	<u>\$ 21,097,402</u>	<u>\$ 399,419</u>	<u>\$ 874,409</u>	<u>(19,823,574)</u>	<u>-</u>
Component unit - Governmental Activities					
Kings Valley Charter School	<u>\$ 1,787,458</u>	<u>\$ 30,202</u>	<u>\$ 105,078</u>	<u>-</u>	<u>(1,652,178)</u>
General revenues					
Property taxes levied for general purposes				3,327,696	-
Property taxes levied for debt service				1,865,382	-
Local option taxes				-	26,277
State school fund - general support				10,451,302	1,519,336
Common school fund				265,002	-
Unrestricted state and local revenue				326,244	-
Investment earnings				1,068,870	433
Miscellaneous				626,558	31,518
Total general revenues				17,931,054	1,577,564
Transfers				(40,119)	-
Change in net position				(1,932,639)	(74,614)
Net position - beginning, as restated				6,026,391	361,901
Net position - ending				<u>\$ 4,093,752</u>	<u>\$ 287,287</u>

The accompanying notes are an integral part of these financial statements.

PHILOMATH SCHOOL DISTRICT 17J
Benton County, Oregon

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2016

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 3,206,947	\$ 1,467,966	\$ 815,658	\$ 5,490,571
Accounts receivable	204,013	4	126,960	330,977
Property taxes receivable	247,232	124,025	-	371,257
Total assets	\$ 3,658,192	\$ 1,591,995	\$ 942,618	\$ 6,192,805
LIABILITIES				
Accounts payable	\$ 150,877	\$ 1	\$ 21,850	\$ 172,728
Payroll liabilities	534,814	-	310	535,124
Total liabilities	685,691	1	22,160	707,852
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	222,823	111,948	-	334,771
FUND BALANCES				
Restricted	-	1,480,046	742,037	2,222,083
Committed	-	-	184,282	184,282
Unassigned	2,749,678	-	(5,861)	2,743,817
Total fund balances	2,749,678	1,480,046	920,458	5,150,182
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,658,192	\$ 1,591,995	\$ 942,618	\$ 6,192,805

The accompanying notes are an integral part of these financial statements.

PHILOMATH SCHOOL DISTRICT 17J
Benton County, Oregon

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES

June 30, 2016

Total fund balances		\$ 5,150,182
Capital assets are not financial resources and are therefore not reported in the governmental funds:		
Cost	48,811,574	
Accumulated depreciation	<u>(13,665,191)</u>	35,146,383
Property tax revenue is recognized in the net position of governmental activities when the taxes are levied; however, in the governmental fund statements, it is recognized when available to be used for current year operations. Taxes not collected within 60 days of the end of the year are not considered available to pay for current year operations and are therefore not reported as revenue in the governmental funds.		334,771
Internal service funds are used by management to charge the costs of unemployment insurance premiums to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		25,064
The note receivable is not available to pay for current period expenditures and is therefore not reported as a governmental fund asset.		453,226
Amounts relating to the District's proportionate share of PERS actuarial valuation balances are not reported in governmental fund statements.		
Deferred outflows	792,433	
Deferred inflows	(961,928)	
Net pension asset	<u>(3,889,520)</u>	(4,059,015)
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. These liabilities consist of:		
Net pension benefit - early retirement	63,183	
Net pension benefit - OPEB	313,975	
Accrued interest payable	(51,876)	
Bond premiums	(398,120)	
Bonds payable, net of premiums and discounts	(32,829,176)	
Compensated absences	<u>(54,845)</u>	<u>(32,956,859)</u>
Net position of governmental activities		\$ <u>4,093,752</u>

The accompanying notes are an integral part of these financial statements.

PHILOMATH SCHOOL DISTRICT 17J
Benton County, Oregon

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2016

	General Fund	Debt Service Fund	Nomajor Governmental Funds	Total Governmental Funds
REVENUES				
Local revenue	\$ 3,799,210	\$ 3,285,264	\$ 881,938	\$ 7,966,412
Intermediate revenue	156,404	-	8,339	164,743
State revenue	11,014,257	-	25,370	11,039,627
Federal revenue	<u>11,961</u>	<u>-</u>	<u>644,325</u>	<u>656,286</u>
Total revenues	<u>14,981,832</u>	<u>3,285,264</u>	<u>1,559,972</u>	<u>19,827,068</u>
EXPENDITURES				
Current				
Instruction	8,881,206	-	1,214,485	10,095,691
Support services	5,038,827	-	462,369	5,501,196
Enterprise and community services	4,830	-	350,159	354,989
Debt service	<u>-</u>	<u>3,349,140</u>	<u>2,952</u>	<u>3,352,092</u>
Total expenditures	<u>13,924,863</u>	<u>3,349,140</u>	<u>2,029,965</u>	<u>19,303,968</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,056,969</u>	<u>(63,876)</u>	<u>(469,993)</u>	<u>523,100</u>
OTHER FINANCING SOURCES (USES)				
Loan proceeds	-	-	38,000	38,000
Sale of capital assets	-	-	45,667	45,667
Transfers in	-	-	272,929	272,929
Transfers out	<u>(309,048)</u>	<u>-</u>	<u>(4,000)</u>	<u>(313,048)</u>
Total other financing sources (uses)	<u>(309,048)</u>	<u>-</u>	<u>352,596</u>	<u>43,548</u>
Net change in fund balances	747,921	(63,876)	(117,397)	566,648
Fund balances - beginning	<u>2,001,757</u>	<u>1,543,922</u>	<u>1,037,855</u>	<u>4,583,534</u>
Fund balances - ending	<u>\$ 2,749,678</u>	<u>\$ 1,480,046</u>	<u>\$ 920,458</u>	<u>\$ 5,150,182</u>

The accompanying notes are an integral part of these financial statements.

PHILOMATH SCHOOL DISTRICT 17J
Benton County, Oregon

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2016

Net change in fund balances		\$	566,648
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Governmental funds report capital outlay as expenditures; however, in the statement of activities, the costs of these assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>			
Disposal of capital assets, net	(21,633)		
Expenditures for capital assets	100,990		
Less current year depreciation	<u>(1,152,232)</u>		(1,072,875)
<p>Governmental funds report note receivable payments as revenue. No income is recorded in the statement of activities. Payments are treated as reductions of the asset.</p>			
			(26,949)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and are therefore not reported as expenditures in the governmental funds.</p>			
Early Retirement and OPEB benefits	158,216		
Compensated absences	14,723		
Accrued interest	<u>11,614</u>		184,553
<p>Long-term debt proceeds are reported as other financing sources in the governmental funds. In the statement of net position, however, issuing long-term debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net position.</p>			
Debt issued	(38,535)		
Amortization of bond premiums	91,188		
Debt principal paid	<u>1,671,357</u>		1,724,010
<p>Internal service funds are used by management to charge the costs of unemployment insurance premiums to individual funds. This activity is consolidated with the governmental funds in the statement of activities.</p>			
			50
<p>Changes in the net pension assets and liabilities, as well as the related changes in deferred outflows and deferred inflows of resources, are not recognized as expenditures in the governmental funds.</p>			
			(3,198,835)
<p>Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the statement of activities, property taxes are recognized as revenue when levied.</p>			
			<u>(109,241)</u>
Change in net position		\$	<u>(1,932,639)</u>

The accompanying notes are an integral part of these financial statements.

PHILOMATH SCHOOL DISTRICT 17J
Benton County, Oregon

STATEMENT OF NET POSITION

PROPRIETARY FUND

June 30, 2016

	Internal Service Fund <u>Unemployment Insurance</u>
ASSETS	
Cash and cash equivalents	\$ 25,064
LIABILITIES	<u>-</u>
NET POSITION	
Unrestricted	<u>\$ 25,064</u>

The accompanying notes are an integral part of these financial statements.

PHILOMATH SCHOOL DISTRICT 17J
Benton County, Oregon

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

PROPRIETARY FUND

For the Year Ended June 30, 2016

	Internal Service Fund <u>Unemployment Insurance</u>
Operating revenues	\$ 15,000
Operating expenses	
Support services	<u>14,950</u>
Operating income (loss)	50
Net position - beginning	<u>25,014</u>
Net position - ending	<u><u>\$ 25,064</u></u>

The accompanying notes are an integral part of these financial statements.

PHILOMATH SCHOOL DISTRICT 17J
Benton County, Oregon

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

For the Year Ended June 30, 2016

	<u>Internal Service Fund</u> <u>Unemployment Insurance</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Charges for services	\$ 15,000
Payments to employees	<u>(14,950)</u>
Net cash provided (used) by operating activities	<u>50</u>
Net increase (decrease) in cash and cash equivalents	50
Cash and cash equivalents - beginning	<u>25,014</u>
Cash and cash equivalents - ending	<u><u>\$ 25,064</u></u>

The accompanying notes are an integral part of these financial statements.

PHILOMATH SCHOOL DISTRICT 17J
Benton County, Oregon

STATEMENT OF FIDUCIARY NET POSITION

PRIVATE PURPOSE TRUST FUND

June 30, 2016

	<u>Private Purpose Trust Fund</u>
ASSETS	
Cash and cash equivalents	\$ <u>621,201</u>
LIABILITIES	
Accounts payable	<u>469</u>
NET POSITION	
Unrestricted	<u>\$ <u>620,732</u></u>

The accompanying notes are an integral part of these financial statements.

PHILOMATH SCHOOL DISTRICT 17J
Benton County, Oregon

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

PRIVATE PURPOSE TRUST FUND

For the Year Ended June 30, 2016

	<u>Private Purpose Trust Fund</u>
ADDITIONS	
Local sources	\$ 488,515
Transfers from the District	<u>40,119</u>
Total additions	<u>528,634</u>
DEDUCTIONS	
Instruction	18,229
Support services	<u>401,213</u>
Total deductions	<u>419,442</u>
Change in net position	109,192
Net position - beginning	<u>511,540</u>
Net position - ending	<u><u>\$ 620,732</u></u>

The accompanying notes are an integral part of these financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

PHILOMATH SCHOOL DISTRICT NO. 17J
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statements of activities) report information on all of the activities of the District.

B. Reporting Entity

Philomath School District No. 17J functions as a local education agency, serving students in grades kindergarten through twelve. The District is governed by a five-member board of directors.

Kings Valley Charter School is a charter school sponsored by the District and is reported as a discretely presented component unit. Their complete financial statements may be obtained from the District's administrative offices. The District is not financially responsible for the charter school, but the nature and significance of their financial relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. The component unit is presented in a separate column in the government-wide financial statements to emphasize that they are legally separate organization from the District. Revenues reported by the component unit as state school fund monies equal the amounts passed through the District.

C. Basis of Presentation - Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the government's funds. Separate statements for each fund category - governmental, and proprietary - are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

General Fund - The General Fund is the primary operating fund of the District. It accounts for all financial resources except those required to be accounted for in another fund. The primary

PHILOMATH SCHOOL DISTRICT NO. 17J
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

sources of revenue are property taxes and state revenues.

Debt Service Fund - The Debt Service Fund accounts for the repayment of the District's long-term debt. The primary source of revenue is property taxes. The primary use of revenue is payment of principal and interest due on long-term debt.

