



Salem-Keizer Public Schools • District 24J
In Marion & Polk Counties
In the State of Oregon



Our Vision: All students graduate and are prepared for a successful life.

Comprehensive Annual Financial Report

for the year ended June 30, 2018

Financial Services Department
2450 Lancaster Dr. NE Suite 220
Salem, OR 97305
503-399-3021



Salem High School circa 1906, now North Salem High School

SALEM-KEIZER SCHOOL DISTRICT 24J

Salem, Oregon

Christy Perry
Superintendent

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

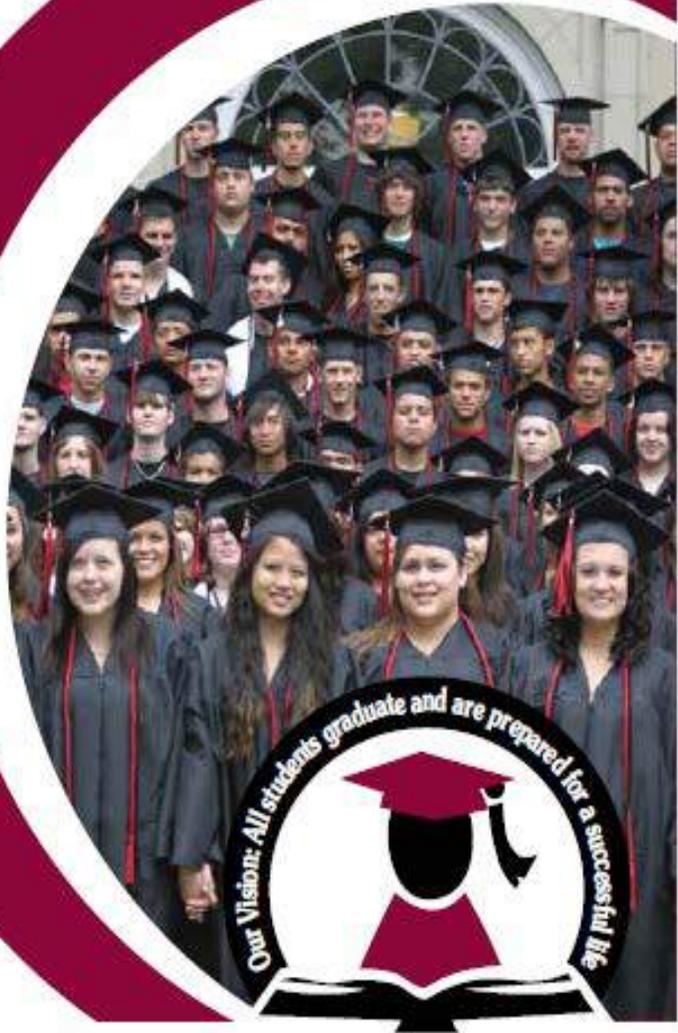
Report Issued by: The Financial Services Department

Graduation for all!

OUR VISION:



All students graduate and are prepared for a successful life.



INTRODUCTORY SECTION

Letter of Transmittal.....	1
Certificate of Achievement for Excellence in Financial Reporting.....	5
Certificate of Excellence in Financial Reporting	6
Board of Directors	7
Organizational Chart.....	8

FINANCIAL SECTION

<i>Independent Auditor’s Report</i>	13
--	----

<i>Management’s Discussion and Analysis</i>	19
--	----

Basic Financial Statements:

Government-Wide Financial Statements:

Statement of Net Position	32
Statement of Activities	33

Fund Financial Statements:

Balance Sheet – Governmental Funds.....	36
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position	39
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	40
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities	42
Statement of Net Position – Proprietary Funds.....	43
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	44
Statement of Cash Flows – Proprietary Funds.....	45
Statement of Net Position – Fiduciary Funds	46
Statement of Changes in Net Position – Fiduciary Funds – Private Purpose Trusts	47

Notes to the Basic Financial Statements.....	48
--	----

Required Supplementary Information:

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	83
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Grants Fund	84
Schedule of the District’s Proportionate Share of the Net Pension Liability for PERS- Last Ten Fiscal Years.....	85
Schedule of the District’s Contributions for PERS- Last Ten Fiscal Years.....	85
Schedule of the Proportionate Share of the Net OPEB Liability for the Retirement Healthcare Insurance- Account (RHIA)-Last Ten Fiscal Years	86
Schedule of Employer Contributions for the Retirement Healthcare Insurance Account (RHIA)- Last Ten Fiscal Years.....	86
Schedule of Changes in the Total OPEB Liability - Retirement Healthcare Insurance Subsidy - Last Ten Fiscal Years.....	87
Schedule of Total OPEB Liability and Related Ratios - Retirement Healthcare Insurance Subsidy - Last Ten Fiscal Years.....	87
Schedule of Changes in the Total Pension Liability - Stipend Benefits- Last Ten Fiscal Years.....	88
Schedule of Total Pension Liability and Related Ratios - Stipend Benefits- Last Ten Fiscal Years.....	88
Notes to the Required Supplementary Information	89

FINANCIAL SECTION (CONTINUED)**Other Supplemental Information:**

Debt Service Funds and Bond Capital Projects Fund:	91
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – GO Debt Service Fund.....	92
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – PERS Pension Debt Service Fund	93
Nonmajor Governmental Funds:	94
Combining Balance Sheet – Nonmajor Governmental Funds	95
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds	96
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual:	
Fee Based Programs Fund.....	97
Food Services Fund	98
Energy Efficiency Fund	99
Asset Replacement Fund	100
Bond Capital Projects Fund.....	101
Special Capital Projects Fund	102
Preventative & Deferred Maintenance Fund.....	103
2018 Bond Capital Projects Fund.....	104
Enterprise Fund:	105
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – External Customers Fund.....	106
Internal Service Funds:	107
Combining Statement of Net Position – Internal Service Funds	108
Combining Statement of Revenues, Expenses and Changes in Net Position–Internal Service Funds.....	109
Combining Statement of Cash Flows – Internal Service Funds	110
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual:	
Risk Management Fund.....	111
Auxiliary Services Fund.....	112
Charter Schools Services Fund	113
Fiduciary Fund:	114
Combining Statement of Net Position – Private Purpose Trust Funds.....	115
Agency Fund:	116
Statement of Changes in Assets and Liabilities – Agency Fund.....	117
Other Financial Schedules:	
Revenue Summary By All Funds	120
Expenditure Summaries:	
General Fund (100).....	122
Special Revenue Funds (200).....	124
Debt Service Funds (300).....	127
Capital Projects Fund (400)	128
Enterprise Fund (500).....	130
Internal Service Funds (600).....	132
Fiduciary Funds (700).....	134

STATISTICAL SECTION (CONTINUED)***Debt Capacity:***

Legal Debt Margin Information – Last Ten Fiscal Years	173
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years.....	174
Direct and Overlapping Governmental Activities Debt.....	175
Ratio of Annual Debt Service Requirements for General Obligation Bonded Debt to Total Budget Basis General Fund Expenditures and Transfers – Last Ten Fiscal Years	176
Ratio of Net General Obligation Bonded Debt to True Cash Value and Net General Bonded Debt per Capita and per Student – Last Ten Fiscal Years	177

Demographic and Economic Information:

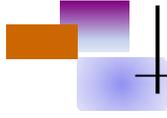
Demographic and Economic Statistics – Last Ten Calendar Years	178
Salem Metropolitan Area Employment – Largest to Smallest – Current and Nine Years Prior	179
Salem Metropolitan Area – Average Annual Employment – Last Ten Calendar Years	180
Population Ethnicity and Other Related Data	181

Operating Information:

School Building, Student Enrollment and Average Daily Membership (ADM) Information – Last Ten Fiscal Years	182
Average Daily Membership (ADM) – Last Ten Fiscal Years.....	187
Licensed, Classified, and Administrative Full-Time Employees Staff Levels – Last Ten Fiscal Years	189
Teacher Base Salaries – Last Ten Fiscal Years	190
Operating Statistics – Last Ten Fiscal Years	191
Miscellaneous Statistical Data	192

COMPLIANCE SECTION

Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	195
Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance	197
Schedule of Expenditures of Federal Awards	199
Notes to the Schedule of Expenditures of Federal Awards	203
Schedule of Findings and Questioned Costs.....	204
Schedule of Prior Year Findings and Questioned Costs	205
Independent Auditor’s Report Required by State Regulations	207



Introductory Section



Salem High School circa 1906, now North Salem High School



SALEM•KEIZER
PUBLIC SCHOOLS



CHRISTY PERRY, Superintendent
2450 Lancaster Drive NE • PO Box 12024
Salem, Oregon 97309-0024
503-399-3001

December 31, 2018

Community Members and Board of Directors
Salem-Keizer School District No. 24J
Salem, Oregon

Dear Stakeholders:

Oregon Revised Statutes regarding Municipal Audit Law and State Financing of Public Schools require that school districts publish audited financial statements within six months of the close of each fiscal year. A Securities Exchange Commission rule requires that a district that has issued municipal bonds file annual financial statements with the Municipal Securities Exchange Repository through Electronic Municipal Market Access (EMMA). Pursuant to these requirements, Salem-Keizer School District 24J (District) hereby issues its comprehensive annual financial report for the fiscal year ended June 30, 2018. This report is presented in conformity with accounting principles generally accepted in the United States of America. The financial statements of the District were audited in accordance with auditing standards generally accepted in the United States of America by a certified public accounting firm licensed in the state of Oregon.

This report consists of District management's representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed to both protect the District's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with accounting principles generally accepted in the United States of America. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free of material misstatement. Management asserts that, to the best of its knowledge and belief, this financial report is complete and reliable in all material respects.

The District's financial statements have been audited by Grove, Mueller & Swank, P.C., a certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2018, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the District was part of a broader, federally mandated Single Audit, as required by the provisions of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and OMB Circular A-87 *Cost Principles for State, Local and Indian Tribal Governments* designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements but also on the District's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Compliance Section of this report.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditor.

District Profile

The District is one of 18 public school districts located in Marion and Polk Counties, Oregon. It is the second largest of the 197 school districts in Oregon, providing a program of public education from kindergarten through grade twelve, as well as preschool programs. The District is required to report the number of students per school year to the state based on Average Daily Membership (ADM). ADM is the average number of full-time students enrolled in District schools and programs every day over the course of the entire school year, compared to student enrollment, which would be a snapshot on a given day of the headcount of all students enrolled. The District's ADM was 41,286 students in fiscal 2017-18. The projected ADM for fiscal 2018-19 is 41,533. The average age of the school buildings is 48 years.

Salem-Keizer School District was organized in January of 1855 by then county superintendent William P. Pugh, and consisted of a log cabin school at the southwest corner of Marion and Commercial streets. Today, the District consists of 42 elementary schools, 11 middle schools, six high schools, four District-sponsored charter schools, and one state-sponsored charter school that is located within its boundaries. Located in Marion and Polk Counties, the District serves cities within those counties, primarily Keizer and Oregon's state capital, Salem. It covers 172 square miles of Marion and Polk counties.

As of June 30, 2018, more than 58% of Salem-Keizer's student populations are considered living in poverty based on the numbers who are receiving the Federal Free and Reduced Meal Program. There are sixty-nine different languages spoken in homes within the District.

In 2017-18, management staff included superintendent, assistant superintendent, chief operations officer, three directors of elementary schools, director of middle schools, director of high schools, director of instructional services, director of student services, director of community relations and communication, director of finance and budgeting, director of technology and information services, executive director of human resources, and director of strategic initiatives. The District employed 167 management staff consisting of the positions described above, as well as principals, assistant principals, athletic directors, department managers, and supervisors. It employed 2,480 licensed staff consisting of teachers and counselors, 2,636 classified staff consisting of instructional assistants, custodians, bus drivers, and clerical staff. Under Oregon law, the District is considered a financially independent, special-purpose municipal corporation and is responsible for educating all children residing within the boundaries of the District. The District discharges this responsibility by building, operating, and maintaining school facilities; developing and maintaining approved educational programs and courses of study, including vocational programs and programs for handicapped students, in accordance with state standards; and carrying out programs for transportation and feeding of pupils in accordance with District, state, and federal guidelines.

The District's governing board, the Salem-Keizer School Board, is organized under Section 332 of the Oregon Revised Statutes. The Salem-Keizer School Board is elected on a district-wide basis and is the governing body of the District. It is comprised of seven citizens and has oversight responsibility, which includes, but is not limited to, the hiring of the superintendent, the adoption of the annual budget, and negotiations of collective bargaining agreements. The board operates under a policy governance structure by setting overarching guidance related to student achievement and approving Executive Limitations that establish operational, ethical, and legal boundaries for District staff and decision-making. A budget committee, established by statute and comprised of seven appointed volunteer members and the Salem-Keizer School Board, reviews the superintendent's recommended budget and approves the annual budget, which is forwarded to the Salem-Keizer School Board for final adoption.

The financial reporting entity consists of a primary government and its component units. The District is a primary government because it has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Component units must be reported as part of the primary government if they meet a fiscal dependency criterion and a financial benefit or burden relationship exists as defined under the Governmental Accounting Standards Board (GASB) Statement No. 61. The District has determined that its sponsored charter schools should be reported as component units. Although operation of these schools is the responsibility of their individual

boards, they are financially dependent on the state funding that the District is required to allocate to them, they utilize licensed District staff for instruction, and they utilize many District services per their contracts with the District. In addition to reporting the component units, the District accounts for activity with charter schools in a separate fund within its internal service funds.

The District is required by the State of Oregon to adopt an annual budget per Oregon Revised Statutes (294.305 through 294.565 inclusive). Oregon Budget Law specifies a process and format for a district's annual budget preparation and presentation. A school district is required to publish a budget using at least a "minimum chart of accounts," which includes fund, function, and object. Each year, the District follows a process to develop and adopt a budget for the following school year. The District's budget committee receives the proposed budget from the superintendent, takes public testimony, deliberates, and approves the budget with a recommendation to the school board for final adoption. The school board normally adopts the budget in early June. Once adopted, the budget represents the financial plan for the District. It contains estimates of revenues and expenditures needed to support the program offerings of the District for a single fiscal year. The budget is prepared for all funds, which include governmental, proprietary, and fiduciary funds. The annual expenditure budget serves as the foundation for the District's financial planning and control as revenue is estimated. Actual expenditures may not exceed the appropriated amount of the budget by function and fund.

As of 2018, forty-six states, including Oregon, and the District of Columbia have adopted and are working to implement Common Core Standards in their public schools. The standards define the knowledge and skills students should have developed in their K-12 education careers so that they will graduate from high school able to succeed in entry-level, credit-bearing academic college courses and in workforce training programs. The state will continue to utilize the Common Core Standards as guidance for success. In 2014-15, the state of Oregon replaced the Oregon Assessment of Knowledge and Skills with a new system of testing, the Smarter Balanced Assessment. Additional information regarding the Smarter Balanced Assessment can be found on Oregon Department of Education's website: <https://www.smarterbalanced.org/assessments/development/>.

It is the District's intent to remain centered on student achievement through implementation of its Strategic Plan. The 2018-19 Strategic Plan has two distinct components with goals to accomplish them. The components are as follows: improve and support student achievement. At the core of the Strategic Plan is the District's vision: *"All students graduate and are prepared for a successful life."* The District's 2018-19 Strategic Plan can be found on the District's website: www.salkeiz.k12.or.us.

The District Report Card shows the "District Profile" section, which includes, but is not limited to, student enrollment, ethnicity, and median class size. The "Progress" section shows scores for the past three years of the Smarter Balanced Assessments by grade level. There are four performance levels. Levels 3 and 4 are the levels where students are meeting or exceeding the standards for school and district accountability. Comparatives between the entire state and a "Like-District Average" are shown. Other sections include, but are not limited to, the graduation rate, student group outcomes, the curriculum and learning environment, and details regarding the District's Priority, Focus, and Model schools. The District's 2017-18 report card and report cards by school can be found on the following website: <http://www.ode.state.or.us/data/reportcard/reports.aspx>.

Economic Condition

The District is located in Marion and Polk Counties. Both counties are located south of the Portland metropolitan area in the center of the Willamette Valley. The city of Salem is the capital of the state, as well as the county seat for Marion County, and is the state's second largest city. The city of Keizer is the state's fourteenth largest city. Marion County is the largest producer of agricultural products of all of Oregon's counties, and Polk County has the second largest acreage producing grapes for wine production. Government agencies employ the majority of the population. More than 38 of Oregon's largest state agencies are located within the counties. Other industries in the counties are forest products and light manufacturing. There are two private universities and a community college located in Salem: Willamette University and Corban University are private liberal arts colleges, which offer bachelor and master degree programs; Chemeketa Community College is a public community college, which offers associate degrees and technical programs. Major employers include the State of Oregon, the District, Salem Hospital, Marion and Polk Counties, Chemeketa Community College, City of Salem, and Norpac Foods.

The District receives approximately 74% of its General Fund revenue from state-controlled sources. While Oregon's budget for the 2017-19 biennium shows an increase in funding for education, the District is still faced with even more significant increases in expenses. The District's largest expense is labor and associated costs, which includes the Oregon Public Employees Retirement System (PERS). While the District has restored furlough days and recovered in a variety of other ways from the 2008 downturn, the increases in PERS costs will put pressure on programs in the coming years.

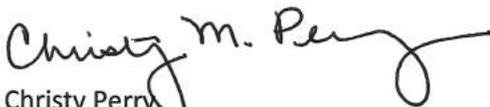
Awards and Acknowledgements

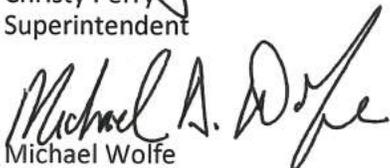
In 2016-17 and five preceding years, the District was recognized for quality business practices by certification for International Organization for Standardization (ISO). The ISO is recognized by the business world as a leader in quality assurance. The District is one of only a handful of districts across the nation that has this certification. The District adopted a Quality Assurance Model (QAM) to obtain the award. The QAM embraces continuous improvement by allowing the District to focus attention and resources on student achievement through enhancement of communication, use of data to drive decisions, standardization of processes, and understanding of the District's Strategic Plan. More information about the QAM program may be found on the District's website.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to Salem Keizer School District 24J for its comprehensive annual financial report for the fiscal year ended June 30, 2017. This was the 35th consecutive year that the District has achieved this prestigious award. In order to be awarded a certificate of achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. Additionally, the Association of School Business Officials International (ASBO) awarded its Certificate of Excellence in Financial Reporting to the District for the 31st year.

