

**DALLAS SCHOOL DISTRICT**  
**DALLAS, OREGON**

**FINANCIAL REPORT**  
**For the Year Ended June 30, 2018**



12700 SW 72<sup>nd</sup> Ave.  
Tigard, OR 97223



**DALLAS SCHOOL DISTRICT**  
**DALLAS, OREGON**

BOARD OF DIRECTORS 2017-18

Michael Bollman, Chair	June 30, 2019
Matt Posey, Vice-chair	June 30, 2019
Mike Blanchard	June 30, 2021
Dave Hunt	June 30, 2021
Jon Woods	June 30, 2021

ADMINISTRATION

Dr. Michelle Johnstone, Superintendent  
Debbie MacLean, 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 SCHOOL DISTRICT**  
**DALLAS, OREGON**

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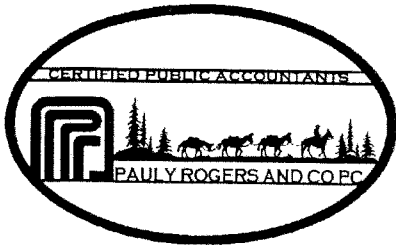
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November 21, 2018

## 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, 2018, 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, 2018, 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. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* for the year ended June 30, 2018. 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 and employer contributions for post-employment benefits for health care or the schedules of net pension liability and contributions for PERS 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.



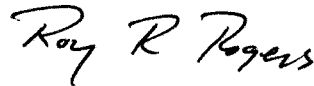
### *Other Information*

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 November 21, 2018 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 are 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 November 21, 2018, 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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## 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, 2018. 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, 2018, the District's total fund balances equaled \$6,657,479.
- The General Fund ending balance of \$1,332,575 includes \$411,491 set aside in Facilities Repairs and Maintenance fund, while \$921,084 (2.9% of general fund revenues) is available for general operations.
- The District has \$30,691,580 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, the general fund and the debt service fund.

### 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 position as of June 30, 2017 and June 30, 2018 are as follows (details on page 1):

	2017	2018	Difference	%
<b>Assets</b>				
Current and other assets	\$ 9,716,958	\$ 9,237,069	\$ (479,889)	-4.9%
Capital assets (net)	23,032,213	30,691,580	7,659,367	33.3%
Total assets	<u>32,749,171</u>	<u>39,928,649</u>	<u>7,179,478</u>	21.9%
Pension Related Deferred Outflows	19,449,663	12,033,201	(7,416,462)	-38.1%
<b>Liabilities</b>				
Other liabilities	5,197,541	4,325,540	(872,001)	-16.8%
Long-term liabilities	40,005,011	45,301,933	5,296,922	13.2%
Total liabilities	<u>45,202,552</u>	<u>49,627,473</u>	<u>4,424,921</u>	9.8%
Pension Related Deferred Inflows	1,221,602	1,821,237	599,635	49.1%
<b>Net Position</b>				
Investment in capital assets, net of related debt	15,557,273	18,185,530	2,628,257	16.9%
Net position: restricted	5,451,099	5,693,976	242,877	4.5%
Net position: unrestricted	(15,233,692)	(23,366,366)	(8,132,674)	-53.4%
Total net position	<u>\$ 5,774,680</u>	<u>\$ 513,140</u>	<u>\$ (5,261,540)</u>	-91.1%

**Statement of Activities:** The district’s revenues and expenses for fiscal year 2017-2018, as compared to fiscal year 2016-2017 are as follows (details on page 2):

	2017	2018	Difference	%
<b>Revenues</b>				
Charges for Services	\$ 309,413	\$ 267,273	\$ (42,140)	-13.6%
Operating Grants	3,630,950	4,824,850	1,193,900	32.9%
<b>General Revenues</b>				
Property Taxes	8,665,282	9,128,745	463,463	5.3%
State Revenue Sharing	22,194,711	24,324,515	2,129,804	9.6%
Miscellaneous	2,052,290	2,210,289	157,999	7.7%
Total Revenues	<u>\$ 36,852,646</u>	<u>\$ 40,755,672</u>	<u>\$ 3,903,026</u>	10.6%
<b>Expenses</b>				
Instruction	21,986,016	25,319,034	\$ 3,333,018	15.2%
Support Services	12,494,823	14,217,883	1,723,060	13.8%
Community Services	978,264	1,019,406	41,142	4.2%
Facilities Acq/Construction	2,423,077	689,538	(1,733,539)	-71.5%
Interest on Long-Term Debt	48,721	112,910	64,189	131.7%
Total Expenses	<u>\$ 37,930,901</u>	<u>\$ 41,358,771</u>	<u>\$ 3,427,870</u>	9.0%
Change in Net Position	(1,078,255)	(603,099)	475,156	-44.1%
Beginning Net Position	6,852,935	1,116,239	(5,736,696)	-83.7%
Ending Net Position	<u>\$ 5,774,680</u>	<u>\$ 513,140</u>	<u>\$ (5,261,540)</u>	-91.1%

The district's cash position remains steady though cash and cash equivalents decreased \$529,952 to \$7,621,668.

Statement of Net Position: As stated earlier, net position over time may serve as a useful indicator of a government's financial position. For the past two years, large fluctuations in Net Position have been due to the implementation of GASB 68 reporting requirements to include the district's portion of the statewide net pension liability in its government wide financial statements. Additionally, in 2017-18, GASB 75 reporting requirements were implemented to show the net present value of the Districts' future healthcare premiums. The implementation of GASB 75 also required a restatement of the 2016-17 ending net position. This is evident when reviewing the beginning and ending net position shown on the Statement of Activities. As of June 30, 2018, the district's assets exceeded liabilities by \$513,140.

### 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, 2018, total fund balance of the governmental funds was \$6,657,479. These amounts are available to use, in accordance with applicable restrictions on the nature of the expenditures.

Summary of Ending Fund Balances for 2017 and 2018 are as follows (details on page 5):

	6/30/2017	6/30/2018
General Fund	\$ 1,950,940	\$ 1,332,575
Capital Projects Fund	4,368,591	4,859,363
Other Governmental Funds	349,675	315,876
Debt Service Fund	287,085	149,665
	\$ 6,956,291	\$ 6,657,479

### CAPITAL ASSETS

Capital assets are those items that have an initial, individual cost of \$5,000 or more. Total capital assets were valued as follows on June 30, 2017 and June 30, 2018 (details on page 15):

	6/30/2017	6/30/2018
Land and land improvements	\$ 121,067	\$ 121,067
Buildings	24,744,398	24,757,522
Equipment	5,911,291	5,932,622
Construction in Progress	5,755,452	14,070,715
Accumulated Depreciation	(13,499,995)	(14,190,346)
	\$ 23,032,213	\$ 30,691,580

At June 30, 2018 the District had \$30,691,580 invested in a broad range of capital assets, including land, buildings, and equipment. \$8,315,263 was added to Construction in Progress. Major projects included the construction of new multiple purpose rooms, including kitchens at both Oakdale Heights Elementary and Lyle Elementary schools as well as extensive seismic upgrades at Whitworth Elementary.

### DEBT ADMINISTRATION

As of June 30, 2018 the District had \$12,506,050 in debt obligation outstanding. The District issued the final voter approved bonds (Series 2017) in December 2017 for capital projects. In the current year the District retired

\$2,271,890 in general obligation debt. Please see auditor's 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 16 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. For fiscal year ended June 30, 2018, the District implemented GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The District's liability for the present value of projected future benefits is described beginning on page 24 in the auditor Notes to the Basic Financial Statements.

#### 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,

Debbie MacLean  
Director of Fiscal Services

**BASIC FINANCIAL STATEMENTS**

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**DALLAS SCHOOL DISTRICT**  
**DALLAS, OREGON**

**STATEMENT OF NET POSITION**  
**June 30, 2018**

	<b>Governmental Activities</b>
<b>ASSETS:</b>	
Cash and Investments	\$ 7,621,668
Receivables:	
Accounts and Grants	919,849
Property Taxes	653,133
Supplies Inventories	42,419
Capital Assets - Nondepreciable	14,191,782
Capital Assets - Depreciable, Net of Depreciation	16,499,798
<b>Total Assets</b>	<b>39,928,649</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>	
Pension Related Deferrals - PERS	12,033,201
<b>Total Assets and Pension Related Deferrals</b>	<b>51,961,850</b>
<b>LIABILITIES:</b>	
Current Liabilities:	
Accounts Payable	456,806
Accrued Salaries and Benefits	1,480,165
Unearned Revenue	86,964
Accrued Vacation Payable	45,036
Interest Payable	19,791
Long-Term Liabilities Due within one year	2,236,778
Non Current Liabilities:	
Long-Term Liabilities Due in more than one year	10,269,272
Bond Premium	602,951
Net Pension Liability - PERS	29,490,920
OPEB - Health Care	4,938,790
<b>Total Liabilities</b>	<b>49,627,473</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>	
Pension Related Deferrals - PERS	1,821,237
<b>Total Liabilities and Pension Related Deferrals</b>	<b>51,448,710</b>
<b>NET POSITION:</b>	
Net Investment in Capital Assets	18,185,530
Restricted for:	
Capital Projects	4,859,363
Student Activity	305,601
Food Service	(32,144)
Facilities and Maintenance	411,491
Debt Service	149,665
Unrestricted	(23,366,366)
<b>Total Net Position</b>	<b>\$ 513,140</b>

See accompanying notes to the basic financial statements.