Additionally, the District reports the following governmental funds:

Special Revenue Funds

Federal, State, Local Programs - The Federal, State, and Local Programs Fund accounts for the proceeds of specific revenue sources that are restricted for specific purposes. The principal sources of revenue are from county and state revenue sources, federal grants, and transfers from the General Fund. The primary uses of revenue are for salaries and supplies specified by the grantor agencies.

Assoc. Student Body Fund - The Fund is used to account for student activity accounts used to account for various student deposits and monies of clubs associated with the District. The principal sources of revenues are student deposits and club income. The primary uses are for club and school activities.

Pool Operations Fund - The Fund accounts for the operating activities of the pool. The principal sources of revenue are user fees, private donations, and transfers. The primary uses of revenues are for salaries and benefits of pool employees and payments for pool operating costs.

PHS-PMS Curricular Fund - The Fund is used to account for student activity accounts used to account for various student deposits and monies of sports associated with the District. The principal sources of revenues are gate fees and activity fees. The primary uses are for sports and school activities.

Capital Projects Fund - The Capital Projects Fund accounts for major capital improvements within the District. The primary source of revenues are loan proceeds, and transfers from the General Fund. The primary use of revenue is capital outlay.

The District reports the following proprietary fund:

Internal Service Fund

Unemployment Insurance Fund - The Unemployment Insurance Fund is used to account for funds allocated for unemployment benefits. The primary sources of revenue are investment

PHILOMATH SCHOOL DISTRICT NO. 17J
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

earnings and monies from other local sources. The primary use of revenue is for unemployment benefits.

The District reports the following fiduciary fund:

Private Purpose Trust Fund – The Private Purpose Trust Fund is used to account for the transactions and other funds held in a trustee capacity. It is comprised of two parts: (1) Supplemental Retirement, and (2) Classified Employee Professional Development Fund. The Supplemental Retirement portion represents the early retirement transactions for the District. The Classified Employee Professional Development Fund relates to professional development for classified employees.

Certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between funds included in governmental activities are eliminated.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental

PHILOMATH SCHOOL DISTRICT NO. 17J
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measureable and available only when cash is received by the government.

F. Budgetary Information

Annual budgets are adopted on the modified accrual basis of accounting. The District budgets all funds in accordance with the requirements of state law. Annual appropriated budgets are adopted for the general, special revenue, debt service, capital projects, internal service, and fiduciary funds. All funds are budgeted on the modified accrual basis of accounting.

The District begins its budgeting process by appointing budget committee members. The budget officer prepares a budget, which is reviewed by the budget committee. The budget is then published in proposed form and is presented at public hearings to obtain taxpayer comments and approval from the budget committee. The budget is legally adopted by the board of directors by resolution prior to the beginning of the District's fiscal year. The board resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total instruction, support services, community services, debt service, capital outlay, operating contingencies, and interfund transfers for each fund are the levels of control established by the resolution. The detailed budget document, however, is required to contain more specific detailed information for the aforementioned expenditure categories and management may revise the detailed line item budgets within appropriation categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. Supplemental budgets less than 10% of a fund's original budget may be adopted by the board of directors at a regular board meeting. A supplemental budget greater than 10% of a fund's original budget requires hearings before the public, publication in newspapers, and approval by the board of directors. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the board of directors. During the year, there were no supplemental budgets. The District does not use encumbrances and appropriations lapse at year-end.

Budget amounts shown in the financial statements reflect the original budget amounts and three approved appropriation changes.

PHILOMATH SCHOOL DISTRICT NO. 17J
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2. Investments

State statutes authorize the District to invest in legally issued general obligations of the United States, the agencies and instrumentalities of the United States and the states of Oregon, Washington, Idaho, or California, certain interest-bearing bonds, time deposit open accounts, certificates of deposit, and savings accounts in banks, mutual savings banks, and savings and loan associations that maintain a head office or a branch in this state in the capacity of a bank, mutual savings bank, or savings and loan association, and share accounts and savings accounts in credit unions in the name of, or for the benefit of, a member of the credit union pursuant to a plan of deferred compensation.

3. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost where no historical records exist. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance or repairs that do not add to the value of an asset or materially extend its life are charged to expenditures as incurred and are not capitalized. Major capital outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Vehicles and Equipment	5-20
Buildings and building improvements	20-50

PHILOMATH SCHOOL DISTRICT NO. 17J
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

4. Deferred Outflows/Inflows of Resources (Non-Pension Related)

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 and will therefore not be recognized as an outflow of resources (expense/expenditure) until that time.

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 and will therefore not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

5. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

6. Fund Balance Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

PHILOMATH SCHOOL DISTRICT NO. 17J
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

7. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Nonspendable fund balance are amounts that are in nonspendable form (such as inventory) or are required to be maintained intact.

Restricted fund balance are amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The school board is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for the specific purposes but do not meet the criteria to be classified as committed. The school board has by resolution authorized the Superintendent and Business Manager to assign fund balance. The board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The District has adopted a minimum fund balance policy. The board directs the Business Manager/Superintendent to manage the General Fund's adopted budget in such a way to plan for an ending fund cash balance of at least 4.5% of total adopted revenues. 1.0% of the 4.5% will be held in a special contingency fund. In years for which there are unforeseen negative impacts to the adopted budget, the board may adjust the cash balance to 3% without a contingency fund.

PHILOMATH SCHOOL DISTRICT NO. 17J
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

H. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic remittances of collection to entities levying taxes. Property taxes are levied and become a lien as of July 1 on property values assessed as of June 30. Property taxes are payable in three installments, which are due on November 15, February 15, and May 15. Uncollected property taxes are shown as assets in the governmental funds. Property taxes collected within approximately 30 days of fiscal year-end are recognized as revenue, while the remaining are recorded as deferred inflows of resources because they are not deemed available to finance operations of the current period.

3. 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 System (PERS) and additions to/deductions from PERS' 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.

I. Use of Estimates

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

PHILOMATH SCHOOL DISTRICT NO. 17J
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

Philomath School District No. 17J maintains a cash and cash equivalents pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the fund financial statements as cash and cash equivalents. Additionally, several funds held separate cash accounts. Interest earned on pooled cash and investments is allocated to participating funds based upon their combined cash and investment balances.

Investments, including amounts held in pooled 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 price, 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.

The Oregon State Treasury administers the LGIP. The LGIP is an open-ended, no-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 commingled with the state's short-term funds. To provide regulatory oversight, the Oregon Legislature established the Oregon Short-Term Fund Board and LGIP investments are approved by the Oregon Investment Council. The fair value of the District's position in the LGIP is the same as the value of the pool shares. Because the pool operates as a demand deposit account, each fund's portion of this pool is classified on the combined balance sheet as cash and cash equivalents; however, Oregon Short-Term Fund investments are disclosed below and classified by custodial credit risk for investments. The Treasurer makes short-term and long-term investments, which are held separately by several of the State's funds. Other investments are made directly by state agencies rather than by the Treasurer, although only a few agencies are authorized to make such investments and then only for specific programs. The State Treasury's direct investments in short-term securities are limited by portfolio rules established by the Oregon Short-Term Fund Board and the Oregon Investment Council.

A separate financial report for the Oregon Short-Term Fund Board is prepared by the Treasurer in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Copies of the report can be obtained from the Oregon State Treasury, Finance Division, 350 Winter Street NE, Suite 100, Salem, Oregon 97301-3896. Participants' account balances in the Oregon Short-Term Fund are determined by the amount of participants' deposits, adjusted for withdrawals and distributed interest. Interest is calculated and accrued daily on each participant's account based on the ending account balance and a variable

PHILOMATH SCHOOL DISTRICT NO. 17J
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

interest rate determined periodically by the Oregon State Treasury. The interest rate approximates the actual yield of the Oregon Short-Term Fund, exclusive of unrealized gains and losses.

Credit Risk

Oregon statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, bankers' 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 Government Investment Pool. The District has not adopted an investment policy regarding credit risk; however, investments comply with state statutes.

Investments

As of June 30, 2016, the District had the following investments:

	Credit Quality Rating	Maturities	Fair Value
Oregon Local Government Investment Pool	Unrated	-	\$ 5,593,528
Wells Fargo - certificate of deposit	Unrated	8/23/16	30,000
Total investments			\$ 5,623,528

Interest Rate Risk

The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increases in interest rates.

Concentration of Credit Risk

The District does not have a formal policy that places a limit on the amount that may be invested in any one insurer. 100 percent of the District's investments are in the Oregon Local Government Investment Pool.

Custodial Credit Risk - Investments

This is the risk that, in the event of the failure of a counterparty, the District will not be able to recover the value of its investments that are in the possession of an outside party. The District does not have a policy that limits the amount of investments that can be held by counterparties.

Custodial Credit Risk - Deposits

This is the risk that, in the event of a bank failure, the District's deposits may not be returned. All District deposits not covered by Federal Depository Insurance Corporation (FDIC) insurance are

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covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon, organized in accordance with ORS 295. The PFCP is a shared liability structure for participating bank depositories. Barring any exceptions, a bank depository is required to pledge collateral valued at a minimum of 10% of their quarter-end public fund deposits if they are considered well capitalized, 25% of their quarter-end public fund deposits if they are considered adequately capitalized, or 110% of their quarter-end public fund deposits if they are considered undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities.

The District holds checking accounts at Citizen Bank and Wells Fargo Bank, for which deposits are insured by the FDIC up to \$250,000. At June 30, 2016, the District's had deposits of \$411,298 covered by FDIC insurance and \$100,479 collateralized under the PFCP.

Deposits

The District's deposits and investments at June 30, 2016 are as follows:

Checking accounts (book overdraft)	\$ (214,516)
Money market account	106,623
Total investments	<u>5,623,528</u>
 Total deposits and investments	 <u><u>\$ 5,515,635</u></u>

Cash and investments by fund:

Governmental activities - unrestricted	
General Fund	\$ 3,206,947
Nonmajor governmental funds	73,621
Unemployment Insurance Fund	<u>25,064</u>
 Total governmental activities - unrestricted	 <u>3,305,632</u>
Governmental activities - restricted	
Debt Service Fund	1,467,966
Nonmajor governmental funds	<u>742,037</u>
 Total governmental activities - restricted	 <u>2,210,003</u>
 Total cash and investments	 <u><u>\$ 5,515,635</u></u>

Restricted cash is for special programs, as well as future payments of principal and interest on long-term debt.

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B. Note Receivable

Philomath School District has a noninterest bearing note receivable from Kings Valley Community Trust in the face amount of \$685,000. However, to reflect the time value of money, the receivable recorded in the financial statements reflects future payments discounted at an imputed interest rate of 4.0%, which was the market interest rate at the time the note was signed, February 2014. The note is due in monthly installments of \$3,806, including interest, beginning in March 2014 and ending February 2029. Interest income recognized during the year was \$18,717.