The District thanks the entire Financial Services Department staff for their efforts and contributions to the Comprehensive Annual Financial Report and thanks the members of the school board for their continued support and dedication to the financial operations of the District.

Respectfully submitted,


Christy Perry
Superintendent


Michael Wolfe
Chief Operations Officer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

Salem-Keizer School District 24J

Oregon

For its Comprehensive
Annual Financial Report
for the Fiscal Year Ended
June 30, 2017

Executive Director/CEO

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to Salem Keizer School District 24J for its comprehensive annual financial report for the fiscal year ended June 30, 2017. This was the 35th consecutive year that the District achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

Salem-Keizer Public Schools

for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2017.

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards.



A handwritten signature in black ink, reading 'Charles E. Peterson, Jr.' The signature is written in a cursive style.

Charles E. Peterson, Jr., SFO, RSBA, MBA
President

A handwritten signature in black ink, reading 'John D. Musso'. The signature is written in a cursive style.

John D. Musso, CAE
Executive Director

Meet Your School Board



Salem-Keizer Public Schools | District 24J



Paul Kylo

Board Chair | Zone: 7
Elected to Board in 2013
Occupation: Retired



Chuck Lee

Board Vice Chair | Zone: 6
Elected to Board in 2007
Occupation: President, Mountain West Career Technical Institute



Jesse Lippold

Board Director | Zone: 5
Elected to Board in 2017
Occupation: Real Estate Agent, HomeSmart and Full-time Student



Jim Green

Board Director | Zone: 4
Elected to Board in 2011
Occupation: Executive Director, Oregon School Boards Association



Sheronne Blasi

Board Director | Zone: 3
Elected to Board in 2017
Occupation: Director, Statewide Veteran Services, Oregon Department of Veterans' Affairs



Marty Heyen

Board Director | Zone: 2
Elected to Board in 2015
Occupation: Retired IT Professional



Kathy Goss

Board Director | Zone: 1
Elected to Board in 2017
Occupation: Real Estate Appraiser, Retired Educator & Chief of Operations-Newport Pacific Corp.

Seven citizens provide leadership

Our school board directors represent you – our community. They are regular citizens elected by you to provide direction for our schools. Their main job is to set policy that allows our schools to provide a quality education for nearly 42,000 students.

Elected citizens

Each board director is elected by local voters to serve a four-year term without pay. Even though each director represents a zone in our district, the entire board works together to serve all students in Salem and Keizer.

Open to the public

School board meetings are open to the public. Our community is encouraged to attend and participate in the process. The only meetings that are closed to the public are executive sessions as authorized by law. All board directors want to hear from you and welcome your feedback.

Mark your calendar

School board business meetings are held the second Tuesday of each month. Unless otherwise noted, meetings will begin at 6 p.m. and be held at the Support Services Center, 2575 Commercial St. SE. The board also holds a work session on the fourth Tuesday of each month at which they discuss and examine a particular educational topic.

Watch meetings on TV or on your computer

Business and work sessions are televised on CCTV, cable channel 21, in Salem. You can also watch the meetings on your computer by going to www.cctvsalem.org.

Stay up to date on special meetings & public hearings

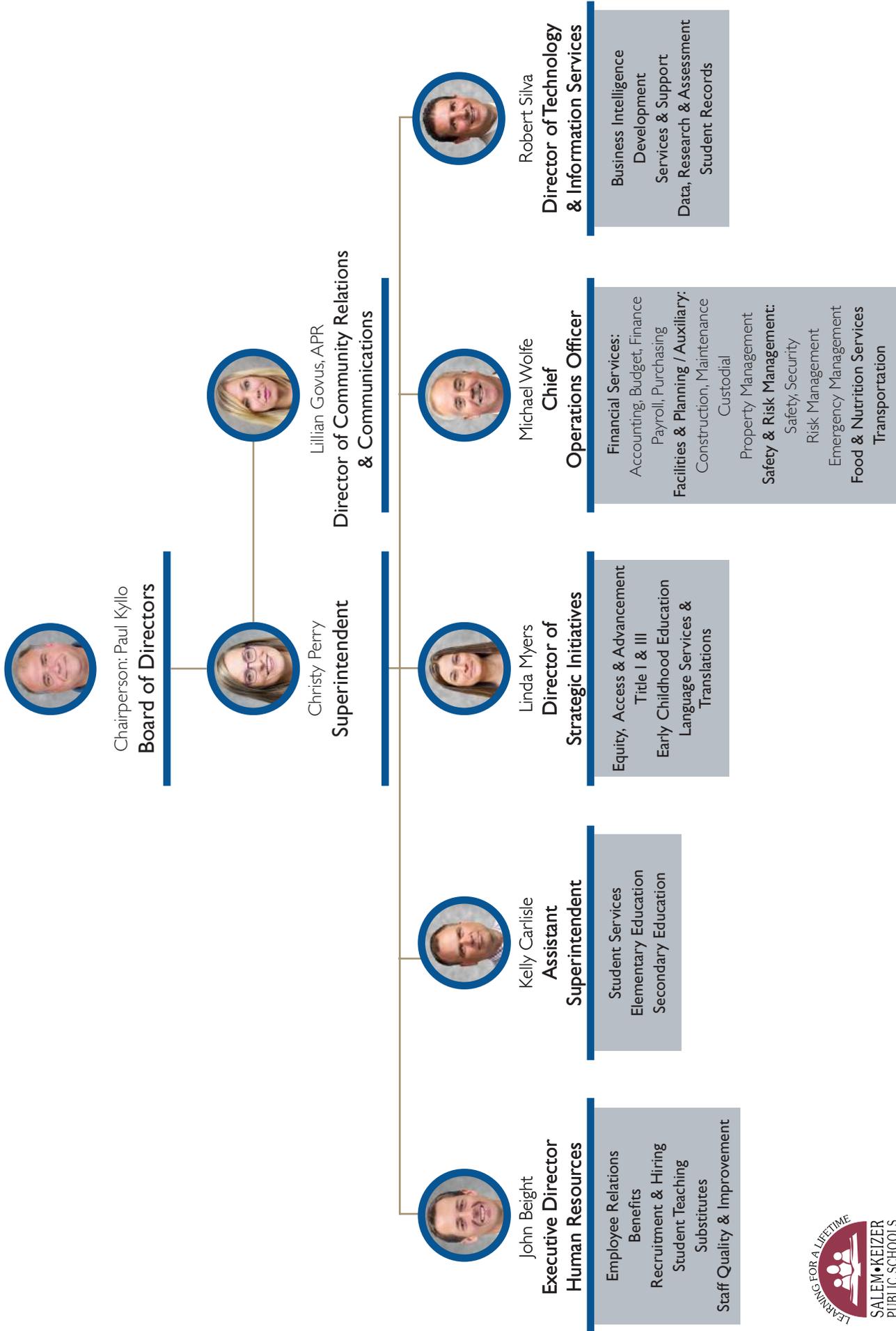
The school board sometimes schedules public hearings or special meetings on specific topics. These are advertised in the local media and posted on our district website at www.salemkeizer.org.

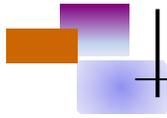
For more information

Please call us at 503-399-3001 or write to:
Salem-Keizer School Board
P.O. Box 12024
Salem, OR 97309-0024

Organizational Chart

Salem-Keizer Public Schools | 24J





Financial Section



Salem High School circa 1906, now North Salem High School



INDEPENDENT AUDITOR'S REPORT





GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
475 Cottage Street NE, Suite 200, Salem, Oregon 97301
(503) 581-7788

INDEPENDENT AUDITOR'S REPORT

School Board
Salem-Keizer School District 24J
Salem, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Salem-Keizer School District 24J, Marion and Polk Counties, Oregon (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Salem-Keizer School District 24J, Marion and Polk Counties, Oregon as of June 30, 2018, and the respective changes in financial position and,

where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

For the year ended June 30, 2018, the District implemented new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result of this standard, the District reported a restatement of net position as of July 1, 2017, for the change in accounting principle. See Note 8 and Note 12 for further information. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A) and required supplementary 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 information (except as mentioned in the following paragraph) because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison information presented as required supplementary information, is the responsibility of management and was derived from and relates 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, other supplemental information, and statistical section, are presented for purposes of additional analysis and are not required parts 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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The other supplemental 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections 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

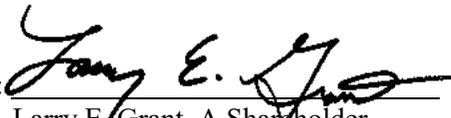
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Other Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 31, 2018, on our consideration of the District's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

By: 
Larry E. Grant, A Shareholder
December 31, 2018



MANAGEMENT'S DISCUSSION AND ANALYSIS



As management of Salem-Keizer School District 24J, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2018. We present this information in conjunction with the information furnished in our Transmittal Letter which can be found in the introductory section of this report, and with the District's financial statements, which follow.

Financial Highlights

- The District implemented Governmental Accounting Standards Board Statements No. 73 and 75. As a result, the District restated beginning net position for fiscal year 2017-18 by \$8.8 million, an increase to a restated deficit balance of \$98.7 million. For additional information regarding the change in accounting principle and restatement, please refer to footnote 12 of the financial statements.
- During the 2017-18 fiscal year the District's total net position decreased by \$.9 million, to a deficit balance of \$99.6 million.
- The District's governmental funds reported a combined ending fund balance of \$92.1 million at June 30, 2018, an increase of \$2.3 million from the prior year of fund balance of \$89.8 million.
- At the end of the fiscal year, the unassigned fund balance for the General Fund was \$51.2 million, or 12% of total General Fund expenditures compared to \$44.3 million or 11% for the prior year.
- The District's total outstanding long-term debt decreased \$35.2 million during the 2017-18 fiscal year due to debt service payments and amortization of premiums.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements, which include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The focus is both on the District as a whole (government-wide) and the major individual funds. The dual perspectives allow the reader to address relevant questions, broaden a basis for comparison, and enhance the District's accountability. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The *Government-Wide Financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The accrual basis of accounting is used for the government-wide financial statements. These statements include:

- **The Statement of Net Position:** The *Statement of Net Position* presents information on all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources as of the date on the statement with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
- **The Statement of Activities:** The *Statement of Activities* presents information showing how the net position of the District changed over the most recent fiscal year by tracking revenues and expenses that increase or reduce net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

In the Statement of Net Position and the Statement of Activities, operations of the District are divided into three kinds of activities:

Governmental Activities: These activities outline the main functions of the District and are principally supported through Oregon’s State School Fund, property taxes, and other intergovernmental revenues. The governmental activities of the District include instruction, both regular and special education, support services, administration, operation and maintenance of plant services, student transportation services, child nutrition services, facilities services, operation of other non-instructional services, and interest on long-term debt.

Business-type Activities: The District charges fees to external customers (non-governmental entities) to help it cover all or part of the cost of certain services it provides. These transactions are recorded in the District’s Enterprise Fund. These costs include District facility rentals, transportation costs provided to organizations, reprographic services, and central store operations.

Component Units: The District sponsors four charter schools. Although legally separate, exclusion of them because of their relationship with the District would cause the District’s financial statements to be misleading or incomplete. Information about the component units is disclosed in Note 1A in the Notes to the Basic Financial Statements.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The *Fund Financial Statements* provide more detailed information about the District’s funds, focusing on its most significant or “major” funds – not the District as a whole. The Salem-Keizer School District 24J, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District fit into three categories: governmental funds, proprietary funds, and fiduciary funds.

- **Governmental funds:** The *governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the Government-Wide financial statements. However, unlike the Government-Wide Financial Statements, Governmental Fund Financial Statements use the modified accrual basis of accounting and focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the Government-Wide Financial Statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the Government-Wide Financial Statements. By doing so, readers may better understand the long-term impact of the District’s near-term financing decisions. Both the Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains eleven individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures and changes in Fund Balances for the General Fund, Grants Fund, GO Debt Service Fund, PERS Pension Debt Service Fund, and Bond Capital Projects Fund, all of which the District considers major funds. Data from the other governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the combining statements elsewhere in this report.

- **Proprietary funds:** The District maintains two types of proprietary funds: Enterprise and Internal Service Funds. The District has one Enterprise Fund which is used to account for business-type activities. It is the same as the business-type activities reported in the government-wide statements. The Internal Service Funds are accounting devices used to accumulate and allocate costs internally among the District’s various functions. The District uses Internal Service Funds to account for risk management insurance, printing, copying and central stores services, and a charter school services fund to account for the cost of District sponsored charter schools. Because these internal services recorded in the Internal Service Funds benefit governmental functions, they have been included within governmental activities in the Government-Wide Financial Statements. The District maintains three individual internal service funds. All of these funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.
- **Fiduciary funds:** Fiduciary funds account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the Government-Wide Financial Statements because the resources of those funds are not available to support the District’s own programs. Due to their custodial nature, fiduciary funds do not have a measurement focus. The District has two fiduciary funds. The District uses an agency fund to account for resources held for student activities and groups, and uses private purpose trust funds to account for scholarships and memorial funds.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Basic Financial Statements can be found immediately following the basic financial statements.

Other Information

This report presents certain required supplementary information concerning the District’s budget process. A schedule of revenues, expenditures and changes in fund balances – budget and actual has been provided for the General Fund as required supplementary information. In addition, the required supplementary information contains information regarding the District’s pension plan and other post-employment benefits.

Other supplemental information for the combined nonmajor governmental funds and internal service funds and statistical information follows the required supplementary information.

Government-Wide Financial Analysis

Statement of Net Position

The Statement of Net Position presents the value of all of the District’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them reported as net position. Net position may serve over time as an indicator of the District’s financial position, but pension liability can cause significant changes year over year. As of June 30, 2018, District liabilities and deferred inflows exceeded assets and deferred outflows by \$99.6 million, which was a decrease of \$.9 million compared to a deficit net position of \$98.7 million restated as of June 30, 2017.

A portion of the District’s net position reflects its investment in capital assets net of accumulated depreciation (e.g. land, buildings, vehicles and equipment) and related outstanding debt (General Obligation Bonds and Leases) used for acquisition of some of the assets. The District uses these capital assets to provide services to students and other District residents. The capital assets acquired through this debt may not be used to liquidate these liabilities because the resources needed to repay this debt must be provided from other sources (generally property taxes) under the terms of the bond debt and lease agreements.

STATEMENT OF NET POSITION

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017*	2018	2017	2018	2017*
Assets						
Current and Other Assets	\$ 150,258,866	\$ 143,080,056	\$ 194,319	\$ 525,894	\$ 150,453,185	\$ 143,605,950
Capital Assets	451,356,649	434,278,494	-	-	451,356,649	434,278,494
Net OPEB Asset - RHIA	968,900	-	-	-	968,900	-
Total Assets	602,584,415	577,358,550	194,319	525,894	602,778,734	577,884,444
Deferred Outflows of Resources	140,440,453	204,334,142	-	125,548	140,440,453	204,459,690
Liabilities						
Current Liabilities	119,638,031	108,901,550	55,998	9,055	119,694,029	108,910,605
Long-term Debt	373,916,867	409,111,237	-	-	373,916,867	409,111,237
Total OPEB Liability - Insurance Subsidy	25,441,981	23,747,374	-	-	25,441,981	23,747,374
Total Pension Liability - Stipend Benefits	305,933	1,204,740	-	-	305,933	1,204,740
Net Pension Liability - PERS	313,463,307	330,280,248	-	205,226	313,463,307	330,485,474
Net OPEB Liability - RHIA	-	638,414	-	-	-	638,414
Total Liabilities	832,766,119	873,883,563	55,998	214,281	832,822,117	874,097,844
Deferred Inflows of Resources	10,034,577	6,909,596	-	4,294	10,034,577	6,913,890
Net Position						
Net Investment in Capital Assets	284,229,566	245,110,046	-	-	284,229,566	245,110,046
Restricted for Special Purposes	129,021	2,507,364	-	-	129,021	2,507,364
Unrestricted	(384,134,415)	(346,717,877)	138,321	432,867	(383,996,094)	(346,285,010)
Total Net Position	\$ (99,775,828)	\$ (99,100,467)	\$ 138,321	\$ 432,867	\$ (99,637,507)	\$ (98,667,600)

* FY 2017 restated as a result of GASB 75 implementation.

- Capital assets, which consist of the District’s land, buildings, building improvements, vehicles, and equipment, represent 75% of total assets. The remaining assets consist of cash, investments, receivables, inventories and net OPEB asset.
- Deferred Outflows of Resources represent deferred amounts on bond refunding and PERS pension and OPEB plans. The amount on bond refunding is the unamortized portion of the difference between the original cost of 2004 general obligation bonds refunded in fiscal year 2013, the original cost of 2002 pension bonds refunded in fiscal year 2011 and the actual price paid for the refunding bonds for both issues.
- The District’s largest liability is for the repayment of long-term debt, which represents 45% of total liabilities. Net Pension Liability – PERS represents 38% of total liabilities.
- Deferred Inflows of Resources represents the differences between projected and actual investment earnings of the District’s pension and OPEB plans as required by GASB Statement Nos. 68, 73, and 75. See note 1L of the Notes to the Basic Financial Statements.

JUNE 30, 2018

Statement of Activities

The District’s Change in Net Position on the Statement of Activities for fiscal year 2017-18 was a decrease of \$.9 million. This decrease of \$.9 million includes pension expense associated with GASB 68 of \$49.1 million and OPEB expense related to GASB 75 for \$1.6 million.