DALLAS SCHOOL DISTRICT  
DALLAS, OREGON

STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2018

Functions/Programs	Expense	PROGRAM REVENUES		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities:</b>				
Instruction	\$ 25,319,034	\$ 14,000	\$ 2,608,445	\$ (22,696,589)
Support Services	14,217,883	88,224	1,421,242	(12,708,417)
Community Services	1,019,406	165,049	795,163	(59,194)
Facilities Acquisition and Construction	689,538	-	-	(689,538)
Interest on Long-Term Debt	112,910	-	-	(112,910)
<b>Total Governmental Activities</b>	<b>\$ 41,358,771</b>	<b>\$ 267,273</b>	<b>\$ 4,824,850</b>	<b>(36,266,648)</b>
<b>GENERAL REVENUES:</b>				
				6,864,123
				2,264,622
				24,324,515
				1,256,333
				741,892
				212,064
				<u>35,663,549</u>
				(603,099)
				<u>1,116,239</u>
				<u>\$ 513,140</u>

See accompanying notes to the basic financial statements.

DALLAS SCHOOL DISTRICT  
DALLAS, OREGON

BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30, 2018

	GENERAL FUND	SPECIAL GRANTS AND REVENUES FUND	CAPITAL PROJECTS FUND	DEBT SERVICE GO BOND FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS:</b>						
Cash and Investments	\$ 2,087,468	\$ 3,194	\$ 5,099,844	\$ 125,561	\$ 305,601	\$ 7,621,668
Inventory	-	-	-	-	42,419	42,419
Due from Other Funds	613,935	-	-	-	10,000	623,935
Receivables						
Accounts and Grants	73,779	4,991	-	-	1,330	80,100
Property Taxes	479,514	-	-	173,619	-	653,133
Intergovernmental Accounts	184,478	552,273	-	-	102,998	839,749
<b>Total Assets</b>	<b>\$ 3,439,174</b>	<b>\$ 560,458</b>	<b>\$ 5,099,844</b>	<b>\$ 299,180</b>	<b>\$ 462,348</b>	<b>\$ 9,861,004</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</b>						
Liabilities:						
Accounts Payable	\$ 169,594	\$ 46,194	\$ 240,481	\$ -	\$ 537	\$ 456,806
Accrued Salaries and Benefits	1,480,165	-	-	-	-	1,480,165
Due To Other Funds	10,000	468,000	-	-	145,935	623,935
Unearned Revenue	40,700	46,264	-	-	-	86,964
<b>Total Liabilities</b>	<b>1,700,459</b>	<b>560,458</b>	<b>240,481</b>	<b>-</b>	<b>146,472</b>	<b>2,647,870</b>
Deferred Inflows of Resources:						
Unavailable Revenue - Property Taxes	406,140	-	-	149,515	-	555,655
<b>Total Deferred Inflows of Resources</b>	<b>406,140</b>	<b>-</b>	<b>-</b>	<b>149,515</b>	<b>-</b>	<b>555,655</b>
Fund Balances (Deficit):						
Non-spendable	-	-	-	-	42,419	42,419
Restricted for:						
Capital Projects	-	-	4,859,363	-	-	4,859,363
Student Activity	-	-	-	-	305,601	305,601
Food Service	-	-	-	-	(32,144)	(32,144)
Facilities and Maintenance	411,491	-	-	-	-	411,491
Debt Service	-	-	-	149,665	-	149,665
Unassigned	921,084	-	-	-	-	921,084
<b>Total Fund Balances (Deficit)</b>	<b>1,332,575</b>	<b>-</b>	<b>4,859,363</b>	<b>149,665</b>	<b>315,876</b>	<b>6,657,479</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 3,439,174</b>	<b>\$ 560,458</b>	<b>\$ 5,099,844</b>	<b>\$ 299,180</b>	<b>\$ 462,348</b>	<b>\$ 9,861,004</b>

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, 2018**

<b>TOTAL FUND BALANCES-GOVERNMENTAL FUNDS</b>		<b>\$ 6,657,479</b>
Capital assets are not financial resources and therefore are not reported in the governmental funds.		
Cost	44,881,926	
Accumulated Depreciation	<u>(14,190,346)</u>	30,691,580
The unamortized portion of bond premiums and discounts are not available to pay for current period expenditures, and therefore are not reported in the governmental funds.		
Debt Premium		(602,951)
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.		
Net Pension Liability - PERS		(29,490,920)
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.		
Net Pension Related Deferrals		
Deferred Inflows - PERS	(1,821,237)	
Deferred Outflows - PERS	<u>12,033,201</u>	10,211,964
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.		
Long term Liabilities:		
Accrued Vacation Payable	(45,036)	
Bond Interest Payable	(19,791)	
Other Post Employment Benefit Obligation - Health Care	(4,938,790)	
General Obligation Bonds Payable	<u>(12,506,050)</u>	(17,509,667)
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.		
Unavailable Revenue Related To Property Taxes.		<u>555,655</u>
<b>TOTAL NET POSITION</b>		<b>\$ <u>513,140</u></b>

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, 2018

	GENERAL FUND	SPECIAL GRANTS AND REVENUES FUND	CAPITAL PROJECTS	DEBT SERVICE GO BOND FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES:</b>						
Local Sources	\$ 7,494,917	\$ 193,702	\$ 1,623,669	\$ 2,227,589	\$ 832,112	\$ 12,371,989
Intermediate Sources	243,233	498,659	408	-	-	742,300
State Sources	24,324,515	1,022,830	-	-	33,790	25,381,135
Federal Sources	265	1,480,792	-	-	683,786	2,164,843
<b>Total Revenues</b>	<u>32,062,930</u>	<u>3,195,983</u>	<u>1,624,077</u>	<u>2,227,589</u>	<u>1,549,688</u>	<u>40,660,267</u>
<b>EXPENDITURES:</b>						
Current						
Instruction	20,468,610	2,254,615	-	-	663,273	23,386,498
Support Services	12,270,441	862,228	-	-	-	13,132,669
Community Services	-	11,384	-	-	930,214	941,598
Facilities Acquisition	-	-	9,039,256	-	-	9,039,256
Debt Service	-	-	-	2,365,009	-	2,365,009
<b>Total Expenditures</b>	<u>32,739,051</u>	<u>3,128,227</u>	<u>9,039,256</u>	<u>2,365,009</u>	<u>1,593,487</u>	<u>48,865,030</u>
Revenues Over (Under) Expenditures	(676,121)	67,756	(7,415,179)	(137,420)	(43,799)	(8,204,763)
<b>OTHER FINANCING SOURCES (USES)</b>						
Debt Proceeds	-	-	7,905,951	-	-	7,905,951
Transfer In	67,756	-	-	-	10,000	77,756
Transfer Out	(10,000)	(67,756)	-	-	-	(77,756)
Total Other Financing Sources (Uses)	<u>57,756</u>	<u>(67,756)</u>	<u>7,905,951</u>	<u>-</u>	<u>10,000</u>	<u>7,905,951</u>
Net Change in Fund Balance	(618,365)	-	490,772	(137,420)	(33,799)	(298,812)
<b>Beginning Fund Balance</b>	<u>1,950,940</u>	<u>-</u>	<u>4,368,591</u>	<u>287,085</u>	<u>349,675</u>	<u>6,956,291</u>
<b>Ending Fund Balance</b>	<u>\$ 1,332,575</u>	<u>\$ -</u>	<u>\$ 4,859,363</u>	<u>\$ 149,665</u>	<u>\$ 315,876</u>	<u>\$ 6,657,479</u>

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, 2018**

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**TOTAL NET CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS** \$ (298,812)

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	\$ 8,349,718	
Less current year depreciation, Net	<u>(690,351)</u>	7,659,367

The PERS 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.

(2,705,056)

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.

1,164

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.

Bonds Payments	2,271,890	
Issuance of Bonds	(7,303,000)	
Issuance of Premium	<u>(602,951)</u>	(5,634,061)

Change in net OPEB liability (Health Care)

298,685

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

(19,791)

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.

95,405

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES**

**\$ (603,099)**

See accompanying notes to the basic financial statements.

**NOTES TO BASIC FINANCIAL STATEMENTS**

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NOTES TO BASIC FINANCIAL STATEMENTS

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**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.

NOTES TO BASIC FINANCIAL STATEMENTS

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**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 which is 60 days. 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

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**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 and Special Revenue Fund, interest earned on investments, and sale of District property.

**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, 2018, 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.

NOTES TO BASIC FINANCIAL STATEMENTS

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Grants**

Unreimbursed expenditures 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. Cash received from grantor agencies in excess of related grant expenditures is recorded as a liability in the balance sheet and statement of net position.

**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.

NOTES TO BASIC FINANCIAL STATEMENTS

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Deferred Outflows/Inflows of Resources**

In addition to assets, the basic 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 periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. At June 30, 2018, there were deferred outflows of \$12,033,201 representing PERS pension related deferrals in the Statement of Net Position.

In addition to liabilities, the basic 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 \$555,655. 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 Deferred Inflow. At June 30, 2018, there were deferred inflows of \$1,821,237 related to PERS 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.

NOTES TO BASIC FINANCIAL STATEMENTS

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**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 or assigned fund balances at June 30, 2018.

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), assigned (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

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**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 of the various funds were within authorized appropriations except Special Grants and Projects Fund was over-expended by \$17,476 in Support Services.

**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	\$ 596,546
Investments	<u>7,025,122</u>
Total Cash and investments	<u>\$ 7,621,668</u>

**DEPOSITS**

Deposits with financial institutions include bank demand deposits. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the treasury. The total bank balance per the bank statements as of June 30, 2018 was \$993,144 of which \$605,427 is covered by federal depository insurance and the remainder was collateralized by the Oregon Public Funds Collateralization Program (PFCP).

DALLAS SCHOOL DISTRICT  
DALLAS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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**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's compliance with all portfolio guidelines can be found in their annual report when issued. 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. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. The audited financial reports of the Oregon Short Term Fund can be found here:

[http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-\(OSTF\).aspx](http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-(OSTF).aspx)

If the link has expired please contact the Oregon Short Term Fund directly.