Receivables as of June 30, 2016 are as follows:

Note receivable - face amount	\$	578,444
Less: unamortized discount		<u>(125,212)</u>
	\$	<u><u>453,232</u></u>

C. Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 1,784,357	\$ -	\$ -	\$ 1,784,357
Construction in progress	<u>3,030</u>	<u>-</u>	<u>(3,030)</u>	<u>-</u>
Total capital assets not being depreciated	<u>1,787,387</u>	<u>-</u>	<u>(3,030)</u>	<u>1,784,357</u>
Capital assets being depreciated				
Buildings and improvements	45,729,224	-	-	45,729,224
Vehicles and equipment	<u>1,223,899</u>	<u>100,990</u>	<u>(26,896)</u>	<u>1,297,993</u>
Total capital assets being depreciated	<u>46,953,123</u>	<u>100,990</u>	<u>(26,896)</u>	<u>47,027,217</u>
Less accumulated depreciation for				
Buildings and improvements	(11,820,587)	(1,053,516)	-	(12,874,103)
Vehicles and equipment	<u>(700,665)</u>	<u>(98,716)</u>	<u>8,293</u>	<u>(791,088)</u>
Total accumulated depreciation	<u>(12,521,252)</u>	<u>(1,152,232)</u>	<u>8,293</u>	<u>(13,665,191)</u>
Total capital assets being depreciated, net	<u>34,431,871</u>	<u>(1,051,242)</u>	<u>(18,603)</u>	<u>33,362,026</u>
Governmental activities capital assets, net	<u><u>\$ 36,219,258</u></u>	<u><u>\$ (1,051,242)</u></u>	<u><u>\$ (21,633)</u></u>	<u><u>\$ 35,146,383</u></u>

Depreciation was not charged to specific functions or programs of the District. Capital assets of the

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District are for the use of the entire District and are therefore unallocated.

Capital assets are reported on the statement of net position as follows:

	Capital Assets	Accumulated Depreciation	Net Capital Assets
Governmental activities			
Land	\$ 1,784,357	\$ -	\$ 1,784,357
Buildings	45,729,224	(12,874,103)	32,855,121
Machinery and equipment	1,297,993	(791,088)	506,905
Total governmental capital assets	\$ 48,811,574	\$ (13,665,191)	\$ 35,146,383

D. Interfund Transfers

Interfund transfers during the year consisted of:

	Nonmajor Governmental Funds	Transfers in:		Total
		Fiduciary Fund Private Purpose Trust Fund		
Transfers out:				
General Fund	\$ 268,929	\$ 40,119		\$ 309,048
Nonmajor Governmental Funds	4,000	-		4,000
Totals	\$ 272,929	\$ 40,119		\$ 313,048

Transfers were made to cover future capital projects, and current debt service payments.

E. Compensated Absences

The following is a summary of compensated absences transactions for the year:

	Beginning Balance, as restated	Additions	Reductions	Ending Balance
Compensated absences	\$ 69,568	\$ -	\$ 14,723	\$ 54,845

The General Fund has traditionally been used to liquidate compensated absences liabilities.

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F. Long-Term Liabilities

1. Changes in Long-Term Liabilities

The following is a summary of long-term liabilities transactions for the year:

Governmental activities	Interest Rates	Original Amount	Beginning Balance, as restated	Additions	Reductions	Ending Balance	Due Within One Year
Loans							
Citizens Bank Loan	5.53%	38,535	-	38,535	2,257	36,278	7,025
Bonds							
Limited Tax Pension 2002	2.06-6.1%	\$ 5,713,414	\$ 4,448,736	\$ -	\$ 114,106	\$ 4,334,630	\$ 116,394
Refunding Series 2007	3.88-5%	6,755,000	2,290,000	-	705,000	1,585,000	760,000
Construction Bonds 2010 Limited Tax Pension	2.5-5.47%	29,498,268	27,323,268	-	850,000	26,473,268	905,000
Refunding Series 2011	4.12%	400,000	400,000	-	-	400,000	-
Subtotal bonds		<u>42,366,682</u>	<u>34,462,004</u>	<u>-</u>	<u>1,669,106</u>	<u>32,792,898</u>	<u>1,781,394</u>
Unamortized premium - 2007 Bonds		434,908	193,630	-	28,588	165,042	-
Unamortized discount - 2010 Bonds		<u>229,285</u>	<u>295,678</u>	<u>-</u>	<u>62,600</u>	<u>233,078</u>	<u>-</u>
Total unamortized premiums and discounts on bonds		<u>664,193</u>	<u>489,308</u>	<u>-</u>	<u>91,188</u>	<u>398,120</u>	<u>-</u>
Total governmental activities		<u>\$ 43,069,410</u>	<u>\$ 34,951,312</u>	<u>\$ 38,535</u>	<u>\$ 1,762,551</u>	<u>\$ 33,227,296</u>	<u>\$ 1,788,419</u>

2. Citizens Bank Loan

The District entered into a financing agreement dated February 22, 2016 for the purchase of vehicles. The agreement calls for monthly payments of principal and interest of \$738. The capital projects fund has been used to liquidate the debt.

3. Limited Tax Pension Obligation Bonds

The District participated in the OSBA Pension Bond Pool for the purpose of funding the District's allocated portion of the PERS Unfunded Actuarial Liability (UAL). A bond was issued on October 9, 2002. The bond is being amortized over 26 years. Interest rates are fixed and range between 2.06% and 6.1%. Interest rates increase in accordance with the original bond agreement. Interest is due semiannually on June 30 and December 30. The Debt Service Fund is used to liquidate the debt.

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4. General Obligation Refunding Bonds Series 2007

On October 2, 2007, the District issued general obligation bonds in the amount of \$6,755,00 to advance refund the Series 1999 general obligation bonds. Interest rates are fixed and range between 3.88% and 5%. Interest rates increase in accordance with the original bond agreements. The advance refunding met the requirements of an in-substance debt defeasance and the Series 1999 bonds were removed from the District's government-wide financial statements. The Debt Service Fund has traditionally been used to liquidate long-term debt.

5. Construction Bonds - Series 2010

On August 23, 2010, the District issued general obligation bonds in the amount of \$29,498,268 for the purpose of funding various construction projects within the District. Interest rates are fixed and range between 2.5% and 5.47%. Interest rates increase in accordance with the original bond agreements. Interest is due semiannually on June 15 and December 15.

Of the \$29,498,268 in construction bonds issued, \$20,000,000 consists of Qualified School Construction Bonds (QSCB) that provide for an interest rate subsidy of approximately 97.95% by the federal government. Annual interest expense on QSCB bonds amounts to \$1,094,400. Of this amount, \$1,072,000 is subsidized by the federal government, resulting in an annual net interest cost to the District of \$24,200. The interest subsidy is recorded as revenue in the Debt Service Fund. The total interest column in the future maturities table will be offset by federal interest subsidy revenue in the amount of \$13,936,000. The Debt service fund has traditionally been used to liquidate long-term debt.

6. Limited Tax Pension Obligation Bonds, Refunding Series 2011

On August 11, 2011, the District issued limited tax pension obligation bonds in the amount of \$400,000 to currently refund the 2002 limited tax pension bonds. Interest rates are fixed at 4.12%. The current refunding met the requirements of an in-substance debt defeasance and the refunded 2002 limited tax pension bonds were removed from the District's government-wide financial statements. The Debt Service fund has traditionally been used to liquidate the long-term debt.

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7. Future Maturities of Long-Term Liabilities

Fiscal Year	TOTAL ALL REQUIREMENTS			LIMITED TAX PENSION BONDS Series 2002		
	Total	Principal	Interest	Total	Principal	Interest
2017	\$ 3,456,203	\$ 1,788,419	\$ 1,667,784	\$ 504,538	\$ 116,394	\$ 388,144
2018	3,537,004	1,920,512	1,616,492	529,539	118,089	411,450
2019	2,069,453	506,923	1,562,530	554,538	119,078	435,460
2020	1,704,254	129,359	1,574,895	584,539	121,069	463,470
2021	1,751,210	405,695	1,345,515	234,538	-	234,538
2022	1,738,038	430,000	1,308,038	643,638	430,000	213,638
2023	1,769,474	485,000	1,284,474	675,074	485,000	190,074
2024	1,802,848	545,000	1,257,848	708,448	545,000	163,448
2025	1,837,600	610,000	1,227,600	743,200	610,000	133,200
2026	1,873,745	680,000	1,193,745	779,345	680,000	99,345
2027	21,911,005	20,755,000	1,156,005	816,605	755,000	61,605
2028	2,944,703	1,435,454	1,509,249	374,703	355,000	19,703
2029	2,645,000	1,049,615	1,595,385	-	-	-
2030	2,725,000	1,021,712	1,703,288	-	-	-
2031	2,805,000	986,855	1,818,145	-	-	-
2032	240,000	79,632	160,368	-	-	-
TOTALS	\$ 54,810,537	\$ 32,829,176	\$ 21,981,361	\$ 7,148,705	\$ 4,334,630	\$ 2,814,075

Fiscal Year	LIMITED TAX PENSION BONDS Refunding Series 2011			CITIZENS BANK LOAN 2016		
	Total	Principal	Interest	Total	Principal	Interest
2017	\$ 16,460	\$ -	\$ 16,460	\$ 8,855	\$ 7,025	\$ 1,830
2018	16,460	-	16,460	8,855	7,423	1,432
2019	16,460	-	16,460	8,855	7,845	1,010
2020	16,460	-	16,460	8,855	8,290	565
2021	416,460	400,000	16,460	5,812	5,695	117
TOTALS	\$ 482,300	\$ 400,000	\$ 82,300	\$ 41,232	\$ 36,278	\$ 4,954

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Fiscal Year	GENERAL OBLIGATION BONDS Refunding Series 2007			GENERAL OBLIGATION BONDS 2010 Issue		
	Total	Principal	Interest	Total	Principal	Interest
2017	\$ 839,250	\$ 760,000	\$ 79,250	\$ 2,087,100	\$ 905,000	\$ 1,182,100
2018	866,250	825,000	41,250	2,115,900	970,000	1,145,900
2019	-	-	-	1,489,600	380,000	1,109,600
2020	-	-	-	1,094,400	-	1,094,400
2021	-	-	-	1,094,400	-	1,094,400
2022	-	-	-	1,094,400	-	1,094,400
2023	-	-	-	1,094,400	-	1,094,400
2024	-	-	-	1,094,400	-	1,094,400
2025	-	-	-	1,094,400	-	1,094,400
2026	-	-	-	1,094,400	-	1,094,400
2027	-	-	-	21,094,400	20,000,000	1,094,400
2028	-	-	-	2,570,000	1,080,454	1,489,546
2029	-	-	-	2,645,000	1,049,615	1,595,385
2030	-	-	-	2,725,000	1,021,712	1,703,288
2031	-	-	-	2,805,000	986,855	1,818,145
2032	-	-	-	240,000	79,632	160,368
TOTALS	\$ 1,705,500	\$ 1,585,000	\$ 120,500	\$ 45,432,800	\$ 26,473,268	\$ 18,959,532

8. General Obligation Debt Capacity

ORS 328.245 establishes a parameter of bonded indebtedness for school districts. Kindergarten through twelfth grade school districts may issue an aggregate principal amount up to 7.95% of the Real Market Value of all taxable properties within the district. Information on the District's general obligation debt capacity is presented below.

Real Market Value (Fiscal Year 2016) ⁽¹⁾	\$	733,950,763
Debt Capacity		
General Obligation Debt Capacity (7.95% of Real Market Value)	\$	58,349,086
Less: Outstanding Debt Subject to Limit		<u>(28,058,268) ⁽²⁾</u>
Remaining General Obligation Debt Capacity	\$	30,290,818
Percent of Capacity Issued		48.09%

⁽¹⁾ The District's fiscal year commences July 1 and ends on June 30 of the following year (the "Fiscal Year"). Source: Yamhill County Department of Assessment and Taxation.

