

**DALLAS SCHOOL DISTRICT
POLK COUNTY, OREGON**

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2016



12700 SW 72nd Ave.
Tigard, OR 97223

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

BOARD OF DIRECTORS 2015-16

| | |
|-----------------------|---------------|
| LuAnn Meyer, Chair | June 30, 2017 |
| Jon Woods, Vice-chair | June 30, 2017 |
| Mike Blanchard | June 30, 2017 |
| Michael Bollman | June 30, 2018 |
| Matt Posey | June 30, 2018 |

ADMINISTRATION

Dr. Michelle Johnstone, Superintendent
Tami Montague, Director of Fiscal Services

Board members receive mail at the District address listed below.

Dallas School District
111 SW Ash Street
Dallas, Oregon 97338

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DALLAS SCHOOL DISTRICT
DALLAS, OREGON

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DALLAS, OREGON

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December 19, 2016

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Dallas School District
Polk County, Oregon

Report on the Basic Financial Statements

We have audited the accompanying basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Dallas School District, (the District), as of and for the year ended June 30, 2016, and the related notes to the basic financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Basic Financial Statements

Management is responsible for the preparation and fair presentation of these basic 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 basic financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the basic 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 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 basic 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, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Dallas School District, as of June 30, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The District adopted the provisions of GASB Statement No. 72 – *Fair Value Measurement and Application* and GASB Statement No. 79 – *Certain External Investment Pools and Pool Participants*, for the year ended June 30, 2016. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplemental information, as listed in the table of contents, 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 required supplementary information 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 schedules of funding progress or employee contributions for post-employment benefits or pension liabilities or management's discussion and analysis because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance on them.

The budgetary comparison schedules presented as Required Supplementary Information, as listed in the table of contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting 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, and in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CRF) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is not a required part of the basic financial statements. The supplementary information, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain 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 supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

The listing of board members containing their term expiration dates, located before the table of contents, and the other information, as listed in the table of contents, have 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 them.

Reports on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our reports dated December 19, 2016 on our consideration of the internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. The reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 19, 2016, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C.

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REQUIRED SUPPLEMENTARY INFORMATION

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DALLAS SCHOOL DISTRICT NO. 2
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Dallas School District No. 2, Dallas, Oregon, we offer readers this narrative overview and analysis of the financial activities of the district for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the District's financial performance as a whole; we encourage readers to consider the information presented here in conjunction with the financial statements and notes to the basic financial statements to enhance their understanding of the districts' financial performance.

FINANCIAL HIGHLIGHTS

- At June 30, 2016, the District's total fund balances equaled \$9,495,278.
- The General Fund ending balance of \$2,127,129 includes \$619,336 set aside in Facilities Repairs and Maintenance fund, while \$1,507,793 (5.2% of general fund revenues) is available for general operations.
- The District has \$10,938,158 invested in capital assets, net of depreciation.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements that show information for the district as a whole, its funds, and its fiduciary responsibilities. The Statement of Net Position and the Statement of Activities provides information about the activities of the District and presents a longer-term view of the District's finances. Our fund financial statements are included later in the financial report. The governmental activities statements tell how we financed our services in the short-term as well as what remains for future spending. Fund statements also may provide insight into the District's overall financial health. Fund financial statements report the District's operations in more detail than the government-wide financial statements by providing information about the District's major funds.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements present information on the District's finances in a manner similar to private sector companies. One of the most important questions asked about the District is, "Is the District better off or worse off financially as a result of the year's activities." The Statement of Net Position and Statement of Activities report information on the District as a whole and its activities in a way that helps answer this question. We prepared these statements to include all assets and liabilities using the accrual basis of accounting. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position focuses on resources available for future operations. In simple terms, this statement presents a snapshot view of what the District owns (assets), what it owes (liabilities), and the net difference between the two reported as net position. Capital assets and long-term liabilities are shown in the Statement of Net Position. Over time increases or decreases in net position may serve as a useful indication of whether the District's financial position is improving or deteriorating. To assess the overall health of the district you need to consider additional nonfinancial factors such as the property tax base, current property tax laws, student enrollment growth and facility conditions.

The Statement of Activities shows revenues, expenses, and the change in net position for the District as a whole. Revenues and expenses attributable to specific functions are segregated from general revenues, to display the extent to which general revenues support each function. This statement presents information showing how the District's net position changed during the most recent fiscal year.

FUND FINANCIAL STATEMENTS

Governmental funds account for the same functions as reported as governmental activities in the government-wide financial statements. The governmental fund reporting focuses on how money flows in and out of funds and the balances left at year end that are available for spending. They are reported using the accounting method called "modified accrual" accounting, which measures cash and all other financial assets that can readily be converted to cash. This information is essential for preparation of and compliance with annual budgets. We describe the relationship (or differences) between

governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliations following the governmental funds statements. The notes to the financial statements provide additional information that is essential to a complete understanding of the data provided in the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position: Total assets, liabilities and net assets as of June 30, 2015 and June 30, 2016 are as follows (details on page 1):

| | 2015 | 2016 | Difference | % |
|--|----------------------|---------------------|------------------------|---------------|
| Assets | | | | |
| Current and other assets | \$ 14,139,628 | \$ 11,657,005 | \$ (2,482,623) | -17.6% |
| Net Pension Asset (GASB 68) | 5,706,465 | - | (5,706,465) | |
| Capital assets (net) | 19,435,617 | 20,634,498 | 1,198,881 | 6.2% |
| Total assets | 39,281,710 | 32,291,503 | (6,990,207) | -17.8% |
| Pension Related Deferred Outflows | - | 4,152,642 | 4,152,642 | 100.0% |
| Liabilities | | | | |
| Other liabilities | 4,142,411 | 4,440,231 | 297,820 | 7.2% |
| Long-term liabilities | 9,696,340 | 22,087,794 | 12,391,454 | 127.8% |
| Total liabilities | 13,838,751 | 26,528,025 | 12,689,274 | 91.7% |
| Pension Related Deferred Inflows | 7,707,294 | 3,063,185 | (4,644,109) | -60.3% |
| Net Position | | | | |
| Investment in capital assets, net of related debt | 7,449,277 | 10,938,158 | 3,488,881 | 46.8% |
| Net assets: restricted | 9,433,045 | 7,328,385 | (2,104,660) | -22.3% |
| Net assets: unrestricted | 853,343 | (11,413,605) | (12,266,948) | -1437.5% |
| Total net position | \$ 17,735,665 | \$ 6,852,935 | \$ (10,882,727) | -61.4% |

Statement of Activities: The district's revenues and expenses for fiscal year 2015-2016, as compared to fiscal year 2014-2015 are as follows (details on page 2):

| | 2015 | 2016 | Difference | % |
|----------------------------|----------------------|----------------------|------------------------|---------------|
| Revenues | | | | |
| Charges for Services | \$ 348,467 | \$ 303,712 | \$ (44,755) | -12.8% |
| Operatings Grants | 2,691,730 | 3,258,779 | 567,049 | 21.1% |
| General Revenues | | | | |
| Property Taxes | 8,186,629 | 8,397,948 | 211,319 | 2.6% |
| State Revenue Sharing | 20,815,235 | 21,311,889 | 496,654 | 2.4% |
| Miscellaneous | 1,863,874 | 1,788,738 | (75,136) | -4.0% |
| Total Revenues | \$ 33,905,935 | \$ 35,061,066 | \$ 1,155,131 | 3.4% |
| Expenses | | | | |
| Instruction | 14,268,713 | 28,942,924 | \$ 14,674,211 | 102.8% |
| Support Services | 8,003,234 | 15,724,693 | 7,721,459 | 96.5% |
| Community Services | 703,670 | 1,255,448 | 551,778 | 78.4% |
| Interest on Long-Term Debt | 41,731 | 20,731 | (21,000) | -50.3% |
| Total Expenses | \$ 23,017,348 | \$ 45,943,796 | \$ 22,926,448 | 99.6% |
| Change in Net Position | 10,887,587 | (10,882,730) | (21,770,317) | -200.0% |
| Beginning Net Position | 6,848,078 | 17,735,665 | 10,887,587 | 159.0% |
| Ending Net Position | \$ 17,735,665 | \$ 6,852,935 | \$ (10,882,730) | -61.4% |

The district's cash position remains steady though cash and cash equivalents decreased \$2,891,435 to \$10,227,803 as capital projects were completed and bond proceeds were spent down.

Statement of Net Position: As stated earlier, net position over time may serve as a useful indicator or a government's financial position. For the past two years, large fluctuations in Net Position have been due to implementation of GASB 68 reporting requirements to include the district's portion of the statewide net pension liability in its government wide financial statements. As of June 30, 2016, the district's assets exceeded liabilities by \$6,852,935.

FUND FINANCIAL ANALYSIS

The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Unreserved fund balance measures the District's net resources available for appropriation in the next fiscal year. As of June 30, 2016, total fund balance of the governmental funds was \$9,495,278. These amounts are available to use, in accordance with applicable restrictions on the nature of the expenditures.

Summary of Ending Fund Balances for 2015 and 2016 are as follows (details on page 5):

| | 6/30/2015 | 6/30/2016 |
|--------------------------|---------------|--------------|
| General Fund | \$ 2,783,985 | \$ 2,127,129 |
| Capital Projects Fund | 8,683,268 | 6,699,506 |
| Other Governmental Funds | 313,812 | 329,252 |
| Debt Service Fund | 451,675 | 339,391 |
| | \$ 12,232,740 | \$ 9,495,278 |

CAPITAL ASSETS

Capital assets are those items that are valued at \$5000 and above and were valued as follows on June 30, 2015 and June 30, 2016 (details on page 15):

| | 6/30/2015 | 6/30/2016 |
|----------------------------|---------------|---------------|
| Land and land improvements | \$ 121,067 | \$ 121,067 |
| Buildings | 14,715,598 | 24,450,211 |
| Equipment | 6,005,022 | 6,054,814 |
| Construction in Progress | 10,591,426 | 2,762,182 |
| Accumulated Depreciation | (11,997,496) | (12,753,776) |
| | \$ 19,435,617 | \$ 20,634,498 |

At June 30, 2016 the District had \$20,634,498 invested in a broad range of capital assets, including land, buildings, and equipment. \$9,708,760 was deleted from Construction in Progress and \$9,734,613 was added to Buildings and Improvements for major projects wrapped up during the fiscal year.

DEBT ADMINISTRATION

As of June 30, 2016 the District had \$9,696,340 in debt obligation outstanding including the district voter approved general obligation bond (Series 2015 \$9,696,340 fully maturing in 2022). In the current year the District retired \$2,290,000 completing its obligation under voter approved bond series 2010. Please see Notes to the Basic Financial Statements (details on page 16) for debt maturity details.

The district currently maintains an "AA+" long-term rating from Standard & Poor's for general obligation debt due to participation in the Oregon School Bond Guarantee Program and an underlying rating of "A+".

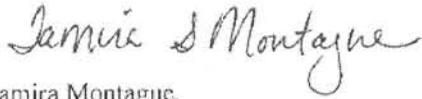
OTHER LONG TERM OBLIGATIONS

Beginning on page 17 of this document, the district's participation in the Oregon PERS plan is described and associated adjustments to assets and liabilities related to the plan are reported in the government-wide analysis reports on pages 1 through 4 as required by GASB 68.

REQUESTS FOR INFORMATION

This financial report is designed to provide our stakeholders, investors and creditors with an overview of the District's finances. If you have any questions about this report or need any clarification of information please contact the Business Office at Dallas School District No. 2, 111 SW Ash St., Dallas Oregon 97338.