At year-end, investment balances were as follows:

<u>Investment Type</u>	<u>Investment Maturities (In Months)</u>			
	<u>Fair Value</u>	<u>Less Than 3</u>	<u>3-18</u>	<u>18-59</u>
State Treasurer's Local Government Investment Pool	<u>\$ 7,025,122</u>	<u>\$ 7,025,122</u>	<u>\$ -</u>	<u>\$ -</u>
Total	<u>\$ 7,025,122</u>	<u>\$ 7,025,122</u>	<u>\$ -</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, 2018, 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, 2018, 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, 2018 was as follows:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Governmental Activities:				
Capital Assets Not being Depreciated:				
Land	\$ 121,067	\$ -	\$ -	\$ 121,067
Construction in Progress	5,755,452	8,315,263	-	14,070,715
Total Capital Assets Not Being Depreciated	<u>5,876,519</u>	<u>8,315,263</u>	<u>-</u>	<u>14,191,782</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	24,744,398	13,124	-	24,757,522
Machinery and Equipment	5,911,291	21,331	-	5,932,622
Total Capital Assets Being Depreciated	<u>30,655,689</u>	<u>34,455</u>	<u>-</u>	<u>30,690,144</u>
Accumulated Depreciation:				
Buildings and Improvements	7,789,954	639,065	-	8,429,019
Machinery and Equipment	5,710,041	51,286	-	5,761,327
Total Accumulated Depreciation	<u>13,499,995</u>	<u>690,351</u>	<u>-</u>	<u>14,190,346</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 23,032,213</u>			<u>\$ 30,691,580</u>

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

Governmental Activities		
Instruction	\$	430,982
Support Services	\$	242,017
Community Services	\$	<u>17,352</u>
Total Depreciation Expense		
Governmental Activities	\$	<u>690,351</u>

DALLAS SCHOOL DISTRICT  
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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 General obligation bonds pledge the full faith and credit of the District. The bonds were issued in 2017 and 2015 with interest plus principal payments due each year. General obligation bonds currently outstanding are as follows:

Issue Date	Interest Rates	Original Issue	Outstanding July 1, 2017	Issued	Matured and Redeemed	Outstanding June 30, 2018	Due within one year
2017 Bond	3-4%	\$ 7,303,000	\$ -	\$7,303,000	\$ -	\$ 7,303,000	\$ 933,000
2015 Bond	1.01-2.27%	9,696,340	7,474,940	-	2,271,890	5,203,050	1,303,778
Total			7,474,940	7,303,000	2,271,890	12,506,050	2,236,778
Premium		-	-	602,951	-	602,951	-
Total Long-Term Liabilities			<u>\$ 7,474,940</u>	<u>\$7,905,951</u>	<u>\$ 2,271,890</u>	<u>\$ 13,109,001</u>	<u>\$ 2,236,778</u>

Future maturities of bond are payable as follows:

Fiscal Year Ending June 30	Principal	Interest
2019	\$ 2,236,778	\$ 481,582
2020	2,502,228	365,322
2021	2,622,764	373,936
2022	2,759,280	374,620
2023	1,150,000	95,400
2024	1,235,000	49,400
Total	<u>\$ 12,506,050</u>	<u>\$ 1,740,260</u>

**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/Documents/Financials/CAFR/2017-CAFR.pdf>

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.

NOTES TO BASIC FINANCIAL STATEMENTS

**8. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier 1 general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier 2 members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

- 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.

- 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.

DALLAS SCHOOL DISTRICT  
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NOTES TO BASIC FINANCIAL STATEMENTS

**8. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

- 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, 2015 actuarial valuation, which became effective July 1, 2017. 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, 2018 were \$3,598,480, excluding amounts to fund employer specific liabilities. In addition, approximately \$878,436 in employee contributions were paid or picked up by the District during 2017-18.

**Pension Asset or Liability** - At June 30, 2018, the District reported a net pension liability of \$29,490,920 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. 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. As of the measurement dates of June 30, 2017 and 2016, the District's proportion was .219 and .232 percent respectively. Pension expense for the year ended June 30, 2018 was \$2,705,056.

The rates in effect for the year ended June 30, 2018 were:

- (1) Tier1/Tier 2 – 27.20%
- (2) OPSRP general services – 21.87%

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 1,426,193	\$ -
Changes in assumptions	5,375,669	-
Net difference between projected and actual earnings on pension plan investments	303,826	-
Net changes in proportionate share	25,884	(1,821,237)
Differences between district contributions and proportionate share of contributions	1,303,149	-
Subtotal - Amortized Deferrals (below)	8,434,721	(1,821,237)
District contributions subsequent to measurement date	3,598,480	-
Net deferred outflow (inflow) of resources	\$ 12,033,201	\$ (1,821,237)

DALLAS SCHOOL DISTRICT  
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NOTES TO BASIC FINANCIAL STATEMENTS

**8. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

The amount of contributions to the measurement date will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2019.

Subtotal amounts related to pension as deferred outflows of resources, \$8,434,721, and deferred inflows of resources, \$(1,821,237), net to \$6,613,484 and will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2019	\$ 1,303,114
2020	3,667,127
2021	2,385,263
2022	(775,342)
2023	33,322
Thereafter	-
Total	<u>\$ 6,613,484</u>

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated February 8, 2018. Oregon PERS produces an independently audited CAFR which can be found at:

<http://www.oregon.gov/pers/Documents/Financials/CAFR/2017-CAFR.pdf>

**Actuarial Valuations** – The employer contribution rates effective July 1, 2017 through June 30, 2019, 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.

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NOTES TO BASIC FINANCIAL STATEMENTS

**8. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Actuarial Methods and Assumptions:**

Valuation date	December 31, 2015 rolled forward to June 30, 2017
Experience Study Report	2014, Published September 23, 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	2.50 percent
Investment rate of return	7.50 percent
Projected salary increase	3.50 percent overall payroll growth
Cost of Living Adjustment	Blend of 2% COLA and graded COLA (1.25%/1.15%) 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 (70% for males and 95% for females) of the RP-2000 sex-distinct, generational perscale BB, disabled mortality 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 2015 Experience Study which is reviewed for the four-year period ending December 31, 2015.

**Assumed Asset Allocation:**

Asset Class/Strategy	Low Range	High Range	OIC Target
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Private Equity	14.0%	21.0%	17.5%
Real Estate	9.5%	15.5%	12.5%
Alternative Equity	0.0%	12.5%	12.5%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			100%

*(Source: June 30, 2017 PERS CAFR; p.92)*

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NOTES TO BASIC FINANCIAL STATEMENTS

**8. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Long-Term Expected Rate of Return:**

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

Asset Class	Target	Compound Annual Return (Geometric)
Core Fixed Income	8.00%	4.00%
Short-term Bonds	8.00%	3.61%
Bank/Leverages Loans	3.00%	5.42%
High Yield Bonds	1.00%	6.20%
Large/Mid Cap US Equities	15.75%	6.70%
Small Cap US Equities	1.31%	6.99%
Micro Cap US Equities	1.31%	7.01%
Developed Foreign Equities	13.13%	6.73%
Emerging Foreign Equities	4.12%	7.25%
Non-US Small Cap Equities	1.88%	7.22%
Private Equity	17.50%	7.97%
Real Estate (Property)	10.00%	5.84%
Real Estate (REITS)	2.50%	6.69%
Hedge Fund of Funds - Diversified	2.50%	4.64%
Hedge Fund - Event-driven	0.63%	6.72%
Timber	1.88%	5.85%
Farmland	1.88%	6.37%
Infrastructure	3.75%	7.13%
Commodities	1.88%	4.58%
<i>Assumed Inflation - Mean</i>		2.50%

(Source: June 30, 2017 PERS CAFR; p. 69)

**Discount Rate** – The discount rate used to measure the total pension liability as of the measurement dates of June 30, 2017 and 2016 was 7.50 and 7.50 percent respectively 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.

NOTES TO BASIC FINANCIAL STATEMENTS

**8. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Discount Rate (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 7.50 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 (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability (asset)	\$ 50,257,913	\$ 29,490,920	\$ 12,125,869

**Changes Subsequent to the Measurement Date:**

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

At its July 28, 2017 meeting, the PERS Board lowered the assumed rate to 7.2 percent. For member transactions, this rate will take effect January 1, 2018. The current assumed rate is 7.5 percent and has been in effect for member transactions since January 1, 2016.

**OPSRP Individual Account Program (OPSRP IAP)**

**Plan Description:** Employees of the District are provided with pensions through OPERS. All the benefits of OPERS are established by the Oregon legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003. Chapter 238A created the Oregon Public Service Retirement Plan (OPSRP), which consists of the Defined Benefit Pension Program and the Individual Account Program (IAP). Membership includes public employees hired on or after August 29, 2003. PERS members retain their existing defined benefit plan accounts, but member contributions are deposited into the member’s IAP account. OPSRP is part of OPERS, and is administered by the OPERS Board.

**Pension Benefits:** Participants in OPERS defined benefit pension plans also participate in their defined contribution plan. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies. Upon retirement, a member of the OPSRP IAP may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

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



NOTES TO BASIC FINANCIAL STATEMENTS

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**8. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Contributions:** Employees of the District pay six (6) percent of their covered payroll. The District did not make any optional contributions to member IAP accounts for the year ended June 30, 2018.

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

<http://www.oregon.gov/pers/EMP/Pages/GASB.aspx>

**9. OTHER POST-EMPLOYMENT BENEFIT PLAN – (RHIA)**

**Plan Description:**

As a member of Oregon Public Employees Retirement System (OPERS) the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700.