⁽²⁾ Represents voter-approved, unlimited-tax general obligations of the District.

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G. Constraints on Fund Balances

Constraints on fund balances reported on the balance sheet are as follows:

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund balances:				
Restricted for:				
Grant programs	\$ -	\$ -	\$ 246,035	\$ 246,035
Student activities	-	-	374,613	374,613
Debt service	-	1,480,046	-	1,480,046
Capital projects	-	-	115,528	115,528
Committed to:				
Capital projects	-	-	174,680	174,680
Pool operations	-	-	9,602	9,602
Unassigned	2,749,678	-	-	2,749,678
Total fund balances	\$ 2,749,678	\$ 1,480,046	\$ 920,458	\$ 5,150,182

H. Restatement of Net Position

Beginning net position was restated as follows:

	Governmental Activities
Net position - beginning as originally reported	\$ 9,532,412
Removal of net pension asset reported in error upon implementation of GASB 68	(3,336,851)
Adjustment of overstated compensated absences reported	93,040
Recording of omitted accrued interest	(63,490)
Correction of over-amortized bond premium	(54,842)
Removal of discount related to bonds refunded	(3,754)
Imputation of interest on note receivable not reported correctly in prior year	(140,124)
Net position - beginning, as restated	\$ 6,026,391

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III. OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. In addition, the District maintains an Unemployment Insurance Fund for the payment of future unemployment claims. No liability for unpaid unemployment claims has been recorded, as management is unable to reasonably estimate the amount or timing of future claims.

B. Retirement Plans

1. Oregon Public Employees Retirement System

General Information about the Pension Plan

Name of Pension Plan

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

Description of Benefit Terms

Plan Benefits – PERS Pension (Chapter 238)

Plan benefits of the System are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A

PERS Pension

The ORS Chapter 238 Defined Benefit Pension 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.

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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:

- Member was employed by a PERS employer at the time of death
- Member died within 120 days after termination of PERS-covered employment
- Member died as a result of injury sustained while employed in a PERS-covered job, or
- 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 an either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining monthly benefit.

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. The cap on the COLA in fiscal year 2015 and beyond will vary based on the amount of the annual benefit.

OPSRP Pension Program (OPSRP DB)

Pension Benefits

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

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.

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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 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 the 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. The cap on the COLA in fiscal year 2015 and beyond will vary based on the amount of the annual benefit.

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, which became effective July 1, 2015. The State of Oregon and certain schools, community colleges, and political subdivisions have made unfunded actuarial liability payments, and their rates have been reduced.

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Employer contributions for the year ended June 30, 2016 were \$582,690.

Pension Plan Comprehensive Annual Financial Report (CAFR)

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

Actuarial Valuations

The employer contribution rates effective July 1, 2015, through June 30, 2017, were set using the entry age normal 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 actuarially determined amount for funding a disability benefit component, and (c) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 16 years.

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Amortized as a level percentage of payroll: Tier One/Tier Two UAL (20 year) and OPSRP pension UAL (16 year) amortization periods are closed
Equivalent Single Amortization Period	20 years
Asset Valuation Method	Market Value of Assets
<i>Actuarial Assumptions:</i>	
Inflation Rate	2.75 percent
Investment Rate of Return	7.75 percent

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Projected Salary Increases	3.75 percent
Mortality	<p>Health 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 health retiree rates that vary by group, as described in the valuation.</p> <p>Disabled retirees: Mortality rates are a percentage of the RP-2000 statistic combined disabled mortality sex-distinct table.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts 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.

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.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the District reported a liability of \$3,889,520 for its proportionate share of the net pension liability. The net pension liability was measured at 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 District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2013 the District's proportion was 0.06774442%.

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For the year ended June 30, 2016, the District recognized pension expense of \$3,794,497. At June 30, 2016, the District 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	\$ 209,743	\$ -
Net difference between projected and actual earnings on investments	-	815,331
Changes in proportionate share	-	128,025
Differences between employer contributions and employer's proportionate share of system contributions	-	18,571
Total (prior to post-MD contributions)	209,743	961,927
Contributions subsequent to the MD	582,690	-
Total	\$ 792,433	\$ 961,927
Net Deferred Outflow/(Inflow) of Resources		\$ (169,494)

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported by the District as deferred outflows or inflows of resources related to pension will be recognized in pension expense in subsequent years as follows:

Year ended June 30:	Deferred Outflow/(Inflow) of Resources (prior to post- measurement date contributions)
2017	\$ (375,449)
2018	\$ (375,449)
2019	\$ (375,449)
2020	\$ 367,020
2021	7,142

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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a higher discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

District's proportionate share of the net pension liability (asset):

1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
\$ 9,387,211	\$ 3,889,520	\$ (743,590)

Plan Changes Reflected

The Oregon Supreme Court decision in *Moro v. State of Oregon* (issued on April 30, 2015) occurred after the December 31, 2013 valuation date but affected the plan provisions reflected for financial reporting purposes. The *Moro* decision modified the COLA-related changes of Senate Bills 822 and 861, creating a blended COLA for members who earned service both before and after the effective dates of the legislation.

For GASB 67 and GASB 68, the benefits valued in the Total Pension Liability must be in accordance with the benefit terms legally in effect as of the relevant fiscal year-end for the PERS system. Due to the timing of the Supreme Court decision, this means the COLA change due to *Moro* is reflected in the June 30, 2015 Total Pension Liability, but was not reflected in the June 30, 2014 Total Pension Liability. The increase in the Total Pension Liability resulting from the *Moro* decision was measured at June 30, 2015. To reflect the *Moro* decision, the blended COLA based on creditable service before and after the effective dates of the legislation was estimated. This approach is consistent with OAR 459-005-0510, adopted by the PERS Board in September 2015.

Changes Subsequent to the Measurement Date

As described above, GASB 67 and GASB 68 require the Total Pension Liability to be determined based on the benefit terms in effect at the Measurement Date. Any changes to benefit terms that occurs after that date are reflected in amounts reported for the subsequent Measurement Date. However, paragraph 80f of GASB 68 requires employers to briefly describe any changes between the Measurement Date and the employer's reporting date that are expected to have a significant effect on the employer's share of the collective Net Pension Liability, along with an estimate of the resulting change, if available.

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June 30, 2016

We are not aware of any changes subsequent to the June 30, 2015 Measurement Date that meet this requirement.

C. Early Retirement Benefits

Plan Description

The District provides a single-employer defined benefit early retirement program for qualifying administrators and licensed employees, which was established under separate collective bargaining agreements. Eligible employees must be age 55 or have 30 years' participation in PERS, have nine years of service, and be hired before January 1, 1995. Eligible employees are entitled to a monthly benefit equal to the percentages listed in the table below times the contractual yearly salary the retiree would have received if fully employed the following year. In subsequent years, stipends are adjusted to include the cost of living increase given to teachers on their current contracts. Benefits are payable up to the earlier of reaching age 65 or receiving 84 monthly payments. Payments terminate at the date of death.

<u>Fiscal Year</u> <u>Ending</u>	<u>Percent</u> <u>of Salary</u>
1994-1997	1.4250%
1998-1999	1.3001%
2000	1.2957%
2001	1.1660%
2002	1.0364%
2003	0.9069%
2004	0.7773%
2005	0.6477%
2006	0.5183%
2007	0.3887%
2008	0.2591%
2009	0.1296%

Contributions and Funding Policy

The benefits from this program are fully paid and, consequently, no contributions by employees are required. There is no obligation to fund these benefits in advance; however, the District has established a post-retirement fund to accumulate assets to pay these benefits in the future. Contributions to the fund are not an actuarially determined basis. The only obligation is to make current benefit payments due each fiscal year. Payments are made on a pay-as-you-go basis each year out of the Private Purpose Trust Fund. The assets held in trust for early retirement are in the custody of the District, and therefore, cannot be included in the actuarial value of plan assets in the schedule of funding progress. An estimate of this liability for current

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retirees is done annually. There is no separately issued financial report for the plan. The annual expenditures recognized on a budgetary basis for the years ended June 30, 2014, 2015 and 2016 were \$57,201, \$49,004, and \$37,466, respectively.

Annual Pension Cost and Net Pension Obligation (Asset)

The annual pension cost is calculated based on the annual required contribution for the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 27. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the portion of the actuarial present value of total projected benefits that is deemed to have accrued during the valuation year (normal cost) and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed four years. The following table shows the components of the annual pension cost for the years ended June 30, 2016, 2015 and 2014, the amount actually contributed to the plan, and changes in the net obligation or asset:

	2016	2015	2014
Annual required contribution (stipend)	\$ 9,736	\$ 18,831	\$ 65,407
Interest on net pension obligation (BOY)	(1,480)	(861)	(1,154)
Adjustment to ARC for net pension obligation	13,270	7,722	10,057
Annual pension cost	21,526	25,692	74,310
Expected contributions	(35,382)	(46,315)	(64,509)
Increase (decrease) in net pension obligation	(13,856)	(20,623)	9,801
Net pension obligation (asset) - beginning of year	(49,327)	(28,704)	(38,505)
Net pension obligation (asset) - end of year	\$ (63,183)	\$ (49,327)	\$ (28,704)
Percentage of annual pension cost contributed	164.37%	180.27%	86.81%

Actuarial Methods and Assumptions

The annual required contribution (ARC) for the current year was determined as part of the June 30, 2015 actuarial valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about mortality rates, withdrawal rates, retirement rates, investment rate of return of 3%, and annual cost-of-living increase of 2.5%. Amounts determined regarding funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress,

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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

presented as required supplementary information following the notes to the basic financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to actuarial accrued liabilities for benefits.

For the District's initial valuation, the Entry Age Normal Cost (EAN) method was the valuation method used to determine the District's actuarial accrued liability and the normal cost.

Under this method, the actuarial present value of the projected benefits of each active employee included in the valuation is allocated on a level dollar basis over the service of the active employee between assumed entry age (date of hire) and assumed exit age(s). The portion of this actuarial present value allocated to the valuation year is called the normal cost for that active employee. The sum of these individual normal costs is the plan's normal cost for the valuation year.

The present value of benefits for current retirees, plus the accumulated value of all prior normal costs, is the actuarial accrued liability (AAL). The excess of the actuarial accrued liability over plan assets is the unfunded actuarial accrued liability (UAAL). The total UAAL is amortized over a period not to exceed four years. The stipend is available only to a closed group of employees hired before January 1, 1995 and eligible for retirement before June 30, 2010. The average expected future working lifetime for this group using the assumptions stated above is approximately four years. Therefore, the UAAL for the stipend plan is amortized over a four-year open amortization period. Under this method, the actuarial gains (losses), as they occur, reduce (increase) the unfunded actuarial liability while leaving the normal cost unchanged.

D. Other Post-Employment Benefits

Plan Description

The District provides a single-employer, retiree benefit plan that provides post-employment health, dental, and vision benefits to eligible employees and their spouses. There are active and retired members in the plan. Benefits and eligibility for members are established through various collective bargaining agreements.