CHANGES IN NET POSITION

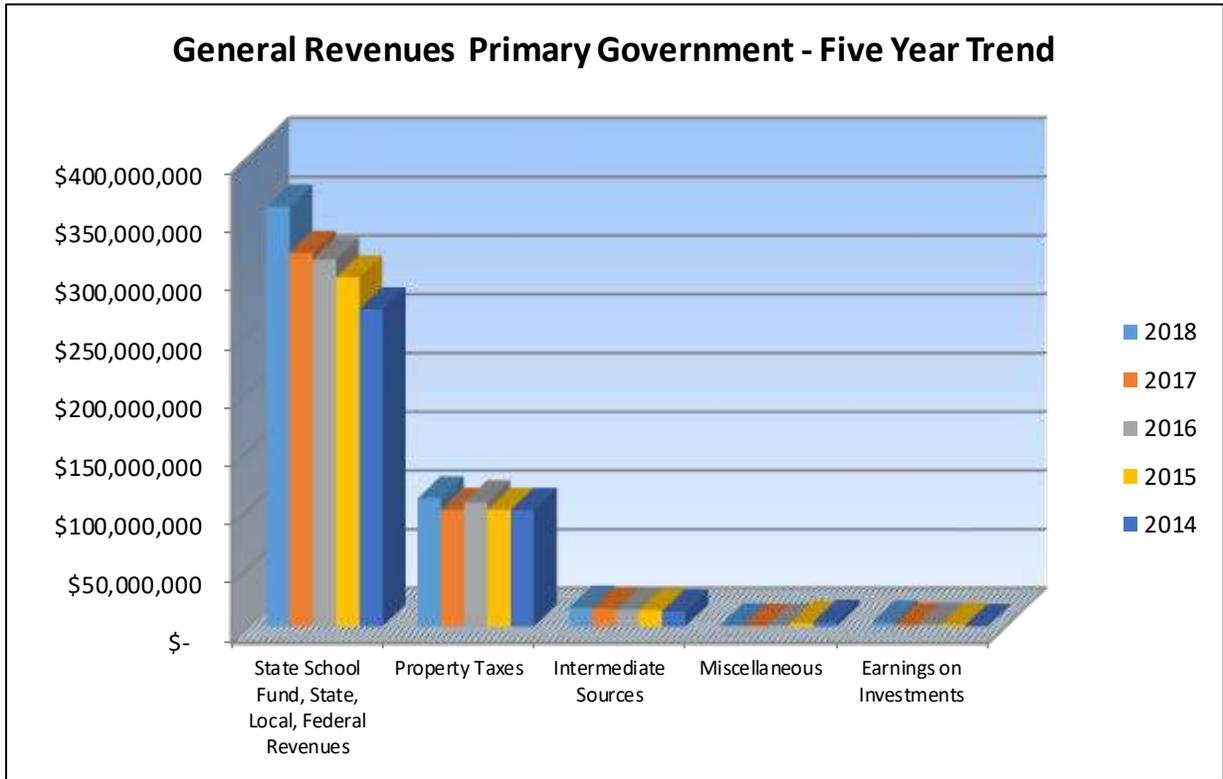
	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017*	2018	2017	2018	2017*
Revenues:						
Program Revenues:						
Charges for Services	\$ 25,800,862	\$ 22,861,707	\$ 548,177	\$ 620,112	\$ 26,349,039	\$ 23,481,819
Operating Grants and Contributions	56,428,169	51,486,135	-	-	56,428,169	51,486,135
Capital Grants and Contributions	2,302,378	2,215,097	-	-	2,302,378	2,215,097
General Revenues:						
Property Taxes	109,008,520	99,171,396	-	-	109,008,520	99,171,396
Revenue from Intermediate Sources	15,973,995	15,048,073	-	-	15,973,995	15,048,073
State School Fund - General Support	339,031,332	309,535,499	-	-	339,031,332	309,535,499
Other State and Local Sources	6,119,151	7,347,684	-	-	6,119,151	7,347,684
Federal Forest Fees - General Support	21,724	32,024	-	-	21,724	32,024
Unrestricted State and Local Sources	12,269,171	956,168	-	-	12,269,171	956,168
Gain on Sale of Capital Assets	10,306	22,763	-	-	10,306	22,763
Earnings on Investments	3,295,569	1,431,159	-	-	3,295,569	1,431,159
Net Increase in the Fair Value of Investments	20,862	175,346	-	-	20,862	175,346
Miscellaneous	972,951	398,691	-	-	972,951	398,691
Total Revenues	<u>571,254,990</u>	<u>510,681,742</u>	<u>548,177</u>	<u>620,112</u>	<u>571,803,167</u>	<u>511,301,854</u>
Expenses:						
Instructional Services	335,870,638	313,305,655	-	-	335,870,638	313,305,655
Support Services	188,026,351	179,385,740	-	-	188,026,351	179,385,740
Community Services	602,857	541,402	842,723	454,563	1,445,580	995,965
Facilities Services	6,753,676	7,233,788	-	-	6,753,676	7,233,788
Food Services	16,858,814	16,428,499	-	-	16,858,814	16,428,499
Interest on Long-term Debt	23,818,015	24,129,832	-	-	23,818,015	24,129,832
Total Expenses	<u>571,930,351</u>	<u>541,024,916</u>	<u>842,723</u>	<u>454,563</u>	<u>572,773,074</u>	<u>541,479,479</u>
Change in Net Position	(675,361)	(30,343,174)	(294,546)	165,549	(969,907)	(30,177,625)
Net Position, beginning of year	<u>(99,100,467)</u>	<u>(68,757,293)</u>	<u>432,867</u>	<u>267,318</u>	<u>(98,667,600)</u>	<u>(68,489,975)</u>
Net Position, end of year	<u>\$ (99,775,828)</u>	<u>\$ (99,100,467)</u>	<u>\$ 138,321</u>	<u>\$ 432,867</u>	<u>\$ (99,637,507)</u>	<u>\$ (98,667,600)</u>

* FY 2017 restated as a result of GASB 75 implementation.

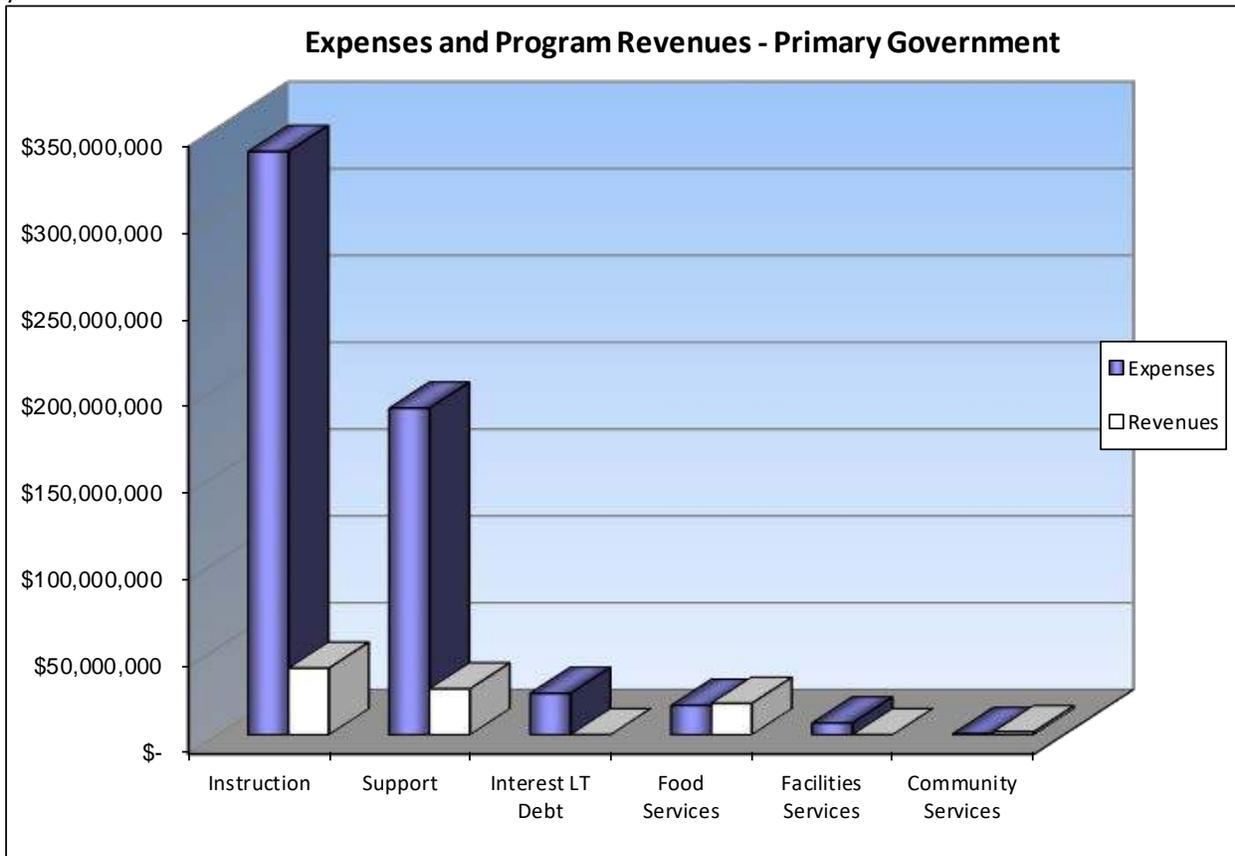
Other key elements of the change in the District’s net position for the year ended June 30, 2018 are as follows:

- Revenue from the State School Fund increased \$29.5 million, to \$339.0 million for fiscal year 2017-18.
- Expenses for Instructional Services increased by \$22.4 million or 7.2% as a result of an increased number of teaching staff and 4% payroll cost increases year over year.
- Expenses for Support Services increased by \$8.8 million as a result of the year over year payroll cost increase of 4% and the restatement related to the implementation of GASB 75.

The following chart shows General Revenues by Source for the Primary Government over five years.



The following chart compares expenses of the Primary Government with associated revenues for the current fiscal year.



Financial Analysis of the District’s Funds

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

Governmental funds

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

At the end of June 30, 2018, the District’s governmental funds reported combined ending fund balances of \$92.1 million, an increase of \$2.3 million in comparison with the prior year. This increase related to property tax receivables and cash on hand at year end was offset by an increase in liabilities related to payroll and interfund transfers. Though the District has \$51.2 million of unassigned balance as of June 30, 2018, this is budgeted to decline significantly in fiscal year 2018-19.

General Fund

The General Fund is the primary operating fund of the District, and the majority of its revenue comes from state funding distributed through the State School Fund (SSF) by the Oregon Department of Education (ODE). The State of Oregon is the largest source of revenue for public education in Oregon. The Oregon Legislature allocates money to the State School Fund primarily from the State General Fund and lottery revenue. School Districts get 95.5% of the State School Fund dollars available less local revenue. Local revenues include tax offsets, local property taxes for school operations (specifically excludes taxes for voter approved general obligation bonds), common school fund, county school fund, federal forest, and state timber revenues.

SSF funding is distributed to Oregon school districts pursuant to a formula, the objective of which is to provide equal funding for all school districts. The SSF grant provides to each school district a general-purpose grant, a transportation grant, a high-cost disability grant, a facilities grant, and a network of quality teaching and learning grant, less local revenues. Other grants deducted from the SSF grant are much smaller and generally relate to a specific District activity or condition. Details of these may be found under “District Estimates and Warrants” on the Oregon Department of Education website.

The general purpose grant is determined by a distribution formula, which incorporates a system of weights connected to the student count. The student count begins with average daily membership (ADM). This becomes resident ADM (ADM_r). The ADM_r count is then adjusted to reflect the differences in the cost of educating students requiring more extensive educational services, such as English as a second language, special education, pregnant and parenting, impoverished, and students attending a remote small school. The total of all students is multiplied by a statewide target grant of \$4,500. In addition to a state derived funding ratio, a factor of \$25 per year per student that a district’s average teacher experience exceeds the state average is added to (or subtracted from, if below the State average) this calculation to arrive at the state general purpose grant.

The transportation grant is 70% of approved transportation costs. Approved costs are those attributable to transporting students from home to school (if over 1 mile from elementary school or 1.5 miles from secondary school), between schools, on field trips, and for other reasons in special cases.

The facility grant is distributed on a first-come, first-served basis to districts in the first year a new school facility is put into use. The facility grant is based on 8% of the total construction costs of a new school building excluding land but including the addition of new structures to existing school buildings and pre-manufactured buildings, if the new structures are used for instructing students.

The high cost disabilities grant is equal to the approved costs of a resident pupil with disabilities for whom the approved costs to the school district of providing special education and related services exceed \$30,000. Other state grants are deducted from the formula. These grants include amounts for talented and gifted students, speech pa-

thology, virtual school funding, long term care and state schools, a small high school grant, network of quality teaching and learning funding, a local option equalization grant, and an amount for pediatric and nursing facilities. These amounts are approved by the state legislature and are subject to change every year.

As of June 30, 2018, unassigned fund balance in the General Fund was \$51.2 million compared to \$44.3 million as of June 30, 2017. In fiscal year 2018, the District collected higher revenue than expected from state funding and property taxes. It continued to experience high vacancy rates for instructional staff budgeted for specialized positions. The District budgeted to spend a significant amount of the unassigned fund balance in the fiscal year 2018-19 Budget so this fund balance is expected to decline. The School Board has set a targeted annual fund balance of five to seven percent (5% to 7%) of the annual operating revenues.

GO Debt Service Fund

The GO Debt Service Fund has a total fund balance of \$.8 million, all of which is restricted for the payment of debt service. The net increase in fund balance during the current year was \$.5 million.

PERS Pension Debt Service Fund

The PERS Pension Debt Service Fund has a total fund balance of \$23.1 million. The fund was set up in fiscal year 2002-03 to account for the payment of principal and interest on long-term pension bonds. The payment of principal and interest on the new pension bonds is also accounted for in this fund. The major sources of revenue for the fund are charges to other funds and earnings from temporary investments. The District maintained the fund balance in anticipation of making future debt payments while sustaining a large increase in the percentage of payroll contributions for the Oregon Public Employees Retirement Plan (PERS). In addition, the fund balance may be utilized to mitigate payroll contributions in future periods to PERS based on the expectation that rates will rise significantly over the next three biennia.

Grants Fund

The Grants Fund represents funding received from state and federal agencies for the purpose of expanding educational offerings and opportunities. Use of resources in this fund is restricted by federal and state statutes, state administrative rules, and the provisions of each individual grant. Per the terms of the grants, the District incurs expenditures for the grant programs and is reimbursed for the expenses primarily from the Oregon Department of Education as the fiduciary agency receiving the funds from the federal government and the state, or from other agencies that issued the grants. For fiscal year 2017-18, the District received \$39.0 million in funding compared to the prior year of \$32.0 million. The increase of \$7.0 million is a result of the High School Graduation and College and Career Readiness Grant and use of IDEA carry forward. This increase is not expected to be a trend.

Other Nonmajor Governmental Funds

Other Governmental Funds include the Fee Based Programs Fund, the Food Services Fund, the Energy Efficiency Fund, the Asset Replacement Fund, the Bond Capital Projects Fund, the Special Capital Projects Fund, the Preventative & Deferred Maintenance Fund and the 2018 Bond Capital Projects Fund. The total fund balance for the Other Governmental Funds was \$16.7 million as of June 30, 2018, a slight decrease of \$.1 million from the prior year, including restatement.

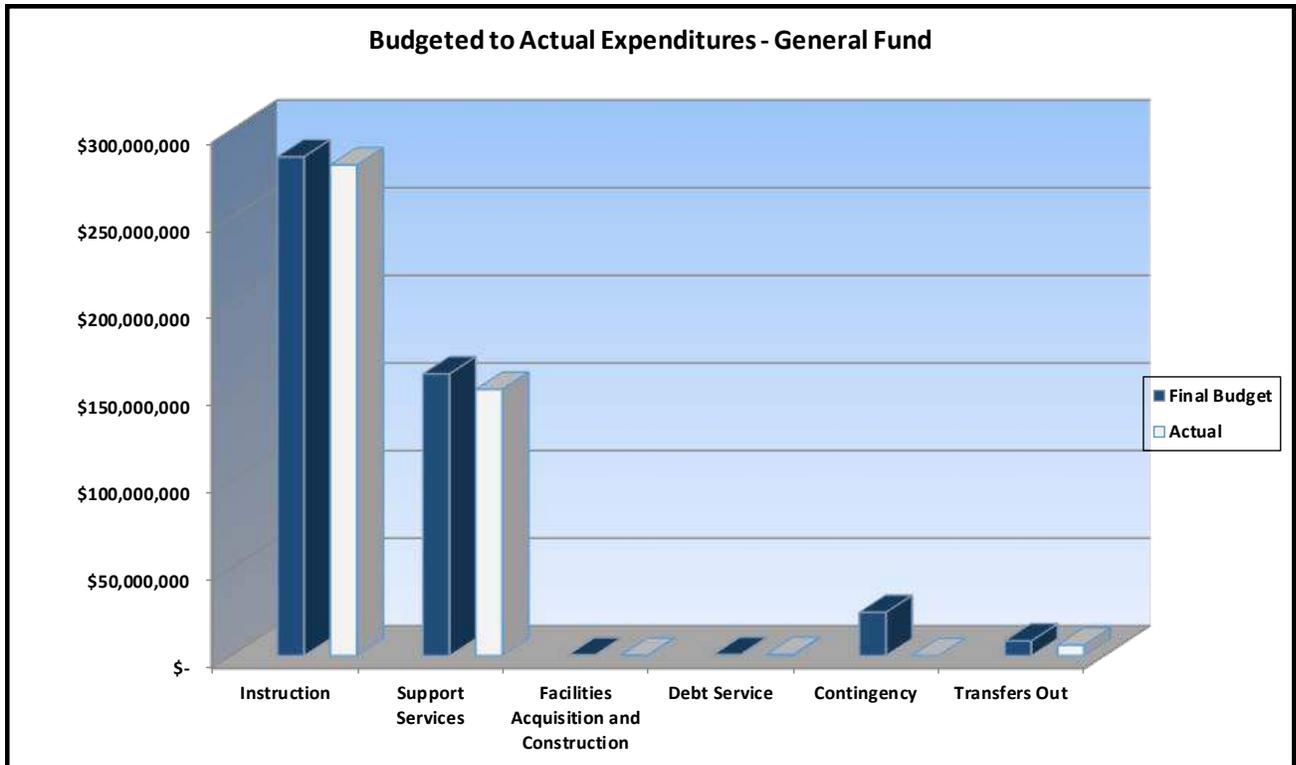
General Fund Budgetary Highlights

All General Fund expenditures were within budgeted appropriations.

The following table and chart shows the budgeted expenditures to actual expenditures for the General Fund for fiscal year 2017-18.