**Funding Policy:**

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 dollars or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of \$60 dollars shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in OPERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in OPERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in an OPERS-sponsored health plan. A surviving spouse or dependent of a deceased OPERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from OPERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating Districts are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the District currently contributes 0.50% of annual covered OPERF payroll and 0.43% of OPSRP payroll under a contractual requirement in effect until June 30, 2019. The OPERS Board of Trustees sets the employer contribution rates based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The District's contributions to RHIA for year ended June 30, 2018 were considered by management to be immaterial to the basic financial statements.

At June 30, 2018, the District's net OPEB liability/(asset) and deferred inflows and outflows were not considered to be material to the basic financial statements by management and were not accrued on the government wide statements.

NOTES TO BASIC FINANCIAL STATEMENTS

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**10. 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.

The District implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions for the fiscal year ended June 30, 2018. This implementation allows the district to report its liability for other post-employment benefits consistent with newly established generally accepted accounting principles and to reflect an actuarially determined liability for the present value of projected future benefits for retired and active employees on the financial statements. The District maintains single employer post-employment benefit programs (commonly referred to as early retirement). These programs cover licensed and administrative personnel of the District, individual employees, and certain retired employees.

In implementing GASB Statement No. 75, the following changes since the prior valuation were implemented; (a) the actuarial cost method was changed from Projected Unit Credit to Entry Age Normal, (b) the interest rate for discounting future liabilities was lowered to match municipal bond rates, (c) premium increase rates were modified to reflect anticipated experience, (d) the percentage of future retirees covering a spouse on the plan was decreased to reflect the anticipated experience, (e) demographic assumptions were revised to match (as closely as possible) those developed in the most recent experience study for Oregon PERS, and (d) an implicit rate subsidy is now being valued for participants in the health plans. In prior valuations, the District's participation in the health plans was determined to be a community rated arrangement.

**Annual OPEB Cost and Total OPEB Liability** – The annual other postemployment benefit (OPEB) cost is calculated based on the Total OPEB Liability, an amount actuarially determined in accordance with the parameters of GASB Statement 75. For detailed information and a table showing the components of the District's annual OPEB costs and liabilities, see page 29.

**Actuarial Methods and Assumptions** – The Total OPEB Liability for the current year was determined as part of the July 1, 2017 actuarial valuation using the entry age normal method. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about mortality, claim cost and the healthcare cost trend. The actuarial assumptions included; (a) a rate of return on investment of present and future assets of 3% compounded annually; (b) no future increase in benefit payable from this program; (c) a general inflation rate of 2.5% per year, and (d) no post-retirement benefit increases and a payroll increase of 3%. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Under this method, the expected accrued benefit of each participant at benefit commencement (reflecting future expected increases in salaries and medical premiums) is allocated in equal proportion over the participant's years of service from hire to expected retirement. The normal cost is the present value of benefits expected to accrue in the current year. The present value of benefits accrued as of the valuation date is called the accrued liability.

**Funding Status and Funding Progress** – As of July 1, 2017, the plan was 0% funded. The actuarial accrued liability for benefits was \$4,938,790, and the actuarial value of assets was \$0. Estimated covered payroll was \$15,937,637.

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NOTES TO BASIC FINANCIAL STATEMENTS

**10. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)**

At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	54
Active employees	360
	414

**Total OPEB Liability** – The District’s total OPEB liability of \$4,938,790 was measured as of June 30, 2018, and was determined by an actuarial valuation as of December 31, 2016.

**Actuarial Assumptions and Other Inputs** – The District’s total OPEB liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

**Actuarial assumptions**

Valuation Date	December 31, 2016 rolled forward to June 30, 2018
Actuarial Cost Method	Entry Age Normal
Investment return assumption (Interest discount)	December 29, 2016 rate in the 20-Year General Obligation Municipal Bond Index published by Bond
Plan participation	100% assumed will elect coverage at retirement if eligible for District paid insurance; 40% assumed if only eligible for self-pay insurance
Moda medical premium annual trend rate	8.0% increase in October 2017 with later increases reducing annually by 0.5% to 5% and stable thereafter
Kaiser medical premium annual trend rate	5% increase in all future years
Dental premiums annual trend rate	2% in October 2017 with Later Increases rising annually by 0.5% to 3% and stable thereafter
Inflation rate	2.5% for all Future years
Annual salary rate increase	2% for all future years
Health care premium	
Beginning in 2018 a 40% excise tax will be imposed under the affordable care act on employers if the aggregate value of medical coverage exceeds a threshold limit. This excise tax is not included in the calculations because it is believed to be immaterial in regard to the OPEB plan.	

**Changes in Total OPEB Liability**

	Total OPEB Liability
Total OPEB Liability Balance 6/30/2017	\$ 5,237,475
Changes for the Year:	
Service Cost	167,050
Interest	187,293
Changes of benefit terms	-
Differences of Assumptions or other input	-
Benefit payments	(653,028)
Net Change in total OPEB Liability	(298,685)
Total OPEB Liability Balance 6/30/18	\$ 4,938,790

Changes of assumptions: Interest Discount, the investment return assumption was increased from 3.00% to 3.75%. Persistence, the drop rate for retirees self-paying for coverage was increased from 5% to 10% based on district experience from 2010 to 2016.

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NOTES TO BASIC FINANCIAL STATEMENTS

**10. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)**

**Sensitivity of the total OPEB Liability to changes in discount rate** – the following presents the total OPEB liability of the District, as well as what the District’s total OPEB Liability would be if it were calculated using a discount rate 1 percentage point higher and lower than the current rate.

1% Lower	Current Discount Rate	1% Higher
2.75%	3.75%	4.75%
\$ 5,082,732	\$ 4,938,790	\$ 4,580,849

**Sensitivity of the total OPEB Liability to changes in the healthcare cost trend rates** – the following presents the total OPEB liability of the District, as well as what the District’s total OPEB Liability would be if it were calculated using health care cost trend rates that are 1 percentage point higher and lower than the current healthcare cost trend rates.

1% Lower	Current Healthcare Trend Rates	1% Higher
\$ 4,465,981	\$ 4,938,790	\$ 5,230,493

**OPEB Expense and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2018, the District recognized negative OPEB expense of \$354,353 in the government wide Statement of Activities. At June 30, 2018, the District reported no deferred outflows or inflows of resources relating to OPEB.

**11. 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.

**12. 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.

DALLAS SCHOOL DISTRICT  
DALLAS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

**13. 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.

**14. INTERFUND TRANSFERS & INTERFUND RECEIVABLE/PAYABLE**

Amounts were comprised of the following:

	Transfers <u>Out</u>	Transfers <u>In</u>	Interfund <u>Receivable</u>	Interfund <u>Payable</u>
General Fund	\$ 10,000	\$ 67,756	\$ 613,935	\$ 10,000
Special Revenue	67,756	-	-	468,000
Debt Service GO Bond Funds	-	-		-
Other Governmental Funds	-	10,000	10,000	145,935
	<u>\$ 77,756</u>	<u>\$ 77,756</u>	<u>\$ 623,935</u>	<u>\$ 623,935</u>

The internal transfers and receivables/payables are budgeted and recorded to show legal and operational commitments between funds such as cost sharing.

**15. OPERATING LEASES**

There are operating leases for copiers & printers. Payments for each lease range from \$57 to \$1,986 per month. Operating lease payments for the year ended June 30, 2018 were \$52,565. Future minimum payments are as follows:

Year Ended	Amount
June 30th	
2019	\$ 54,190
2020	54,190
2021	3,899
Total	<u>\$ 112,279</u>

**16. POTENTIAL CLAIMS AND ASSESSMENTS**

The District is a defendant in pending legal actions but it is too soon to determine an outcome or the financial impact on the financial statements if any. The District's counsel has advised the District to vigorously defend itself.

DALLAS SCHOOL DISTRICT  
DALLAS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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**17. TAX ABATEMENTS**

As of June 30, 2018, the District potentially had tax abatements through various state allowed programs that impacted levied taxes. Based on the information available from the county as of the date of issuance of these basic financial statements, the amount of abatements for the year ended June 30, 2018 is deemed by management to be immaterial.

**18. RESTATEMENT OF PRIOR YEAR NET POSITION**

Due to the implementation of GASB 75 a restatement of prior year net position was required. The restatement is as follows:

Net Position - Beginning as previously reported	\$ 5,774,680
Change in OPEB Liability for health care benefits at prior measurement date	<u>(4,658,441)</u>
Net Position - Beginning as restated	<u>\$ 1,116,239</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, 2018

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

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

Year Ended June 30,	Total OPEB Liability - Beginning	Service Cost	Interest	Changes of Benefit Terms	Changes of Assumptions	Differences Between Expected and Actual	Benefit Payments	Total OPEB Liability - End of Year	Estimated Covered Payroll	Total OPEB Liability as a % of Covered Payroll
2018	\$ 5,237,475	\$ 167,050	\$ 187,293	\$ -	\$ -	\$ -	\$ (653,028)	\$ 4,938,790	\$ 15,937,637	31%

The above tables present the most recent actuarial valuations for the City's post-retirement benefit.

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.

In implementing GASB Statements 75, the following changes since the prior valuation were implemented; (i) the actuarial cost method was changed from Projected Unit Credit to Entry Age Normal, (ii) the interest rate for discounting future liabilities was lowered to match municipal bond rates, (iii) premium increase rates were modified to reflect anticipated experience, (iv) the percentage of future retirees covering a spouse on the plan was decreased to reflect the anticipated experience, (v) demographic assumptions were revised to match (as closely as possible) those developed in the most recent experience study for Oregon PERS, and (vi) an implicit rate subsidy is now being valued for participants in the health plans. In prior valuations, the City's participating in the health plans determined to be a community rated arrangement.