Respectfully submitted,



Tamira Montague,
Director of Fiscal Services

BASIC FINANCIAL STATEMENTS

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DALLAS SCHOOL DISTRICT
DALLAS, OREGON

STATEMENT OF NET POSITION
June 30, 2016

| | Governmental Activities |
|--|------------------------------------|
| ASSETS: | |
| Cash and Investments | \$ 10,227,803 |
| Receivables: | |
| Accounts and Grants | 859,111 |
| Property Taxes | 530,331 |
| Supplies Inventories | 39,760 |
| Capital Assets - Nondepreciable | 2,883,249 |
| Capital Assets - Depreciable, Net of Depreciation | 17,751,249 |
| Total Assets | 32,291,503 |
| DEFERRED OUTFLOWS OF RESOURCES: | |
| Pension Related Deferrals | 4,152,642 |
| Total Assets and Pension Related Deferrals | 36,444,145 |
| LIABILITIES: | |
| Current Liabilities: | |
| Accounts Payable | 270,013 |
| Accrued Salaries and Benefits | 1,302,874 |
| Unearned Revenue | 140,402 |
| Accrued Vacation Payable | 60,807 |
| OPEB | 444,736 |
| Long-Term Liabilities Due within one year | 2,221,399 |
| Non Current Liabilities: | |
| Long-Term Liabilities Due in more than one year | 7,474,941 |
| Net Pension Liability | 14,612,853 |
| Total Liabilities | 26,528,025 |
| DEFERRED INFLOWS OF RESOURCES: | |
| Pension Related Deferrals | 3,063,185 |
| Total Liabilities and Pension Related Deferrals | 29,591,210 |
| NET POSITION: | |
| Net Investment in Capital Assets | 10,938,158 |
| Restricted for: | |
| Capital Projects | 6,699,506 |
| Student Activity | 316,556 |
| Food Service | (27,071) |
| Debt Service | 339,391 |
| Unrestricted | (11,413,605) |
| Total Net Position | \$ 6,852,935 |

See accompanying notes to the basic financial statements.

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016

| Functions/Programs | Expense | PROGRAM REVENUES | | Net (Expense) Revenue and Changes in Net Assets |
|--------------------------------------|----------------------|-------------------------|---------------------------------------|--|
| | | Charges for Services | Operating Grants and Contributions | Governmental Activities |
| Governmental Activities: | | | | |
| Instruction | \$ 28,942,924 | 32,257 | 1,713,779 | \$ (27,196,888) |
| Support Services | 15,724,693 | 92,206 | 737,480 | (14,895,007) |
| Community Services | 1,255,448 | 179,249 | 807,520 | (268,679) |
| Interest on Long-Term Debt | 20,731 | ~ | ~ | (20,731) |
| Total Governmental Activities | \$ 45,943,796 | \$ 303,712 | \$ 3,258,779 | (42,381,305) |

GENERAL REVENUES:

| | |
|---|---------------------|
| Property Taxes, Levied for Operations | 6,210,422 |
| Property Taxes, Levied for Debt Service | 2,187,526 |
| State Sources | 21,311,889 |
| Other Local Sources | 949,530 |
| Other Intermediate Sources | 735,650 |
| Investment Earnings | 103,558 |
| Total General Revenues | 31,498,575 |
| Changes in Net Position | (10,882,730) |
| Net Position - Beginning | 17,735,665 |
| Net Position - Ending | \$ 6,852,935 |

See accompanying notes to the basic financial statements.

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

BALANCE SHEET - GOVERNMENTAL FUNDS
At June 30, 2016

| | GENERAL FUND | SPECIAL GRANTS AND REVENUES FUND | CAPITAL PROJECTS FUND | DEBT SERVICE GO BOND FUND | OTHER GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|---|---------------------|---|-----------------------------|---------------------------------|--------------------------------|--------------------------------|
| ASSETS: | | | | | | |
| Cash and Investments | \$ 2,807,228 | \$ - | \$ 6,785,929 | \$ 318,090 | \$ 316,556 | \$ 10,227,803 |
| Inventory | - | - | - | - | 39,760 | 39,760 |
| Due from Other Funds | 460,651 | - | - | - | 10,000 | 470,651 |
| Receivables | | | | | | |
| Accounts and Grants | 13,619 | 5,394 | - | 174 | 10,283 | 29,470 |
| Property Taxes | 385,579 | - | - | 144,752 | - | 530,331 |
| Intergovernmental Accounts | 256,535 | 559,708 | - | - | 13,398 | 829,641 |
| Total Assets | \$ 3,923,612 | \$ 565,102 | \$ 6,785,929 | \$ 463,016 | \$ 389,997 | \$ 12,127,656 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES: | | | | | | |
| Liabilities: | | | | | | |
| Accounts Payable | \$ 114,843 | \$ 36,559 | \$ 86,423 | \$ 1,053 | \$ 31,135 | \$ 270,013 |
| Accrued Salaries and Benefits | 1,302,874 | - | - | - | - | 1,302,874 |
| Due To Other Funds | 10,000 | 431,034 | - | - | 29,617 | 470,651 |
| Unearned Revenue | 42,900 | 97,502 | - | - | - | 140,402 |
| Total Liabilities | 1,470,617 | 565,095 | 86,423 | 1,053 | 60,752 | 2,183,940 |
| Deferred Inflows of Resources: | | | | | | |
| Unavailable Revenue - Property Taxes | 325,866 | - | - | 122,572 | - | 448,438 |
| Fund Balances (Deficit): | | | | | | |
| Non-spendable | - | - | - | - | 39,760 | 39,760 |
| Restricted for: | | | | | | |
| Capital Projects | - | - | 6,699,506 | - | - | 6,699,506 |
| Student Activity | - | - | - | - | 316,556 | 316,556 |
| Food Service | - | - | - | - | (27,071) | (27,071) |
| Facilities and Maintenance | 619,336 | - | - | - | - | 619,336 |
| Debt Service | - | - | - | 339,391 | - | 339,391 |
| Assigned | - | 7 | - | - | - | 7 |
| Unassigned | 1,507,793 | - | - | - | - | 1,507,793 |
| Total Fund Balances (Deficit) | 2,127,129 | 7 | 6,699,506 | 339,391 | 329,245 | 9,495,278 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$ 3,923,612 | \$ 565,102 | \$ 6,785,929 | \$ 463,016 | \$ 389,997 | \$ 12,127,656 |

See accompanying notes to the basic financial statements.

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2016

| | | |
|---|---------------------|----------------------------|
| TOTAL FUND BALANCES-GOVERNMENTAL FUNDS | | \$ 9,495,278 |
| <p>Capital assets are not financial resources and therefore are not reported in the governmental funds.</p> | | |
| Cost | \$ 33,388,274 | |
| Accumulated Depreciation | <u>(12,753,776)</u> | 20,634,498 |
| <p>The Net Pension Asset is the difference between the total pension liability and the assets set aside to pay benefits earned to past and current employees and beneficiaries.</p> | | |
| Net Pension Liability | | (14,612,853) |
| <p>Deferred Inflows and Outflows of resources related to the pension plan include differences between expected and actual experience, changes of assumptions, differences between projected and actual earnings, and contributions subsequent to the measurement date.</p> | | |
| Net Pension Related Deferrals | | |
| Deferred Inflows | (\$3,063,185) | |
| Deferred Outflows | <u>4,152,642</u> | 1,089,457 |
| <p>Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.</p> | | |
| Long term Liabilities: | | |
| Accrued Vacation Payable | \$ (60,807) | |
| Other Post Employment Benefit Obligation | (444,736) | |
| General Obligation Bonds Payable & Flexfund Note Payable | <u>(9,696,340)</u> | (10,201,883) |
| <p>A portion of the District's property taxes are collected after year-end but are not available soon enough to pay for the current year's operations, and therefore are not reported as revenue in the governmental funds.</p> | | |
| Unavailable Revenue Related To Property Taxes. | | <u>448,438</u> |
| TOTAL NET POSITION | | \$ <u>6,852,935</u> |

See accompanying notes to the basic financial statements.

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2016

| | GENERAL FUND | SPECIAL GRANTS AND REVENUES FUND | CAPITAL PROJECTS | DEBT SERVICE GO BOND FUND | OTHER GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|---------------------------------------|---------------------|---|---------------------|---------------------------------|--------------------------------|--------------------------------|
| REVENUES: | | | | | | |
| Local Sources | \$ 6,840,791 | \$ 296,358 | \$ 49,141 | \$ 2,198,447 | \$ 794,406 | \$ 10,179,143 |
| Intermediate Sources | 449,149 | 286,501 | - | - | - | 735,650 |
| State Sources | 21,489,311 | 639,782 | - | - | 30,525 | 22,159,618 |
| Federal Sources | 3,645 | 1,246,654 | - | - | 736,992 | 1,987,291 |
| Total Revenues | 28,782,896 | 2,469,295 | 49,141 | 2,198,447 | 1,561,923 | 35,061,702 |
| EXPENDITURES: | | | | | | |
| Current: | | | | | | |
| Instruction | 18,506,208 | 1,547,034 | - | - | 588,893 | 20,642,135 |
| Support Services | 10,992,245 | 841,898 | - | - | - | 11,834,143 |
| Community Services | - | 11,660 | - | - | 967,592 | 979,252 |
| Facilities Acquisition | - | - | 2,032,903 | - | - | 2,032,903 |
| Debt Service | - | - | - | 2,310,731 | - | 2,310,731 |
| Total Expenditures | 29,498,453 | 2,400,592 | 2,032,903 | 2,310,731 | 1,556,485 | 37,799,164 |
| Revenues Over (Under) Expenditures | (715,557) | 68,703 | (1,983,762) | (112,284) | 5,438 | (2,737,462) |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfer In | 98,701 | - | - | - | 10,000 | 108,701 |
| Transfer Out | (40,000) | (68,701) | - | - | - | (108,701) |
| Total Other Financing Sources (Uses) | 58,701 | (68,701) | - | - | 10,000 | - |
| Net Change in Fund Balance | (656,856) | 2 | (1,983,762) | (112,284) | 15,438 | (2,737,462) |
| Beginning Fund Balance | 2,783,985 | 5 | 8,683,268 | 451,675 | 313,807 | 12,232,740 |
| Ending Fund Balance | \$ 2,127,129 | \$ 7 | \$ 6,699,506 | \$ 339,391 | \$ 329,245 | \$ 9,495,278 |

See accompanying notes to the basic financial statements.

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities and Changes in Net Position
For the Year Ended June 30, 2016

TOTAL NET CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS \$ (2,737,462)

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.

| | | |
|--------------------------------------|------------------|-----------|
| Expenditures for capital assets, Net | \$ 1,955,161 | |
| Less current year depreciation, Net | <u>(756,280)</u> | 1,198,881 |

The Pension Expense represents the changes in Net Pension Liability from year to year due to changes in total pension liability and the fair value of pension plan net position available to pay pension benefits.

(11,522,567)

Compensated absences are recognized as expenditure in the governmental funds when they are paid. In the Statement of Activities, these liabilities are recognized as an expenditure when earned.

(16,653)

Long-term debt proceeds are reported as other financing sources in 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. This is the amount by which proceeds exceeded repayments.

| | | |
|---------------------|------------------|-----------|
| Net OPEB Obligation | (94,292) | |
| Bonds Payments | <u>2,290,000</u> | 2,195,708 |

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.

(637)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ (10,882,730)**

See accompanying notes to the basic financial statements.

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of American (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the accounting policies are described below.

A. The Financial Reporting Entity

Dallas School District (the District) is a municipal corporation governed by an elected Board of Directors. Administration officials are approved by the Board. The daily functioning is under the supervision of the Superintendent-Clerk. As required by generally accepted accounting principles, all activities have been included in these basic financial statements.

The District was organized for the purpose of educating children residing within the boundaries of the District in assuring excellent and equitable educational opportunities and outcomes for all students. In carrying out this mission, the District provides programs and services that reflect documented educational needs and that are most cost-effectively delivered on a regional basis.

The District qualifies as a primary government since it has a separately elected governing body, is a legally separate entity, and is fiscally independent. There are various governmental agencies and special service districts which provide services. However, the District is not financially accountable for any of these entities, and therefore, none of them are considered component units or included in these basic financial statements, in accordance with GASB 61.

B. Government-wide and Fund Financial Statements

The Statement of Net Position and Statement of Activities display information as a whole.

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

Program Revenues included in the Statement of Activities derive directly from the program itself or from parties outside taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the general revenues.

All direct expenses are reported by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities. In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities. The accounts are organized and operated on the basis of funds. A fund is an independent self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions.

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOVERNMENTAL FUND TYPES

Governmental funds are used to account for general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are “measurable and available”). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property tax revenue and proceeds from sale of property are not considered available and, therefore, are not recognized until received. Expenditures are recorded when the liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, interfund transactions, and compensated absences, claims and judgments, and pension expenses which are not recognized as expenditures because they will be liquidated with future expendable financial resources.