General Fund Expenditures & Transfers Out	Final Budget	Actual	Variances	
			Dollars	Percent
Instruction	\$ 284,682,666	\$ 280,021,460	\$ 4,661,206	1.6%
Support Services	160,786,720	151,943,769	8,842,951	5.5%
Facilities Acquisition and Construction	334,603	204,248	130,355	39.0%
Debt Service	621,604	621,308	296	0.0%
Contingency	24,684,498	-	24,684,498	100.0%
Transfers Out	8,370,000	6,053,983	2,316,017	27.7%
Total	\$ 479,480,091	\$ 438,844,768	\$ 40,635,323	8%

The District’s labor and benefits budget has been prepared based on high level assumptions in the past, which cause large variances. The budgeting method, combined with the difficulty in filling staffing vacancies, has generated significant favorable variances between budget and actual. Improvements in recruiting and implementation of position control are expected to lead to more detailed budgeting, thus closing the gap between budget and actual in future years.



Capital Assets

The District’s investment in capital assets includes land, buildings and improvements, vehicles and equipment, and construction in progress. As of June 30, 2018, the District had invested \$451.4 million in capital assets, net of accumulated depreciation, as shown in the following table:

	<u>2018</u>	<u>2017</u>
Land and Construction In Progress	\$ 52,838,282	\$ 36,113,365
Buildings and Improvements	383,058,685	382,562,105
Vehicles and Equipment	<u>15,459,682</u>	<u>15,603,024</u>
Total	<u>\$ 451,356,649</u>	<u>\$ 434,278,494</u>

During fiscal year 2017-18, the District’s investment in net capital assets increased by \$17.1 million. The major capital asset events for the year include the following:

- Turf field at McKay High School
- Elementary school seismic updates
- Significant investment in kitchen remodel and other major improvements
- Fiber optic network

Additional information on the District’s capital assets can be found in Note 1K and Note 4 in the Notes to the Basic Financial Statements of this report.

Long-Term Debt

At the end of the current fiscal year, the District had total long-term debt, including capital leases, outstanding of \$373.9 million versus \$409.1 million at the end of fiscal year 2016-17. This debt outstanding as of June 30, 2018, includes general obligation bonds of \$157.7 million and pension bonds of \$205.6 million.

State statute ORS 328.245 limits the amount of general obligation debt a school district may issue up to 7.95% of its real market value. The current debt limitation for the District is \$2.3 billion which is significantly in excess of the District’s outstanding general obligation debt of \$157.7 million. Additional information on the District’s long-term debt can be found in Note 1Q and Note 5 in the Notes to the Basic Financial Statements of this report.

Economic Factors in Current and Next Year’s Budget

The most significant economic factor for the District is the funding level from the State of Oregon’s State School Fund. State funding is the largest source of funding for school districts. While it is increasing, the rate of increase does not match the rate that pension and other costs are increasing. The District is optimistic that state funding for education will continue to increase given the Governor’s emphasis on educational outcomes. However, concerns remain regarding funding for the District’s increasing PERS rates.

The State School Fund for the 2015-17 biennium was \$6.7 billion, 11% higher than the 2013-15 biennium. The State School Fund for the 2017-19 biennium is \$8.2 billion. The District’s enrollment continues to increase from year to year. Average Daily Membership (ADM) is the state calculation of enrolled students based on days of attendance and is utilized in the state funding formula (ADMw) for school districts modified by factors such as poverty levels, half of kindergarten students, special education students and other items. In fiscal year 2015-16 the District implemented full-day kindergarten which provided another .5 weight to the District’s ADMw. The District’s ADM increased by 108 in fiscal year 2017-18, and an increase of 247 is estimated for fiscal year 2018-19.

Since ADM is based on enrollment the data is available more timely than ADMw. The annual ADMw figures are finalized by the Oregon Department of Education the following spring. The ADMw for 2017-18 was 52,587 and the most recent estimated ADMw figure for 2018-19 was 52,821.

<u>Year Ended</u>	<u>ADM</u>	<u>ADMw</u>
2010	39,469	48,243
2011	39,427	48,213
2012	39,611	48,370
2013	39,664	48,567
2014	39,974	49,133
2015	40,181	50,242
2016	40,799	52,557
2017	41,178	53,054
2018	41,286	52,587
2019	41,533*	52,821*
2020	41,696*	n/a
2021	41,885*	n/a
2022	41,852*	n/a
2023	41,655*	n/a

Source: Salem-Keizer Public Schools. * Projected.

PERS pension rates continue to rise and are expected to increase over the next several biennium. Information on PERS rates for Salem-Keizer School District 24J can found on the Oregon PERS website, <http://www.oregon.gov/pers/Pages/index.aspx>.

Requests for Information

This financial report is designed to present the user (community members, taxpayers, investors, and creditors) with a general overview of the District’s finances and to demonstrate our accountability. Questions concerning any of the information provided in this report, or requests for additional information, should be addressed to Financial Services, 2450 Lancaster Dr. NE, Suite 220, Salem, OR 97305.



BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS

SALEM-KEIZER SCHOOL DISTRICT 24J
STATEMENT OF NET POSITION
JUNE 30, 2018

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Component Units</u>
ASSETS:				
Pooled Cash and Investments	\$ 132,794,620	\$ 157,005	\$ 132,951,625	\$ 1,704,288
Accounts Receivable:				
Property Taxes	7,633,014	-	7,633,014	-
Other Receivables	8,997,915	37,314	9,035,229	96,210
Inventories	833,317	-	833,317	-
Prepays	-	-	-	7,855
Capital Assets not Depreciated:				
Land	32,326,936	-	32,326,936	-
Construction in Progress	20,511,346	-	20,511,346	70,930
Capital Assets, Net of Accumulated Depreciation:				
Land Improvements	28,171,947	-	28,171,947	-
Buildings and Improvements	354,886,738	-	354,886,738	-
Equipment	6,790,601	-	6,790,601	47,970
Vehicles	8,669,081	-	8,669,081	-
Net OPEB Asset - RHIA	968,900	-	968,900	-
TOTAL ASSETS	<u>602,584,415</u>	<u>194,319</u>	<u>602,778,734</u>	<u>1,927,253</u>
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred Amount on Bond Refunding	571,117	-	571,117	-
OPEB Deferred Outflows - RHIA	1,130,778	-	1,130,778	1,635
Pension Deferred Outflows - PERS	138,738,558	-	138,738,558	387,589
Total Deferred Outflows	<u>140,440,453</u>	<u>-</u>	<u>140,440,453</u>	<u>389,224</u>
LIABILITIES:				
Accounts Payable	7,099,066	55,124	7,154,190	42,894
Accrued Salaries and Benefits	26,917,454	-	26,917,454	2,931
Accrued Interest Payable	81,934,092	-	81,934,092	-
Accrued Compensated Absences Payable-Current	1,583,900	-	1,583,900	-
Accrued Claims Losses-Current	1,870,435	-	1,870,435	-
Unearned Revenue	233,084	874	233,958	-
Long-term Debt:				
Due within One Year	35,520,099	-	35,520,099	-
Due in More than One Year	338,396,768	-	338,396,768	-
Other Long-term Liabilities:				
Total OPEB Liability - Insurance Subsidy	25,441,981	-	25,441,981	70,889
Total Pension Liability - Stipend Benefits	305,933	-	305,933	-
Net Pension Liability - PERS	313,463,307	-	313,463,307	607,699
TOTAL LIABILITIES	<u>832,766,119</u>	<u>55,998</u>	<u>832,822,117</u>	<u>724,413</u>
DEFERRED INFLOWS OF RESOURCES:				
OPEB Deferred Inflows	454,544	-	454,544	620
Pension Deferred Inflows - PERS	9,580,033	-	9,580,033	34,462
Total Deferred Inflows	<u>10,034,577</u>	<u>-</u>	<u>10,034,577</u>	<u>35,082</u>
NET POSITION:				
Net Investment in Capital Assets	284,229,566	-	284,229,566	118,900
Restricted for Special Purposes	129,021	-	129,021	2,372
Unrestricted	(384,134,415)	138,321	(383,996,094)	1,435,710
TOTAL NET POSITION	<u>\$ (99,775,828)</u>	<u>\$ 138,321</u>	<u>\$ (99,637,507)</u>	<u>\$ 1,556,982</u>

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

SALEM-KEIZER SCHOOL DISTRICT 24J

STATEMENT OF ACTIVITIES

JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units
		Charges for Services	Operating	Capital	Primary Government			
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary Government								
Governmental Activities:								
Instructional Services	\$ 335,870,638	\$ 11,566,298	\$ 25,458,115	\$ 1,315,583	\$ (297,530,642)	\$ -	\$ (297,530,642)	\$ (2,486,027)
Support Services:								
Pupil Transportation	20,020,014	-	-	-	(20,020,014)	-	(20,020,014)	-
Other Support Services	168,006,337	12,334,403	14,077,407	-	(141,594,527)	-	(141,594,527)	(1,198,398)
Community Services	602,857	6,225	702,442	986,795	1,092,605	-	1,092,605	(8,032)
Food Services	16,858,814	1,893,936	16,190,205	-	1,225,327	-	1,225,327	-
Facilities Services	6,753,676	-	-	-	(6,753,676)	-	(6,753,676)	-
Interest on Long-term Debt	23,818,015	-	-	-	(23,818,015)	-	(23,818,015)	-
Total Governmental Activities	571,930,351	25,800,862	56,428,169	2,302,378	(487,398,942)	-	(487,398,942)	
Business-type activities								
Community Services	842,723	548,177	-	-	-	(294,546)	(294,546)	
Total Primary Government	572,773,074	26,349,039	56,428,169	2,302,378	(487,398,942)	(294,546)	(487,693,488)	
Component Units:								
Charter Schools	\$ 3,932,276	\$ 55,700	\$ 184,119	\$ -				(3,692,457)
General Revenues:								
Property Taxes Levied for General Purposes					81,236,264	-	81,236,264	-
Property Taxes Levied for Debt Service					27,772,256	-	27,772,256	-
Revenue from Intermediate Sources					15,973,995	-	15,973,995	-
State School Fund (SSF) - General Support					339,031,332	-	339,031,332	3,923,420
SSF - Unrestricted High Cost Disability Grant					4,025,402	-	4,025,402	-
Common School Fund					2,093,749	-	2,093,749	-
Federal Forest Fees - General Support					21,724	-	21,724	-
Unrestricted State and Local Sources					12,269,171	-	12,269,171	-
Gain on Sale of Capital Assets					10,306	-	10,306	-
Earnings on Investments					3,295,569	-	3,295,569	13,017
Net Increase in the Fair Value of Investments					20,862	-	20,862	6,122
Miscellaneous					972,951	-	972,951	44,080
Total General Revenues					486,723,581	-	486,723,581	3,986,639
CHANGE IN NET POSITION					(675,361)	(294,546)	(969,907)	294,182
Net Position, June 30, 2017 as restated					<u>(99,100,467)</u>	<u>432,867</u>	<u>(98,667,600)</u>	<u>1,262,800</u>
Net Position, June 30, 2018					<u>\$ (99,775,828)</u>	<u>\$ 138,321</u>	<u>\$ (99,637,507)</u>	<u>\$ 1,556,982</u>

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



BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS

SALEM-KEIZER SCHOOL DISTRICT 24J
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

	<u>General Fund</u>	<u>Grants Fund</u>	<u>GO Debt Service Fund</u>
ASSETS			
Pooled Cash and Investments	\$ 71,965,742	\$ -	\$ 575,596
Property Tax Receivable	5,813,338	-	1,819,676
Accounts and Other Receivables	2,139,230	5,811,835	-
Due from Other Funds	5,200,820	-	-
Inventories	244,987	-	-
Total Assets	<u>\$ 85,364,117</u>	<u>\$ 5,811,835</u>	<u>\$ 2,395,272</u>
LIABILITIES			
Accounts Payable	\$ 2,037,740	\$ 550,600	\$ -
Accrued Payroll	10,096,508	-	-
Payroll Taxes and Withholding Payable	16,820,946	-	-
Due to Other Funds	-	5,200,820	-
Unearned Revenue	850	60,415	-
Total Liabilities	<u>28,956,044</u>	<u>5,811,835</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	4,930,040	-	1,546,043
Total Deferred Inflows of Resources	<u>4,930,040</u>	<u>-</u>	<u>1,546,043</u>
FUND BALANCES			
Nonspendable	244,987	-	-
Restricted	-	-	849,229
Committed	-	-	-
Assigned	-	-	-
Unassigned	51,233,046	-	-
Total Fund Balances	<u>51,478,033</u>	<u>-</u>	<u>849,229</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 85,364,117</u>	<u>\$ 5,811,835</u>	<u>\$ 2,395,272</u>

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

PERS Pension Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 23,125,403	\$ 20,148,757	\$ 115,815,498
-	-	7,633,014
-	939,251	8,890,316
-	-	5,200,820
-	-	244,987
<u>\$ 23,125,403</u>	<u>\$ 21,088,008</u>	<u>\$ 137,784,635</u>
\$ -	\$ 4,261,512	\$ 6,849,852
-	-	10,096,508
-	-	16,820,946
-	-	5,200,820
-	170,749	232,014
-	<u>4,432,261</u>	<u>39,200,140</u>
-	-	6,476,083
-	-	<u>6,476,083</u>
-	-	244,987
-	1,306,941	2,156,170
3,000,000	8,354,130	11,354,130
20,125,403	6,994,676	27,120,079
-	-	51,233,046
<u>23,125,403</u>	<u>16,655,747</u>	<u>92,108,412</u>
<u>\$ 23,125,403</u>	<u>\$ 21,088,008</u>	<u>\$ 137,784,635</u>



SALEM-KEIZER SCHOOL DISTRICT 24J
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2018

TOTAL GOVERNMENTAL FUND BALANCES		\$ 92,108,412
Capital assets are not financial resources and therefore are not reported in the governmental funds:		
Non-depreciable Assets	\$ 52,838,282	
Depreciable Assets	619,115,775	
Accumulated Depreciation	<u>(220,597,408)</u>	451,356,649
Deferred outflows of resources related to deferred amounts on refundings of bonds payable are not reported in the funds.		
		571,117
Long-term pension/OPEB assets/liabilities and related deferred inflows/outflows of resources not payable in the current year are not reported as governmental fund liabilities. These consist of:		
OPEB Deferred Outflows - RHIA	1,130,778	
Pension Deferred Outflows - PERS	138,738,558	
Net OPEB Asset - RHIA	968,900	
Net Pension Liability - PERS	(313,463,307)	
Total Pension Liability - Stipend Benefits	(305,933)	
OPEB Deferred Inflows	(454,544)	
Pension Deferred Inflows - PERS	(9,580,033)	
Total OPEB Liability - Insurance Subsidy	<u>(25,441,981)</u>	(208,407,562)
Deferred inflows of resources related to property taxes and miscellaneous revenues that will be collected after year-end, but are not available soon enough to pay for the current period's expenditures are deferred in the funds.		
		6,476,083
Internal service funds are used by the District to charge the costs of district services and insurance costs to the individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position:		
Net Position	13,885,139	
Capital Assets	(790,373)	
Pension Deferred Outflow - PERS	(1,610,920)	
OPEB Deferred Outflow	(13,130)	
Net Pension Liability - PERS	3,639,686	
Total OPEB Liability - Insurance Subsidy	295,413	
Total Pension Liability - Retirement stipends	3,552	
Noncurrent Liabilities	(11,251)	
Pension Deferred Inflow - PERS	111,235	
OPEB Deferred Inflow	5,278	
Compensated Absences	<u>39,703</u>	15,554,332
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. These liabilities consist of:		
Accrued Interest Payable	(81,934,092)	
Bonds Payable	(363,334,433)	
Premium on Bonds Payable	(4,351,906)	
Capital Leases Payable	(6,230,528)	
Compensated Absences Payable	<u>(1,583,900)</u>	<u>(457,434,859)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ (99,775,828)</u>

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

SALEM-KEIZER SCHOOL DISTRICT 24J

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

JUNE 30, 2018

	<u>General Fund</u>	<u>Grants Fund</u>	<u>GO Debt Service Fund</u>
Revenues			
Taxes	\$ 79,490,892	\$ -	\$ 27,209,545
Fees Charged to Grants and Other Funds	1,880,522	-	-
Local Sources	1,212,036	-	-
Earnings on Investments	1,759,585	-	10,274
Intergovernmental Revenues:			
Intermediate Sources	16,254,503	1,594,155	-
State Sources	345,150,483	8,469,179	-
Federal Sources	21,725	28,940,456	-
Total Revenues	<u>445,769,746</u>	<u>39,003,790</u>	<u>27,219,819</u>
Expenditures			
Current:			
Instruction	279,938,974	23,847,027	-
Support Services	150,938,013	14,077,407	-
Enterprise and Community Services	-	772,041	-
Facilities Acquisition and Construction	181,421	307,315	-
Debt Service:			
Principal	535,081	-	24,554,388
Interest	86,226	-	2,141,985
Capital Outlay	<u>1,111,070</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>432,790,785</u>	<u>39,003,790</u>	<u>26,696,373</u>
Revenues over (under) Expenditures	<u>12,978,961</u>	<u>-</u>	<u>523,446</u>
Other Financing Sources (Uses):			
Sale of Capital Assets	356	-	-
Transfers In	-	-	-
Transfers Out	<u>(6,053,983)</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(6,053,627)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	6,925,334	-	523,446
Fund Balances, July 1, 2017	<u>44,552,699</u>	<u>-</u>	<u>325,783</u>
Fund Balances, June 30, 2018	<u>\$ 51,478,033</u>	<u>\$ -</u>	<u>\$ 849,229</u>

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

PERS Pension		
Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 106,700,437
-	-	1,880,522
22,448,874	23,824,719	47,485,629
667,015	439,138	2,876,012
-	-	17,848,658
-	1,716,023	355,335,685
-	15,720,166	44,682,347
<u>23,115,889</u>	<u>41,700,046</u>	<u>576,809,290</u>
-	6,276,435	310,062,436
-	3,145,906	168,161,326
-	16,514,583	17,286,624
-	311,439	800,175
8,292,782	1,100,966	34,483,217
13,773,220	133,455	16,134,886
-	26,476,920	27,587,990
<u>22,066,002</u>	<u>53,959,704</u>	<u>574,516,654</u>
<u>1,049,887</u>	<u>(12,259,658)</u>	<u>2,292,636</u>
-	9,950	10,306
-	8,709,306	8,709,306
-	(2,655,323)	(8,709,306)
-	6,063,933	10,306
1,049,887	(6,195,725)	2,302,942
<u>22,075,516</u>	<u>22,851,472</u>	<u>89,805,470</u>
<u>\$ 23,125,403</u>	<u>\$ 16,655,747</u>	<u>\$ 92,108,412</u>