The collective bargaining agreement with classified employees includes three policies for other post-employment benefits:

- Policy one: Eligible employees must be hired prior to July 1, 1997, complete 10 years of service, and reach age 58 for the year ended June 30, 2013 and age 59 and 60 for the years ending June 30, 2014 and 2015, respectively. Benefits include either insurance premiums paid up to the District cap for family medical, dental, and vision coverage, or in lieu of insurance coverage, an annual stipend equal to 50% of the family premium.

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- Policy two: Eligible employees must be hired between July 1, 1997 and June 30, 2001, complete 12 years of service, and reach age 58 for the year ended June 30, 2013 and age 59 and 60 for the years ending June 30 2014, and 2015, respectively. Benefits include either insurance premiums paid up to the District cap for single medical, dental and vision coverage, or in lieu of insurance coverage, an annual stipend equal to 50% of the single premium.
- Policy three: Eligible employees must be hired on or after July 1, 2001, complete 15 years of service and reach age 58 for the year ended June 30, 2013 and age 59 and 60 for the years ending June 30, 2014 and 2015, respectively. Benefits include either insurance premiums paid up to the District cap at percentages based on total years of service for single medical, dental, and vision coverage, or in lieu of insurance coverage, an annual stipend equal to 50% of the single premium. The percentage of the District-paid insurance cap ranges from 75% to 100% based on total years of service between 15 and 30 years.

All classified policies are payable to the earlier of age 65 or the retiree's date of death.

The collective bargaining agreements with confidential and supervisory employees include three policies for other post-employment benefits:

- Policy one: Eligible employees must be hired prior to July 1, 1997, complete 10 years of service, and reach age 58. Benefits include either insurance premiums paid up to the District cap for family medical, dental, and vision coverage, or in lieu of insurance coverage, an annual stipend equal to 50% of the two-party premium.
- Policy two: Eligible employees must be hired between July 1, 1997 and December 31, 2005, complete 12 years of service, and reach age 58. Benefits include either insurance premiums paid up to the District cap for single medical, dental, and vision coverage, or in lieu of insurance coverage, an annual stipend equal to 50% of the single premium.
- Policy three: Eligible employees must be hired on or after January 1, 2006, complete 15 years of service, and reach age 58. Benefits include either insurance premiums paid up to the District cap for single medical, dental and vision coverage, or in lieu of insurance coverage, an annual stipend equal to 50% of the single premium.

Confidential and supervisory policies one and two are payable to the earlier of seven years, age 65, or the retiree's date of death.

The collective bargaining agreement with licensed and administrative employees includes four policies for other post-employment benefits:

- Policy one: Eligible employees must be hired prior to January 1, 1995, complete nine years of service, and reach age 55, or 30 years in PERS. Benefits include either insurance

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June 30, 2016

premiums paid up to the District cap for two-party medical and dental coverage, or in lieu of insurance coverage, an annual stipend equal to 50% of the two-party premium.

- Policy two: Eligible employees must be hired between January 1, 1995 and June 30, 1997, complete 12 years of service, and reach age 55, or 30 years in PERS. Benefits include either insurance premiums paid up to the District cap for two-party medical and dental coverage, or in lieu of insurance coverage, an annual stipend equal to 50% of the two-party premium.
- Policy three: Eligible employees must be hired between July 1, 1997 and December 31, 2004, complete 12 years of service, and reach age 55, or 30 years in PERS. Benefits include either insurance premiums paid up to the District cap for single medical and dental coverage, or in lieu of insurance coverage, an annual stipend equal to 50% of the single premium.
- Policy four: Eligible employees must be hired after December 31, 2004, complete 15 years of service, and reach age 55, or 30 years in PERS. Benefits include either insurance premiums paid up to the District cap for single medical and dental coverage, or in lieu of insurance coverage, an annual stipend equal to 50% of the single premium.

Licensed and administrative policies one and two are payable for a maximum of ten years of to age 65. Policies one and two also include a surviving spouse benefit. Under the surviving spouse benefit, the District will pay single-party medical coverage for the spouse until the earlier of the spouse turning age 65, or when the retiree's coverage would have ended. Policy three is payable for the earlier of 10 years, age 65, or the retiree's date of death. Policy four is payable for the earlier of five years, age 65, or the retiree's date of death.

The District's post-employment healthcare plan, established in accordance with Oregon Revised Statutes (ORS) 243.303, stipulates that for the purpose of establishing healthcare premiums, the rate must be based on all plan members, including both active employees and retirees. The difference between retiree claims cost, which because of the effect of age is generally higher in comparison to all plan members, and the amount of retiree healthcare premiums represent the District's implicit employer contribution.

There is no irrevocable trust (or equivalent arrangement) to account for the plan.

Contributions and Funding Policy

The benefits from this program are paid by the District and the required contribution is based on projected pay-as-you-go financing requirements. There is no obligation on the part of the District to fund these benefits in advance; however, the District has established a private purpose trust fund to accumulate assets to pay these benefits in the future. The assets held in trust for early retirement are in the custody of the District, and therefore, cannot be included in the actuarial value of plan assets

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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

in the schedule of funding progress.

Contributions to the fund are not on an actuarially determined basis. The only obligation is to make current benefit payments due each fiscal year. Payments are made on a pay-as-you-go basis each year out of the Private Purpose Trust Fund. An estimate of this liability for current retirees is made annually. There is no separately issued financial report for the plan. The annual expenditures recognized on a budgetary basis for the years ended June 30, 2014, 2015 and 2016 were approximately \$323,202, \$341,005, and \$340,260, respectively.

Annual OPEB Cost and Net OPEB Obligation (Asset)

The annual other post-employment benefit cost is calculated based on the annual required contribution for the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the portion of the actuarial present value of total projected benefits that is deemed to have accrued during the valuation year (normal cost) and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the annual pension cost for the years ended June 30, 2016, 2015 and 2014, the amount actually contributed to the plan, and changes in the net obligation or asset:

	2016	2015	2014
Annual required contribution (stipend)	\$ 145,907	\$ 175,765	\$ 260,340
Interest on net pension obligation (BOY)	(5,088)	(1,216)	920
Adjustment to ARC for net pension obligation	15,984	3,819	(2,463)
Annual pension cost	156,803	178,368	258,797
Expected contributions	(301,163)	(307,460)	(329,984)
Increase (decrease) in net pension obligation	(144,360)	(129,092)	(71,187)
Net pension obligation (asset) - beginning of year	(169,615)	(40,523)	30,664
Net pension obligation (asset) - end of year	\$ (313,975)	\$ (169,615)	\$ (40,523)
Percentage of annual pension cost contributed	192.06%	172.37%	127.51%

Actuarial Methods and Assumptions

The annual required contribution (ARC) for the current year was determined as part of the June 30, 2015 actuarial valuation using the Entry Age Normal Cost (EAN) method. The objective of this method is to fund each participant's benefits under the plan as they are accrued. The unfunded accrued liability is amortized over an open period of 30 years as a percentage of payroll. Actuarial

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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

assumptions included: (a) an investment rate of return (interest discount) of 3%, (b) an initial 8% increase in medical premiums annually, which is reduced to a rate of 5% over 18 years, (c) an initial 6% increase in dental and vision premiums annually, (d) a District cap annual trend rate increase of 1% annually, and (e) annual cost-of-living increase of 2.5%. Demographic assumptions include retirement rates, withdrawal rates, and mortality rates. It is assumed that 50% of future retirees will cover a spouse and 10% will elect to cover a child. Male spouses are assumed to be two years older than female spouses when dates of birth are not provided. No future retirees are expected to select the yearly payout of 50% of insurance premiums in lieu of paid health insurance. Based on the actuarial valuation, there is no implicit subsidy.

Funded Status

As of June 30, 2015, the most recent valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$1,661,772 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,661,172. The covered payroll (annual payroll of the active employees covered by the plan) was \$6,754,438, and the ratio of the UAAL to the covered payroll was 24.59%. The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liability for benefits.

E. Tax Deferred Annuities

The District C tax deferred annuity contracts established under Section 403(b) of the Internal Revenue Code. District paid contributions are payable based on an employee's full-time equivalent. The District made contributions of \$177,346 during the fiscal year ended June 30, 2016.

F. Subsequent Events

Management has evaluated subsequent events through December 21, 2016, which was the date that the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

PHILOMATH SCHOOL DISTRICT 17J
Benton County, Oregon

SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY AND DISTRICT CONTRIBUTIONS

OREGON PERS SYSTEM

Schedule of the District's Proportionate Share of the Net Pension Liability

	2016	2015
District's proportion of the net pension liability (asset)	0.06774420%	0.07520112%
District's proportionate share of the net pension liability (asset)	\$ 3,889,520	\$ (1,704,595)
District's covered-employee payroll	\$ 5,836,465	\$ 6,126,649
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	67%	-28%
Plan fiduciary net position as a percentage of the total pension liability	91.88%	103.59%

Schedule of District Contributions

	2016	2015
Contractually required contribution	\$ 582,690	\$ 744,104
Contributions in relation to the contractually required contribution	(582,690)	(744,104)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 6,216,888	\$ 5,836,465
Contributions as a percentage of covered-employee payroll	9%	13%

PHILOMATH SCHOOL DISTRICT 17J
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SCHEDULES OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS

EARLY RETIREMENT STIPENDS

Schedule of Funding Progress

Actuarial Valuation Dated	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b) - (a) Unfunded AAL (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	((b-a)/c) UAAL as a Percentage of Covered Payroll
2009	\$ -	\$ 434,070	\$ 434,070	0%	\$ 1,690,334	25.68%
2012	\$ -	\$ 249,196	\$ 249,196	0%	\$ 913,007	27.29%
2015	\$ -	\$ 69,987	\$ 69,987	0%	\$ 775,725	9.02%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed	Net Pension Obligation (Asset)
2009	\$ 154,306	134.04%	\$ (39,190)
2010	\$ 148,308	130.39%	\$ (73,754)
2011	\$ 97,799	74.13%	\$ (39,617)
2012	\$ 73,967	99.20%	\$ (39,018)
2013	\$ 73,914	99.31%	\$ (38,505)
2014	\$ 64,509	86.81%	\$ (28,704)
2015	\$ 46,315	180.27%	\$ (49,327)
2016	\$ 35,382	164.37%	\$ (63,183)

PHILOMATH SCHOOL DISTRICT 17J
Benton County, Oregon

SCHEDULES OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS

OTHER POST-EMPLOYMENT HEALTH BENEFITS

Schedule of Funding Progress

Actuarial Valuation Dated	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b) - (a) Unfunded AAL (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	((b-a)/c) UAAL as a Percentage of Covered Payroll
2009	\$ -	\$ 3,955,695	\$ 3,955,695	0%	\$ 6,643,197	59.55%
2012	\$ -	\$ 2,682,408	\$ 2,682,408	0%	\$ 5,963,078	44.98%
2015	\$ -	\$ 1,661,172	\$ 1,661,172	0%	\$ 6,754,438	24.59%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed	Net Pension Obligation (Asset)
2009	\$ 248,816	68.67%	\$ 113,544
2010	\$ 269,958	73.69%	\$ 209,921
2011	\$ 350,702	97.78%	\$ 217,898
2012	\$ 338,836	135.87%	\$ 128,443
2013	\$ 351,659	138.51%	\$ 30,663
2014	\$ 329,984	127.51%	\$ (40,523)
2015	\$ 307,460	172.37%	\$ (169,615)
2016	\$ 301,163	192.06%	\$ (313,975)