Revenues susceptible to accrual are interest, state, county and local shared revenue and federal and state grants. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Financial operations are accounted for in the following major funds:

General Fund

This fund accounts for all financial resources and expenditures, except those required to be accounted for in another fund. The principal revenue sources are property taxes and an apportionment from the State of Oregon School Support Fund. Expenditures in this fund are made for instruction, supporting services, community services and interest.

Special Grants and Revenues Fund

This fund accounts for revenue and expenditures restricted for specific education projects or programs. The principal revenue source is federal grants and other local sources.

Debt Service Fund

This fund provides for the payment of principal and interest on general obligation bonded debt. The principal revenue source is property taxes.

Capital Projects Fund

This fund provides the capital construction expenditures related to the bond. The principal revenue source is bond proceeds.

Other Governmental Funds

The Other Governmental Funds account for the aggregate of all non-major governmental funds.

Special Revenue Funds Rolled Into the General Fund for GASB 54 Purposes

Basic financial statements must report as Special Revenue funds only those which have a substantial portion of revenue inflows from restricted or committed revenue sources. The following fund is combined into the General Fund because the primary revenue source is transfers from the General Fund or there is no revenue to report.

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Facilities Maintenance and Repair Fund

This fund was established for the purpose of accumulating funds to pay for maintenance and repair of capital assets. It is funded by transfers from the General Fund, interest earned on investments, and facility rentals.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Governmental funds are accounted for on a spending measurement focus. Only current assets and current liabilities are generally included in their balance sheet. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current position.

The government-wide basic 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.

Governmental fund basic 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, revenues are considered to be available if they are collected within 60 days of the end of the current fiscal year. 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 pensions are recorded only when payment is due.

Property taxes associated with the current fiscal period, are considered to be susceptible to accrual, if received in cash by the District or a County collecting such taxes within 60 days after year-end. All other revenue items are recognized in the accounting period when they become both measurable and available.

D. Assets, Liabilities, and Net Position

Cash and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of ninety days or less from the date of acquisition. At June 30, 2016, short-term investments consist of the local government investment pool. Investments are stated at cost, which approximates market. The local government investment pool operates in accordance with appropriate state laws and regulations.

Property Taxes

Property taxes are levied on all taxable property as of July 1, the beginning of the fiscal year, and become a lien on that date. Property taxes are payable on November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 15 are considered delinquent and interest is assessed.

Uncollected property taxes are shown in the balance sheet. Uncollected taxes are deemed to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established by management. The balance of taxes receivable is recorded as unavailable revenue because it is not deemed available to finance operations of the current period.

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intergovernmental Receivables

Expenditures at June 30 due from grantor agencies are reflected in the basic financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenditures are incurred. Grant monies received prior to the occurrence of qualifying expenditures are recorded as deferred revenue.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the government-wide basic financial statements. Capital assets are defined 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 if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital outlays that significantly extend the useful life of capital assets are capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Land is not depreciated. Property, plant, and equipment are depreciated using the straight line method over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|---------------------------|--------------|
| Buildings | 100 |
| Building Improvements | 15-50 |
| Vehicles | 4-10 |
| Film, Equipment and Video | 5-10 |
| Office Equipment | 5 |
| Computer Equipment | 5 |

Compensated Absences

It is policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since there is not a policy to pay any amounts when an employee separates from service. All vacation pay is accrued when incurred in the government-wide basic financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Policy permits employees who work a twelve-month schedule and at least one-half time on either a weekly or monthly basis, and employees that work 9 months to earn vacation.

Long Term Obligations

In the government-wide basic financial statements long-term debt is reported as a liability in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the bonds outstanding method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund basic financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses.

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources

In addition to assets, the financial statements 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 future period and so will not be recognized as an outflow of resources (expenditure) until then. The District's statement of net position shows deferred outflows of \$4,152,642 related to pension deferrals.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two types of items, which qualify for reporting in this category. The first unavailable revenue is in the governmental funds balance sheet for property taxes in the amount of \$448,438. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District's statement of net position shows another Net Deferred Inflow. There were deferred inflows of \$3,063,185 related to pension deferrals.

Retirement Plans

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

Net Position

Net position comprises the various net earnings from operations, nonoperating revenues, expenses and contributions of capital. Net position is classified in the following three categories:

Net investment in capital assets – consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – consists of external constraints placed on asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – consists of all other amounts that are not included in the other categories previously mentioned.

Fund Balance

GASB Statement No. 54, Fund Balance Reporting and Governmental Fund-type Definitions is followed. The objective of this statement is to enhance the usefulness of the fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications are nonspendable, restricted, committed, assigned, unassigned.

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

- Nonspendable represents amounts that are not in a spendable form. This nonspendable fund balance represents inventories and prepaid items.
- Restricted represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.
- Assigned represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body. The authority to classify portions of ending fund balance as Assigned is granted to the Superintendent and Business Manager.
- Unassigned is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

There are no committed funds as of June 30, 2016.

The governing body has approved the following order of spending regarding fund balance categories: restricted resources are spent first when both restricted and unrestricted (committed, assigned, or unassigned) resources are available for expenditures. When unrestricted resources are spent, the order of spending is committed (if applicable) and unassigned.

Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

A budget is prepared and legally adopted for all funds on the modified accrual basis of accounting in the main program categories required by the Oregon Local Budget Law.

Expenditure budgets are appropriated at the following levels for each fund:

LEVEL OF CONTROL

Instruction
Support Services
Community Services
Facilities Acquisition and Construction
Interfund Transactions
Debt Service
Operating Contingency

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Expenditures cannot legally exceed the above appropriation levels except in the case of grants which could not be estimated at the time of budget adoption. Appropriations lapse at the fiscal year end. Management may amend line items in the budget without Board approval as long as appropriation levels (the legal level of control) are not changed. Supplemental appropriations may occur if the Board approves them due to a need which exists which was not determined at the time the budget was adopted.

Budget amounts shown in the budgetary basic financial statements reflect the final budget. Expenditures were within appropriation levels.

3. BUDGETARY BASIS OF ACCOUNTING

The budgetary (modified accrual) basis of accounting differs from generally accepted accounting principles. The budgetary statements provided as part of supplementary information elsewhere in this report are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The budgetary basis of accounting is substantially the same as generally accepted accounting principles in the United States of America with the exceptions that capital outlay expenditures are expensed when purchased, depreciation is not calculated, property taxes are recorded as revenue when received instead of when levied, OPEB and compensated absences expenses are recorded when paid instead of when incurred, inventories of supplies are expensed when purchased, pension costs are not recorded until paid, and principal payments and proceeds on long term debt are recorded as revenues when received and expenditures when paid.

4. CASH AND INVESTMENTS

Cash management policies are governed by state statutes. Statutes authorize investing in banker's acceptances, time certificates of deposit, commercial paper, repurchase agreements, obligations of the United States and its agencies and instrumentalities, and the Oregon State Treasurer's Local Government Investment Pool.

A cash pool is maintained that is available for use by all funds. Each fund type's portion of this pool is reported on the combined balance sheet as Cash and Investments or amounts Due To Other Funds.

In addition, cash is separately held by some of the funds.

Cash and Investments (recorded at cost) consisted of:

| | |
|---------------------------------------|----------------------|
| Deposits with Financial Institutions: | |
| Demand Deposits | \$ 1,083,305 |
| Investments | \$ 9,144,498 |
| Total Cash and investments | <u>\$ 10,227,803</u> |

DEPOSITS

Deposits with financial institutions include bank demand deposits. The total bank balance per the bank statements is \$1,591,233 of which \$703,561 is covered by federal depository insurance. The remainder was covered by the collateral held in a multiple financial institutions' collateral pool administered by the Oregon State Treasurer. Oregon Revised Statutes requires deposits be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury.

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

4. CASH AND INVESTMENTS (CONTINUED)

Credit Risk – Deposits

In the case of deposits, there is the risk that in the event of a bank failure, the deposits may not be returned. There is no deposit policy for custodial credit risk. All deposits were either FDIC insured or collateralized.

INVESTMENTS

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund appears to be in compliance with all portfolio guidelines at June 30, 2016. The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. We intend to measure these investments at book value since it approximates fair value. The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value measurement in the Oregon Short Term Fund's audited financial report. As of June 30, 2016, the fair value of the position in the LGIP is 100.6% of the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized.

At year-end, Investment balances were as follows:

| Investment Type | Investment Maturities (In Months) | | |
|--|-----------------------------------|---------------------|-------------|
| | Fair Value | Less Than 3 | More than 3 |
| State Treasurer's Local Government Investment Pool | | | |
| Total | \$ 9,144,498 | \$ 9,144,498 | \$ - |
| | <u>\$ 9,144,498</u> | <u>\$ 9,144,498</u> | <u>\$ -</u> |

Interest Rate Risk- Investments

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB. There are no investments that have a maturity date greater than three months.

Credit Risk – Investments

Oregon Revised Statutes do not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE. The State Investment Pool is not rated.

Concentration of Credit Risk

At June 30, 2016, 100% of total investments were in the State Treasurer's Investment Pool. State statutes do not limit the percentage of investments in this instrument. Oregon Revised Statutes require no more than 25 percent of the moneys of local government to be invested in bankers' acceptances of any qualified financial institution. At June 30, 2016, investments were in compliance with all percentage restrictions.

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. RECEIVABLES

Special revenue fund grants receivable are comprised of claims for reimbursement of costs under various federal and state grant programs. Property taxes are levied and become a lien on all taxable property as of July 1. Taxes unpaid and outstanding on May 16 are considered delinquent. No allowance for uncollectible accounts has been recorded because all receivables are considered by management to be collectible at year end.

6. CAPITAL ASSETS

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

| | Balance July 1, 2015 | Additions | Deletions | Balance June 30, 2016 |
|--|-------------------------|-------------------|--------------------|--------------------------|
| Governmental Activities: | | | | |
| Capital Assets Not being Depreciated: | | | | |
| Land | \$ 121,067 | \$ - | \$ - | \$ 121,067 |
| Construction in Progress | 10,591,426 | 1,879,516 | (9,708,760) | 2,762,182 |
| Total Capital Assets Not Being Depreciated | <u>10,712,493</u> | <u>1,879,516</u> | <u>(9,708,760)</u> | <u>2,883,249</u> |
| Capital Assets Being Depreciated: | | | | |
| Buildings and Improvements | 14,715,598 | 9,734,613 | - | 24,450,211 |
| Machinery and Equipment | 6,005,022 | 49,792 | - | 6,054,814 |
| Total Capital Assets Being Depreciated | <u>20,720,620</u> | <u>9,784,405</u> | <u>-</u> | <u>30,505,025</u> |
| Accumulated Depreciation: | | | | |
| Buildings and Improvements | 6,527,023 | 621,652 | - | 7,148,675 |
| Machinery and Equipment | 5,470,473 | 134,628 | - | 5,605,101 |
| Total Accumulated Depreciation | <u>11,997,496</u> | <u>\$ 756,280</u> | <u>\$ -</u> | <u>12,753,776</u> |
| Governmental Activities | | | | |
| Capital Assets, Net | <u>\$ 19,435,617</u> | | | <u>\$ 20,634,498</u> |

The Construction in Progress deletion of \$9,708,760 indicates a reclassification as Buildings and Improvements in 2015-16, which comprises the majority of the total additions in that category. The additions of \$1,879,516 to Capital Assets Not Being Depreciated and \$9,784,405 to Capital Assets Being Depreciated combined with the deletion of (\$9,708,760) nets to equal a total net expenditure of the year ended June 30, 2016 related to capital assets being \$1,955,161.

Depreciation expense was charged to functions/programs of the primary government for governmental activities as follows:

| | |
|----------------------------|-------------------|
| Governmental Activities | |
| Instruction | \$ 466,626 |
| Support Services | 267,517 |
| Community Services | <u>22,137</u> |
| Total Depreciation Expense | |
| Governmental Activities | <u>\$ 756,280</u> |

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. LONG-TERM DEBT

General Obligation Bonds

General obligation bonds were issued to provide funds for the acquisition and construction of major capital facilities. The original amount of general obligation bonds issued in prior years was \$18,296,340.