SALEM-KEIZER SCHOOL DISTRICT 24J
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2018

NET CHANGES IN FUND BALANCES		\$ 2,302,942
<i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>		
 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. In the current period these amounts are:		
Additions to Capital Assets	\$ 28,195,256	
Depreciation Expense	<u>(11,370,395)</u>	16,824,861
 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 repayment exceed proceeds:		
Bond and Capital Lease Debt Principal Repaid	34,483,217	
Accrued Interest	<u>(7,836,678)</u>	26,646,539
 In the governmental funds amortization is not recognized for bond premiums and refunding amounts on bonds:		
Amortization of Bond Premium	711,152	
Amortize Amount on Bond Refunding	<u>(557,603)</u>	153,549
 Governmental Funds report pension contributions as expenditures. In the Statement of Activities, the cost of pension benefits earned net of employer contributions is reported as pension expense.		
		(49,589,652)
 Governmental Funds report OPEB contributions as expenditures. In the Statement of Activities, the cost of OPEB benefits earned net of employer contributions is reported as OPEB expense.		
		1,626,031
 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.		
		2,308,083
 Internal service funds are used by the District to charge the costs of printing services and insurance premiums and claims to the individual funds. The change in net position of the internal service funds is reported with governmental activities.		
		(968,992)
 Compensated absences are recognized as an expenditure in the governmental funds when they are paid. In the Statement of Activities compensated absences are recognized as expenditures when earned.		
		<u>21,278</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ (675,361)</u>

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

SALEM-KEIZER SCHOOL DISTRICT 24J
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	Business Type Activities - Enterprise Fund	Governmental Activities - Internal Service Funds
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 157,005	\$ 16,979,122
Receivables	37,314	107,599
Inventories	-	588,330
Net OPEB Asset - RHIA	-	11,251
Total Current Assets	194,319	17,686,302
Capital Assets, Net of Accumulated Depreciation	-	790,373
TOTAL ASSETS	194,319	18,476,675
DEFERRED OUTFLOWS OF RESOURCES		
OPEB Deferred Outflow	-	13,130
Pension Deferred Outflow - PERS	-	1,610,920
Total Deferred Outflows	-	1,624,050
LIABILITIES		
Current Liabilities		
Accounts Payable	55,124	249,214
Unearned Revenue	874	1,070
Accrued Claims Liability	-	1,870,435
Accrued Compensated Absences	-	39,703
Total Current Liabilities	55,998	2,160,422
Noncurrent Liabilities		
Net Pension Liability - PERS	-	3,639,686
Total OPEB Liability - Insurance Subsidy	-	295,413
Total Pension Liability - Retirement Stipends	-	3,552
TOTAL LIABILITIES	55,998	6,099,073
DEFERRED INFLOWS OF RESOURCES		
OPEB Deferred Inflow	-	5,278
Pension Deferred Inflow - PERS	-	111,235
Total Deferred Inflows	-	116,513
NET POSITION		
Investment in Capital Assets	-	790,373
Unrestricted	138,321	13,094,766
TOTAL NET POSITION	\$ 138,321	\$ 13,885,139

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

SALEM-KEIZER SCHOOL DISTRICT 24J
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	Business Type Activities - Enterprise Fund	Governmental Activities - Internal Service Funds
Operating Revenues		
Rentals	\$ 439,260	\$ -
State Sources	-	12,520
Charges for Services	108,917	14,123,250
Total Operating Revenue	548,177	14,135,770
Operating Expenses		
Salaries	169,075	3,112,096
Employee Benefits	5,179	2,428,466
Purchased Services	106,920	3,408,797
Supplies and Materials	551,677	6,249,649
Depreciation	-	65,440
Other	9,872	-
Total Operating Expenses	842,723	15,264,448
Total Operating Loss	(294,546)	(1,128,678)
Other Financing Sources (Uses):		
Interest Received	-	440,419
Change in Net Position	(294,546)	(688,259)
Net Position, July 1, 2017, as restated	432,867	14,573,398
Net Position, June 30, 2018	\$ 138,321	\$ 13,885,139

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

SALEM-KEIZER SCHOOL DISTRICT 24J
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
JUNE 30, 2018

	Business Type Activities - Enterprise Fund	Governmental Activities - Internal Service Funds
Cash Flows from Operating Activities:		
Receipts for Services Provided	\$ 584,114	\$ 14,164,751
Payments to Employees for Services	(266,891)	(4,960,895)
Payments to Suppliers for Goods and Services	(603,485)	(6,023,687)
Payments for Dues and Fees	(10,250)	-
Payments for Claims	-	(3,777,464)
	<u>(296,512)</u>	<u>(597,295)</u>
Cash Used by Operating Activities		
Cash flows from Capital and Related Financing Activities:		
Purchases of Capital Assets	-	(215,146)
Cash flows from investing activities:		
Interest Received	-	440,419
Decrease in Cash and Cash Equivalents	(296,512)	(372,022)
Cash and Cash Equivalents at Beginning of Year	453,517	17,351,144
Cash and Cash Equivalents at End of Year	\$ 157,005	\$ 16,979,122
Reconciliation of Operating Loss to		
Cash Flows from Operating Activities:		
Operating Loss	\$ (294,546)	\$ (1,128,678)
Adjustments to Reconcile Operating Income to		
Cash Used in Operating Activities:		
Depreciation Expense	-	65,440
GASB 75 OPEB Expense Adjustment	-	(13,660)
GASB 68 Pension Expense Adjustment	(83,972)	589,130
GASB 75 Insurance Subsidy OPEB Expense	-	23,057
GASB 73 Retirement Stipends Expense Adjustment	-	(10,266)
Change in Assets and Liabilities:		
Change in Receivables	35,063	28,982
Change in Inventories	-	(24,336)
Change in Accounts Payable	55,112	(58,697)
Change in Unearned Revenue	496	1,070
Change in Accrued Claims Liability	-	(60,743)
Change in Accrued Compensated Absences	(8,665)	(8,594)
Total Adjustments	(1,966)	531,383
Cash Used for Operating Activities	\$ (296,512)	\$ (597,295)

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

SALEM-KEIZER SCHOOL DISTRICT 24J
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

	Private Purpose Trust Funds	Agency Fund
ASSETS		
Cash and Cash Equivalents	\$ 210,378	\$ 329,845
LIABILITIES		
Accounts Payable	-	\$ 13,319
Due to Outside Groups	-	316,526
TOTAL LIABILITIES	-	\$ 329,845
NET POSITION		
Net Position Held in Trust for Scholarships	210,378	
TOTAL NET POSITION	\$ 210,378	

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

SALEM-KEIZER SCHOOL DISTRICT 24J
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS - PRIVATE PURPOSE TRUST FUNDS
JUNE 30, 2018

	<u>Private Purpose Trust Funds</u>
Additions	
Contributions	<u>\$ 21,054</u>
Deductions	
Scholarships	<u>31,053</u>
Total Deductions	<u>31,053</u>
Change in Net Position	(9,999)
Net Position, July 1, 2017	<u>220,377</u>
Net Position, June 30, 2018	<u><u>\$ 210,378</u></u>

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

Note 1: Summary of Significant Accounting Policies

This summary of significant accounting policies of Salem-Keizer School District 24J (the District) is presented to assist in understanding the School District’s financial statements. The following is a summary of the more significant policies:

A. Financial Reporting Entity

The District is a municipal corporation governed by a separately elected seven-member Board of Directors. Administrative officials are approved by the Board. The daily functioning of the District is under the supervision of the Superintendent. As required by generally accepted accounting principles, all activities of the District have been included in the basic financial statements.

The District qualifies as a primary government since it has a separately elected governing body, is a legally separate entity, and is fiscally independent. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) governmental organizations for which the primary government is not financially accountable, but for which the nature and significance of their financial relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be governmental organizations for which the primary government is not financially accountable, but for which the nature and significance of their financial relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. These financial statements present the School District (primary government) and its component units. The component units consist of discretely presented Charter Schools. The District has no component units that would be required to be reported as blended units.

Discretely Presented Component Units

In May of 1999 the State of Oregon passed Oregon’s Charter School Law (Oregon Revised Statute 338) which permits parents, teachers, or community members to contract with the School District or the State as a sponsor for the operation of a charter school. The charter schools are financed by a portion of the State School Funds distributed to the District based on enrollment as regulated per the provisions of ORS 338 as well as other revenues generated independently by the charter schools. The District currently sponsors four charter schools: Optimum Learning Environment, Howard Street Charter School, Valley Inquiry Charter School (formerly Baker Charter School), and Jane Goodall Environmental Middle School. Jane Goodall Environmental Middle School does not operate on District property. The other three charters operate in District facilities and the amount of this rent has not been recorded as revenue or expense as these amounts have not been determined. The charter schools are reported as discretely presented component units in the financial statements because the teachers of these charter schools are employees of the School District. The District has no equity interest in the charter schools, and they are considered legally separate organizations. The District is not financially responsible for the charter schools, but the nature and significance of their financial relationship with the primary government is such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. These component units are presented in total in a separate column in the government-wide financial statements to emphasize that they are legally separate organizations from the District. The Charter Schools’ complete financial statements may be obtained from their administrative offices.

B. Government-Wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities display information about the School District as a whole. These statements include the governmental financial activities of the overall District (primary government), except fiduciary activities. For the most part, the effect of interfund activity has been removed from these statements to minimize the double counting of internal activities and business-type activities, except for interfund services. Net position is reported as restricted when constraints placed on net position are either externally restricted, imposed by creditors (such as through grantors, contributors or laws) or through constitutional provisions or enabling resolutions. Governmental activities are financed primarily through property taxes, intergovernmental revenues, and charges for services. They are reported separately from business type activities, which rely to a significant extent on charges for support. In addition, the primary government is reported separately from the legally separate component units (charter schools).

**SALEM-KEIZER SCHOOL DISTRICT 24J – NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

The Statement of Activities presents a comparison between direct expenses and program revenues for each of its functions/programs. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to that function. Program revenues include: (1) charges to students or others for tuition, fees, rentals, material, supplies or services provided, (2) operating grants and contributions and (3) capital grants and contributions. Revenues that are not classified as program revenues, including property taxes and state support, are presented as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds include the General Fund, Grants Fund, GO Debt Service Fund, and the PERS Pension Debt Service Fund. Other Nonmajor Government Funds are reported as a separate column in the fund financial statements.

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

Government-Wide Financial Statements

Government-Wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and fiduciary funds (excluding the Agency Fund) financial statements. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. For the accrual basis of accounting, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then to general resources.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this are charges between the School District's governmental and business-type activities and component units. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year end. Property taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and claims and judgments, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in the governmental funds, and proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

The accounts of the School District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenue and expenditures as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The financial statements provide information about the District's funds including those of a fiduciary nature. The District presents separate financial statements for governmental funds, proprietary funds, and fiduciary funds. All proprietary funds are combined in the statements in that there are no nonmajor proprietary funds. Major individual governmental funds are reported in separate columns in the fund financial statements with nonmajor funds being combined into a single column regardless of fund type.

**SALEM-KEIZER SCHOOL DISTRICT 24J – NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

The District reports the following major governmental funds:

General Fund – This is the District's primary operating fund and accounts for all revenues and expenditures except those required to be accounted for in another fund. Principal revenue sources are an apportionment from the State of Oregon and property taxes.

Grants Fund – This special revenue fund accounts for funds reserved for resources and expenditures from Federal and State grants.

GO Debt Service Fund – This fund accounts for the payment of principal and interest on general obligation bonded debt. Principal revenue source is property taxes. This fund did not qualify as a major fund this year, but the District has continued to include it in this category for community interest.

PERS Pension Debt Service Fund – This fund accounts for the payment of principal and interest on pension bonds. Principal revenue sources are charges to other funds and earnings from investments.

Nonmajor governmental funds include:

Special Revenue Funds – These funds account for the proceeds of specific revenue sources (other than trusts for individuals, private organizations, or other governments, or for major capital projects) that are restricted, committed or assigned to expenditures for specific purposes. Special Revenue Funds of the district consist of the Fee Based Programs Fund, Food Services Fund, Energy Efficiency Fund and the Asset Replacement Fund.

Bond Capital Projects Fund – This fund accounts for major capital outlay expenditures relating to the acquisition, construction and renovation of school facilities. Principal funding sources are proceeds from the sale of general obligation bonds and earnings from temporary investments.

Capital Projects Funds – These funds account for the proceeds of specific revenue sources that are restricted or committed to deferred maintenance or to specific capital projects designated by the District.

The District reports the following proprietary funds:

Enterprise Fund – This fund accounts for activity with external customers related to facility rentals, transportation, reprographics and central stores operations.

Internal Service Funds – These account for insurance, printing, the central stores operation, minor building modification services, and services to charter schools. These are services provided to other departments of the District on a cost reimbursement basis.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund are rental and lease charges for facility use and service charges to external customers for goods and services or transportation. Operating expenses for the Enterprise Fund include salaries and benefits, supplies, materials and administrative expenses. The principal operating revenues of the District's Internal Service Funds are charges to other funds for insurance or goods or services. Operating expenses for the Internal Service Funds include self-insurance, salaries and benefits, supplies, materials and administrative expenses. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses in both the Enterprise Fund and the Internal Service Funds.

The District reports the following fiduciary funds:

Fiduciary Funds – The School District's fiduciary funds include private purpose trust funds and an agency fund. The private-purpose trust funds of the School District account for student scholarships and memorials. The agency funds of the School District account for activities administered by the District on behalf of others controlled directly by parent and student groups. The School District's agency funds apply the accrual basis of accounting, but do not have a measurement focus.

D. 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, as well as, the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from those estimates.

E. Budget and Budgetary Accounting

A budget is prepared and legally adopted for each governmental fund type, and proprietary fund type, on the modified accrual basis of accounting. The budgetary basis of accounting is the same as accounting principles generally accepted in the United States of America for the governmental fund types. The exception is capital outlay expenditures, including items below the District's capitalization level, which are budgeted by major function in governmental fund types. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations.

Appropriations are established at the major function level (instruction, support services, enterprise and community services, facilities acquisition and construction, debt service, operating contingency and transfers) for each fund. The detail budget document, however, is required to contain more specific, detailed information for the aforementioned expenditure categories. Expenditures may exceed budgeted expenses at lower detail levels than functions. Unexpected additional resources may be added to the budget through the use of a supplemental budget and an appropriation resolution.

Supplemental budgets less than 10% of a fund's original budget may be adopted by the Board at a regular meeting. A supplemental budget greater than 10% of a fund's original budget requires hearings before the public, publication in newspaper and approval by the Board. Budgets may be modified by the use of appropriation transfers between the levels of control (major function levels) with Board approval. Appropriations lapse at the end of each fiscal year. Oregon law prohibits expenditures in excess of board approved appropriations. The board approves appropriations for each fund by major function.

F. Cash, Cash Equivalents and Investments

The District's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less. Short-term investments are stated at cost, which approximates fair value.

The District's investments consist of time certificates of deposit, banker's acceptances, commercial paper, U.S. Government Agency securities, and the State of Oregon Treasurer's Local Government Investment Pool (LGIP). Time certificates of deposit are stated at cost, which approximates fair value. Banker's acceptances, commercial paper and U.S. Government Agency securities are stated at amortized cost, which approximates fair value. The LGIP is stated at cost, which approximates fair value. Fair value of the LGIP is the same as the District's value in the pool shares.

The Oregon State Treasury (OST) administers the LGIP. It is an open-ended no-load diversified portfolio. The OST offers the LGIP to any agency, political subdivision or public corporation of the State that by law is made the custodian of, or has control of, any funds. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon legislature established the Oregon Short Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment options of the LGIP.

G. Property Taxes Receivable

Property taxes are levied and become a lien on July 1. Collection dates are November 15, February 15, and May 15 following the lien date. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

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

H. Accounts and Other Receivables

Accounts and other receivables are comprised primarily of State school support and claims for reimbursement of costs under various federal and state grants. The District pursues the collection of debt to the full extent allowed by Oregon State statute. As of June 30, 2018, no allowance for bad debt was considered necessary.

I. Grants

Grant revenues are recognized as grants receivable as reimbursable expenditures are incurred. As expenditures are incurred revenue is recognized and a receivable is recognized. Grants received prior to the eligibility of expenditures are recorded as unearned revenue.

J. Inventories

Inventories of supplies and materials in the governmental funds are stated at cost. Inventories of food and supplies are valued at invoice cost (first-in, first-out). Inventoried items are charged to expenditures of the user department at the time of withdrawal from inventory (consumption method). Commodity inventories are not recorded as title to them is not considered to pass to the District until they are consumed.

General Fund inventory consist of transportation parts and fuel. Internal Service Fund inventory consists of warehouse fund inventory primarily of expendable supplies and equipment held at the central warehouse for issuance to district schools, other school district locations or to other school districts.

K. Capital Assets

Capital assets are recorded at original or estimated original cost. Donated capital assets are recorded at their acquisition value on the date donated. The District defines capital assets as assets with an initial cost of more than \$5,000 and an estimated life in excess of one year. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value.

Capital assets are depreciated using the straight-line method over the following useful lives:

- Land improvements – 15 to 75 years
- Buildings and improvements – 15 to 75 years
- Equipment and Vehicles – 5 to 15 years

L. Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources are defined by a consumption of net position by the District that is applicable to a future reporting period. Deferred inflows of resources are defined as an acquisition of net position by the District that is applicable to a future reporting period. Deferred outflows of resources increase net position, similar to assets, and deferred inflows of resources decrease net position, similar to liabilities.

Deferred outflows on debt refunding result when the net carrying value of refunded debt exceeds its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The pension and OPEB deferred outflows relate to employee contributions subsequent to the PERS measurement date

SALEM-KEIZER SCHOOL DISTRICT 24J – NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

and the net difference between projected and actual pension and OPEB plan activity. Pension and OPEB deferred inflows reflect the net difference between projected and actual pension plan activity.