PHILOMATH SCHOOL DISTRICT 17J
Benton County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
REVENUES				
Local revenue	\$ 3,720,000	\$ 3,720,000	\$ 79,210	\$ 3,799,210
Intermediate revenue	90,000	90,000	66,404	156,404
State revenue	10,470,475	10,470,475	543,782	11,014,257
Federal revenue	-	-	11,961	11,961
	<u>14,280,475</u>	<u>14,280,475</u>	<u>701,357</u>	<u>14,981,832</u>
EXPENDITURES				
Current				
Instruction	8,968,083	8,968,083	(86,877)	8,881,206
Support services	5,137,805	5,136,805	(97,978)	5,038,827
Enterprise and community services	4,087	5,087	(257)	4,830
Contingency	202,000	202,000	(202,000)	-
	<u>14,311,975</u>	<u>14,311,975</u>	<u>(387,112)</u>	<u>13,924,863</u>
Excess (deficiency) of revenues over (under) expenditures	(31,500)	(31,500)	1,088,469	1,056,969
OTHER FINANCING SOURCES (USES)				
Sale of assets	500	500	500	-
Transfers out	(318,000)	(318,000)	(8,952)	(309,048)
	<u>(317,500)</u>	<u>(317,500)</u>	<u>(8,452)</u>	<u>(309,048)</u>
Net change in fund balance	(349,000)	(349,000)	1,096,921	747,921
Fund balance - beginning	1,450,000	1,450,000	551,757	2,001,757
Fund balance - ending	<u>\$ 1,101,000</u>	<u>\$ 1,101,000</u>	<u>\$ 1,648,678</u>	<u>\$ 2,749,678</u>

OTHER SUPPLEMENTARY INFORMATION

INDIVIDUAL FUND SCHEDULES

PHILOMATH SCHOOL DISTRICT 17J
Benton County, Oregon

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2016

	Special Revenue Funds				Capital Projects Fund	Total Nonmajor Governmental Funds
	Federal, State, Local Programs	Assoc. Student Body Fund	Pool Operations	PHS-PMS Curricular Fund		
ASSETS						
Cash and cash equivalents	\$ 140,246	\$ 380,474	\$ 4,477	\$ 1,229	\$ 289,232	\$ 815,658
Accounts receivable	<u>120,353</u>	<u>-</u>	<u>5,432</u>	<u>-</u>	<u>1,175</u>	<u>126,960</u>
Total assets	<u>\$ 260,599</u>	<u>\$ 380,474</u>	<u>\$ 9,909</u>	<u>\$ 1,229</u>	<u>\$ 290,407</u>	<u>\$ 942,618</u>
LIABILITIES						
Accounts payable	<u>\$ 14,564</u>	<u>\$ -</u>	<u>\$ 307</u>	<u>\$ 7,090</u>	<u>\$ 199</u>	<u>\$ 22,160</u>
FUND BALANCES						
Restricted	246,035	380,474	-	-	115,528	742,037
Committed	-	-	9,602	-	174,680	184,282
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,861)</u>	<u>-</u>	<u>(5,861)</u>
Total fund balances	<u>246,035</u>	<u>380,474</u>	<u>9,602</u>	<u>(5,861)</u>	<u>290,208</u>	<u>920,458</u>
Total liabilities and fund balances	<u>\$ 260,599</u>	<u>\$ 380,474</u>	<u>\$ 9,909</u>	<u>\$ 1,229</u>	<u>\$ 290,407</u>	<u>\$ 942,618</u>

PHILOMATH SCHOOL DISTRICT 17J
Benton County, Oregon

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2016

	Special Revenue Funds				Capital Projects Fund	Total Nonmajor Governmental Funds
	Federal State, Local Programs	Assoc. Student Body Fund	Pool Operations	PHS-PMS Curricular Fund		
REVENUES						
Local revenue	\$ 73,264	\$ 638,115	\$ 68,593	\$ 96,494	\$ 5,472	\$ 881,938
Intermediate revenue	8,339	-	-	-	-	8,339
State revenue	25,370	-	-	-	-	25,370
Federal revenue	<u>644,325</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>644,325</u>
Total revenues	<u>751,298</u>	<u>638,115</u>	<u>68,593</u>	<u>96,494</u>	<u>5,472</u>	<u>1,559,972</u>
EXPENDITURES						
Current						
Instruction	256,065	666,255	11,342	241,023	39,800	1,214,485
Support services	216,028	-	-	33,217	213,124	462,369
Enterprise and community services	254,015	-	96,144	-	-	350,159
Debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,952</u>	<u>2,952</u>
Total expenditures	<u>726,108</u>	<u>666,255</u>	<u>107,486</u>	<u>274,240</u>	<u>255,876</u>	<u>2,029,965</u>
Excess (deficiency) of revenues over (under) expenditures	<u>25,190</u>	<u>(28,140)</u>	<u>(38,893)</u>	<u>(177,746)</u>	<u>(250,404)</u>	<u>(469,993)</u>
OTHER FINANCING SOURCES (USES)						
Loan proceeds	-	-	-	-	38,000	38,000
Sale of assets	-	-	-	-	45,667	45,667
Transfers in	3,536	-	40,000	169,393	60,000	272,929
Transfers out	<u>(4,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,000)</u>
Total other financing sources (uses)	<u>(464)</u>	<u>-</u>	<u>40,000</u>	<u>169,393</u>	<u>143,667</u>	<u>352,596</u>
Net change in fund balances	24,726	(28,140)	1,107	(8,353)	(106,737)	(117,397)
Fund balances - beginning	<u>221,309</u>	<u>408,614</u>	<u>8,495</u>	<u>2,492</u>	<u>396,945</u>	<u>1,037,855</u>
Fund balances - ending	<u>\$ 246,035</u>	<u>\$ 380,474</u>	<u>\$ 9,602</u>	<u>\$ (5,861)</u>	<u>\$ 290,208</u>	<u>\$ 920,458</u>

PHILOMATH SCHOOL DISTRICT 17J
Benton County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

LOCAL, STATE, AND FEDERAL PROGRAMS FUND

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
REVENUES				
Local revenue	\$ 32,700	\$ 32,700	\$ 40,564	\$ 73,264
Intermediate revenue	35,970	35,970	(27,631)	8,339
State revenue	25,392	25,392	(22)	25,370
Federal revenue	441,345	441,345	202,980	644,325
Total revenues	<u>535,407</u>	<u>535,407</u>	<u>215,891</u>	<u>751,298</u>
EXPENDITURES				
Current				
Instruction	268,391	268,391	(12,326)	256,065
Support services	289,197	285,197	(69,169)	216,028
Enterprise and community services	270,000	270,000	(15,985)	254,015
Total expenditures	<u>827,588</u>	<u>823,588</u>	<u>(97,480)</u>	<u>726,108</u>
Excess (deficiency) of revenues over (under) expenditures	(292,181)	(288,181)	313,371	25,190
OTHER FINANCING SOURCES (USES)				
Transfers in	255,000	255,000	(251,464)	3,536
Transfers out	-	(4,000)	-	(4,000)
Total other financing sources (uses)	<u>255,000</u>	<u>251,000</u>	<u>(251,464)</u>	<u>(464)</u>
Net change in fund balance	(37,181)	(37,181)	61,907	24,726
Fund balance - beginning	<u>37,181</u>	<u>37,181</u>	<u>184,128</u>	<u>221,309</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 246,035</u>	<u>\$ 246,035</u>

PHILOMATH SCHOOL DISTRICT 17J
Benton County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

ASSOC STUDENT BODY FUND

For the Year Ended June 30, 2016

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
REVENUES			
Local revenue	\$ 667,310	\$ (29,195)	\$ 638,115
EXPENDITURES			
Current			
Instruction	864,110	(197,855)	666,255
Excess (deficiency) of revenues over (under) expenditures	(196,800)	168,660	(28,140)
Fund balance - beginning	196,800	211,814	408,614
Fund balance - ending	\$ -	\$ 380,474	\$ 380,474

PHILOMATH SCHOOL DISTRICT 17J
Benton County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

POOL OPERATIONS FUND

For the Year Ended June 30, 2016

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
REVENUES			
Local revenue	\$ 97,500	\$ (28,907)	\$ 68,593
EXPENDITURES			
Current			
Instruction	13,527	(2,185)	11,342
Community services	134,473	(38,329)	96,144
Total expenditures	148,000	(40,514)	107,486
Excess (deficiency) of revenues over (under) expenditures	(50,500)	9,422	(38,893)
OTHER FINANCING SOURCES (USES)			
Transfers in	50,000	(10,000)	40,000
Net change in fund balance	(500)	(578)	1,107
Fund balance - beginning	500	7,995	8,495
Fund balance - ending	\$ -	\$ 9,602	\$ 9,602

PHILOMATH SCHOOL DISTRICT 17J
Benton County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

PHS-PMS Curricular Fund

For the Year Ended June 30, 2016

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
REVENUES			
Local revenue	\$ 102,500	\$ (6,006)	\$ 96,494
EXPENDITURES			
Current			
Instruction	248,234	(7,211)	241,023
Support services	34,266	(1,049)	33,217
Total expenditures	282,500	(8,260)	274,240
Excess (deficiency) of revenues over (under) expenditures	(180,000)	(4,957)	(177,746)
OTHER FINANCING SOURCES (USES)			
Transfers in	175,000	(5,607)	169,393
Net change in fund balance	(5,000)	(10,564)	(8,353)
Fund balance - beginning	5,000	(2,508)	2,492
Fund balance - ending	\$ -	\$ (5,861)	\$ (5,861)

PHILOMATH SCHOOL DISTRICT 17J
Benton County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

DEBT SERVICE FUND

For the Year Ended June 30, 2016

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
REVENUES			
Local revenue	\$ 3,296,788	\$ (11,524)	\$ 3,285,264
EXPENDITURES			
Debt service	3,349,161	(21)	3,349,140
Excess (deficiency) of revenues over (under) expenditures	(52,373)	(11,503)	(63,876)
Fund balance - beginning	1,497,482	46,440	1,543,922
Fund balance - ending	\$ 1,445,109	\$ 34,937	\$ 1,480,046

PHILOMATH SCHOOL DISTRICT 17J
Benton County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

CAPITAL PROJECTS FUND

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
REVENUES				
Local revenue	\$ 47,612	\$ 47,612	\$ (42,140)	\$ 5,472
EXPENDITURES				
Current				
Instruction	68,301	68,301	(28,501)	39,800
Support services	516,509	516,509	(303,385)	213,124
Debt service	-	4,000	(1,048)	2,952
Total expenditures	584,810	588,810	(332,934)	255,876
Excess (deficiency) of revenues over (under) expenditures	(537,198)	(541,198)	290,794	(250,404)
OTHER FINANCING SOURCES (USES)				
Loan proceeds	-	-	38,000	38,000
Sale of assets	45,667	45,667	-	45,667
Transfers in	56,000	60,000	-	60,000
Total other financing sources (uses)	101,667	105,667	38,000	143,667
Net change in fund balance	(435,531)	(435,531)	328,794	(106,737)
Fund balance - beginning	543,352	543,352	(146,407)	396,945
Fund balance - ending	\$ 107,821	\$ 107,821	\$ 182,387	\$ 290,208