General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds were issued in 2010 and 2015 with interest plus principal approximating equal debt service payments each year. General obligation bonds currently outstanding are as follows:

| Issue Date | Interest Rates | Original Issue | Outstanding July 1, 2015 | Issued | Matured and Redeemed | Outstanding June 30, 2016 |
|---------------------|-------------------|-------------------|-----------------------------|-------------|-------------------------|------------------------------|
| 2010 Bond | 0.90% | \$ 8,600,000 | \$ 2,290,000 | \$ - | \$ 2,290,000 | \$ - |
| 2015 Bond | 1.01-2.27% | \$ 9,696,340 | 9,696,340 | - | - | 9,696,340 |
| Total Bonds Payable | | | <u>\$ 11,986,340</u> | <u>\$ -</u> | <u>\$ 2,290,000</u> | <u>\$ 9,696,340</u> |

Future maturities of bonds are payable as follows:

| Fiscal Year Ending June 30 | Principal | Interest |
|-------------------------------|------------------|----------------|
| 2017 | 2,221,399 | 48,601 |
| 2018 | 2,271,890 | 93,110 |
| 2019 | 1,303,778 | 86,222 |
| 2020 | 1,307,228 | 127,772 |
| 2021 | 1,302,765 | 172,236 |
| 2022 | 1,289,280 | 225,720 |
| Total | <u>9,696,340</u> | <u>753,661</u> |

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. DEFINED BENEFIT PENSION PLAN

Plan Description – The Oregon Public Employees Retirement System (PERS) consists of a single cost-sharing multiple-employer defined benefit plan. All benefits of the system are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Oregon PERS produces an independently audited Comprehensive Annual Financial Report which can be found at:

http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx.

If the link is expired please contact Oregon PERS for this information.

- a. **PERS Pension (Chapter 238).** The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.
 - i. **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, and 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 benefits results.
 - ii. **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 on or more of the following contributions are met:
 - member was employed by 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.
 - iii. **Disability Benefits.** A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.
 - iv. **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 equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.
- b. **OPSRP Pension Program (OPSRP DB).** The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.

NOTES TO BASIC FINANCIAL STATEMENTS

8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

- i. **Pension Benefits.** This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:
Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.
General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.
A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.
- ii. **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.
- iii. **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.
- iv. **Benefit Changes After Retirement.** Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA 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. The 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 subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2016 were \$3,028,015, excluding amounts to fund employer specific liabilities. In addition approximately \$887,108 in employee contributions were paid or picked up by the District in fiscal 2016.

Pension Asset or Liability - At June 30, 2016, the District reported a net pension liability of \$14,612,853 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013. 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 June 30, 2015, the District's proportion was .254 percent.

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

| | <u>Deferred Outflow of Resources</u> | <u>Deferred Inflow of Resources</u> |
|---|--|---|
| Difference between expected and actual experience | \$ 787,999 | \$ - |
| Changes in assumptions | - | - |
| Net difference between projected and actual earnings on pension plan investments | - | 3,063,185 |
| Changes in proportion and differences between District contributions and proportionate share of contributions | <u>336,628</u> | <u>-</u> |
| Subtotal - Amortized Deferrals (below) | 1,124,627 | 3,063,185 |
| District contributions subsequent to measurement date | <u>3,028,015</u> | <u>-</u> |
| Net deferred outflow (inflow) of resources | <u>\$ 4,152,642</u> | <u>\$ 3,063,185</u> |

Subtotal amounts related to pension as deferred outflows of resources, \$1,124,627, and deferred inflows of resources, \$(3,063,185), net to \$(1,938,558) and will be recognized in pension expense as follows:

| <u>Year ending June 30,</u> | <u>Amount</u> |
|-----------------------------|-----------------------|
| 2017 | \$ (1,193,133) |
| 2018 | (1,193,133) |
| 2019 | (1,193,133) |
| 2020 | 1,561,680 |
| 2021 | 79,162 |
| Thereafter | - |
| Total | <u>\$ (1,938,558)</u> |

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated May 23, 2016. Oregon PERS produces an independently audited CAFR which can be found at:

http://www.oregon.gov/pers/Pages/section/financial_reports/financial.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 (estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount for the amortization unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer 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 accrued liabilities being amortized over 16 years.

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions:

| | |
|---------------------------|---|
| Valuation date | December 31, 2013 rolled forward to June 30, 2015 |
| Experience Study Report | 2014, Published September 2015 |
| Actuarial cost method | Entry Age Normal |
| Amortization method | Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years |
| Asset valuation method | Market value of assets |
| Inflation rate | 2.75 percent |
| Investment rate of return | 7.75 percent |
| Projected salary increase | 3.75 percent overall payroll growth; salaries for individuals are assumed to grow at 3.75 percent plus assumed rates of merit/longevity increases based on service. For COLA, a blend of 2% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision, blend based on service. |
| Mortality | Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (65% for males and 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table. |

Actuarial valuations of an ongoing plan involve estimates of 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. The method and assumptions shown are based on the 2014 Experience Study which is reviewed for the four-year period ending December 31, 2013.

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 the 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.

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate.

| | (6.75%) | (7.75%) | (8.75%) |
|---|---------------|---------------|----------------|
| District's proportionate share of the net pension liability (asset) | \$ 35,267,578 | \$ 14,612,853 | \$ (2,793,653) |

Since the December 31, 2013 actuarial valuation, the system-wide actuarial accrued liability has increased primarily due to the Moro decision and assumption changes, along with interest on the liability as current active members get closer to retirement. The Oregon Supreme Court decision in Moro v. State of Oregon, issued on April 30, 2015, reversed a significant portion of the reductions the 2013 Oregon Legislature made to future system Cost of Living Adjustments (COLA) through Senate Bills 822 and 861. This reversal increased the benefits projected to be paid by Employers compared to those developed in the prior actuarial valuation, and consequently increased plan liabilities. The employers' projected long-term contribution effort has been adjusted for the estimated impact of the Moro Decision. In accordance with statute, a biennial review of actuarial methods and assumptions was completed in 2015 to be used for the December 31, 2014 actuarial valuation. After completion of this review and subsequent to the measurement date, the PERS Board adopted several assumption changes, including lowering the investment return assumption to 7.50%, which will be effective January 1, 2016 and will be included in the next update.

Individual Account Program - In the 2003 legislative session, the Oregon Legislative Assembly created a successor plan for OPERS. The Oregon Public Service Retirement Plan (OPSRP) is effective for all new employees hired on or after August 29, 2003, and applies to any inactive OPERS members who return to employment following a six month or greater break in service. The new plan consists of the defined benefit pension plans and a defined contribution pension plan (the Individual Account Program or IAP). Beginning January 1, 2004, all OPERS member contributions go into the IAP portion of OPSRP. OPERS' members retain their existing OPERS accounts, but any future member contributions are deposited into the member's IAP, not the member's OPERS account. Those employees who had established an OPERS membership prior to the creation of OPSRP will be members of both the OPERS and OPSRP system as long as they remain in covered employment. Members of OPERS and OPSRP are required to contribute six percent of their salary covered under the plan which is invested in the IAP. The District makes this contribution on behalf of its employees. The District contributed approximately \$887,108 for the year ended June 30, 2016.

Additional disclosures related to Oregon PERS not applicable to specific employers are available online at the below website, or by contacting PERS at the following address: PO BOX 23700 Tigard, OR 97281-3700.

http://www.oregon.gov/pers/EMP/docs/er_general_information/opers_gasb_68_disclosure_information_revised.pdf

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

9. PROPERTY TAX LIMITATION

The voters of the State of Oregon approved ballot measure 5, a constitutional limit on property taxes for schools and non-school government operations, in November, 1990. School operations include community colleges, local school districts, and education service districts.

The limitation provides that property taxes for school operations are limited to \$5.00 for each \$1,000 of property market value. This limitation does not apply to taxes levied for principal and interest on general obligation bonded debt. The result of this initiative has been that school districts have become more dependent upon state funding and less dependent upon property tax revenues as their major source of operating revenue.

The voters of the State of Oregon passed ballot measure 50 in May, 1997 to further reduce property taxes by replacing the previous constitutional limits on tax bases with a rate and value limit.

Measure 50 reduced the amount of operating property tax revenues available for the 1998-99 fiscal year and thereafter. This reduction is accomplished by rolling property values back to their 1995-96 values less 10% and limiting future tax value growth of each property to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempted from the property tax limitations. The measure also sets restrictive voter approval requirements for most tax and many fee increases and new bond issues, and requires the State of Oregon to minimize the impact of the tax cuts to the school districts. The ultimate impact to the District as a result of the measure has been greater reliance on state funding and less reliance on local funding.

10. RISK MANAGEMENT

There is exposure to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which commercial insurance is purchased. There were no significant reductions in insurance coverage from coverage in prior years in any of the major categories of risk. Also, the amounts of any settlements have not exceeded insurance coverage for any of the past three fiscal years.

11. COMMITMENTS AND CONTINGENCIES

Substantially all amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the management expects such amounts, if any, to be immaterial.

A substantial portion of operating funding is received from the State of Oregon. State funding is determined through state wide revenue projections that are paid to individual school districts based on pupil counts and other factors in the state school fund revenue formula. Since these projections and pupil counts fluctuate they can cause either increases or decreases in revenue. Due to these future uncertainties at the state level, the future effect on the operations cannot be determined.

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

12. INTERFUND TRANSFERS & INTERFUND RECEIVABLE/PAYABLE

Amounts were comprised of the following:

| | Transfers Out | Transfers In | Interfund Receivable | Interfund Payable |
|--------------------------|-------------------|-------------------|-------------------------|----------------------|
| General Fund | \$ 40,000 | \$ 98,701 | \$ 460,651 | \$ 10,000 |
| Special Revenue | 68,701 | - | - | 431,034 |
| Other Governmental Funds | - | 10,000 | 10,000 | 29,617 |
| | <u>\$ 108,701</u> | <u>\$ 108,701</u> | <u>\$ 470,651</u> | <u>\$ 470,651</u> |

13. OTHER POST EMPLOYMENT BENEFITS

Plan Description – The District maintains a single employer retiree benefit plan that provides post-employment health insurance benefits to eligible employees and their spouses. The plan does not issue separate basic financial statements.

The District’s post-retirement healthcare plan was established in accordance with Oregon Revised Statutes (ORS) 243.303. ORS stipulated 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 represents the District’s implicit employer contribution.

Funding Policy – The OPEB Plan is unfunded as defined by GASB. Contributions to the Plan have been determined on a pay-as-you-go basis.

Annual Pension Cost and Net Pension Obligations – The annual early retirement explicit medical benefit plan was calculated based on the annual required contribution of the employer (ARC), and amount actuarially determined in accordance within 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 normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Funding Status and Funding Progress – See page 25 for funding information.

| | 2013 | 2014 | 2015 | 2016 |
|--|----------------|----------------|----------------|----------------|
| Annual Required Contribution | \$ 835,359 | \$ 761,151 | \$ 783,985 | \$ 812,920 |
| Interest on prior year Net OPEB Obligation | 152,273 | 12,508 | 10,763 | 12,266 |
| Adjustment to annual Required Contribution | (55,449) | (45,412) | (39,077) | (50,789) |
| Annual OPEB Cost | 795,183 | 728,247 | 755,671 | 774,397 |
| Contributions made | (874,172) | (778,110) | (712,759) | (680,105) |
| Increase in Net OPEB Obligation | (78,989) | (49,863) | 42,912 | 94,292 |
| Net OPEB Obligation at beginning of year | 436,384 | 357,395 | 307,532 | 350,444 |
| Net OPEB Obligation at end of year | <u>357,395</u> | <u>307,532</u> | <u>350,444</u> | <u>444,736</u> |
| Percentage of APC Contributed | 110% | 107% | 94% | 88% |

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

14. OPERATING LEASES

There are operating leases for copiers & printers. Payments for each lease range from \$57 to \$1,502 per month. Operating lease payments for the year ended June 30, 2016 were \$47,469. Future minimum payments are as follows:

| Year Ended June 30th | Amount |
|-------------------------|-------------------|
| 2017 | \$41,947 |
| 2018 | 40,004 |
| 2019 | 36,117 |
| 2020 | 36,117 |
| 2021 | 3,010 |
| Total | <u>\$ 157,193</u> |

REQUIRED SUPPLEMENTARY INFORMATION

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DALLAS SCHOOL DISTRICT
DALLAS, OREGON

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
For the Year Ended June 30, 2016

Annual OPEB Cost and Net OBEB Obligation relating to Early Retirement Plan: Healthcare

Schedule of Funding Progress

| Actuarial Valuation Date | (a) Actuarial Value of Assets | (b) Actuarial Accrued Liability (AAL) Entry Age | (b)-(a) AAL (UAAL) | (a/b) Funded Ratio | (c) Covered Payroll | ((b-a)/c) UAAL as a Percentage of Covered Payroll |
|--------------------------|----------------------------------|--|-----------------------|-----------------------|------------------------|--|
| 2010 | \$ - | \$ 6,253,191 | \$ 6,253,191 | - | \$ N/A | N/A |
| 2013 | - | 4,880,080 | 4,880,080 | - | N/A | N/A |
| 2015 | - | 6,791,021 | 6,791,021 | - | 12,641,619 | 53.7% |

Schedule of Employer Contributions

| Year Ended June 30, | Annual OPEB Cost | Contribution Made | Percentage Contributed |
|---------------------|------------------|-------------------|------------------------|
| 2013 | \$ 795,183 | \$ 874,172 | 109.9% |
| 2014 | 728,247 | 778,110 | 106.8% |
| 2015 | 755,671 | 712,759 | 94.3% |
| 2016 | 774,397 | 680,105 | 87.8% |

The above amounts are the most current the District has obtained.