M. Retirement Plans

Substantially all of the District's employees are participants in the State of Oregon Public Employees Retirement System generally referred to as PERS. It is a cost-sharing multiple-employer defined benefit pension plan. PERS is administered by the Public Employees Retirement Board as required by Oregon Revised Statutes (ORS) chapters 238 and 238A. The financial reporting information pertaining to the District's participation in PERS was prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The Net Position and additions and deductions from the Net Position relating to the District's pension obligation were calculated based on an actuarial study completed by PERS. A copy of the study may be obtained on the following website:

http://www.oregon.gov/PERS/EMP/Pages/section/er_general_information/gasb-68.aspx

The 2003 Oregon Legislature passed PERS reform legislation and essentially created a new retirement plan for employees hired on or after August 29, 2003. These employees became members of the Oregon Public Service Retirement Plan (OPSRP). OPSRP is a hybrid retirement plan with two components: the Pension Program (defined benefit plan) and the Individual Account Program (defined contribution; established and maintained as a tax-qualified governmental defined contribution plan). OPSRP is administered by PERS.

As a member of Oregon Public Employees Retirement System (PERS), the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees which are administered by PERS. RHIA is a cost-sharing multiple-employer defined benefit plan. Contributions to PERS for RHIA are made on a current basis as required by the plan and are charged as expenses.

N. Other Post-Employment Benefits

Certificated employees with ten years of service and 30 years of participation in Oregon PERS (if under age 58), and administrative supervisors and confidential employees with three consecutive service years and 30 years participation in Oregon PERS (unless age 58) are eligible for early retirement benefits from the District, which are funded and charged to expenses/expenditures as payments become due to early retirees. Estimated future incentive payments for the Districts' early retirement benefits are recorded in the Statement of Net Position, and this benefit is scheduled to phase out and end as of July 1, 2017.

The District offers continued medical coverage for eligible retirees, their spouses and dependents until they are eligible for Medicare. The retiree must pay the entire premium in exchange for this coverage. The premium itself does not represent the full cost of coverage because the retirees are expected to generate higher medical claims and therefore higher medical premiums for the District.

The District also offers its employees a tax deferred annuity plan established pursuant to Section 403(b) of the Internal Revenue Code, and a deferred compensation plan established pursuant to Section 457(b) of the Internal Revenue Code. The District also offers its employees a tax deferred annuity plan established pursuant to Section 403(b) of the Internal Revenue Code, and a deferred compensation plan established pursuant to Section 457(g) of the Internal Revenue Code. The only contribution made by the District is for one administrator position. Employees are immediately vested in their own contributions and any earnings on those contributions, but the contribution made by the District is subject to a service commitment. For the year ended June 30, 2018 the District contributed \$35,000.

O. Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District.

It is the District's policy to permit employees to accumulate earned but unused vacation pay benefits; however, unused benefits must be used or forfeited within one fiscal year of the fiscal year earned. All unused vacation pay is accrued

SALEM-KEIZER SCHOOL DISTRICT 24J – NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

when earned in the government-wide 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 resignation and retirements. Compensated absences have been and will be paid from general revenues from the District's General Fund and are expected to be paid within the next twelve months.

P. Self-Insurance – Accrued Claims Losses – Current

The Risk Management Fund - Internal Service accounts for the costs incurred for workers' compensation claims, general liability claims, unemployment claims, and property and fire losses.

The District currently provides for estimated losses to be incurred from pending claims and for claims incurred, but not reported (IBNR). IBNR claims are claims that are incurred through the end of the fiscal year but not reported until after that date. These liabilities are based on actuarial valuations or District estimates.

The District is self-insured for costs up to policy deductible limits as follows:

- General Liability, auto liability, fire loss, property damage, all risk (theft, vandalism, etc.): self-insured retention (SIR) is \$800,000. Insured limits are \$10,000,000 per occurrence, \$10,000,000 combined annual aggregate.
- Workers' compensation claims self-insured retention (SIR)-\$600,000 per occurrence.

Q. Long-Term Obligations

In the government-wide 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 straight-line method, which approximates the effective interest method. Bonds payable are reported as net of the applicable bond premium or discount. Issuance costs are expensed in the year issued.

In the fund financial statements, bond premiums and discounts, as well as bond issuance costs, are recognized when incurred and not deferred. The face amount of the debt issued, premiums received on debt issuances, and discounts are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

R. Net Position

In the government-wide financial statements, net position consist of assets invested in capital assets (net of related debt), restricted and unrestricted net position. The restricted net position is restricted by state statute for debt service, for a voters' measure, and for other state funding restricted for certain useage. Long-term debt is reported as a liability in the Statement of Net Position.

S. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation, or are legally restricted by outside parties for use for a specific purpose. Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of the constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are as follows:

- **Nonspendable** fund balance includes amounts that are not in a spendable form or are legally or contractually required to be maintained intact.
- **Restricted** fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers constitutionally, or through enabling legislation. Effectively, restrictions may be changed or lifted only with the consent of resource providers. The restrictions are constraints placed on the use of the resources, externally imposed by creditors, grantors, contributors, laws and regulations of the state, federal government, or other governments or may be imposed by law through constitutional provisions or enabling legislation.

SALEM-KEIZER SCHOOL DISTRICT 24J – NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

- **Committed** fund balance includes amounts that can be used only for the specific purpose determined by a formal action of the government's highest level of decision-making authority, the District's School Board through a School Board Resolution. The committed amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by passing another resolution to uncommit the amounts or utilize them for another purpose.
- **Assigned** fund balance comprises amounts intended to be used by the District for specific purposes, but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the amount that is not restricted or committed.
- **Unassigned** fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. Positive unassigned amounts will be reported only in the General Fund. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

If an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, and unassigned) amounts are available, the District applies restricted resources first if applicable. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

The General Fund reports inventory as nonspendable fund balance.

The GO Debt Service Fund has a restricted fund balance dedicated to the debt service of the General Obligation Bonds of the District. The balance is restricted due to provisions of the District's General Obligation Bonds, voter approved legislation, and state law. Nonmajor governmental funds have restricted balances that are required to be utilized for specific purposes such as energy efficient and other capital projects and the state facilities grant.

The nonmajor governmental funds, the Asset Replacement Fund, the Special Capital Projects Fund and the Preventative & Deferred Maintenance Fund also have committed and assigned fund balances. The District set up a PERS Pension Debt Service Fund to accumulate funds to service the debt of its PERS pension bonds. These funds are classified as assigned.

The remaining fund balance in the Governmental Funds is unassigned General Fund balance.

SALEM-KEIZER SCHOOL DISTRICT 24J – NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

T. New Accounting Standards

For the fiscal year ended June 30, 2018, the District implemented the following new accounting standards:

- GASB Statement 75, Accounting and Financial Reporting for Postemployment Benefit Plans other than Pension Plans. The statement is effective for fiscal years beginning after June 15, 2017.
- GASB Statement 81, Irrevocable Split-Interest Agreements. The statement is effective for fiscal years beginning after December 15, 2016.
- GASB Statement 83, Certain Asset Retirement Obligations. The statement is effective for reporting periods beginning after June 15, 2018.
- GASB Statement 85, Omnibus 2017. The statement is effective for fiscal years beginning after June 15, 2017.
- GASB Statement 86, Certain Debt Extinguishment Issues. The statement is effective for fiscal years beginning after June 15, 2017.

The District will implement new GASB pronouncements no later than the required fiscal year. Management has not determined the effect on the financial statements from implementation of any of the following pronouncements:

- GASB Statement 84, Fiduciary Activities. The statement is effective for fiscal years beginning after December 15, 2018.
- GASB Statement 87, Leases. The statement is effective for fiscal years beginning after December 15, 2019.
- GASB Statement 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements. The statement is effective for fiscal years beginning after June 15, 2018.
- GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period. This statement is effective for fiscal years beginning after December 15, 2019.
- GASB Statement No. 90, Majority Equity Interests. This statement is effective for fiscal years beginning after December 15, 2018.

Information about these pronouncements may be found on the Governmental Accounting Standards' Board website- www.gasb.org/.

**SALEM-KEIZER SCHOOL DISTRICT 24J – NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the District's deposits with financial institutions up to \$250,000 each for the aggregate of all non-interest bearing accounts and the aggregate of all interest bearing accounts at each institution. As of June 30, 2018, \$11,334,693 of the District's bank balances were exposed to custodial credit risk as they were not covered by federal depository insurance; however, deposits in excess of FDIC coverage with institutions participating in the Oregon Public Funds Collateralization Program are collateralized with securities held in the name of the institution.

As a means of limiting the District to fair value losses in case of rising interest rates, the District's investment policy limits investments as follows:

Investment Type	Maximum % of Portfolio	Maximum length to maturity
U.S. Treasury Securities	100%	1.5 yrs, 3 yrs for Capital Projects Funds
U.S. Agency Securities	100%	1.5 yrs, 3 yrs for Capital Projects Funds
State and Local Government Obligations (OR, WA, ID, CA)	25%	1.5 yrs, 3 yrs for Capital Projects Funds
Commercial/Corporate Paper Securities	35%	18 months
Bankers' Acceptances	25%	18 months
Repurchase Agreement	25%	90 days
Time Deposits, Certificates of Deposits, Savings - Commer'l Banks & Credit	25%	18 months
Deposit Open Accounts - Commercial Banks and Credit Unions	10%	N/A
Local Government Investment Pool	Statutory Limit	N/A

With the exception of pass-through funds, the maximum amount of pooled investments to be placed in the Local Government Investment Pool (LGIP) is limited by Oregon Statute and increases annually in proportion to the U.S. City Average Consumer Price Index. The limit can be temporarily exceeded for ten business days and does not apply either to pass-through funds or to funds invested on behalf of another governmental unit.

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the investments above, except for the investment in the LGIP and the bank time certificates of deposit are evidenced by securities and perfected in the name of the District. All other District investment securities are held in safekeeping by U.S. Bank in the District's account name.

The District's policy, which adheres to State of Oregon law, is to limit its investments to the following: Issuers within Oregon must be rated A (bonds) or A-2/P-2 (commercial paper) or better by Standard and Poor's, Moody's Investors Service or any other nationally recognized statistical rating organization. With certain exceptions, Issuers not in Oregon must be rated AA/Aa (bonds) or A-1/P-1 (commercial paper) or better.

The Oregon State Treasurer maintains the Oregon Short Term Fund, of which the LGIP is a part. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon Statutes, funds are invested as a prudent investor would do, exercising reasonable care, skill and caution. The LGIP was created to offer a short-term investment alternative to Oregon local governments. The investments are regulated by the Oregon Short Term Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). Separate financial statements for the Oregon Short Term Fund are available from the Oregon State Treasurer.

The District's investments include the LGIP, including LGIP balances held with the County Treasurer. Investments are stated at cost which approximates fair value of the pool shares. The Oregon State Treasury administers the LGIP.

The pool is an open-ended, no-load diversified portfolio offered to any agency, political subdivision or public corporation of the State that by law is made the custodian of, or has control of, any funds. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon legislature established the Oregon Short Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment options of the LGIP.

**SALEM-KEIZER SCHOOL DISTRICT 24J – NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

The District's policy for investing in individual issuers varies depending on the type of investments. U.S. treasury and agency securities do not have restrictions regarding concentration with any one issuer. No more than 10% of the total portfolio at settlement date may be invested in a single issuer of bankers' acceptances. Investments in commercial paper or corporate indebtedness with any one issuer may not exceed 5% of the total portfolio at settlement date. Certificates of Deposit of commercial banks shall not represent more than 15% of the total portfolio at settlement date with any one financial institution, and 10% for banks and credit unions. In addition, the combination of Banker's Acceptance, Corporate Indebtedness, Deposit Open Accounts, and Certificates of Deposit with any one financial institution or entity shall not exceed 33% of the total portfolio at settlement date.

The District investment objective is foremost to preserve capital and protect investment principal; to conform with federal, state, and other legal requirements; to maintain sufficient liquidity to meet operating requirements; to diversify to avoid unreasonable risks regarding security instruments or individual institutions; and to attain a reasonable rate of return.

At June 30, 2018, the District's investments were rated as follows:

<u>Investment Type</u>	<u>Total</u>	<u>Aaa</u>	<u>A/P-1</u>	<u>Not Rated</u>
State of Oregon Treasurer's LGIP	\$ 63,177,742	\$ -	\$ -	\$ 63,177,742
Federal Agency Coupon Securities, Maturing through November 15, 2019	35,577,071	35,577,071	-	-
Corporate Notes, Maturing through October 22, 2019	28,374,400	11,749,158	16,625,242	-
	<u>\$ 127,129,213</u>	<u>\$ 47,326,229</u>	<u>\$ 16,625,242</u>	<u>\$ 63,177,742</u>

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of an asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments in U.S. Treasury securities, U.S. Agency securities, state and local government obligations, and corporate securities are valued using quoted market prices (Level 1 inputs).

Note 3: Receivables

Receivables for the District are comprised of the following as of June 30, 2018:

Governmental Funds

Property Tax Receivable	\$ 7,633,014
Grants Receivable	5,811,835
Other Receivables	3,078,481
	<u>16,523,330</u>

Enterprise Funds

Receivables	<u>37,314</u>
-------------	---------------

Internal Service Funds

Receivables	<u>107,599</u>
-------------	----------------

Total Receivables

	<u><u>\$ 16,668,243</u></u>
--	-----------------------------

Receivables for the District by source are as follows:

Total Receivables by Source

Local	\$ 7,633,014
Intermediate	155,390
State	2,923,091
Federal	5,811,835
Other	144,913
Total Receivables by Source	<u><u>\$ 16,668,243</u></u>

**SALEM-KEIZER SCHOOL DISTRICT 24J – NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 4: Capital Assets

Capital assets activity for the year was as follows:

Governmental Activities	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Capital Assets not Depreciated:				
Land	\$ 32,326,936	\$ -	\$ -	\$ 32,326,936
Construction in Progress	3,786,429	18,815,858	(2,090,941)	20,511,346
<i>Total Capital Assets not Depreciated</i>	<u>36,113,365</u>	<u>18,815,858</u>	<u>(2,090,941)</u>	<u>52,838,282</u>
Capital Assets Depreciated:				
Land Improvements	35,441,277	1,365,217	-	36,806,494
Buildings and Improvements	521,564,764	7,850,383	-	529,415,147
Equipment	21,087,025	1,730,454	(58,796)	22,758,683
Vehicles	29,382,442	777,578	(24,569)	30,135,451
<i>Total Capital Assets Depreciated</i>	<u>607,475,508</u>	<u>11,723,632</u>	<u>(83,365)</u>	<u>619,115,775</u>
Less Accumulated Depreciation for:				
Land Improvements	(8,011,711)	(622,836)	-	(8,634,547)
Buildings and Improvements	(166,432,225)	(8,096,184)	-	(174,528,409)
Equipment	(14,987,597)	(1,039,281)	58,796	(15,968,082)
Vehicles	(19,878,846)	(1,612,094)	24,569	(21,466,370)
<i>Total Accumulated Depreciation</i>	<u>(209,310,379)</u>	<u>(11,370,395)</u>	<u>83,365</u>	<u>(220,597,408)</u>
<i>Total Capital Assets Depreciated, Net</i>	<u>398,165,129</u>	<u>353,237</u>	<u>-</u>	<u>398,518,367</u>
<i>Total Capital Assets, Net</i>	<u>\$ 434,278,494</u>	<u>\$ 19,169,095</u>	<u>\$ (2,090,941)</u>	<u>\$ 451,356,649</u>

Depreciation expense for the year was charged to the following programs:

Governmental Activities

Depreciation Expense:

Program

Instructional Services	\$ 4,277,544
Support Services	
Pupil Transportation	1,453,136
Other Support Services	623,097
Facilities Services	4,898,366
Food Services	118,252
Total Depreciation Expense - Governmental Activities	<u>\$ 11,370,395</u>

Note 5: Long Term Debt

Bonds Payable

General Obligation Debt

In March 2009, the District issued general obligation bonds for \$178,715,189 to construct four new schools and renovate existing facilities. In December 2009, the District issued general obligation bonds for \$31,760,000, and in June 2011, the District issued general obligation bonds for \$31,620,000 to construct and renovate existing facilities. These issues were to fulfill the \$242,100,000 authorization approved by voters in November of 2008. The \$4,813 difference between the bonds issued and the authorization represents the bonding denominations sold.

The March 2009 bonds sold at a premium of \$6,248,840. The June 2011 bonds sold at a premium of \$3,763,732. The premiums are recognized as a reduction of future interest expense and are being amortized using the straight-line method over the life of the bonds.

In February 2013, the District issued \$46,260,000 of general obligation bonds to advance refund \$42,865,000 (par value) of the callable portion of the outstanding 2004 refunding bonds, maturing on June 15 in the years 2015 through 2019. Total issuance cost was \$298,514. The refunding resulted in a net present value savings of interest in the amount of \$3,783,210.

General obligation bonds are direct obligations and pledge the full faith and credit of the District. The District issues general obligation bonds to provide funds for the acquisition and construction of school facilities.

Pension Bonds

The District participated as one of twenty Oregon school districts and education service districts in issuing limited tax pension bonds in 2002 and 2004. The proceeds were used to finance a portion of the estimated unfunded actuarial liability of each participating district with the Oregon Public Employees Retirement System (PERS). The Oregon School Boards Association (OSBA) sponsored this pooled limited tax pension bond program. OSBA does not have a financial obligation in connection with the bonds issued under the program. Except for the payment of its pension bond payments and additional charges when due, each participating district has no obligation or liability to any other participating districts' pension bonds or liabilities to PERS. The District records the amounts deposited with PERS as a prepayment on its actuarial obligation, and accounts for the payment of principal, interest and the amortization of the prepayment as pension expense over the life of the bonds. The District anticipates that the total costs of financing the District's actuarial obligation in this way will result in savings to the District when compared to paying for such costs in additional contribution rates to PERS.

The District issued \$114,614,763 Limited Tax Pension Obligation, Series 2002 and \$88,815,000 Limited Tax Pension Obligation, Series 2004 (Federally Taxable). The Limited Tax Pension Obligations are payable annually through June 2028. Interest on the current coupon bonds is payable semiannually at rates ranging from 4.92% to 6.10%.

To achieve debt service savings, in June of 2011, the District refinanced \$7,640,000 (par value) of its 2002 callable pension bonds which matured on June 30, 2021 with an interest rate of 5.5% to a lower interest rate of 4.12%. The actual debt issued in the refinancing was \$7,820,000 - Series 2011 Limited Tax Pension Obligation Bonds. The bonds are interest only, payable in full at maturity in June 2021. The bonds are federally taxable and subject to optional prepayment prior to their stated maturities. The refunding resulted in a net present value savings of interest in the amount of \$646,626.