PHILOMATH SCHOOL DISTRICT 17J
Benton County, Oregon

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
 BUDGET AND ACTUAL

UNEMPLOYMENT INSURANCE FUND

For the Year Ended June 30, 2016

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
REVENUES			
Local revenue	\$ 15,000	\$ -	\$ 15,000
EXPENSES			
Current			
Support services	35,000	(20,050)	14,950
Excess (deficiency) of revenues over (under) expenses	(20,000)	20,050	50
Net position - beginning	20,000	5,014	25,014
Net position - ending	\$ -	\$ 25,064	\$ 25,064

PHILOMATH SCHOOL DISTRICT 17J
Benton County, Oregon

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
BUDGET AND ACTUAL

PRIVATE PURPOSE TRUST FUND

For the Year Ended June 30, 2016

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
REVENUES			
Local revenue	\$ 534,000	\$ (45,485)	\$ 488,515
EXPENSES			
Current			
Instruction	18,250	(21)	18,229
Support services	744,177	(342,964)	401,213
Total expenses	762,427	(342,985)	419,442
Excess (deficiency) of revenues over (under) expenses	(228,427)	297,500	69,073
OTHER FINANCING SOURCES (USES)			
Transfers in	37,000	77,119	40,119
Change in net position	(191,427)	300,619	109,192
Net position - beginning	276,000	235,540	511,540
Net position - ending	\$ 84,573	\$ 536,159	\$ 620,732

OTHER FINANCIAL SCHEDULES

PHILOMATH SCHOOL DISTRICT 17J

Benton County, Oregon

REVENUE SUMMARY - ALL FUNDS

June 30, 2016

Revenue from Local Sources	Fund 100	Fund 200	Fund 300	Fund 400	Fund 600	Fund 700
1110 Ad Valorem Taxes Levied by District	\$ 3,148,250.45	\$ -	\$ 1,747,570.29	\$ -	\$ -	\$ -
1120 Local Option Ad Valorem Taxes Levied by District	389,922.31	-	-	-	-	-
1190 Penalties and Interest on Taxes	10,711.75	-	5,865.89	-	-	-
1330 Summer School Tuition	3,425.00	-	-	-	-	-
1500 Earnings on Investments	50,720.61	-	999,380.40	0.36	-	-
1700 Extracurricular Activities	(180.00)	247,379.24	-	-	-	-
1800 Community Service Activities	-	33,235.46	-	-	-	-
1910 Rentals	19,163.19	-	-	-	-	-
1920 Contributions and Donations From Private Sources	1,700.00	57,298.61	-	-	-	-
1940 Services Provided to Other Local Education Agencies	93,298.93	-	-	-	-	-
1960 Recovery of Prior Years' Expenditures	6,190.14	30.00	-	-	-	-
1970 Services Provided Other Funds	-	-	532,446.86	-	15,000.00	-
1980 Fees Charged to Grants	3,096.18	-	-	-	-	-
1990 Miscellaneous	72,882.55	538,503.90	-	5,472.76	-	488,515.06
Total Revenue from Local Sources	\$ 3,799,181.11	\$ 876,447.21	\$ 3,285,263.44	\$ 5,473.12	\$ 15,000.00	\$ 488,515.06
Revenue from Intermediate Sources	Fund 100	Fund 200	Fund 300	Fund 400	Fund 600	Fund 700
2101 County School Funds	\$ 23,008.54	\$ -	\$ -	\$ -	\$ -	\$ -
2102 General Education Service District	52,620.00	-	-	-	-	-
2197 Other Intermediate Sources	80,774.61	-	-	-	-	-
2200 Restricted Revenue	-	8,339.28	-	-	-	-
Total Revenue from Intermediate Sources	\$ 156,403.15	\$ 8,339.28	\$ -	\$ -	\$ -	\$ -
Revenue from State Sources	Fund 100	Fund 200	Fund 300	Fund 400	Fund 600	Fund 700
3101 State School Fund - General Support	\$ 10,451,301.88	\$ -	\$ -	\$ -	\$ -	\$ -
3103 Common School Fund	265,001.69	-	-	-	-	-
3104 State Managed County Timber	47,892.27	-	-	-	-	-
3199 Other Unrestricted Grants-in-Aid	202,723.00	4,956.13	-	-	-	-
3200 Restricted Grants-In-Aid	-	4,343.20	-	-	-	-
3299 Other Restricted Grants-in-Aid	47,337.33	16,070.36	-	-	-	-
Total Revenue from State Sources	\$ 11,014,256.17	\$ 25,369.69	\$ -	\$ -	\$ -	\$ -
Revenue from Federal Sources	Fund 100	Fund 200	Fund 300	Fund 400	Fund 600	Fund 700
4200 Unrestricted Revenue From the Federal Government Through the State	\$ 11,960.83	\$ -	\$ -	\$ -	\$ -	\$ -
4500 Restricted Revenue From the Federal Government Through the State	-	633,717.69	-	-	-	-
4700 Grants-In-Aid From the Federal Government Through the State	-	10,606.72	-	-	-	-
Total Revenue from Federal Sources	\$ 11,960.83	\$ 644,324.41	\$ -	\$ -	\$ -	\$ -
Revenue from Other Sources	Fund 100	Fund 200	Fund 300	Fund 400	Fund 600	Fund 700
5100 Long-term financing proceeds	\$ -	\$ -	\$ -	\$ 38,000.00	\$ -	\$ -
5200 Interfund Transfers	-	212,929.22	-	60,000.00	-	40,118.97
5300 Sale of or Compensation for Loss of Fixed Assets	-	-	-	45,666.60	-	-
5400 Resources - Beginning Fund Balance	2,001,757.14	640,910.81	1,543,922.88	396,947.08	25,013.78	511,540.41
Total Revenue from Other Sources	\$ 2,001,757.14	\$ 853,840.03	\$ 1,543,922.88	\$ 540,613.68	\$ 25,013.78	\$ 551,659.38
Grand Totals	\$ 16,983,558.40	\$ 2,408,320.62	\$ 4,829,186.32	\$ 546,086.80	\$ 40,013.78	\$ 1,040,174.44

PHILOMATH SCHOOL DISTRICT 17J

Benton County, Oregon

EXPENDITURE SUMMARY - GENERAL FUND

June 30, 2016

Instruction Expenditures

1111 Primary, K-3
 1113 Elementary Extracurricular
 1121 Middle/Junior High Programs
 1122 Middle/Junior High School Extracurricular
 1131 High School Programs
 1132 High School Extracurricular
 1210 Programs for the Talented and Gifted
 1220 Restrictive Programs for Students with Disabilities
 1250 Less Restrictive Programs for Students with Disabilities
 1288 Charter Schools
 1291 English Second Language Programs
 1292 Teen Parent Program
 1299 Other Programs

Totals	Object 100	Object 200
\$ 2,244,463.19	\$ 1,473,672.42	\$ 727,039.22
3,994.33	3,016.85	977.48
1,290,087.82	844,426.75	425,328.39
8,267.88	5,863.00	1,664.42
1,881,251.57	1,217,006.56	596,366.53
22,980.58	16,445.17	5,315.98
11,460.89	10,410.12	882.77
74,417.90	30,292.52	18,876.50
1,522,312.87	971,812.01	518,794.81
44,854.68	22,768.60	22,086.08
1,727,422.73	11,795.13	4,216.71
46,022.48	37,449.86	7,361.97
3,653.92	2,733.00	920.92

Total Instruction Expenditures \$ 8,881,190.84 \$ 4,647,691.99 \$ 2,329,831.78

Support Services Expenditures

2110 Attendance and Social Work Services
 2120 Guidance Services
 2130 Health Services
 2150 Speech Pathology and Audiology Services
 2190 Service Direction, Student Support Services
 2220 Educational Media Services
 2230 Assessment & Testing
 2240 Instructional Staff Development
 2310 Board of Education Services
 2320 Executive Administration Services
 2410 Office of the Principal Services
 2520 Fiscal Services
 2540 Operation and Maintenance of Plant Services
 2550 Student Transportation Services
 2620 Planning, Research, Development, Evaluation Services,
 Grant Writing and Statistical Services
 2640 Staff Services
 2660 Technology Services
 2700 Supplemental Retirement Program

Totals	Object 100	Object 200
\$ 180,777.29	\$ 109,406.76	\$ 71,370.53
386,544.65	254,724.10	124,510.73
79,602.33	55,300.00	16,457.43
42,734.08	29,747.81	12,252.76
3,252.26	-	-
95,453.97	54,805.01	33,806.15
1,462.00	1,301.83	160.17
37,217.62	4,867.26	26,162.92
61,073.37	-	-
255,786.38	157,366.30	82,989.78
972,716.90	595,674.23	330,847.87
269,089.74	35,610.81	36,659.63
1,308,547.00	352,603.48	206,068.99
680,076.31	16,775.76	9,243.07
516.03	422.64	93.39
4,336.00	-	-
189,625.94	74,741.29	27,154.20
470,000.00	-	470,000.00

Total Support Services Expenditures \$ 5,038,811.87 \$ 1,743,347.28 \$ 1,447,777.62

Enterprise and Community Services

3100 Food Services

Total Enterprise and Community Services Expenditures

Totals	Object 100	Object 200
\$ 4,829.66	\$ 3,755.91	\$ 447.08
\$ 4,829.66	\$ 3,755.91	\$ 447.08

Other Uses Expenditures

5200 Transfers of Funds

Total Other Uses Expenditures

Totals	Object 100	Object 200
\$ 309,048.19	\$ -	\$ -
\$ 309,048.19	\$ -	\$ -

Grand Total

\$ 14,233,880.56 \$ 6,394,795.18 \$ 3,778,056.48

Object 300	Object 400	Object 500	Object 600	Object 700
\$ 18,255.55	\$ 25,196.00	\$ -	\$ 300.00	\$ -
-	-	-	-	-
6,137.17	13,745.51	-	450.00	-
-	740.46	-	-	-
9,798.70	57,353.78	-	726.00	-
1,069.44	149.99	-	-	-
120.00	48.00	-	-	-
19,905.73	2,246.97	-	3,096.18	-
29,586.57	2,119.48	-	-	-
-	-	-	-	-
1,701,941.75	9,469.14	-	-	-
1,110.09	100.56	-	-	-
-	-	-	-	-
\$ 1,787,925.00	\$ 111,169.89	\$ -	\$ 4,572.18	\$ -

Object 300	Object 400	Object 500	Object 600	Object 700
\$ -	\$ -	\$ -	\$ -	\$ -
2,356.69	4,953.13	-	-	-
1,063.40	910.86	-	5,870.64	-
-	123.30	-	610.21	-
2,215.00	858.26	-	179.00	-
2,244.88	4,597.93	-	-	-
-	-	-	-	-
5,765.44	422.00	-	-	-
52,204.37	511.46	-	8,357.54	-
6,782.19	6,198.11	-	2,450.00	-
26,580.96	15,054.84	-	4,559.00	-
194,398.71	275.95	-	2,144.64	-
515,270.27	107,081.50	14,395.26	113,127.50	-
653,852.79	204.69	-	-	-
-	-	-	-	-
4,336.00	-	-	-	-
44,600.40	42,731.05	-	399.00	-
-	-	-	-	-
\$ 1,511,671.10	\$ 183,923.08	\$ 14,395.26	\$ 137,697.53	\$ -