**DALLAS SCHOOL DISTRICT  
DALLAS COUNTY, OREGON**

REQUIRED SUPPLEMENTARY INFORMATION

At June 30, 2018

**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
2018	0.22 %	\$ 29,490,920	\$ 15,682,430	188.1 %	83.1 %
2017	0.23	34,801,961	15,057,790	231.1	80.5
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 actuarially 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
2018	\$ 3,598,480	\$ 3,598,480	\$ -	\$ 14,252,450	25.2 %
2017	3,187,340	3,187,340	-	15,682,430	20.3
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 actuarially 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.

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, 2018

GENERAL FUND

	BUDGET (2)		ACTUAL GENERAL FUND	FACILITY REPAIR & MAINTENANCE FUND	COMBINED ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL				
<b>REVENUES:</b>						
Local Sources	\$ 7,226,097	\$ 7,226,097	\$ 7,489,787	\$ 5,130	\$ 7,494,917	\$ 268,820
Intermediate Sources	361,507	361,507	243,233	-	243,233	(118,274)
State Sources	25,012,939	25,012,939	24,324,515	-	24,324,515	(688,424)
Federal Sources	3,550	3,550	265	-	265	(3,285)
Total Revenue	32,604,093	32,604,093	32,057,800	5,130	32,062,930	(541,163)
<b>EXPENDITURES:</b>						
Instruction	20,280,548	21,261,153 (1)	20,468,610	-	20,468,610	792,543
Support Services	11,742,999	12,842,399 (1)	12,117,797	152,644	12,270,441	571,958
Facilities Acquisition	475,000	475,000 (1)	-	-	-	475,000
Operating Contingencies	2,597,946	517,941 (1)	-	-	-	517,941
Total Expenditures	35,096,493	35,096,493	32,586,407	152,644	32,739,051	2,357,442
Revenues Over (Under) Expenditures	(2,492,400)	(2,492,400)	(528,607)	(147,514)	(676,121)	1,816,279
<b>OTHER FINANCING SOURCES, (USES)</b>						
Transfers In	120,000	310,000	-	67,756	67,756	(242,244)
Transfers Out	(50,000)	(100,000) (1)	(10,000)	-	(10,000)	90,000
Total Other Financing Sources, (Uses)	70,000	210,000	(10,000)	67,756	57,756	(152,244)
Net Change in Fund Balance	(2,422,400)	(2,282,400)	(538,607)	(79,758)	(618,365)	1,664,035
Beginning Fund Balance	2,432,400	2,432,400	1,459,691	491,249	1,950,940	(481,460)
Ending Fund Balance	\$ 10,000	\$ 150,000	\$ 921,084	\$ 411,491	\$ 1,332,575	\$ 1,182,575

(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, 2018**

**SPECIAL GRANTS AND PROJECTS FUND**

	<u>BUDGET</u>		<u>ACTUAL</u>	VARIANCE TO
	<u>ORIGINAL</u>	<u>FINAL</u>		FINAL BUDGET
				POSITIVE (NEGATIVE)
<b>REVENUES:</b>				
Local Sources	\$ 327,528	\$ 327,528	\$ 193,702	\$ (133,826)
Intermediate Sources	467,686	467,686	498,659	30,973
State Sources	1,492,215	1,492,215	1,022,830	(469,385)
Federal Sources	1,506,213	1,506,213	1,480,792	(25,421)
Total Revenue	<u>3,793,642</u>	<u>3,793,642</u>	<u>3,195,983</u>	<u>(597,659)</u>
<b>EXPENDITURES:</b>				
Instruction	2,425,890	2,425,890 (1)	2,254,615	171,275
Support Services	844,752	844,752 (1)	862,228	(17,476)
Community Services	43,000	43,000 (1)	11,384	31,616
Facilities Acquisition	400,000	400,000 (1)	-	400,000
Total Expenditures	<u>3,713,642</u>	<u>3,713,642</u>	<u>3,128,227</u>	<u>585,415</u>
Revenues Over (Under) Expenditures	<u>80,000</u>	<u>80,000</u>	<u>67,756</u>	<u>(12,244)</u>
<b>OTHER FINANCING SOURCES, (USES)</b>				
Transfers Out	<u>(80,000)</u>	<u>(80,000) (1)</u>	<u>(67,756)</u>	<u>12,244</u>
Total Other Financing Sources, (Uses)	<u>(80,000)</u>	<u>(80,000)</u>	<u>(67,756)</u>	<u>12,244</u>
Net Change in Fund Balance	-	-	-	-
<b>Beginning Fund Balance</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Ending Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(1) Appropriation Level

**SUPPLEMENTARY INFORMATION**

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**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, 2018**

**CAPITAL PROJECTS FUND**

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>REVENUES:</b>				
Local Sources	\$ 50,000	\$ 50,000	\$ 97,939	\$ 47,939
State Sources	2,200,000	2,200,000	1,526,138	(673,862)
<b>Total Revenues</b>	<u>2,250,000</u>	<u>2,250,000</u>	<u>1,624,077</u>	<u>(625,923)</u>
<b>EXPENDITURES:</b>				
Construction	8,460,722	14,550,000 (1)	9,039,256	5,510,744
<b>Total Expenditures</b>	<u>8,460,722</u>	<u>14,550,000</u>	<u>9,039,256</u>	<u>5,510,744</u>
<b>OTHER FINANCING SOURCES, (USES)</b>				
Debt Proceeds	7,300,000	7,300,000	7,905,951	605,951
<b>Total Other Financing Sources, (Uses)</b>	<u>7,300,000</u>	<u>7,300,000</u>	<u>7,905,951</u>	<u>605,951</u>
Net Change in Fund Balance	1,089,278	(5,000,000)	490,772	5,490,772
<b>Beginning Fund Balance</b>	<u>5,000,000</u>	<u>5,000,000</u>	<u>4,368,591</u>	<u>(631,409)</u>
<b>Ending Fund Balance</b>	<u>\$ 6,089,278</u>	<u>\$ -</u>	<u>\$ 4,859,363</u>	<u>\$ 4,859,363</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, 2018**

**DEBT SERVICE - GO BONDS FUND**

	BUDGET			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
<b>REVENUES:</b>				
Local Sources	\$ 2,190,130	\$ 2,190,130	\$ 2,227,589	\$ 37,459
<b>Total Revenues</b>	2,190,130	2,190,130	2,227,589	37,459
<b>EXPENDITURES:</b>				
Debt Service	2,365,130	2,365,130 (1)	2,365,009	121
<b>Total Expenditures</b>	2,365,130	2,365,130	2,365,009	121
Net Change in Fund Balance	(175,000)	(175,000)	(137,420)	37,338
<b>Beginning Fund Balance</b>	275,000	275,000	287,085	12,085
<b>Ending Fund Balance</b>	\$ 100,000	\$ 100,000	\$ 149,665	\$ 49,665

(1) Appropriation Level



**DALLAS SCHOOL DISTRICT  
DALLAS, OREGON**

**COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS  
June 30, 2018**

	STUDENT ACTIVITY	FOOD SERVICE	TOTAL OTHER GOVERNMENTAL FUNDS
<b>ASSETS:</b>			
Cash and Investments	\$ 305,601	\$ -	\$ 305,601
Inventory	-	42,419	42,419
Due From other Funds	-	10,000	10,000
Receivables:			
Accounts and Grants	-	1,330	1,330
Intergovernmental Accounts	-	102,998	102,998
<b>Total Assets</b>	<b>\$ 305,601</b>	<b>\$ 156,747</b>	<b>\$ 462,348</b>
<b>LIABILITIES AND FUND BALANCES:</b>			
Liabilities:			
Due to Other Funds	\$ -	\$ 145,935	\$ 145,935
Accounts Payable	\$ -	\$ 537	\$ 537
<b>Total Liabilities</b>	<b>-</b>	<b>146,472</b>	<b>146,472</b>
Fund Balances:			
Nonspendable	-	42,419	42,419
Restricted	305,601	(32,144)	273,457
<b>Total Fund Balances</b>	<b>305,601</b>	<b>10,275</b>	<b>315,876</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 305,601</b>	<b>\$ 156,747</b>	<b>\$ 462,348</b>

**DALLAS SCHOOL DISTRICT**  
**DALLAS, OREGON**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BUDGETARY (NON-GAAP) BASIS  
ALL OTHER GOVERNMENTAL  
For the Year Ended June 30, 2018**

	<u>STUDENT ACTIVITY</u>	<u>FOOD SERVICE</u>	<u>TOTAL OTHER GOVERNMENTAL FUNDS</u>
<b>REVENUES:</b>			
Local Sources	\$ 655,433	\$ 176,679	\$ 832,112
State Sources	-	33,790	33,790
Federal Sources	-	683,786	683,786
<b>Total Revenues</b>	<u>655,433</u>	<u>894,255</u>	<u>1,549,688</u>
<b>EXPENDITURES:</b>			
Instruction	663,273	-	663,273
Community Services	-	930,214	930,214
<b>Total Expenditures</b>	<u>663,273</u>	<u>930,214</u>	<u>1,593,487</u>
<b>OTHER FINANCING SOURCES:</b>			
Transfers In	-	10,000	10,000
<b>Total Other Financing Sources</b>	<u>-</u>	<u>10,000</u>	<u>10,000</u>
Net Change in Fund Balance	(7,840)	(25,959)	(33,799)
<b>Beginning Fund Balance</b>	<u>313,441</u>	<u>36,234</u>	<u>349,675</u>
<b>Ending Fund Balance</b>	<u>\$ 305,601</u>	<u>\$ 10,275</u>	<u>\$ 315,876</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, 2018**