**DALLAS SCHOOL DISTRICT
DALLAS, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET - BUDGETARY BASIS
For the Year Ended June 30, 2016**

| | <u>BUDGET (2)</u> | | Actual GENERAL FUND | FACILITY REPAIR & MAINTENANCE FUND | VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE) |
|--|--------------------|--------------------|---------------------------|---|---|
| | <u>ORIGINAL</u> | <u>FINAL</u> | | | |
| | | | | | |
| REVENUES: | | | | | |
| Local Sources | \$ 6,481,640 | \$ 6,481,640 | \$ 6,835,661 | \$ 5,130 | \$ 359,151 |
| Intermediate Sources | 403,000 | 403,000 | 449,149 | - | 46,149 |
| State Sources | 23,342,782 | 23,342,782 | 21,489,311 | - | (1,853,471) |
| Federal Sources | 3,550 | 3,550 | 3,645 | - | 95 |
| Total Revenue | <u>30,230,972</u> | <u>30,230,972</u> | <u>28,777,766</u> | <u>5,130</u> | <u>(1,448,076)</u> |
| EXPENDITURES: | | | | | |
| Instruction | 19,152,423 | 19,152,423 (1) | 18,506,208 | - | 646,215 |
| Support Services | 11,453,043 | 11,453,043 (1) | 10,716,196 | 276,049 | 460,798 |
| Operating Contingencies | 1,650,506 | 1,650,506 (1) | - | - | 1,650,506 |
| Total Expenditures | <u>32,255,972</u> | <u>32,255,972</u> | <u>29,222,404</u> | <u>276,049</u> | <u>2,757,519</u> |
| Revenues Over (Under) Expenditures | <u>(2,025,000)</u> | <u>(2,025,000)</u> | <u>(444,638)</u> | <u>(270,919)</u> | <u>1,309,443</u> |
| OTHER FINANCING SOURCES, (USES) | | | | | |
| Transfers In | 110,000 | 110,000 | | 98,701 | (11,299) |
| Transfers Out | (40,000) | (40,000) (1) | (40,000) | | - |
| Total Other Financing Sources, (Uses) | <u>70,000</u> | <u>70,000</u> | <u>(40,000)</u> | <u>98,701</u> | <u>(11,299)</u> |
| Net Change in Fund Balance | (1,955,000) | (1,955,000) | (484,638) | (172,218) | 1,298,144 |
| Beginning Fund Balance | <u>2,398,000</u> | <u>2,398,000</u> | <u>1,992,431</u> | <u>791,554</u> | <u>385,985</u> |
| Ending Fund Balance | <u>\$ 443,000</u> | <u>\$ 443,000</u> | <u>\$ 1,507,793</u> | <u>\$ 619,336</u> | <u>\$ 1,684,129</u> |

(1) Appropriation Level

(2) The General Fund and Facilities Repair and Maintenance Fund were budgeted together

**DALLAS SCHOOL DISTRICT
DALLAS, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET - BUDGETARY BASIS
For the Year Ended June 30, 2016**

SPECIAL GRANTS AND PROJECTS FUND

| | <u>BUDGET</u> | | <u>ACTUAL</u> | <u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u> |
|--|---------------------|---------------------|---------------------|---|
| | <u>ORIGINAL</u> | <u>FINAL</u> | | |
| REVENUES: | | | | |
| Local Sources | \$ 415,000 | \$ 415,000 | \$ 296,358 | \$ (118,642) |
| Intermediate Sources | 348,670 | 348,670 | 286,501 | (62,169) |
| State Sources | 734,820 | 734,820 | 639,782 | (95,038) |
| Federal Sources | <u>1,337,376</u> | <u>1,337,376</u> | <u>1,246,654</u> | <u>(90,722)</u> |
| Total Revenue | <u>\$ 2,835,866</u> | <u>\$ 2,835,866</u> | <u>\$ 2,469,295</u> | <u>\$ (366,571)</u> |
| EXPENDITURES: | | | | |
| Instruction | 1,704,233 | 1,704,233 (1) | 1,547,034 | 157,199 |
| Support Services | 1,006,633 | 1,006,633 (1) | 841,898 | 164,735 |
| Community Services | <u>45,000</u> | <u>45,000 (1)</u> | <u>11,660</u> | <u>33,340</u> |
| Total Expenditures | <u>2,755,866</u> | <u>2,755,866</u> | <u>2,400,592</u> | <u>355,274</u> |
| Revenues Over (Under) Expenditures | <u>80,000</u> | <u>80,000</u> | <u>68,703</u> | <u>(11,297)</u> |
| OTHER FINANCING SOURCES, (USES) | | | | |
| Transfers Out | <u>(80,000)</u> | <u>(80,000) (1)</u> | <u>(68,701)</u> | <u>11,299</u> |
| Total Other Financing Sources, (Uses) | <u>(80,000)</u> | <u>(80,000)</u> | <u>(68,701)</u> | <u>11,299</u> |
| Net Change in Fund Balance | - | - | 2 | 2 |
| Beginning Fund Balance | <u>-</u> | <u>-</u> | <u>5</u> | <u>5</u> |
| Ending Fund Balance | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 7</u> | <u>\$ 7</u> |

(1) Appropriation Level

**DALLAS SCHOOL DISTRICT
DALLAS, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET - BUDGETARY BASIS
For the Year Ended June 30, 2016**

CAPITAL PROJECTS FUND

| | <u>BUDGET</u> | | <u>ACTUAL</u> | VARIANCE TO FINAL BUDGET |
|--|--------------------|---------------------|---------------------|-----------------------------|
| | <u>ORIGINAL</u> | <u>FINAL</u> | | POSITIVE (NEGATIVE) |
| REVENUES: | | | | |
| Local Sources | \$ 100,000 | \$ 100,000 | \$ 49,141 | \$ (50,859) |
| Total Revenues | <u>100,000</u> | <u>100,000</u> | <u>49,141</u> | <u>(50,859)</u> |
| EXPENDITURES: | | | | |
| Construction | 2,855,000 | 2,855,000 (1) | 2,032,903 | 822,097 |
| Total Expenditures | <u>2,855,000</u> | <u>2,855,000</u> | <u>2,032,903</u> | <u>822,097</u> |
| OTHER FINANCING SOURCES, (USES) | | | | |
| Transfers Out | (6,545,000) | - (1) | - | - |
| Total Other Financing Sources, (Uses) | <u>(6,545,000)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Change in Fund Balance | (9,300,000) | (2,755,000) | (1,983,762) | 771,238 |
| Beginning Fund Balance | <u>9,300,000</u> | <u>9,300,000</u> | <u>8,683,268</u> | <u>(616,732)</u> |
| Ending Fund Balance | <u>\$ -</u> | <u>\$ 6,545,000</u> | <u>\$ 6,699,506</u> | <u>\$ 154,506</u> |

(1) Voter approved bonds and expenditures exempt from budget law, so not an overexpenditure of appropriations.

**DALLAS SCHOOL DISTRICT
DALLAS, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET - BUDGETARY BASIS
For the Year Ended June 30, 2016**

DEBT SERVICE - GO BONDS FUND

| | <u>BUDGET</u> | | <u>ACTUAL</u> | <u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u> |
|--|-------------------|-------------------|-------------------|---|
| | <u>ORIGINAL</u> | <u>FINAL</u> | | |
| REVENUES: | | | | |
| Local Sources | \$ 2,117,750 | \$ 2,117,750 | \$ 2,198,447 | \$ 80,697 |
| Total Revenues | <u>2,117,750</u> | <u>2,117,750</u> | <u>2,198,447</u> | <u>80,697</u> |
| EXPENDITURES: | | | | |
| Debt Service | 2,310,750 | 2,310,750 (1) | 2,310,731 | 19 |
| Total Expenditures | <u>2,310,750</u> | <u>2,310,750</u> | <u>2,310,731</u> | <u>19</u> |
| OTHER FINANCING SOURCES, (USES) | | | | |
| Transfers In | - | - | - | - |
| Transfers Out | - | - | - | - |
| Total Other Financing Sources, (Uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Change in Fund Balance | (193,000) | (193,000) | (112,284) | 80,678 |
| Beginning Fund Balance | <u>300,000</u> | <u>300,000</u> | <u>451,675</u> | <u>151,675</u> |
| Ending Fund Balance | <u>\$ 107,000</u> | <u>\$ 107,000</u> | <u>\$ 339,391</u> | <u>\$ 232,391</u> |

(1) Appropriation Level

**DALLAS SCHOOL DISTRICT
DALLAS COUNTY, OREGON**

REQUIRED SUPPLEMENTARY INFORMATION

At June 30, 2016

PERS

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

| Year Ended June 30, | (a) Employer's proportion of the net pension liability (NPL) | (b) Employer's proportionate share of the net pension liability (NPL) | (c) Employer's covered payroll | (b/c) NPL as a percentage of covered payroll | Plan fiduciary net position as a percentage of the total pension liability |
|---------------------|---|--|-----------------------------------|---|--|
| 2016 | 0.25 % | \$ 14,612,853 | \$ 13,294,508 | 109.9 % | 91.9 % |
| 2015 | 0.25 | (5,706,465) | 14,230,204 | (40.1) | 103.6 |
| 2014 | 0.25 | 12,847,192 | 12,002,814 | 107.0 | 92.0 |

The amounts presented for each fiscal year were actuarial determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

SCHEDULE OF CONTRIBUTIONS

| Year | Statutorily required contribution | Contributions in relation to the statutorily required contribution | Contribution deficiency (excess) | Employer's covered payroll | Contributions as a percent of covered payroll |
|------|-----------------------------------|--|----------------------------------|----------------------------|---|
| 2016 | \$ 3,028,015 | \$ 3,028,015 | \$ - | \$ 15,057,790 | 20.1 % |
| 2015 | 2,979,578 | 2,979,578 | - | 13,294,508 | 22.4 |
| 2014 | 2,792,926 | 2,792,926 | - | 14,230,204 | 19.6 |

The amounts presented for each fiscal year were actuarial determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

SUPPLEMENTARY INFORMATION

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**DALLAS SCHOOL DISTRICT
DALLAS, OREGON**

**COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2016**

| | STUDENT ACTIVITY | FOOD SERVICE | TOTAL OTHER GOVERNMENTAL FUNDS |
|--|---------------------|------------------|--------------------------------------|
| ASSETS: | | | |
| Cash and Investments | \$ 316,556 | \$ - | \$ 316,556 |
| Inventory | - | 39,760 | 39,760 |
| Due From other Funds | - | 10,000 | 10,000 |
| Receivables: | | | |
| Accounts and Grants | - | 10,283 | 10,283 |
| Intergovernmental Accounts | - | 13,398 | 13,398 |
| Total Assets | \$ 316,556 | \$ 73,441 | \$ 389,997 |
| LIABILITIES AND FUND BALANCES: | | | |
| Liabilities: | | | |
| Due to Other Funds | \$ - | \$ 29,617 | \$ 29,617 |
| Accounts Payable | - | 31,135 | 31,135 |
| Total Liabilities | - | 60,752 | 60,752 |
| Fund Balances: | | | |
| Nonspendable | - | 39,760 | 39,760 |
| Restricted | 316,556 | (27,071) | 289,485 |
| Total Fund Balances | 316,556 | 12,689 | 329,245 |
| Total Liabilities and Fund Balances | \$ 316,556 | \$ 73,441 | \$ 389,997 |