In 2015, the District issued \$50,145,000 Full Faith and Credit Pension Bonds, Series 2015 (Federally Taxable). The proceeds were used to finance the District's estimated unfunded actuarial liability with PERS at the time of the issuance of the bonds. The Pension Obligations are payable annually through June 2034. Interest on the current coupon bonds is payable semi-annually at rates ranging from 0.13% to 3.21%.

**SALEM-KEIZER SCHOOL DISTRICT 24J – NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

Changes in bonds outstanding are as follows:

Issue Date	Original Issue	Outstanding July 1, 2017	Amortized and Paid Premium	Matured and Redeemed	Outstanding June 30, 2018	Amounts Due in One Year
General Obligation						
March 16, 2009	\$ 178,715,189	\$ 112,116,957	\$ -	\$ 1,189,388	\$ 110,927,569	\$ 2,640,853
Dec. 16, 2009	31,760,000	31,760,000	-	-	31,760,000	-
June 30, 2011	31,620,000	20,035,000	-	14,300,000	5,735,000	3,985,000
February 25, 2013	46,260,000	18,365,000	-	9,065,000	9,300,000	9,300,000
	<u>288,355,189</u>	<u>182,276,957</u>	<u>-</u>	<u>24,554,388</u>	<u>157,722,569</u>	<u>15,925,853</u>
Pension Bonds						
Oct. 31, 2002	106,974,763	84,994,646	-	2,377,782	82,616,864	2,413,198
Feb. 19, 2004	88,815,000	75,610,000	-	3,680,000	71,930,000	4,270,000
June 30, 2011	7,820,000	7,820,000	-	-	7,820,000	-
January 29, 2015	50,145,000	45,480,000	-	2,235,000	43,245,000	2,265,000
	<u>253,754,763</u>	<u>213,904,646</u>	<u>-</u>	<u>8,292,782</u>	<u>205,611,864</u>	<u>8,948,198</u>
Total Bonds		<u>396,181,603</u>	<u>-</u>	<u>32,847,170</u>	<u>363,334,433</u>	<u>24,874,051</u>
Unamortized Premium on GO Bond						
March 16, 2009		3,808,480	292,960	-	3,515,520	-
June 30, 2011		1,254,579	418,192	-	836,387	-
Total Unamortized Premium on GO		<u>5,063,059</u>	<u>711,152</u>	<u>-</u>	<u>4,351,907</u>	<u>-</u>
Total Bonds and Unamortized Premiums		<u>\$ 401,244,662</u>	<u>\$ 711,152</u>	<u>\$ 32,847,170</u>	<u>\$ 367,686,340</u>	<u>\$ 24,874,051</u>

General obligation bonds - issued March 2009, due in annual installments of \$1,189,388 to \$12,517,987, plus interest paid semi-annually at 4.220% to 5.84% through 2030.	\$ 110,927,569
General obligation bonds - issued December 2009, due in one annual installment of \$31,760,000 in the year 2020, plus interest paid semi-annually at 1.25% through 2020.	31,760,000
General obligation bonds - issued June 2011, due in semi-annual installments of \$1,750,000 to \$14,300,000 plus interest paid semi-annually at 2.25% to 5.0% through 2020.	5,735,000
General obligation refunding bonds - issued February 2013, due in annual installments of \$9,065,000 to \$9,300,000, plus interest paid semi-annually at 1.513% to 1.78% through 2019.	9,300,000
PERS bonds - issued October 2002, due in annual installments of \$2,377,782 to \$15,225,000, plus interest paid semi-annually at 5.48% to 6.10% through 2028.	82,616,864
PERS bonds - issued February 2004, due in annual installments of \$3,680,000 to \$11,190,000, plus interest paid semi-annually at 5.223% to 5.53% through 2028.	71,930,000
PERS bonds - partially refunded from 2002, issued June 2011, due in one annual installment of \$7,820,000 in the year 2021, plus interest paid semi-annually at 4.12% through 2021.	7,820,000
PERS bonds - issued in January 29, 2015, due in annual installments of \$2,235,000 to \$3,475,000 plus interest paid semi-annually at 1.46% to 3.21% through 2034.	43,245,000
Unamortized Premium on GO Bond	
March 16, 2009	3,515,520
June 30, 2011	836,387
	<u>\$ 367,686,340</u>

**SALEM-KEIZER SCHOOL DISTRICT 24J – NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

Future maturities are as follows:

<i>Fiscal Year</i>				
Ending June 30,	Principal		Interest	Total
2019	\$ 33,884,051	\$	16,354,311	\$ 50,238,362
2020	36,622,043		16,498,794	53,120,837
2021	28,312,987		19,805,595	48,118,582
2022	29,456,866		20,322,956	49,779,821
2023	31,061,477		20,545,613	51,607,090
2024-2027	143,421,831		82,627,787	226,049,618
2028-2032	55,365,179		63,105,403	118,470,582
2033-2034	5,210,000		265,160	5,475,160
Total	<u>\$ 363,334,433</u>	<u>\$</u>	<u>239,525,619</u>	<u>\$ 602,860,052</u>

Outstanding issues are callable as follows:

October 31, 2002 – current interest obligations:

- Due June 30, 2021 at par plus accrued interest beginning June 30, 2008
- Due June 30, 2028 mandatory prepayment in part, pro rata on or after June 30, 2024 at par plus accrued interest

In prior years, the District defeased general obligation bonds and capital lease obligations by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on the old obligations. Accordingly, the trust account assets and the liabilities for the defeased obligations are not included in the District's basic financial statements. At June 30, 2018, \$7,640,000 of general obligation bonds and pension bonds outstanding are considered defeased.

The general obligation bonds will be paid from property tax revenues from the GO Debt Service Fund. Pension bonds will be paid from revenues in the PERS Pension Debt Service Fund generated by charges to other funds.

Other Long-Term Liabilities

Capital Leases

Capital lease activity for the year is as follows:

Outstanding			Outstanding	Amount Due
July 1, 2017	Additions	Payments	June 30, 2018	In One Year
<u>\$ 7,866,575</u>	<u>\$ -</u>	<u>\$ 1,636,048</u>	<u>\$ 6,230,527</u>	<u>\$ 1,294,238</u>

The majority of capital lease obligations are for bus replacements and are being paid from reimbursement from the state under a transportation grant from the Asset Replacement Fund and from General Fund revenues. Other capital lease proceeds were used to fund land, buildings, software and mail equipment.

**SALEM-KEIZER SCHOOL DISTRICT 24J – NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

Cost of capital assets under capital leases at June 30, 2018 totaled \$19,912,531 and had a book value net of accumulated depreciation of \$7,031,317. Depreciation expense on assets under capital leases for the year ended June 30, 2018 was \$603,208. Land, buildings and equipment under capital leases as of June 30, 2018 include the following:

Asset Class	Asset Purchase Price	Depreciated Asset Value
Land	\$ 4,813,723	\$ 4,813,723
Buildings	1,363,458	627,190
Equipment	13,735,350	1,590,403
Total Assets	<u>\$ 19,912,531</u>	<u>\$ 7,031,317</u>

Future minimum payments for capital leases are as follows:

Fiscal Year Ending	Principal	Interest	Total
June 30			
2019	\$ 1,294,238	\$ 165,085	\$ 1,459,323
2020	1,039,100	122,085	1,161,185
2021	920,236	89,594	1,009,830
2022	933,557	62,833	996,390
2023	667,155	42,515	709,670
2024-2025	1,376,241	43,099	1,419,340
Total	<u>\$ 6,230,527</u>	<u>\$ 525,211</u>	<u>\$ 6,755,738</u>

Operating Leases

Other leases are classified as operating leases with the lease payments recorded as expenditures during the life of the lease. Certain operating leases are renewable for specified periods. In most cases, management expects that the leases will be renewed or be replaced by other leases. Future minimum payments for operating leases are as follows:

Fiscal Year Ending	Copy Machines
June 30,	
2019	\$ 362,755
2020	362,755
2021	362,755
Total	<u>\$ 1,088,266</u>

Compensated Absences

Compensated absences activity for the year is as follows:

Governmental Activities:

Outstanding July 1, 2017	Increases	Payments	Outstanding June 30, 2018	Amounts Due In One Year
\$ 1,510,179	\$ 4,888,257	\$ 4,814,536	\$ 1,583,900	\$ 1,583,900

Business-type Activities:

Outstanding July 1, 2017	Increases	Payments	Outstanding June 30, 2018	Amounts Due In One Year
\$ 8,665	\$ -	\$ 8,665	\$ -	\$ -

The General Fund is the primary fund in which the compensated absences liability is liquidated.

**SALEM-KEIZER SCHOOL DISTRICT 24J – NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 6: Interfund Balances and Transfers

Interfund receivables and payables on June 30, 2018 are comprised of the following:

<u>Due To</u>	<u>Due From Grants Fund</u>
General Fund	\$ 5,200,820

Interfund balances represent cash owed by one fund to another. At June 30, 2018, the Grants Fund was advanced \$5,200,820 by the General Fund for reimbursable expenditures that had not been received from granting agencies.

Interfund transfers for the year included the following:

<u>Transfers In</u>	<u>Transfers Out General Fund</u>	<u>Transfers Out Energy Efficiency Fund</u>	<u>Transfers Out Fee Based Programs Fund</u>	<u>Total Interfund Transfers</u>
2018 Bond Capital Projects Fund	\$ 2,183,983	\$ -	\$ -	\$ 2,183,983
Asset Replacement Fund	320,000	-	167,144	487,144
Special Capital Projects Fund	2,300,000	2,488,179	-	4,788,179
Preventative & Deferred Maintenance Fund	1,250,000	-	-	1,250,000
Total Transfer by Fund	\$ 6,053,983	\$ 2,488,179	\$ 167,144	\$ 8,709,306

The District made a transfer from the General Fund to various funds for specific projects and designated needs. These transfers were approved by the School Board. The \$2.2 million 2018 Bond Capital Projects Fund transfer was to cover bond issuance costs and was reimbursed in 2018-19.

Note 7: Pension Plan

Oregon Public Employees Retirement System (PERS)

General Information about the Pension Plan

The Oregon Public Employees Retirement System (OPERS) is a cost-sharing, multiple-employer defined benefit plan, administered by the PERS Board of Trustees with authority granted by the Oregon Legislature.

Plan description: Employees of the District are provided with pensions through PERS. All the benefits of PERS are established by the Oregon legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. PERS issues a publicly available financial report that can be obtained at:

<http://www.oregon.gov/pers/Pages/financials/actuarial-financial-information.aspx>

Benefits provided under Chapter 238 - Tier 1/Tier 2

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

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier 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.

**SALEM-KEIZER SCHOOL DISTRICT 24J – NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

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

- Member was employed by an 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 an PERS-covered job, or
- Member was on an official leave of absence from a PERS-covered job at the time of death.

Disability Benefits: A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for 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.

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

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes.

Benefits provided under Chapter 238A - Oregon Public Service Retirement Plan (OPSRP)

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

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

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.

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.

A member of the OPSRP pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

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

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

Benefit Changes After Retirement: Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes.

Benefits provided Individual Account Program (IAP) – Oregon Public Service Retirement Plan (OPSRP)

The District makes employer contributions for its PERS members at 6% of the member's annual salary. 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.

**SALEM-KEIZER SCHOOL DISTRICT 24J – NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

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 of an anticipated live span option. Each distribution option has a \$200 minimum distribution limit. The IAP is not a Defined Benefit Plan, and it belongs to the individual account holder.

IAP

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.

Contributions

OPERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the 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. The rates based on a percentage of payroll, first became effective July 1, 2017. The state of Oregon and certain entities, including the District, have made lump sum payments to establish side accounts, and their rates have been reduced.

Employer contributions for the year ended June 30, 2018 were \$28,087,114 excluding amounts to fund employer specific liabilities.

The following information applies to Tier1/Tier 2 and OPSRP plans:

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

As of June 30, 2018, the District reported a liability of \$313,463,307 for its proportionate share of the net pension liability. The net 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 rolled forward to June 30, 2017. 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 entities, actuarially determined. At December 31, 2015, the District's proportion was 2.325%.

For the year ended June 30, 2018, the District recognized pension expense related to PERS of \$49,080,341 in the Government-wide Financial Statements.

**SALEM-KEIZER SCHOOL DISTRICT 24J – NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

As of June 30, 2018, the District recognized deferred outflows and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net</u>
Differences between expected and actual experience	\$ 15,159,218	\$ -	
Change of assumptions	57,138,769	-	
Net difference between projected and actual earnings on pension plan investments	3,229,407	-	
Changes in proportionate share	11,225,467	3,315,381	
Differences between employee contributions and employer's proportionate share of system contributions	23,898,583	6,264,652	
Subtotal - Amortized Deferrals	<u>110,651,444</u>	<u>9,580,033</u>	<u>\$ 101,071,411</u>
District contributions subsequent to the measurement date	<u>28,087,114</u>	<u>-</u>	
Total	<u>\$ 138,738,558</u>	<u>\$ 9,580,033</u>	

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30</u>	<u>Amount</u>
2019	\$ 24,799,364
2020	50,101,603
2021	31,837,903
2022	(6,397,970)
2023	730,511
Total	<u>\$ 101,071,411</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 20, 2018, which can be found at:

<http://www.oregon.gov/pers/emp/pages/GASB.aspx>

Oregon PERS produces an independently audited CAFR which can be found at:

<http://www.oregon.gov/PERS/pages/financials/Actuarial-Financial-Information.aspx>.

Actuarial Valuations

The employer contribution rates effective July 1, 2017, through June 30, 2018, were set using the entry age normal actuarial cost method. For the Tier 1/Tier 2 component of the OPERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. For the OPSRP Pension Program component of the OPERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an 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.

**SALEM-KEIZER SCHOOL DISTRICT 24J – NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

Actuarial Methods and Assumptions Used in Developing Total Pension Liability

(Source: June 30, 2017 PERS CAFR; page 65)

Valuation Date	December 31, 2015
Measurement Date	June 30, 2017
Experience Study Report	2014, published September 2015
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.50 percent
Long-term expected rate of return	7.50 percent
Discount rate	7.50 percent
Projected Salary Increases	3.50 percent
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service.
Mortality	<p>Healthy retirees and beneficiaries:</p> <p>RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members:</p> <p>Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p>Disabled retirees:</p> <p>Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 static combined disabled mortality sex-distinct table.</p>

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

Discount Rate

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

Depletion Date Projection

GASB 67 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa

**SALEM-KEIZER SCHOOL DISTRICT 24J – NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 67 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 67 (paragraph 43) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for Oregon PERS:

- Oregon PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100 percent funded position by the end of the amortization period if future experience follows assumption.
- GASB 67 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is our independent actuary's opinion that the detailed depletion date projections outlined in GASB 67 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

(Source: June 30, 2017 Oregon PERS CAFR; page 66)

Assumed Asset Allocation

Asset Class/Strategy	OIC Policy Range	Current Year Target
Cash	0.0 - 3.0%	0.0%
Debt Securities	15.0 - 25.0%	20.0%
Public Equity	32.5 - 42.5%	37.5%
Real Estate	9.5 - 15.5%	12.5%
Private Equity	13.0 - 21.0%	17.5%
Alternative Equity	0.0 - 12.5%	12.5%
Opportunity Portfolio	0.0 - 3.0%	0.0%
Total		100%

(Source: June 30, 2017 Oregon PERS CAFR; page 92)

**SALEM-KEIZER SCHOOL DISTRICT 24J – NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

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 2015 the OPERS Board reviewed long-term assumptions developed by both Milliman’s (the actuary) capital market assumption’s 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.

(Source: June 30, 2017 Oregon PERS CAFR; page 67)

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Core Fixed Income	8.00 %	4.10 %	4.00 %	4.68 %
Short-Term Bonds	8.00	3.65	3.61	2.74
Bank/Leveraged Loans	3.00	5.69	5.42	7.82
High Yield Bonds	1.00	6.67	6.20	10.28
Large/Mid Cap US Equities	15.75	7.96	6.70	17.07
Small Cap US Equities	1.31	8.93	6.99	21.35
Micro Cap US Equities	1.31	9.37	7.01	23.72
Developed Foreign Equities	13.13	8.34	6.73	19.40
Emerging Market Equities	4.12	10.56	7.25	28.45
Non-US Small Cap Equities	1.88	9.01	7.22	20.55
Private Equity	17.50	11.60	7.97	30.00
Real Estate (Property)	10.00	6.48	5.84	12.00
Real Estate (REITS)	2.50	8.74	6.69	22.02
Hedge Fund of Funds-Diversified	2.50	4.94	4.64	8.09
Hedge Fund - Event-driven	0.63	7.07	6.72	8.90
Timber	1.88	6.60	5.85	13.00
Farmland	1.88	7.11	6.37	13.00
Infrastructure	3.75	8.31	7.13	16.50
Commodities	1.88	6.07	4.58	18.40
Assumed Inflation - Mean			2.50 %	1.85 %

(Source: June 30, 2017 Oregon PERS CAFR; page 69)

**SALEM-KEIZER SCHOOL DISTRICT 24J – NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

Sensitivity of the District’s proportionate share of the net pension liability (asset) to changes in the discount rate

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

	1% Decrease	Current Discount Rate	1% Increase
Discount rate	6.50%	7.50%	8.50%
Proportionate share of the net pension liability (asset)	\$534,198,709	\$313,463,307	\$128,887,634

Detailed information about the pension plan is available in the separately issued OPERS financial report available at: <http://www.oregon.gov/pers/Pages/index.aspx>

Early Retirement Program

The District sponsors an Early Retirement Program with two main plans: stipend benefits and medical benefits. Both of the plans are valued on an actuarial basis. The District has an actuarial study completed every two years. The most recent valuation date was as of July 1, 2017. As of June 30, 2018, there are 122 retired members in the plan. The stipend benefit plan is reported as a pension plan under GASB 73. This is a change from prior year as stipend benefits were classified as an OPEB plan in the prior year under GASB 27.

Early Retirement - Stipend Benefits Plan Description

The District maintains a single employer early retirement supplement program for its employees. This program covers all full-time certificated, confidential, classified supervisors and administrative personnel of the District. This pension-type benefit is required to be valued under GASB Statement 73. This pension benefit is only for those employees who retired before July 1, 2017. The District does not issue a standalone report for this plan.