**STUDENT ACTIVITY FUND**

	BUDGET			VARIANCE TO FINAL BUDGET
	ORIGINAL	FINAL	ACTUAL	POSITIVE (NEGATIVE)
<b>REVENUES:</b>				
Local Sources	\$ 850,000	\$ 850,000	\$ 655,433	\$ (194,567)
<b>Total Revenue</b>	850,000	850,000	655,433	(194,567)
<b>EXPENDITURES:</b>				
Instruction	1,100,000	1,100,000 (1)	663,273	436,727
<b>Total Expenditures</b>	1,100,000	1,100,000	663,273	436,727
Net Change in Fund Balance	(250,000)	(250,000)	(7,840)	242,160
<b>Beginning Fund Balance</b>	350,000	350,000	313,441	(36,559)
<b>Ending Fund Balance</b>	\$ 100,000	\$ 100,000	\$ 305,601	\$ 205,601

(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, 2018**

**FOOD SERVICE FUND**

	BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES:</b>				
Local Sources:	\$ 200,150	\$ 200,150	\$ 176,679	\$ (23,471)
State Sources	35,000	35,000	33,790 (2)	(1,210)
Federal Sources	775,000	775,000	683,786	(91,214)
<b>Total Revenue</b>	1,010,150	1,010,150	894,255	(115,895)
<b>EXPENDITURES:</b>				
Community Services	1,020,150	1,020,150 (1)	930,214	89,936
<b>Total Expenditures</b>	1,020,150	1,020,150	930,214	89,936
<b>OTHER FINANCING SOURCES, (USES)</b>				
Transfers In	10,000	30,000	10,000	(20,000)
<b>Total Other Financing Sources, (Uses)</b>	10,000	30,000	10,000	(20,000)
Net Change in Fund Balance	-	20,000	(25,959)	(45,959)
<b>Beginning Fund Balance</b>	10,000	10,000	36,234	26,234
<b>Ending Fund Balance</b>	\$ 10,000	\$ 30,000	\$ 10,275	\$ (19,725)

(1) Appropriation Level

(2) This amount includes the state revenue match of \$9,475 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, 2018

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/17	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS		INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/18
<u>GENERAL FUND:</u>							
Current:							
2017-2018	\$ 7,079,340	\$ 188,229	\$ (5,444)	\$ 2,673	\$ 6,692,913	\$ 195,427	
Prior Years:							
2016-17	193,263	(1)	(15,718)	4,741	67,408	114,879	
2015-16	87,691	-	(6,026)	5,360	30,199	56,826	
2014-15	57,456	-	(5,361)	7,090	25,041	34,144	
2013-14	31,956	-	(4,883)	4,472	12,944	18,601	
Prior Years:	80,585	-	(20,547)	1,851	2,252	59,637	
Total Prior	450,951	(1)	(52,535)	23,514	137,844	284,087	
Total General Fund	<u>\$ 7,530,291</u>	<u>\$ 188,228</u>	<u>\$ (57,979)</u>	<u>\$ 26,187</u>	<u>\$ 6,830,757</u>	<u>\$ 479,514</u>	

RECONCILIATION TO REVENUE:

	<u>GENERAL FUND</u>
Cash Collections by County Treasurer Above	\$ 6,830,757
Accrued at 6/30/17	(78,033)
Accrued at 6/30/18	73,374
Taxes in lieu	38,025
Total Revenue	<u>\$ 6,864,123</u>

DALLAS SCHOOL DISTRICT  
DALLAS, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES OF TAXES UNCOLLECTED

For the Year Ended June 30, 2018

TAX YEAR	ORIGINAL LEVY OR BALANCE 7/1/17	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/18
<u>DEBT SERVICE FUND:</u>						
Current:						
2016-17	\$ 2,304,824	\$ 61,282	\$ (1,773)	\$ 870	\$ 2,179,014	\$ 63,625
Prior Years:						
2015-16	65,054	-	8,199	1,956	27,812	47,397
2014-15	30,723	-	(1,788)	1,899	10,700	20,134
2013-14	22,500	-	(4,693)	2,423	8,559	11,672
2012-13	12,825	-	(1,913)	1,802	5,217	7,498
Prior Years:	8,139	-	15,312	724	880	23,295
Total Prior	139,241	-	15,117	8,804	53,167	109,995
Total Debt Svc Fund	<u>\$ 2,444,065</u>	<u>\$ 61,282</u>	<u>\$ 13,344</u>	<u>\$ 9,674</u>	<u>\$ 2,232,181</u>	<u>\$ 173,620</u>

RECONCILIATION TO REVENUE:	DEBT SERVICE FUND
Cash Collections by County Treasurer Above	\$ 2,232,181
Accrued at 6/30/17	(51,909)
Accrued at 6/30/18	24,104
Taxes in lieu	60,246
Total Revenue	<u>\$ 2,264,622</u>

**DALLAS SCHOOL DISTRICT  
DALLAS, OREGON**

**SUPPLEMENTAL INFORMATION  
As Required by The Oregon Department of Education  
For the Year Ended June 30, 2018**

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<p>A. Energy bills for heating, fuel, water and sewage - all funds:</p>		<u>Objects 325, 326 and 327</u>
	Function 2540	\$ 394,837
	Function 2550	-
<p>B. Replacement of equipment - General Fund: All General Fund expenditures in Object 542:</p>		<u>Object 542</u>
		\$ 7,583
<p>These functions are Excluded:</p>		
1113, 1122 & 1132	Co-curricular activities	-
	Construction	-
1140	Pre-kindergarten	-
1300	Continuing education	-
1400	Summer school	-
	Pupil transportation	-
	Food service	-
	Community services	-

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**OTHER INFORMATION**

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**2017-18 DISTRICT AUDIT REVENUE SUMMARY**  
**Dallas School District**

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
<b>Revenue from Local Sources</b>							
1110 Ad Valorem Taxes Levied by District	\$6,829,023		\$2,202,439				
1120 Local Option Ad Valorem Taxes Levied by District							
1130 Construction Excise Tax							
1190 Penalties and Interest on Taxes	\$1,879						
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	\$14,000						
1313 Regular Day School Tuition - Other Districts Outside State							
1320 Adult/Continuing Education Tuition							
1330 Summer School Tuition							
1411 Transportation Fees - From Individuals							
1412 Transportation Fees - Other Dist Within State							
1414 Transportation Fees - Foster Students	\$6,004						
1420 Summer School Transportation Fees							
1500 Earnings on Investments	\$89,304	\$79	\$25,150	\$97,531			
1600 Food Service		\$156,557					
1700 Extracurricular Activities	\$87,054	\$655,433					
1800 Community Services Activities		\$8,492					
1910 Rentals	\$1,170						
1920 Contributions and Donations From Private Sources		\$77,248					
1930 Rental or Lease Payments From Private Contractors							
1940 Services Provided Other Local Education Agencies	\$215,162						
1950 Textbook Sales and Rentals							
1960 Recovery of Prior Years' Expenditure	\$8,975			\$408			
1970 Services Provided Other Funds							
1980 Fees Charged to Grants	\$100,540						
1990 Miscellaneous	\$141,807	\$128,003					
<b>Total Revenue from Local Sources</b>	<b>\$7,494,918</b>	<b>\$1,025,813</b>	<b>\$2,227,589</b>	<b>\$97,939</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Revenue from Intermediate Sources</b>							
2101 County School Funds	\$40,909						
2102 General ESD Revenue	\$202,324	\$498,659					
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							
<b>Total Revenue from Intermediate Sources</b>	<b>\$243,233</b>	<b>\$498,659</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Revenue from State Sources</b>							
3101 State School Fund - General Support	\$23,805,890						
3102 State School Fund - School Lunch Match		\$9,475					
3103 Common School Fund	\$348,085						
3104 State Managed County Timber							
3106 State School Fund - Accrual							
3199 Other Unrestricted Grants-in-Aid	\$170,541	\$7,280					
3204 Driver Education							
3222 State School Fund (SSF) Transportation Equipment							
3299 Other Restricted Grants-in-Aid		\$1,039,865		\$1,526,138			
3800 Revenue in Lieu of Taxes							
3900 Revenue for/on Behalf of the District							
<b>Total Revenue from State Sources</b>	<b>\$24,324,515</b>	<b>\$1,056,620</b>	<b>\$0</b>	<b>\$1,526,138</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Revenue from Federal Sources</b>							
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		\$2,098,250					
4700 Grants-in-Aid From the Federal Government Through Other Intermediate Agencies		\$2,892					
4801 Federal Forest Fees	\$265						
4802 Impact Aid to School Districts for Operation (PL 874)							
4803 Coos Bay Wagon Road Funds							
4899 Other Revenue in Lieu of Taxes							
4900 Revenue for/on Behalf of the District		\$63,437					
<b>Total Revenue from Federal Sources</b>	<b>\$265</b>	<b>\$2,164,579</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Revenue from Other Sources</b>							
5100 Long Term Debt Financing Sources				\$7,905,951			
5200 Interfund Transfers	\$67,756	\$10,000					
5300 Sale of or Compensation for Loss of Fixed Assets							
5400 Resources - Beginning Fund Balance	\$1,950,941	\$349,676	\$287,086	\$4,368,591			
<b>Total Revenue from Other Sources</b>	<b>\$2,018,697</b>	<b>\$359,676</b>	<b>\$287,086</b>	<b>\$12,274,542</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Grand Totals</b>	<b>\$34,081,628</b>	<b>\$5,105,347</b>	<b>\$2,514,675</b>	<b>\$13,898,619</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**2016-17 DISTRICT AUDIT EXPENDITURE SUMMARY**  
**Dallas School District**