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
BUDGETARY (NON-GAAP) BASIS
ALL OTHER GOVERNMENTAL
For the Year Ended June 30, 2016

| REVENUES: | <u>STUDENT ACTIVITY</u> | <u>FOOD SERVICE</u> | <u>TOTAL OTHER GOVERNMENTAL FUNDS</u> |
|--------------------------------------|-----------------------------|-------------------------|---|
| Local Sources | \$ 607,347 | \$ 187,059 | \$ 794,406 |
| State Sources | - | 30,525 | 30,525 |
| Federal Sources | - | 736,992 | 736,992 |
| Total Revenues | <u>607,347</u> | <u>954,576</u> | <u>1,561,923</u> |
| EXPENDITURES: | | | |
| Instruction | 588,893 | - | 588,893 |
| Community Services | - | 967,592 | 967,592 |
| Debt Service | - | - | - |
| Total Expenditures | <u>588,893</u> | <u>967,592</u> | <u>1,556,485</u> |
| OTHER FINANCING SOURCES: | | | |
| Transfers In | - | 10,000 | 10,000 |
| Transfers Out | - | - | - |
| Total Other Financing Sources | <u>-</u> | <u>10,000</u> | <u>10,000</u> |
| Net Change in Fund Balance | 18,454 | (3,016) | 15,438 |
| Beginning Fund Balance | <u>298,102</u> | <u>15,705</u> | <u>313,807</u> |
| Ending Fund Balance | <u>\$ 316,556</u> | <u>\$ 12,689</u> | <u>\$ 329,245</u> |

**DALLAS SCHOOL DISTRICT
DALLAS, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET - BUDGETARY BASIS
For the Year Ended June 30, 2016**

STUDENT ACTIVITY FUND

| | <u>BUDGET</u> | | <u>ACTUAL</u> | VARIANCE TO FINAL BUDGET |
|-------------------------------|-------------------|----------------------|-------------------|-----------------------------|
| | <u>ORIGINAL</u> | <u>FINAL</u> | | POSITIVE (NEGATIVE) |
| REVENUES: | | | | |
| Local Sources | \$ 950,000 | \$ 950,000 | \$ 607,347 | \$ (342,653) |
| Total Revenue | <u>950,000</u> | <u>950,000</u> | <u>607,347</u> | <u>(342,653)</u> |
| EXPENDITURES: | | | | |
| Instruction | <u>1,100,000</u> | <u>1,100,000 (1)</u> | <u>588,893</u> | <u>511,107</u> |
| Total Expenditures | <u>1,100,000</u> | <u>1,100,000</u> | <u>588,893</u> | <u>511,107</u> |
| Net Change in Fund Balance | (150,000) | (150,000) | 18,454 | 168,454 |
| Beginning Fund Balance | <u>250,000</u> | <u>250,000</u> | <u>298,102</u> | <u>48,102</u> |
| Ending Fund Balance | <u>\$ 100,000</u> | <u>\$ 100,000</u> | <u>\$ 316,556</u> | <u>\$ 216,556</u> |

(1) Appropriation Level

**DALLAS SCHOOL DISTRICT
DALLAS, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET - BUDGETARY BASIS
For the Year Ended June 30, 2016**

FOOD SERVICE FUND

| | BUDGET | | ACTUAL | VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE) |
|--|------------|-------------|------------|---|
| | ORIGINAL | FINAL | | |
| REVENUES: | | | | |
| Local Sources: | \$ 200,200 | \$ 200,200 | \$ 187,059 | \$ (13,141) |
| State Sources | 20,000 | 20,000 | 30,525 (2) | 10,525 |
| Federal Sources | 744,800 | 744,800 | 736,992 | (7,808) |
| Total Revenue | 965,000 | 965,000 | 954,576 | (10,424) |
| EXPENDITURES: | | | | |
| Community Services | 975,000 | 975,000 (1) | 967,592 | 7,408 |
| Total Expenditures | 975,000 | 975,000 | 967,592 | 7,408 |
| OTHER FINANCING SOURCES, (USES) | | | | |
| Transfers In | 10,000 | 10,000 | 10,000 | - |
| Total Other Financing Sources, (Uses) | 10,000 | 10,000 | 10,000 | - |
| Net Change in Fund Balance | - | - | (3,016) | (3,016) |
| Beginning Fund Balance | 15,000 | 15,000 | 15,705 | 705 |
| Ending Fund Balance | \$ 15,000 | \$ 15,000 | \$ 12,689 | \$ (2,311) |

(1) Appropriation Level

(2) This amount includes the state revenue match of \$9,503 for National School Lunch Program support.

**DALLAS SCHOOL DISTRICT
DALLAS, OREGON**

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES OF TAXES UNCOLLECTED

For the Year Ended June 30, 2016

| TAX YEAR | ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/15 | DEDUCT DISCOUNTS | ADJUSTMENTS TO ROLLS | | INTEREST | CASH COLLECTIONS BY COUNTY TREASURER | BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/16 |
|----------------------|---|---------------------|----------------------------|-----------|--------------|---|--|
| <u>GENERAL FUND:</u> | | | | | | | |
| Current: | | | | | | | |
| 2015-16 | \$ 6,324,794 | 165,514 | (3,820) | 3,406 | 5,990,709 | \$ 168,157 | |
| Prior Years: | | | | | | | |
| 2014-15 | 170,013 | 4 | (251) | 6,948 | 91,176 | 85,530 | |
| 2013-14 | 91,723 | - | (323) | 8,582 | 49,952 | 50,030 | |
| 2012-13 | 61,505 | - | (215) | 9,658 | 38,689 | 32,259 | |
| 2011-12 | 37,350 | - | (701) | 7,749 | 26,520 | 17,878 | |
| Prior Years: | 37,913 | - | (3,027) | 2,943 | 6,104 | 31,725 | |
| Total Prior | 398,504 | 4 | (4,517) | 35,879 | 212,440 | 217,422 | |
| Total General Fund | \$ 6,723,298 | \$ 165,518 | \$ (8,337) | \$ 39,285 | \$ 6,203,149 | \$ 385,579 | |

| | GENERAL FUND |
|--|-----------------|
| RECONCILIATION TO REVENUE: | |
| Cash Collections by County Treasurer Above | \$ 6,203,149 |
| Accrued at 6/30/15 | (76,474) |
| Accrued at 6/30/16 | 59,713 |
| Taxes in lieu | 24,671 |
| Total Revenue | \$ 6,211,059 |

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES OF TAXES UNCOLLECTED

For the Year Ended June 30, 2016

| TAX YEAR | ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/15 | DEDUCT DISCOUNTS | ADJUSTMENTS TO ROLLS | | INTEREST | CASH COLLECTIONS BY COUNTY TREASURER | BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/16 |
|---------------------------|---|---------------------|----------------------------|--|------------------|---|--|
| <u>DEBT SERVICE FUND:</u> | | | | | | | |
| Current: | | | | | | | |
| 2015-16 | \$ 2,217,611 | 58,033 | (1,336) | | 1,192 | 2,100,474 | 58,960 |
| Prior Years: | | | | | | | |
| 2014-15 | 66,744 | 2 | (98) | | 2,728 | 35,794 | 33,578 |
| 2013-14 | 36,914 | - | (130) | | 3,454 | 20,104 | 20,134 |
| 2012-13 | 24,497 | - | (85) | | 3,846 | 15,409 | 12,849 |
| 2011-12 | 15,536 | - | (292) | | 3,223 | 11,031 | 7,436 |
| Prior Years: | 14,031 | - | (1,152) | | 694 | 1,778 | 11,795 |
| Total Prior | 157,722 | 2 | (1,757) | | 13,945 | 84,116 | 85,792 |
| Total Debt Svc Fund | <u>\$ 2,375,333</u> | <u>\$ 58,035</u> | <u>\$ (3,093)</u> | | <u>\$ 15,137</u> | <u>\$ 2,184,590</u> | <u>\$ 144,752</u> |

| RECONCILIATION TO REVENUE: | DEBT SERVICE FUND |
|--|----------------------|
| Cash Collections by County Treasurer Above | \$ 2,184,590 |
| Accrued at 6/30/15 | (30,680) |
| Accrued at 6/30/16 | 22,180 |
| Taxes in lieu | 11,436 |
| Total Revenue | <u>\$ 2,187,526</u> |

OTHER INFORMATION

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**DALLAS SCHOOL DISTRICT
DALLAS, OREGON**

**SUPPLEMENTAL INFORMATION
As Required by The Oregon Department of Education
For the Year Ended June 30, 2016**

| | | |
|--|---------------|----------------------------|
| A. Energy bills for heating - all funds: | | <u>Objects 325 and 326</u> |
| | Function 2540 | \$ 351,133 |
| | Function 2550 | |

| | | |
|--|--|-------------------|
| B. Replacement of equipment - General Fund: | | |
| All General Fund expenditures in Object 542: | | <u>Object 542</u> |
| | | \$ 13,853 |

These functions are Excluded:

| | | |
|--|--------------|----------------------|
| 1113, 1122 & 11 Co-curricular activities | Construction | |
| 1,140 Pre-kindergarten | | Pupil transportation |
| 1,300 Continuing education | | Food service |
| 1,400 Summer school | | Community services |

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2015 - 16 DISTRICT AUDIT REVENUE SUMMARY
Dallas School District