Object 300	Object 400	Object 500	Object 600	Object 700
\$ 626.67	\$ -	\$ -	\$ -	\$ -
\$ 626.67	\$ -	\$ -	\$ -	\$ -

Object 300	Object 400	Object 500	Object 600	Object 700
\$ -	\$ -	\$ -	\$ -	\$ 309,048.19
\$ -	\$ -	\$ -	\$ -	\$ 309,048.19
\$ 3,300,222.77	\$ 295,092.97	\$ 14,395.26	\$ 142,269.71	\$ 309,048.19

PHILOMATH SCHOOL DISTRICT 17J
Benton County, Oregon

EXPENDITURE SUMMARY - SPECIAL REVENUE FUNDS

June 30, 2016

Instruction Expenditures

	Totals	Object 100	Object 200
1111 Elementary, K-5 or K-6	\$ 8,922.73	\$ 746.64	\$ 238.91
1113 Elementary Extracurricular	49,547.69	-	-
1121 Middle/Junior High School Programs	14,151.26	7,023.30	1,716.78
1122 Middle/Junior High School Extracurricular	120,104.53	31,987.05	8,639.45
1131 High School Programs	54,988.79	27,037.56	9,798.03
1132 High School Extracurricular	741,640.80	138,454.50	23,597.36
1140 Pre-Kindergarten Programs	818.00	-	-
1250 Less Restrictive Programs for Students with Disabilities	51,087.78	34,824.35	15,759.43
1272 Title I	133,414.50	89,111.80	44,302.70
Total Instruction Expenditures	\$ 1,174,676.08	\$ 329,185.20	\$ 104,052.66

Support Services Expenditures

	Totals	Object 100	Object 200
2120 Guidance Services	\$ 2,041.52	\$ 1,500.00	\$ 541.52
2150 Speech Pathology and Audioloy Services	158,626.79	104,175.61	54,352.18
2190 Service Direction, Student Support Services	120.00	-	-
2210 Improvement of Instruction Services	5,000.00	-	-
2230 Assessment & Testing	187.14	173.76	13.38
2240 Instructional Staff Development	50,406.93	9,729.86	2,396.91
2490 Other Support Services - School Administration	1,681.00	-	-
2550 Student Transportation Services	31,173.68	-	-
Total Support Services Expenditures	\$ 249,237.06	\$ 115,579.23	\$ 57,303.99

Enterprise and Community Services Expenditures

	Totals	Object 100	Object 200
3100 Food Services	\$ 253,678.63	\$ -	\$ -
3300 Community Services	96,477.79	57,349.88	13,167.60
Total Enterprise and Community Services Expenditures	\$ 350,156.42	\$ 57,349.88	\$ 13,167.60

Other Uses Expenditures

	Totals	Object 100	Object 200
5200 Transfers of Funds	\$ 4,000.00	\$ -	\$ -
Total Other Uses Expenditures	\$ 4,000.00	\$ -	\$ -

Grand Total

\$ 1,778,069.56	\$ 502,114.31	\$ 174,524.25
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Object 300	Object 400	Object 500	Object 600	Object 700
\$ -	\$ 7,937.18	\$ -	\$ -	\$ -
6,808.00	42,458.25	-	281.44	-
-	5,411.18	-	-	-
19,054.17	60,267.56	-	156.30	-
3,121.07	15,032.13	-	-	-
89,611.33	402,586.31	13,725.00	73,666.30	-
-	818.00	-	-	-
420.00	84.00	-	-	-
-	-	-	-	-
\$ 119,014.57	\$ 534,594.61	\$ 13,725.00	\$ 74,104.04	\$ -

Object 300	Object 400	Object 500	Object 600	Object 700
\$ -	\$ -	\$ -	\$ -	\$ -
-	99.00	-	-	-
-	120.00	-	-	-
5,000.00	-	-	-	-
-	-	-	-	-
30,055.13	8,225.03	-	-	-
1,382.00	-	-	299.00	-
31,173.68	-	-	-	-
\$ 67,610.81	\$ 8,444.03	\$ -	\$ 299.00	\$ -

Object 300	Object 400	Object 500	Object 600	Object 700
\$ 249,338.03	\$ 4,340.60	\$ -	\$ -	\$ -
17,941.20	6,975.11	-	1,044.00	-
\$ 267,279.23	\$ 11,315.71	\$ -	\$ 1,044.00	\$ -

Object 300	Object 400	Object 500	Object 600	Object 700
\$ -	\$ -	\$ -	\$ -	\$ 4,000.00
\$ -	\$ -	\$ -	\$ -	\$ 4,000.00
\$ 453,904.61	\$ 554,354.35	\$ 13,725.00	\$ 75,447.04	\$ 4,000.00

PHILOMATH SCHOOL DISTRICT 17J
Benton County, Oregon

EXPENDITURE SUMMARY - DEBT SERVICE FUND

June 30, 2016

Other Uses Expenditures

5100 Debt Service

	Totals	Object 600
	\$ 3,349,138.99	\$ 3,349,138.99
Total Other Uses Expenditures	\$ 3,349,138.99	\$ 3,349,138.99
Grand Total	\$ 3,349,138.99	\$ 3,349,138.99

PHILOMATH SCHOOL DISTRICT 17J
Benton County, Oregon

EXPENDITURE SUMMARY - CAPITAL PROJECTS FUND

June 30, 2016

Instruction Expenditures	Totals	Object 300	Object 400	Object 500	Object 600
1121 Middle/Junior High Programs	\$ 28,573.78	\$ -	\$ 7,373.70	\$ 21,200.08	\$ -
1131 High School Programs	11,226.30	2,364.00	8,862.30	-	-
Total Instruction Expenditures	\$ 39,800.08	\$ 2,364.00	\$ 16,236.00	\$ 21,200.08	\$ -
Support Services Expenditures	Totals	Object 300	Object 400	Object 500	Object 600
2540 Operation and Maintenance of Plant Services	\$ 140,567.82	\$ 71,283.34	\$ 15,884.48	\$ 53,400.00	\$ -
2660 Technology Services	72,557.36	24,797.32	44,065.54	3,694.50	-
Total Support Services Expenditures	\$ 213,125.18	\$ 96,080.66	\$ 59,950.02	\$ 57,094.50	\$ -
Other Uses Expenditures	Totals	Object 300	Object 400	Object 500	Object 600
5100 Debt Service	\$ 2,951.76	\$ -	\$ -	\$ -	\$ 2,951.76
Total Other Uses Expenditures	\$ 2,951.76	\$ -	\$ -	\$ -	\$ 2,951.76
Grand Total	\$ 255,877.02	\$ 98,444.66	\$ 76,186.02	\$ 78,294.58	\$ 2,951.76

PHILOMATH SCHOOL DISTRICT 17J
Benton County, Oregon

EXPENDITURE SUMMARY - INTERNAL SERVICE FUND

June 30, 2016

Support Services Expenditures

2520 Fiscal Services

	Totals	Object 200	Object 300
	\$ 14,950.17	\$ 14,150.17	\$ 800.00
Total Support Services Expenditures	\$ 14,950.17	\$ 14,150.17	\$ 800.00
Grand Total	\$ 14,950.17	\$ 14,150.17	\$ 800.00

PHILOMATH SCHOOL DISTRICT 17J
Benton County, Oregon

EXPENDITURE SUMMARY - FIDUCIARY FUND

June 30, 2016

Instruction Expenditures	Totals	Object 100	Object 200	Object 300
1111 Elementary, K-5 or K-6	\$ 2,165.58	\$ -	\$ 2,165.58	\$ -
1250 Less Restrictive Programs for Students with Disabilities	14,255.02	-	14,255.02	-
1272 Title I	1,807.92	-	1,807.92	-
Total Instruction Expenditures	\$ 18,228.52	\$ -	\$ 18,228.52	\$ -
Support Services Expenditures	Totals	Object 100	Object 200	Object 300
2110 Attendance and Social Work Services	\$ 2,312.82	\$ -	\$ 2,312.82	\$ -
2120 Guidance Services	1,604.45	-	1,604.45	-
2150 Speech Pathology and Audiology Services	2,956.08	-	2,956.08	-
2240 Instructional Staff Development	2,559.56	173.76	1,473.20	912.60
2410 Office of the Principal Services	5,678.86	-	4,449.30	1,229.56
2540 Operation and Maintenance of Plant Services	8,375.07	-	8,375.07	-
2700 Supplemental Retirement Program	377,726.53	35,326.05	342,400.48	-
Total Support Services Expenditures	\$ 401,213.37	\$ 35,499.81	\$ 363,571.40	\$ 2,142.16
Grand Total	\$ 419,441.89	\$ 35,499.81	\$ 381,799.92	\$ 2,142.16

PHILOMATH SCHOOL DISTRICT 17J
Benton County, Oregon

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2016

Federal Grantor, Pass through Grantor, Program Title	CFDA	Expenditures
<u>U.S. Department of Education</u>		
Passed through Oregon State Department of Education		
Title I Grants to Local Educational Agencies	84.010	\$ 133,750
Special Education Cluster		
IDEA Special Education Grants To States	84.027	211,783
Carl Perkins	84.048	10,607
Title IIA Improving Teaching Quality State Grants	84.367	46,078
Total U.S. Department of Education		402,218
<u>U.S. Department of Agriculture</u>		
Passed through Oregon State Department of Education		
Child Nutrition Cluster		
School Breakfast Program	10.553	70,101
National School Lunch Program	10.555	157,302
NSLP Commodities	10.555	26,665
Total Child Nutrition Cluster		254,068
Total U.S. Department of Agriculture		254,068
Total federal expenditures		\$ 656,286

**AUDIT COMMENTS AND DISCLOSURES REQUIRED BY
STATE REGULATIONS**



Accuity, LLC
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS**

Board of Directors
Philomath School District No. 17J
Philomath, Oregon 97370

We have audited the basic financial statements of Philomath School District No. 17J as of and for the year ended June 30, 2016, and have issued our report thereon dated December 21, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

Compliance

As part of obtaining reasonable assurance about whether Philomath School District No. 17J'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 162-010-0000 through 162-010-0320 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 statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-010-0230 Internal Control

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

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

This report is intended solely for the information and use of the board of directors and management of Philomath School District No. 17J and the Oregon Secretary of State, and is not intended to be, and should not be used by anyone other than these parties.


Accuity, LLC

December 21, 2016

PHILOMATH SCHOOL DISTRICT NO. 17J
Benton County, Oregon

SUPPLEMENTAL INFORMATION REQUIRED BY OREGON DEPARTMENT OF EDUCATION

For the Year Ended June 30, 2016

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

- A. **Energy Bill for Heating - All Funds:**
 Please enter your expenditures for electricity and heating fuel for these Functions and Objects.

	Objects 325 and 326
Function 2540	\$ 299,198
Function 2550	\$ -

- B. **Replacement of Equipment - General Fund:**
 Include all General Fund expenditures in object 542, except for the following exclusions:

\$	-
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Exclude these functions:

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