**Fund: 100 General Fund + 102 Facilities**

<b>Instruction Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
1111 Elementary, K-5 or K-6	\$5,820,110	\$3,609,772	\$1,945,343	\$194,826	\$70,169			
1113 Elementary Extracurricular	\$0							
1121 Middle/Junior High Programs	\$2,704,349	\$1,772,256	\$827,201	\$67,489	\$31,462	\$5,800	\$140	
1122 Middle/Junior High School Extracurricular	\$7,404	\$5,478	\$1,926					
1131 High School Programs	\$3,375,303	\$2,111,425	\$1,097,643	\$122,967	\$42,605		\$664	
1132 High School Extracurricular	\$705,575	\$424,201	\$184,957	\$62,711	\$21,968		\$11,737	
1140 Pre-Kindergarten Programs	\$0							
1210 Programs for the Talented and Gifted	\$16,399	\$10,228	\$3,982		\$2,189			
1220 Restrictive Programs for Students with Disabilities	\$2,332,402	\$1,314,277	\$778,066	\$237,385	\$2,675			
1230 Tutoring	\$489	\$324	\$26	\$138				
1250 Less Restrictive Programs for Students with Disabilities	\$1,542,041	\$928,688	\$528,296	\$81,696	\$3,362			
1260 Treatment and Habilitation	\$0							
1271 Remediation	\$87,394	\$64,175	\$21,531	\$1,688				
1272 Title I	\$0							
1280 Alternative Education	\$3,659,028	\$272,077	\$161,154	\$3,220,283	\$5,515			
1291 English Second Language Programs	\$218,114	\$119,356	\$91,884	\$6,873				
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							
<b>Total Instruction Expenditures</b>	<b>\$20,468,609</b>	<b>\$10,632,259</b>	<b>\$5,642,008</b>	<b>\$3,996,056</b>	<b>\$179,946</b>	<b>\$5,800</b>	<b>\$12,541</b>	<b>\$0</b>
<b>Support Services Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
2110 Attendance and Social Work Services	\$8,050			\$5,984	\$2,066			
2120 Guidance Services	\$530,550	\$321,045	\$187,145	\$13,895	\$8,465			
2130 Health Services	\$194,530	\$106,599	\$68,844	\$15,452	\$3,635			
2140 Psychological Services	\$458,798	\$83,945	\$30,605	\$334,642	\$9,606			
2150 Speech Pathology and Audiology Services	\$1,656	\$110	\$40	\$1,506				
2160 Other Student Treatment Services	\$0							
2190 Service Direction, Student Support Services	\$272,204	\$167,530	\$96,665	\$6,517	\$447		\$1,045	
2210 Improvement of Instruction Services	\$230,944	\$154,956	\$73,290	\$1,599	\$54		\$1,045	
2220 Educational Media Services	\$374,552	\$220,724	\$122,528	\$20,831	\$10,469			
2230 Assessment & Testing	\$96,965	\$36,925	\$28,993	\$30,598	\$450			
2240 Instructional Staff Development	\$6,700			\$1,259	\$5,441			
2310 Board of Education Services	\$650,784			\$585,780	\$248		\$64,756	
2320 Executive Administration Services	\$321,396	\$215,544	\$94,794	\$6,740	\$1,349		\$2,969	
2410 Office of the Principal Services	\$2,238,283	\$1,481,557	\$718,538	\$23,985	\$5,298		\$8,905	
2490 Other Support Services - School Administration	\$7,055	\$43	\$16	\$6,696	\$300			
2510 Direction of Business Support Services	\$0							
2520 Fiscal Services	\$562,964	\$348,735	\$176,259	\$32,058	\$4,751		\$1,161	
2540 Operation and Maintenance of Plant Services	\$2,463,778	\$922,587	\$538,321	\$621,884	\$252,966	\$20,707	\$107,314	
2550 Student Transportation Services	\$1,848,857	\$24,419	\$12,914	\$1,810,892	\$632			
2570 Internal Services	\$166,824	\$54,211	\$21,972	\$62,845	\$27,797			
2610 Direction of Central Support Services	\$0							
2620 Planning, Evaluation, Grant Writing and Statistical Svcs	\$0							
2630 Information Services	\$0							
2640 Staff Services	\$312,669	\$161,056	\$113,298	\$28,701	\$7,198		\$2,417	
2660 Technology Services	\$1,009,948	\$337,173	\$174,741	\$170,117	\$327,617		\$300	
2670 Records Management Services	\$0							
2690 Other Support Services - Central	\$2,205			\$2,205				
2700 Supplemental Retirement Program	\$510,729		\$510,729					
<b>Total Support Services Expenditures</b>	<b>\$12,270,441</b>	<b>\$4,637,159</b>	<b>\$2,969,691</b>	<b>\$3,784,185</b>	<b>\$668,788</b>	<b>\$20,707</b>	<b>\$189,911</b>	<b>\$0</b>
<b>Other Uses Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
5100 Debt Service	\$0							
5200 Transfers of Funds	\$10,000							\$10,000
5300 Apportionment of Funds by ESD	\$0							
5400 PERS UAL Bond Lump Sum	\$0							
<b>Total Other Uses Expenditures</b>	<b>\$10,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$10,000</b>
<b>Grand Total</b>	<b>\$32,749,050</b>	<b>\$15,269,418</b>	<b>\$8,611,699</b>	<b>\$7,780,241</b>	<b>\$848,733</b>	<b>\$26,507</b>	<b>\$202,452</b>	<b>\$10,000</b>

**2017-18 DISTRICT AUDIT EXPENDITURE SUMMARY**  
**Dallas School District**

**Fund: 200 Special Revenue Funds**

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
<b>Instruction Expenditures</b>								
1111 Elementary, K-5 or K-6	\$8,904	\$4,420	\$1,953	\$692	\$1,840			
1113 Elementary Extracurricular	\$111,144				\$111,144			
1121 Middle/Junior High Programs	\$25,646	\$3,607	\$1,303	\$19,000	\$1,736			
1122 Middle/Junior High School Extracurricular	\$156,059				\$156,059			
1131 High School Programs	\$217,795	\$74,670	\$44,948	\$72,563	\$23,185		\$2,429	
1132 High School Extracurricular	\$396,515				\$396,515			
1140 Pre-Kindergarten Programs	\$0							
1210 Programs for the Talented and Gifted	\$0							
1220 Restrictive Programs for Students with Disabilities	\$715,166	\$388,593	\$197,079	\$126,425	\$3,068			
1250 Less Restrictive Programs for Students with Disabilities	\$410,173	\$267,786	\$129,452	\$9,175	\$3,760			
1260 Treatment and Habilitation	\$0							
1271 Remediation	\$0							
1272 Title I	\$671,702	\$431,797	\$198,627	\$41,277				
1280 Alternative Education	\$128,128	\$82,877	\$44,717	\$535				
1291 English Second Language Programs	\$61,056	\$14,316	\$5,285	\$612	\$40,843			
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	\$15,602	\$5,393	\$2,084	\$8,125				
<b>Total Instruction Expenditures</b>	<b>\$2,917,888</b>	<b>\$1,273,460</b>	<b>\$625,446</b>	<b>\$278,404</b>	<b>\$738,149</b>	<b>\$0</b>	<b>\$2,429</b>	<b>\$0</b>
<b>Support Services Expenditures</b>								
2110 Attendance and Social Work Services	\$0							
2120 Guidance Services	\$0							
2130 Health Services	\$54,201	\$30,539	\$21,827	\$1,835				
2140 Psychological Services	\$17,437			\$17,437				
2150 Speech Pathology and Audiology Services	\$0							
2160 Other Student Treatment Services	\$0							
2190 Service Direction, Student Support Services	\$137,257	\$90,605	\$46,056	\$64	\$533			
2210 Improvement of Instruction Services	\$344,735	\$205,605	\$96,421	\$40,419	\$2,291			
2220 Educational Media Services	\$0							
2230 Assessment & Testing	\$0							
2240 Instructional Staff Development	\$115,876	\$8,429	\$3,098	\$85,432	\$18,917			
2310 Board of Education Services	\$0							
2320 Executive Administration Services	\$0							
2410 Office of the Principal Services	\$0							
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	\$59,051			\$59,027	\$24			
2550 Student Transportation Services	\$314			\$314				
2570 Internal Services	\$0							
2610 Direction of Central Support Services	\$100,540						\$100,540	
2620 Planning, Evaluation, Grant Writing and Statistical Svcs	\$0							
2630 Information Services	\$0							
2640 Staff Services	\$27,126			\$23,360	\$3,766			
2660 Technology Services	\$5,690	\$3,178	\$2,142	\$32	\$338			
2670 Records Management Services	\$0							
2690 Other Support Services - Central	\$0							
2700 Supplemental Retirement Program	\$0							
<b>Total Support Services Expenditures</b>	<b>\$862,228</b>	<b>\$338,355</b>	<b>\$169,544</b>	<b>\$227,920</b>	<b>\$25,869</b>	<b>\$0</b>	<b>\$100,540</b>	<b>\$0</b>
<b>Enterprise and Community Services Expenditures</b>								
3100 Food Services	\$930,215	\$351,389	\$194,238	\$35,828	\$338,245	\$7,948	\$2,568	
3200 Other Enterprise Services	\$0							
3300 Community Services	\$8,492	\$6,011	\$490		\$1,991			
3500 Custody and Care of Children Services	\$2,892			\$2,892				
<b>Total Enterprise and Community Services Expenditures</b>	<b>\$941,598</b>	<b>\$367,400</b>	<b>\$194,728</b>	<b>\$38,719</b>	<b>\$340,236</b>	<b>\$7,948</b>	<b>\$2,568</b>	<b>\$0</b>
<b>Other Uses Expenditures</b>								
5100 Debt Service	\$0							
5200 Transfers of Funds	\$67,756							\$67,756
5300 Apportionment of Funds by ESD	\$0							
5400 PERS UAL Bond Lump Sum	\$0							
<b>Total Other Uses Expenditures</b>	<b>\$67,756</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$67,756</b>
<b>Grand Total</b>	<b>\$4,789,470</b>	<b>\$1,969,215</b>	<b>\$989,718</b>	<b>\$545,043</b>	<b>\$1,104,254</b>	<b>\$7,948</b>	<b>\$105,537</b>	<b>\$67,756</b>