| | Fund 100 | Fund 200 | Fund 300 | Fund 400 | Fund 500 | Fund 600 | Fund 700 |
|--|---------------------|--------------------|--------------------|--------------------|------------|------------|------------|
| Revenue from Local Sources | | | | | | | |
| 1110 Ad Valorem Taxes Levied by District | \$6,211,059 | | \$2,187,526 | | | | |
| 1120 Local Option Ad Valorem Taxes Levied by District | | | | | | | |
| 1130 Construction Excise Tax | | | | | | | |
| 1190 Penalties and Interest on Taxes | \$708 | | | | | | |
| 1200 Revenue from Local Governmental Units Other Than Districts | | | | | | | |
| 1311 Regular Day School Tuition - From Individuals | | | | | | | |
| 1312 Regular Day School Tuition - Other Dist Within State | \$32,257 | \$99 | \$10,747 | \$49,140 | | | |
| 1313 Regular Day School Tuition - Other Districts Outside | | | | | | | |
| 1320 Adult/Continuing Education Tuition | | | | | | | |
| 1330 Summer School Tuition | | | | | | | |
| 1411 Transportation Fees - From Individuals | | | | | | | |
| 1412 Transportation Fees - Other Dist Within State | | | | | | | |
| 1413 Transportation Fees - Other Districts Outside | | | | | | | |
| 1420 Summer School Transportation Fees | | | | | | | |
| 1500 Earnings on Investments | \$43,572 | | | | | | |
| 1600 Food Service | | \$167,590 | | | | | |
| 1700 Extracurricular Activities | \$88,645 | \$607,346 | | | | | |
| 1800 Community Services Activities | | \$11,660 | | | | | |
| 1910 Rentals | \$3,561 | | | | | | |
| 1920 Contributions and Donations From Private Sources | | \$147,075 | | | | | |
| 1930 Rental or Lease Payments From Private Contractors | | | | | | | |
| 1940 Services Provided Other Local Education Agencies | \$168,265 | \$9,958 | | | | | |
| 1950 Textbook Sales and Rentals | | | | | | | |
| 1960 Recovery of Prior Years' Expenditure | \$5,847 | | | | | | |
| 1970 Services Provided Other Funds | | | | | | | |
| 1980 Fees Charged to Grants | \$92,614 | | | | | | |
| 1990 Miscellaneous | \$193,867 | \$147,034 | \$174 | | | | |
| Total Revenue from Local Sources | \$6,840,394 | \$1,090,760 | \$2,198,447 | \$49,140 | \$0 | \$0 | \$0 |
| Revenue from Intermediate Sources | | | | | | | |
| 2101 County School Funds | \$37,350 | | | | | | |
| 2102 General ESD Revenue | \$411,799 | \$286,501 | | | | | |
| 2103 Excess ESD Local Revenue | | | | | | | |
| 2105 Natural Gas, Oil, and Mineral Receipts | | | | | | | |
| 2110 Intermediate "I" Tax | | | | | | | |
| 2199 Other Intermediate Sources | | | | | | | |
| 2200 Restricted Revenue | | | | | | | |
| 2800 Revenue in Lieu of Taxes | | | | | | | |
| 2900 Revenue for/on Behalf of the District | | | | | | | |
| Total Revenue from Intermediate Sources | \$449,149 | \$286,501 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Revenue from State Sources | | | | | | | |
| 3101 State School Fund - General Support | \$20,914,798 | | | | | | |
| 3102 State School Fund - School Lunch Match | | \$9,503 | | | | | |
| 3103 Common School Fund | \$397,091 | | | | | | |
| 3104 State Managed County Timber | \$177,422 | \$11,487 | | | | | |
| 3106 State School Fund - Accrual | | | | | | | |
| 3199 Other Unrestricted Grants-in-Aid | | | | | | | |
| 3204 Driver Education | | | | | | | |
| 3222 State School Fund (SSF) Transportation Equipment | | | | | | | |
| 3299 Other Restricted Grants-in-Aid | | \$649,316 | | | | | |
| 3800 Revenue in Lieu of Taxes | | | | | | | |
| 3900 Revenue for/on Behalf of the District | | | | | | | |
| Total Revenue from State Sources | \$21,489,311 | \$670,307 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Revenue from Federal Sources | | | | | | | |
| 4100 Unrestricted Revenue Direct From the Federal Government | | | | | | | |
| 4200 Unrestricted Revenue From the Federal Government Through the State | | | | | | | |
| 4300 Restricted Revenue From the Federal Government | | | | | | | |
| 4500 Restricted Revenue From the Federal Government Through the State | | \$1,913,907 | | | | | |
| 4700 Grants-In-Aid From the Federal Government Through Other Intermediate Agencies | | | | | | | |
| 4801 Federal Forest Fees | \$297 | | | | | | |
| 4802 Impact Aid to School Districts for Operation (PL 874) | | | | | | | |
| 4803 Coos Bay Wagon Road Funds | | | | | | | |
| 4899 Other Revenue in Lieu of Taxes | \$3,348 | | | | | | |
| 4900 Revenue for/on Behalf of the District | | \$69,739 | | | | | |
| Total Revenue from Federal Sources | \$3,645 | \$1,983,645 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Revenue from Other Sources | | | | | | | |
| 5100 Long Term Debt Financing Sources | | | | | | | |
| 5200 Interfund Transfers | \$98,701 | \$10,000 | | | | | |
| 5300 Sale of or Compensation for Loss of Fixed Assets | | | | | | | |
| 5400 Resources - Beginning Fund Balance | \$2,783,985 | \$313,810 | \$451,675 | \$8,683,269 | | | |
| Total Revenue from Other Sources | \$2,882,686 | \$323,810 | \$451,675 | \$8,683,269 | \$0 | \$0 | \$0 |
| Grand Totals | \$31,665,185 | \$4,355,023 | \$2,650,122 | \$8,732,409 | \$0 | \$0 | \$0 |

2015 - 16 DISTRICT AUDIT EXPENDITURE SUMMARY
Dallas School District

Fund: 100 General Fund + 102 Facilities

| | Totals | Object 100 | Object 200 | Object 300 | Object 400 | Object 500 | Object 600 | Object 700 |
|---|---------------------|---------------------|--------------------|--------------------|--------------------|-----------------|------------------|-----------------|
| Instruction Expenditures | | | | | | | | |
| 1111 Elementary, K-5 or K-6 | \$5,272,604 | \$3,534,230 | \$1,656,984 | \$2,629 | \$78,761 | | | |
| 1113 Elementary Extracurricular | \$0 | | | | | | | |
| 1121 Middle/Junior High Programs | \$2,446,099 | \$1,656,626 | \$739,544 | \$16,445 | \$33,484 | | | |
| 1122 Middle/Junior High School Extracurricular | \$2,961 | \$2,249 | \$712 | | | | | |
| 1131 High School Programs | \$3,241,607 | \$2,138,169 | \$1,041,824 | \$5,353 | \$56,135 | | \$126 | |
| 1132 High School Extracurricular | \$619,292 | \$352,102 | \$124,061 | \$96,803 | \$17,139 | \$15,200 | \$13,987 | |
| 1140 Pre-Kindergarten Programs | \$0 | | | | | | | |
| 1210 Programs for the Talented and Gifted | \$13,721 | \$10,182 | \$3,376 | | \$163 | | | |
| 1220 Restrictive Programs for Students with Disabilities | \$2,171,953 | \$1,321,466 | \$743,503 | \$99,435 | \$7,548 | | | |
| 1230 Tutoring | \$128 | | | \$128 | | | | |
| 1250 Less Restrictive Programs for Students with Disabilities | \$1,176,603 | \$737,681 | \$414,160 | \$22,358 | \$2,404 | | | |
| 1260 Treatment and Habilitation | \$0 | | | | | | | |
| 1271 Remediation | \$82,262 | \$58,761 | \$23,501 | | | | | |
| 1272 Title I | \$0 | | | | | | | |
| 1280 Alternative Education | \$3,208,236 | \$281,120 | \$149,682 | \$2,712,361 | \$65,072 | | | |
| 1291 English Second Language Programs | \$270,743 | \$168,118 | \$101,190 | \$1,371 | \$63 | | | |
| 1292 Teen Parent Program | \$0 | | | | | | | |
| 1293 Migrant Education | \$0 | | | | | | | |
| 1294 Youth Corrections Education | \$0 | | | | | | | |
| 1299 Other Programs | \$0 | | | | | | | |
| 1300 Adult/Continuing Education Programs | \$0 | | | | | | | |
| 1400 Summer School Programs | \$0 | | | | | | | |
| Total Instruction Expenditures | \$18,506,208 | \$10,260,705 | \$4,998,538 | \$2,956,883 | \$260,769 | \$15,200 | \$14,113 | \$0 |
| Support Services Expenditures | | | | | | | | |
| 2110 Attendance and Social Work Services | \$5,280 | | | \$5,280 | | | | |
| 2120 Guidance Services | \$499,821 | \$336,339 | \$154,098 | \$4,087 | \$5,298 | | | |
| 2130 Health Services | \$140,355 | \$54,668 | \$25,971 | \$55,391 | \$4,325 | | | |
| 2140 Psychological Services | \$224,028 | \$24,840 | \$2,015 | \$176,188 | \$20,984 | | | |
| 2150 Speech Pathology and Audiology Services | \$4,199 | | | \$4,199 | | | | |
| 2160 Other Student Treatment Services | \$0 | | | | | | | |
| 2190 Service Direction, Student Support Services | \$228,277 | \$145,111 | \$79,092 | \$2,592 | \$887 | | \$595 | |
| 2210 Improvement of Instruction Services | \$127,498 | \$85,510 | \$41,003 | \$968 | \$17 | | | |
| 2220 Educational Media Services | \$532,899 | \$313,814 | \$190,430 | \$17,173 | \$11,481 | | | |
| 2230 Assessment & Testing | \$92,531 | \$37,793 | \$27,016 | \$19,758 | \$7,965 | | | |
| 2240 Instructional Staff Development | \$14,504 | \$5,490 | \$1,227 | \$7,788 | | | | |
| 2310 Board of Education Services | \$178,506 | | | \$115,403 | \$1,397 | | \$61,705 | |
| 2320 Executive Administration Services | \$267,086 | \$193,947 | \$65,143 | \$3,601 | \$2,739 | | \$1,657 | |
| 2410 Office of the Principal Services | \$1,964,306 | \$1,308,365 | \$626,386 | \$16,391 | \$5,736 | | \$7,428 | |
| 2490 Other Support Services - School Administration | \$3,072 | \$2,103 | \$669 | | \$300 | | | |
| 2510 Direction of Business Support Services | \$0 | | | | | | | |
| 2520 Fiscal Services | \$557,470 | \$347,669 | \$185,916 | \$18,125 | \$3,416 | | \$2,343 | |
| 2540 Operation and Maintenance of Plant Services | \$2,568,692 | \$907,513 | \$496,881 | \$735,769 | \$275,192 | \$48,445 | \$104,891 | |
| 2550 Student Transportation Services | \$1,523,627 | \$20,424 | \$10,334 | \$1,481,507 | \$11,362 | | | |
| 2570 Internal Services | \$165,327 | \$49,115 | \$17,611 | \$62,537 | \$36,063 | | | |
| 2610 Direction of Central Support Services | \$0 | | | | | | | |
| 2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services | \$0 | | | | | | | |
| 2630 Information Services | \$1,169 | \$887 | \$282 | | | | | |
| 2640 Staff Services | \$232,861 | \$107,810 | \$90,745 | \$26,950 | \$4,837 | | \$2,519 | |
| 2660 Technology Services | \$1,067,987 | \$313,855 | \$143,510 | \$99,271 | \$511,051 | | \$300 | |
| 2670 Records Management Services | \$0 | | | | | | | |
| 2690 Other Support Services - Central | \$0 | | | | | | | |
| 2700 Supplemental Retirement Program | \$592,750 | | \$592,750 | | | | | |
| Total Support Services Expenditures | \$10,992,245 | \$4,255,254 | \$2,751,078 | \$2,852,979 | \$903,050 | \$48,445 | \$181,438 | \$0 |
| Other Uses Expenditures | | | | | | | | |
| 5100 Debt Service | \$0 | | | | | | | |
| 5200 Transfers of Funds | \$40,000 | | | | | | | \$40,000 |
| 5300 Apportionment of Funds by ESD | \$0 | | | | | | | |
| 5400 PERS UAL Bond Lump Sum | \$0 | | | | | | | |
| Total Other Uses Expenditures | \$40,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$40,000 |
| Grand Total | \$29,538,453 | \$14,515,959 | \$7,749,616 | \$5,809,862 | \$1,163,820 | \$63,645 | \$195,551 | \$40,000 |