**2017-18 DISTRICT AUDIT EXPENDITURE SUMMARY**  
**Dallas School District**

**Fund: 300 Debt Service Funds**

**Other Uses Expenditures**

- 5100 Debt Service
- 5200 Transfers of Funds
- 5300 Apportionment of Funds by ESD
- 5400 PERS UAL Bond Lump Sum

**Total Other Uses Expenditures**

**Grand Total**

<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
\$2,365,010						\$2,365,010	
\$0							
\$0							
\$0							
\$2,365,010	\$0	\$0	\$0	\$0	\$0	\$2,365,010	\$0
\$2,365,010	\$0	\$0	\$0	\$0	\$0	\$2,365,010	\$0

**2017-18 DISTRICT AUDIT EXPENDITURE SUMMARY**  
**Dallas School District**

**Fund: 400 Capital Projects Funds**

**Facilities Acquisition and Construction Expenditures**

	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
4110 Service Area Direction	\$222,586	\$88,486	\$33,494	\$96,699	\$107		\$3,800	
4120 Site Acquisition and Development Services	\$2,072			\$2,072				
4150 Building Acquisition, Construction, and Improvement Services	\$8,814,598	\$53,241	\$30,668	\$397,152	\$10,252	\$8,315,263	\$8,021	
4180 Other Capital Items	\$0							
4190 Other Facilities Construction Services	\$0							

**Total Facilities Acquisition and Construction Expenditures**

	\$9,039,256	\$141,727	\$64,163	\$495,923	\$10,359	\$8,315,263	\$11,821	\$0
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**Other Uses Expenditures**

	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
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
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**Grand Total**

	\$9,039,256	\$141,727	\$64,163	\$495,923	\$10,359	\$8,315,263	\$11,821	\$0
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**DALLAS SCHOOL DISTRICT  
DALLAS, OREGON**

**MAJOR TAXPAYERS AND HISTORICAL PROPERTY VALUE  
For the Year Ended June 30, 2018**

<b>TAXPAYER</b>	<b>BUSINESS/SERVICE</b>	<b>TAX AMOUNT</b>	<b>ASSESSED VALUE</b>	<b>PERCENT OF VALUE</b>
Northwest Natural Gas	Natural Gas Utility	988,006.36	74,817,000	1.27%
Portland General Electric	Electric Utility	355,876.68	33,765,070	0.57%
Riverplace Apartment Homes LLC	Apartments	313,179.78	16,936,600	0.29%
CenturyLink	Phone/Internet Utility	302,469.24	21,077,000	0.36%
Capital Manor	Real Estate Development	298,918.78	16,693,700	0.28%
Willamett Park Villas LLC	Retirement Center	261,473.47	13,832,630	0.23%
Orchard Ridge Apartments LLC	Apartments	257,034.52	13,585,910	0.23%
Weyerhaeuser Company	Paper Manufacturing	249,407.96	20,427,575	0.35%
Pacificorp (PP&L)	Utility	231,466.56	19,085,000	0.32%
Roth IGA Foodliner, Inc.	Food Products	226,730.72	12,066,020	0.20%
	<b>Subtotal - Top Ten Taxpayers</b>		<b>242,286,505</b>	<b>4.11%</b>
	<b>All other County Taxpayers</b>		<b>5,658,553,411</b>	<b>95.89%</b>
	<b>Total County</b>		<b>\$ 5,900,839,916</b>	<b>100.00%</b>

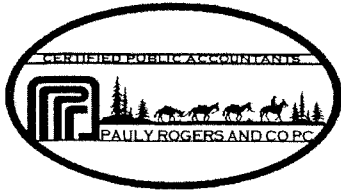
**Historical Property Values**

<b>Fiscal Year</b>	<b>M5 Real Market Value</b>	<b>Total Assessed Value</b>	<b>Urban Renewal Excess</b>	<b>Net Assessed Value</b>
2017-18	\$ 2,111,108,302	\$ 1,582,923,668	\$ 14,974,443	\$ 1,567,949,225
2016-17	1,860,223,843	1,489,322,746	13,096,993	1,476,225,753
2015-16	1,716,286,172	1,430,374,800	11,800,365	1,418,574,435



**REPORTS ON LEGAL AND OTHER REGULATORY REQUIREMENTS**

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November 21, 2018

### **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, 2018, and have issued our report thereon dated November 21, 2018. 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, except expenditures exceeded appropriations as noted on page 13 of the report.

#### **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.

A handwritten signature in black ink that reads "Roy R. Rogers". The signature is written in a cursive style with a large, prominent "R" at the beginning.

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

**GRANT COMPLIANCE REVIEW**

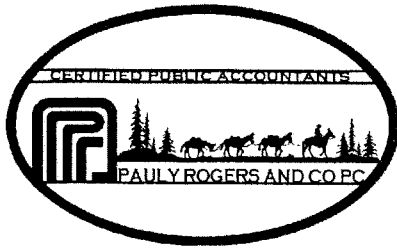
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**Dallas School District No. 2**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR YEAR ENDED JUNE 30, 2018**

Program Title	Grant Fund	Pass Through Organization	Federal CFDA #	Pass Through Entity #	Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>					
Title 1	257	Oregon Dept. of Education	84.010	45574	708,234
	257.1	Oregon Dept. of Education	84.010	41037	3,770
					<u>712,004</u>
PADTC LTCT; Title 1 N & D	283	Oregon Dept. of Education	84.013	10995	23,022
IDEA, Part B, Section 611	237	Oregon Dept. of Education	84.027	45158	480,990
	237.1	Oregon Dept. of Education	84.027	41492	38,295
					<u>519,285</u>
Extended Assessment	231	Oregon Dept. of Education	84.027	45034	549
IDEA Enhancement	232	Oregon Dept. of Education	84.027	46409	1,213
	232.1	Oregon Dept. of Education	84.027	42624	3,731
					<u>4,944</u>
SPR & I	234	Oregon Dept. of Education	84.027	44362	3,821
PADTC LTCT; IDEA, Part B, 611	282	Oregon Dept. of Education	84.027	10995	23,280
IDEA, Part B, Section 619	204	Oregon Dept. of Education	84.173	37149	730
					730
Title II A Improving Teacher Quality	277	Oregon Dept. of Education	84.367	45788	98,941
	277.1	Oregon Dept. of Education	84.367	41292	36,266
					<u>135,207</u>
Title IV Student Support and Academic Enrichment	297	Oregon Dept. of Education	84.424	47702	17,437
<b>Total U.S. Department of Education</b>					<b>1,440,280</b>
<b>U.S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES</b>					
Youth Transition Programs-Voc Rehab	213	Oregon Dept. of Human Resources	84.126A	154903	37,621
Teen Parent Child Care Services	222	Oregon Dept. of Human Resources	93.575	152617	2,892
<b>Total U.S. Department of Health &amp; Human Services</b>					<b>40,512</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>					
National School Lunch Program	203	Oregon Dept. of Education	10.555		462,195
National School Lunch Program-Breakfast	203	Oregon Dept. of Education	10.553		126,585
CACFP Food Service	203	Oregon Dept. of Education	10.558		16,163
National School Lunch Summer Program	203	Oregon Dept. of Education	10.559		13,800
Commodities	203	Oregon Dept. of Education	10.550		63,437
NSLP Fee Reallocation	203		10.560		1,605
<b>Total U.S. Department of Agriculture</b>					<b>683,786</b>
<b>U.S. DEPARTMENT OF INTERIOR</b>					
Revenue in Lieu of Taxes	100	Polk County Treasurer	15.605		-
Federal Forest Fees	100	Polk County Treasurer	15.611		265
<b>Total U.S. Department of Interior</b>					<b>265</b>
<b>TOTALS</b>					<b>2,164,844</b>

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November 21, 2018

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, 2018 and the related notes to the basic financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated November 21, 2018.

**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.

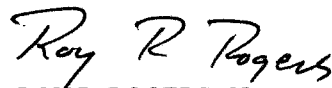
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

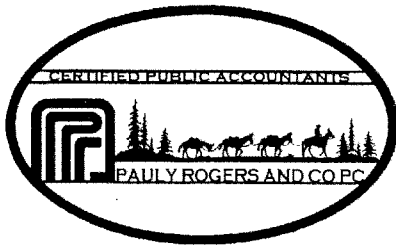
As part of obtaining reasonable assurance about whether the basic financial statements are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic 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  
PAULY, ROGERS AND CO., P.C



PAULY, ROGERS, AND CO., P.C.  
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November 21, 2018

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 THE UNIFORM GUIDANCE

**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, 2018. 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, 2018.

## 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, 2018

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**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      x   No
- Significant deficiency(ies) identified that are not considered to be material weaknesses \_\_\_\_\_ Yes      x   None reported

Noncompliance material to basic financial statements noted? \_\_\_\_\_ Yes      x   No

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

***Federal Awards***

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ Yes      x   No
- Significant deficiency(ies) identified that are not considered to be material weaknesses \_\_\_\_\_ Yes      x   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      x   No

Identification of major programs:

<u>CFDA Number(s):</u> 84.010	<u>Name of Federal Program:</u> Title I
----------------------------------	--

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

Auditee qualified as low-risk auditee?   x   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, 2018**

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**NOTES TO SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS**

1. **BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes federal grant activity under programs of the federal government. 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). Because the schedule presents only a selected portion of the operations, it is not intended to and does not present the net position, changes in net position, or cash flows of the District.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The District has not elected to use the ten percent de minimus indirect cost rate as allowed under Uniform Guidance, due to the fact that they already have a negotiated indirect cost rate with the Oregon Department of Education, and thus are not allowed to use the de minimus rate.