2015 - 16 DISTRICT AUDIT EXPENDITURE SUMMARY
Dallas School District

Fund: 200 Special Revenue Funds

| Instruction Expenditures | | | | | | | | |
|---|--------------------|--------------------|------------------|------------------|--------------------|-----------------|-----------------|-----------------|
| Totals | Object 100 | Object 200 | Object 300 | Object 400 | Object 500 | Object 600 | Object 700 | |
| 1111 Elementary, K-5 or K-6 | \$19,343 | \$8,888 | \$2,810 | \$4,876 | \$2,769 | | | |
| 1113 Elementary Extracurricular | \$88,777 | | | | \$88,777 | | | |
| 1121 Middle/Junior High Programs | \$2,318 | | | \$850 | \$1,468 | | | |
| 1122 Middle/Junior High School Extracurricular | \$107,489 | | | | \$107,489 | | | |
| 1131 High School Programs | \$6,398 | | | \$440 | \$5,648 | \$310 | | |
| 1132 High School Extracurricular | \$395,180 | | | | \$395,180 | | | |
| 1140 Pre-Kindergarten Programs | \$0 | | | | | | | |
| 1210 Programs for the Talented and Gifted | \$0 | | | | | | | |
| 1220 Restrictive Programs for Students with Disabilities | \$579,671 | \$310,031 | \$148,812 | \$91,394 | \$17,434 | \$12,000 | | |
| 1250 Less Restrictive Programs for Students with Disabilities | \$347,329 | \$244,254 | \$98,527 | \$3,788 | \$760 | | | |
| 1260 Treatment and Habilitation | \$0 | | | | | | | |
| 1271 Remediation | \$0 | | | | | | | |
| 1272 Title I | \$576,976 | \$408,043 | \$168,933 | | | | | |
| 1280 Alternative Education | \$4,000 | | | \$4,000 | | | | |
| 1291 English Second Language Programs | \$0 | | | | | | | |
| 1292 Teen Parent Program | \$0 | | | | | | | |
| 1293 Migrant Education | \$0 | | | | | | | |
| 1294 Youth Corrections Education | \$0 | | | | | | | |
| 1299 Other Programs | \$0 | | | | | | | |
| 1300 Adult/Continuing Education Programs | \$0 | | | | | | | |
| 1400 Summer School Programs | \$8,447 | \$6,269 | \$2,179 | | | | | |
| Total Instruction Expenditures | \$2,135,927 | \$977,485 | \$421,260 | \$105,347 | \$619,524 | \$12,000 | \$310 | \$0 |
| Support Services Expenditures | | | | | | | | |
| Totals | Object 100 | Object 200 | Object 300 | Object 400 | Object 500 | Object 600 | Object 700 | |
| 2110 Attendance and Social Work Services | \$0 | | | | | | | |
| 2120 Guidance Services | \$1,155 | | | | \$1,155 | | | |
| 2130 Health Services | \$59,110 | \$24,789 | \$16,529 | \$16,430 | \$1,362 | | | |
| 2140 Psychological Services | \$10,000 | | | \$10,000 | | | | |
| 2150 Speech Pathology and Audiology Services | \$0 | | | | | | | |
| 2160 Other Student Treatment Services | \$0 | | | | | | | |
| 2190 Service Direction, Student Support Services | \$149,023 | \$91,287 | \$57,197 | \$97 | \$442 | | | |
| 2210 Improvement of Instruction Services | \$346,966 | \$207,071 | \$96,227 | \$32,752 | \$10,916 | | | |
| 2220 Educational Media Services | \$1,209 | | | | \$1,209 | | | |
| 2230 Assessment & Testing | \$2,143 | \$261 | \$21 | | \$1,862 | | | |
| 2240 Instructional Staff Development | \$48,403 | \$8,944 | \$1,947 | \$34,452 | \$3,059 | | | |
| 2310 Board of Education Services | \$0 | | | | | | | |
| 2320 Executive Administration Services | \$0 | | | | | | | |
| 2410 Office of the Principal Services | \$228 | | | | \$228 | | | |
| 2490 Other Support Services - School Administration | \$0 | | | | | | | |
| 2510 Direction of Business Support Services | \$0 | | | | | | | |
| 2520 Fiscal Services | \$0 | | | | | | | |
| 2540 Operation and Maintenance of Plant Services | \$18,963 | | | \$16,614 | \$2,350 | | | |
| 2550 Student Transportation Services | \$0 | | | | | | | |
| 2570 Internal Services | \$0 | | | | | | | |
| 2610 Direction of Central Support Services | \$92,614 | | | | | \$92,614 | | |
| 2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services | \$0 | | | | | | | |
| 2630 Information Services | \$0 | | | | | | | |
| 2640 Staff Services | \$107,211 | \$1,333 | \$387 | \$70,663 | \$4,827 | | \$30,000 | |
| 2660 Technology Services | \$4,872 | \$3,333 | \$1,540 | | | | | |
| 2670 Records Management Services | \$0 | | | | | | | |
| 2690 Other Support Services - Central | \$0 | | | | | | | |
| 2700 Supplemental Retirement Program | \$0 | | | | | | | |
| Total Support Services Expenditures | \$841,898 | \$337,018 | \$173,848 | \$181,008 | \$27,410 | \$0 | \$92,614 | \$30,000 |
| Enterprise and Community Services Expenditures | | | | | | | | |
| Totals | Object 100 | Object 200 | Object 300 | Object 400 | Object 500 | Object 600 | Object 700 | |
| 3100 Food Services | \$967,592 | \$334,827 | \$173,625 | \$97,422 | \$358,828 | | \$2,890 | |
| 3200 Other Enterprise Services | \$0 | | | | | | | |
| 3300 Community Services | \$11,660 | \$8,184 | \$665 | | \$2,811 | | | |
| 3500 Custody and Care of Children Services | \$0 | | | | | | | |
| Total Enterprise and Community Services Expenditures | \$979,252 | \$343,010 | \$174,291 | \$97,422 | \$361,639 | \$0 | \$2,890 | \$0 |
| Other Uses Expenditures | | | | | | | | |
| Totals | Object 100 | Object 200 | Object 300 | Object 400 | Object 500 | Object 600 | Object 700 | |
| 5100 Debt Service | \$0 | | | | | | | |
| 5200 Transfers of Funds | \$68,701 | | | | | | \$68,701 | |
| 5300 Apportionment of Funds by ESD | \$0 | | | | | | | |
| 5400 PERS UAL Bond Lump Sum | \$0 | | | | | | | |
| Total Other Uses Expenditures | \$68,701 | \$0 | \$0 | \$0 | \$0 | \$0 | \$68,701 | |
| Grand Total | \$4,025,778 | \$1,657,513 | \$769,399 | \$383,778 | \$1,008,573 | \$12,000 | \$95,814 | \$98,701 |

2015 - 16 DISTRICT AUDIT EXPENDITURE SUMMARY
Dallas School District

Fund: 300 Debt Service Funds

| Other Uses Expenditures | Totals | Object 100 | Object 200 | Object 300 | Object 400 | Object 500 | Object 600 | Object 700 |
|--------------------------------------|--------------------|------------|------------|------------|------------|------------|--------------------|------------|
| 5100 Debt Service | \$2,310,731 | | | | | | \$2,310,731 | |
| 5200 Transfers of Funds | \$0 | | | | | | | |
| 5300 Apportionment of Funds by ESD | \$0 | | | | | | | |
| 5400 PERS UAL Bond Lump Sum | \$0 | | | | | | | |
| Total Other Uses Expenditures | \$2,310,731 | \$0 | \$0 | \$0 | \$0 | \$0 | \$2,310,731 | \$0 |
| Grand Total | \$2,310,731 | \$0 | \$0 | \$0 | \$0 | \$0 | \$2,310,731 | \$0 |

2015 - 16 DISTRICT AUDIT EXPENDITURE SUMMARY
 Dallas School District

Fund: 400 Capital Projects Funds

| Facilities Acquisition and Construction Expenditures | | Totals | Object 100 | Object 200 | Object 300 | Object 400 | Object 500 | Object 600 | Object 700 |
|---|--|-------------|------------|------------|------------|------------|-------------|------------|------------|
| 4110 Service Area Direction | | \$114,061 | \$74,347 | \$20,688 | \$19,025 | | | | |
| 4120 Site Acquisition and Development Services | | \$12,880 | | | | | \$12,880 | | |
| 4150 Building Acquisition, Construction, and Improvement Services | | \$1,905,963 | | | \$39,327 | | \$1,866,636 | | |
| 4180 Other Capital Items | | \$0 | | | | | | | |
| 4190 Other Facilities Construction Services | | \$0 | | | | | | | |
| Total Facilities Acquisition and Construction Expenditures | | \$2,032,903 | \$74,347 | \$20,688 | \$58,352 | \$0 | \$1,879,516 | \$0 | \$0 |
| Other Uses Expenditures | | Totals | Object 100 | Object 200 | Object 300 | Object 400 | Object 500 | Object 600 | Object 700 |
| 5100 Debt Service | | \$0 | | | | | | | |
| 5200 Transfers of Funds | | \$0 | | | | | | | |
| 5300 Apportionment of Funds by ESD | | \$0 | | | | | | | |
| 5400 PERS UAL Bond Lump Sum | | \$0 | | | | | | | |
| Total Other Uses Expenditures | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Grand Total | | \$2,032,903 | \$74,347 | \$20,688 | \$58,352 | \$0 | \$1,879,516 | \$0 | \$0 |

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INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS

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December 19, 2016

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the Dallas School District as of and for the year ended June 30, 2016, and have issued our report thereon dated December 19, 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 the basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of basic financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

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

OAR 162-10-0230 Internal Control

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

This report is intended solely for the information and use of the Board and management and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.



ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C.

GRANT COMPLIANCE REVIEW

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Dallas School District No. 2
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2016

| Program Title | Grant Fund | Pass Through Organization | Federal CFDA # | Pass Through Entity # | Expenditures |
|---|------------|-------------------------------------|----------------|-----------------------|---------------------|
| U.S. DEPARTMENT OF EDUCATION | | | | | |
| Title 1 | 257 | Oregon Dept. of Education | 84.010 | 35953 | \$ 568,322 |
| PADTC LTCT; Title 1 N & D | 283 | Oregon Dept. of Education | 84.013 | 38513 | 12,767 |
| IDEA, Part B, Section 611 | 237.1 | Oregon Dept. of Education | 84.027 | 33248 | 36,016 |
| | 237 | Oregon Dept. of Education | 84.027 | 36835 | 426,274 |
| | | | | | <u>462,290</u> |
| Extended Assessment | 232 | Oregon Dept. of Education | 84.027 | 35744 | 900 |
| IDEA Enhancement | 232.1 | Oregon Dept. of Education | 84.027 | 33674 | 4,589 |
| | 232 | Oregon Dept. of Education | 84.027 | 38299 | 4,322 |
| | | | | | <u>8,911</u> |
| SPR & I | 234 | Oregon Dept. of Education | 84.027 | 37829 | 3,552 |
| PADTC LTCT; IDEA, Part B, 611 | 282 | Oregon Dept. of Education | 84.027 | 38488 | 19,021 |
| IDEA, Part B, Section 619 | 204 | Oregon Dept. of Education | 84.173 | 28832 | 1,462 |
| | | | 84.173 | 33434 | 1,333 |
| | | | | | <u>2,795</u> |
| Title II A Improving Teacher Quality | 277.1 | Oregon Dept. of Education | 84.367 | 32886 | 9,970 |
| | 277 | Oregon Dept. of Education | 84.367 | 36150 | 122,891 |
| | | | | | <u>132,861</u> |
| Total U.S. Department of Education | | | | | 1,211,419 |
| U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES | | | | | |
| Youth Transition Programs-Voc Rehab | 213 | Oregon Dept. of Human Resources | 84.126A | 143325 | 35,234 |
| Total U.S. Department of Health & Human Services | | | | | 35,234 |
| U.S. DEPARTMENT OF AGRICULTURE | | | | | |
| National School Lunch Program | 203 | Oregon Dept. of Education | 10.555 | | 494,728 |
| National School Lunch Program-Breakfast | 203 | Oregon Dept. of Education | 10.553 | | 128,275 |
| CACFP Food Service | 203 | Oregon Dept. of Education | 10.558 | | 22,243 |
| National School Lunch Summer Program | 203 | Oregon Dept. of Education | 10.559 | | 22,007 |
| Commodities | 203 | Oregon Dept. of Education | 10.555 | | 69,739 |
| Total U.S. Department of Agriculture | | | | | 736,992 |
| U.S. DEPARTMENT OF INTERIOR | | | | | |
| Revenue in Lieu of Taxes | 100 | Polk County Treasurer | 15.605 | | 3,348 |
| Federal Forest Fees | 100 | Polk County Treasurer | 15.611 | | 297 |
| Federal Surplus Property | 100 | Oregon Dept. of Administrative Svcs | 39.003 | | 162 |
| Total U.S. Department of Interior | | | | | 3,807 |
| TOTALS | | | | | \$ 1,987,452 |
| Reconciliation to Federal Revenue: | | | | | |
| Total Federal Awards Expended, above: | | | | | \$ 1,987,452 |
| Accruals / Deferrals | | | | | (161) |
| Total Federal Revenue Recognized | | | | | <u>\$ 1,987,291</u> |

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December 19, 2016

To the Board of Directors
Dallas School District
Polk County, Oregon

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dallas School District as of and for the year ended June 30, 2016 and the related notes to the basic financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated December 19, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the basic financial statements, we considered the internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express an opinion on the effectiveness of internal control.

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

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.


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

Compliance and Other Matters

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

Purpose of this Report

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



ROY R. ROGERS, CPA
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December 19, 2016

To the Board of Directors
Dallas School District
Polk County, Oregon

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Report on Compliance for Each Major Federal Program

We have audited Dallas School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2016. The major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of compliance.

Opinion on Each Major Federal Program

In our opinion, Dallas School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

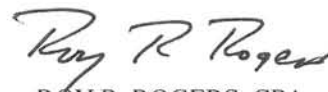
Report on Internal Control Over Compliance

Management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of internal control over compliance.

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

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

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



ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C.

**DALLAS SCHOOL DISTRICT
DALLAS, OREGON**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2016

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Basic Financial Statements

Type of Auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses Yes None reported

Noncompliance material to basic financial statements noted? Yes No

Any GAGAS audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses Yes None reported

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? Yes No

Identification of major programs:

CFDA Number(s):
10.553, 10.555, 10.559

Name of Federal Program:
Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? Yes No

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS:

None

**DALLAS SCHOOL DISTRICT
DALLAS, OREGON**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2016

NOTES TO SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS

The schedule of expenditures of federal awards is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.