The program has generally been established under separate collective bargaining agreements and provides provisions for early retirement after 10 years regular service and 30 years of participation in Oregon PERS (unless age 58) for certificated personnel; or at least three consecutive service years with the District immediately preceding retirement and 30 years participation in Oregon PERS (unless age 58) for classified supervisors, confidential and administrative personnel. The contributions and obligations of the plan may only be amended with an approved change of the collective bargaining agreement by all parties with voting rights. This optional early retirement program provides the employee with the following:

- For eligible certificated employees a monthly stipend of \$728 is provided until age 62.
- For eligible classified supervisors, confidential and administrative employees a monthly stipend of \$802 is provided until age 62.

Funding Policy

The plan is not funded through a trust or equivalent arrangement at this time. For this plan, the District expects that most of the stipend benefits will be paid out over the next 2 years since the plan covers only employees who retired before July 1, 2017. There is no obligation on the part of the District to fund these benefits in advance. For these reasons, the District has chosen to pay these benefits as they come due.

**SALEM-KEIZER SCHOOL DISTRICT 24J – NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

Actuarial assumptions and other inputs

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Valuation date	July 1, 2017
Measurement date	June 30, 2018
Actuarial Cost Method	Entry age normal, level percent of salary
Discount rate	3.75%
Inflation rate	2.5%
Payroll growth	3.5%
Demographic assumptions:	
Mortality	Basic table: RP 2014, Employee/Healthy Annuitant, sex distinct, generational Improvement Scale: Unisex Social Security Data Scale (60 year average) Active employee/retiree adjustments: White collar adjustment, set back 12 months Beneficiary adjustments: Blended 50% blue collar/50% white collar, set back 12 months for males, no set back for females
Turnover rate	Based on Oregon PERS assumptions
Disability rate	Based on Oregon PERS assumptions
Retirement rate	Based on Oregon PERS assumptions

Changes in the Total Pension Liability for Stipends

The District's total pension liability for stipends of \$305,933 was measured as of June 30, 2018, and was determined by an actuarial valuation as of July 1, 2017. At June 30, 2018, the District reported the change in total pension liability for stipends as follows:

	Total Pension Liability - Stipends
Balance as of June 30, 2017	\$ 632,406
Changes for the year:	
Impact of change in accounting principle	572,334
Pension expense	27,804
Benefit payments	(926,611)
Balance as of June 30, 2018	<u>\$ 305,933</u>

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows Resources Related to Stipends

For the year ended June 30, 2018, the District recognized pension expense from this plan of \$27,804. The plan does not have deferred inflows/outflows of resources.

Sensitivity of the District's total pension liability to changes in the discount rate

The following presents the District's total pension liability related to stipend benefits using the discount rate of 3.75 percent, as well as what the District's total pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.75 percent) or one percentage point higher (4.75 percent) than the current rate:

Stipend Benefits	1% Decrease	Current Discount Rate	1% Increase
Discount rate	2.75%	3.75%	4.75%
Total pension liability	\$318,565	\$305,933	\$293,466

**SALEM-KEIZER SCHOOL DISTRICT 24J – NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 8: Other Post-Employment Benefits

The District contributes to a retirement health insurance account through Oregon Public Employees Retirement System, maintains a post-employment health insurance subsidy benefit, and a tax deferred annuity plan. The following summarizes the components of the OPEB asset/liability and the deferred inflows/outflows for each.

	Retirement Health Insurance Account	Retirement Insurance Subsidy	Total
Net OPEB Asset	\$ 968,900	\$ -	\$ 968,900
Total OPEB Liability	-	25,441,981	25,441,981
Deferred Outflows of Resources	1,130,778	-	1,130,778
Deferred Inflows of Resources	454,544	-	454,544

Retirement Health Insurance Account (RHIA)

Plan Description

As a member of Oregon Public Employees Retirement System (PERS) 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 post-employment benefit plan administered by PERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. The plan, which was established under Oregon Revised Statutes (ORS) 238.420, provides for a benefit payment of up to \$60 per month toward the costs of Medicare companion health insurance for eligible retirees. A comprehensive annual financial report of the funds administered by PERS may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700, by calling 503-598-7377, or on the PERS website at www.oregon.gov/PERS/.

Contributions

Participating school districts are contractually required to contribute at a rate assessed each year by PERS, currently 0.50% of annual covered OPERF (Oregon Public Employees Retirement Fund) employees' payroll and 0.43% of covered OPSRP (Oregon Public Service Retirement Plan) employees' payroll. The District's contributions to RHIA for the years ended June 30, 2018, 2017 and 2016 were \$1,130,778, \$1,193,928, and \$1,092,941, respectively.

Net OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

As of June 30, 2018, the District reported an asset of \$968,900 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2017, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2015 rolled forward to the measurement date. The District's proportion of the net OPEB asset was based on actual amounts contributed projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating entities, actuarially determined. At December 31, 2015, the District's proportion was 2.35089%.

For the year ended June 30, 2018, the District recognized OPEB revenue of \$1,127,501 in the Government-wide Financial Statements. The following is a summary of the District's deferred outflows/inflows of resources related to the RHIA OPEB:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ (448,739)	
Changes in proportionate share	-	(5,805)	
Subtotal - Amortized Deferrals	-	(454,544)	<u>\$ (454,544)</u>
Total Contributions Subsequent to the MD	<u>1,130,778</u>	-	
Total Deferred Outflow(Inflow) of Resources	<u>\$ 1,130,778</u>	<u>\$ (454,544)</u>	

**SALEM-KEIZER SCHOOL DISTRICT 24J – NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

Deferred outflows of resources related to RHIA OPEB of \$1,130,778 resulting from the District’s contributions subsequent to the measurement date will be recognized as either a reduction of the net OPEB liability or an increase in the net OPEB asset in the year ended June 30, 2019.

Other amounts reported as RHIA deferred outflows/inflows of resources will be recognized as OPEB expense in the following years:

<u>Year Ended June 30</u>	<u>Amount</u>
2019	\$ (114,335)
2020	(114,335)
2021	(113,689)
2022	(112,185)
2023	-
Total	<u>\$ (454,544)</u>

Actuarial assumptions and other inputs

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Valuation Date	December 31, 2015
Measurement Date	June 30, 2017
Experience Study	2014, published September 23, 2015
Actuarial Assumptions:	
Actuarial Cost Method	Entry Age Normal
Inflation rate	2.5%
Long-term expected rate of return	7.5%
Discount rate	7.5%
Projected Salary	3.5%
Retiree healthcare participation	Healthy retirees - 38% Disabled retirees - 20%
Healthcare cost trend rate	N/A – stipulates \$60 monthly payment
Mortality	<p>Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p>Disabled retirees: Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table.</p>

(Source: June 30, 2017 Oregon PERS CAFR; Table 31, page 68)

Discount Rate

The discount rate used to measure the total OPEB asset was 7.50% for the RHIA Plan at June 30, 2017. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA 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 OPEB plan investments for the RHIA Plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

**SALEM-KEIZER SCHOOL DISTRICT 24J – NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

Long-Term Expected Rate of Return

For a summary of assumptions related to long-term expected rate of return, please refer to page 71.

Sensitivity Analysis

Sensitivity of the District’s proportionate share of the net OPEB liability (asset) to changes in the discount rate

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

RHIA	1% Decrease	Current Discount Rate	1% Increase
Discount rate	6.5%	7.5%	8.5%
Proportionate share of the net pension liability (asset)	\$135,063	\$(968,900)	\$(1,907,888)

Sensitivity of the District’s proportionate share of the net OPEB liability (asset) to changes in the healthcare cost rate

The net OPEB liability (asset) for the District’s Retirement Health Insurance Account is (\$968,900). The ORS stipulates a \$60 monthly payment, so there would be no change to the total OPEB liability if it were calculated using health care cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rates.

Changes in Plan Provisions Subsequent to Measurement Date

The PERS Board lowered the Assumed Rate of Return from 7.50% to 7.20% on July 28, 2017. This change was effective January 1, 2018, and will decrease the net OPEB asset or increase the net OPEB liability in future periods.

Retirement Health Insurance Subsidy

Plan Description

The District maintains a single employer medical benefit supplement program for its retired employees. The District offers continued medical coverage to eligible retirees and their spouses and dependents until eligible for Medicare. The retiree must pay the entire premium in exchange for this coverage. However, the premium itself does not represent the full cost of covering these retirees (since they are older than the active population, retirees can be expected to generate higher medical claims and therefore higher premiums for the active population). This additional cost is called the “implicit subsidy”, and is required to be valued under GASB Statement 75. This benefit is expected to continue indefinitely, in part because it is required by Oregon statute, and therefore the obligations could be amended through the employees’ collective bargaining agreements by vote of all parties with voting rights if the amendment is in compliance with the Oregon statute. The District does not issue a stand-alone report for this plan and no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits provided for Retirement Health Insurance Subsidy

All classes of employees are eligible to continue medical coverage upon retirement. Dependent eligibility includes; qualified spouses, domestic partners, and children. Coverage for retirees and eligible dependents continues until Medicare eligibility for each individual. A benefit arises as a result of the difference between the medical premium rates charged and the actual retiree claim costs. Premiums charged are typically less than actual costs. This is due to medical premium rates being determined by blending both active and retiree experience. As of July 1, 2017, the most recent valuation date, there were 5,004 active and 323 retired members in the plan.

**SALEM-KEIZER SCHOOL DISTRICT 24J – NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

Total OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The District's total OPEB liability of \$25,441,981 was measured as of June 30, 2018, and was determined by an actuarial valuation as of July 1, 2017. For the year ended June 30, 2018, the District recognized OPEB expense from this plan of \$2,495,437. At June 30, 2018, the District reported the change in total OPEB liability as follows:

	Total OPEB Liability
Balance as of June 30, 2017	\$ 23,747,374
Changes for the year:	
Service cost	1,590,111
Interest on total OPEB liability	905,326
Benefit payments	(800,830)
Balance as of June 30, 2018	\$ 25,441,981

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2017 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	July 1, 2017
Measurement date	June 30, 2018
Actuarial Cost Method	Entry age normal, level percent of salary
Discount rate	3.75%
Inflation rate	2.5%
Payroll growth	3.5%
Demographic assumptions:	
Mortality	Basic table: RP 2014, Employee/Healthy Annuitant, sex distinct, generational Improvement Scale: Unisex Social Security Data Scale (60 year average) Active employee/retiree adjustments: White collar adjustment, set back 12 months Beneficiary adjustments: Blended 50% blue collar/50% white collar, set back 12 months for males, no set back for females
Turnover rate	Based on Oregon PERS assumptions
Disability rate	Based on Oregon PERS assumptions
Retirement rate	Based on Oregon PERS assumptions

Discount Rate

Under GASB 75, unfunded plans must use a discount rate that reflects a 20-year tax-exempt municipal bond yield or index rate. The discount rate in effect for the June 30, 2018 reporting date is 3.75%.

Healthcare Trend Rate

The actuarial calculations used an assumption that medical costs will increase 5.90% in the first year, 5.80% in the second year, 6.10% in the third year, and varying from 6.50% to 4.30% over the remainder of the projection period. These trends are based on a model circulated by the Society of Actuaries that considers current trends in health care costs, the potential impacts of certain well-defined aspects of the Affordable Care Act, and long-term constraints on trend such as growth in per capita income. It also assumes that dental costs will increase by 4.80% in the first year and 4.00% in each future year. First year medical and dental trends were based on actual changes to July 1, 2018 premiums compare with July 1, 2017 premiums.

**SALEM-KEIZER SCHOOL DISTRICT 24J – NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

Sensitivity Analysis

Sensitivity of the District’s total OPEB liability to changes in the discount rate

The following presents the District’s total OPEB liability of the health insurance subsidy plan using the discount rate of 3.75 percent, as well as what the District’s total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.75 percent) or one percentage point higher (4.75 percent) than the current rate:

Health Insurance Subsidy	1% Decrease	Current Discount Rate	1% Increase
Discount rate	2.75%	3.75%	4.75%
Total OPEB liability	\$27,895,226	\$25,441,981	\$23,199,260

Sensitivity of the District’s total OPEB liability to changes in the healthcare trend rate

The following presents the District’s total OPEB liability of the health insurance subsidy plan using the healthcare trend rate of 5 percent, as well as what the District’s total OPEB liability would be if it were calculated using a healthcare trend rate that is one percentage point lower (4 percent) or one percentage point higher (6 percent) than the current rate:

Health Insurance Subsidy	1% Decrease	Current Health-care Trend Rate	1% Increase
Healthcare Trend Rate	4%	5%	6%
Total OPEB liability	\$22,138,193	\$25,441,981	\$29,415,745

Tax Deferred Annuity

The District offers its employees a tax deferred annuity program established pursuant to Section 403(b) of the Internal Revenue Code (the Code). Contributions are made through salary reductions from participating employees up to the amounts specified in the Code. Only one employee’s contract requires contributions from the District. As of June 30, 2018, there were 1,177 employees participating in the plan.

Note 9: Risk Management

The District is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. Workers’ compensation and unemployment settlements have not exceeded insurance coverage for any of the last three fiscal years. Changes in the balances of claims liabilities for the fiscal years ended June 30, 2018, 2017 and 2016 are as follows:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Accrued Claim Losses, July 1	\$ 1,931,178	\$ 1,988,833	\$ 1,719,944
Incurring Claims, Including an Estimate of Claims Incurred but not Reported (IBNR)	1,457,472	1,570,768	1,855,180
Claim Payments	<u>(1,518,215)</u>	<u>(1,628,423)</u>	<u>(1,586,291)</u>
Accrued Claim Losses, June 30	<u>\$ 1,870,435</u>	<u>\$ 1,931,178</u>	<u>\$ 1,988,833</u>

The District has had no significant changes in insurance coverage from the previous year.

**SALEM-KEIZER SCHOOL DISTRICT 24J – NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 10: Commitments and Contingencies

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

There is a targeted year end fund balance of (5% to 7%) of annual operating revenues per District policy which the District may not go below without a School Board Resolution.

The District, in the regular course of business, is named as a defendant in various lawsuits. The likely outcome of these lawsuits is not presently determinable.

As of June 30, 2018, the District was committed to various construction related contracts. The following is a list of material contracts that the District was committed to at June 30, 2018:

- South Salem High School Roof (Bond Capital Projects Fund) - \$1,133,800
- Bus Parking Lot (Special Capital Projects Fund) - \$776,000
- Sumpter Elementary School Roof (Bond Capital Projects Fund) - \$571,000

Note 11: Tax Abatements

Tax abatements are agreements entered into by government entities and businesses/individuals that temporarily reduce or eliminate property taxes. The District is affected by property tax abatement related to the following as of June 30, 2018, entered into by Marion and Polk Counties.

Marion County – Districts 420 & 451		Polk County	
Exemption Type	Tax Abatement Amount	Exemption Type	Tax Abatement Amount
Enterprise Zone - full exempt	\$ 110,174	Enterprise Zone - full exempt	\$ 13,817
Enterprise Zone - partial exempt	188,258	Enterprise Zone - partial exempt	-
Multiple Unit Core Area	108,833	Multiple Unit Core Area	-
Historical Property	85,036	Historical Property	-
Total Abatement – Marion County	\$ 492,301	Total Abatement – Polk County	\$ 13,817

**SALEM-KEIZER SCHOOL DISTRICT 24J – NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 12: Restatement for Change in Accounting Principle

As a result of GASB 75 implementation, a restatement of the prior year net position was required to record the removal of the OPEB obligation under GASB Statement Nos. 27 and 45, record the total OPEB liability for medical subsidy, total pension liability for stipends, net OPEB liability for RHIA, and record the deferred outflows associated with the RHIA contributions subsequent to the measurement date.

The following is a summary of the impact related to the change in accounting principle:

Net Position - July 1, 2017 as originally reported		\$ (107,463,912)
Removal of OPEB Obligation - Medical	\$ 32,598,387	
Removal of OPEB Obligation - Stipends	632,406	
Addition of Net OPEB Liability - RHIA	(638,414)	
Addition of Total OPEB Liability - Insurance Subsidy	(23,747,374)	
Addition of Total Pension Liability - Stipend Benefits	(1,204,740)	
Addition of OPEB Deferred Outflows - RHIA	1,156,047	
Total Restatement		8,796,312
Net Position - July 1, 2017, as restated		\$ (98,667,600)

Note 13: Subsequent Events

In July 2018, the District issued general obligation bonds of \$383,230,000 to renovate and build additional classrooms and common areas, upgrade technology, overhaul HVAC systems, and provide additional security and seismic updates. The bonds sold at a premium of \$64,964,296.

REQUIRED SUPPLEMENTARY INFORMATION

General Fund – accounts for the District’s main operating budget. The fund pays for instruction of students, our schools, and general operations. The majority of the money that makes up the General Fund comes from State sources, such as the State School Fund and the Common School Fund.

Grants Fund – this special revenue fund accounts for funds reserved for resources and expenditures from Federal and State grants.

SALEM-KEIZER SCHOOL DISTRICT 24J
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2018

	<u>Budget</u>			Variance with Final Budget
	<u>Actual</u>	<u>Adopted</u>	<u>Final</u>	
Revenues:				
Taxes	\$ 79,490,892	\$ 78,907,467	\$ 78,907,467	\$ 583,425
Fees Charged to Grants and Other Funds	1,880,522	2,416,797	2,416,797	(536,275)
Local Sources	1,212,036	1,465,000	1,465,000	(252,964)
Earnings on Investments	1,759,585	-	-	1,759,585
Intermediate Sources	16,254,503	14,673,734	14,673,734	1,580,769
State Sources	345,150,483	327,397,091	337,897,091	7,253,392
Federal Sources	21,725	120,000	120,000	(98,275)
Total Revenues	<u>445,769,746</u>	<u>424,980,089</u>	<u>435,480,089</u>	<u>10,289,657</u>
Expenditures:				
Instruction	280,021,460	282,676,904	284,682,666	4,661,206
Support Services	151,943,769	159,225,286	160,786,720	8,842,951
Facilities Acquisition and Construction	204,248	334,603	334,603	130,355
Debt Service	621,308	621,604	621,604	296
Contingency	-	22,251,694	24,684,498	24,684,498
Total Expenditures	<u>432,790,785</u>	<u>465,110,091</u>	<u>471,110,091</u>	<u>38,319,306</u>
Revenues over (under) Expenditures	12,978,961	(40,130,002)	(35,630,002)	48,608,963
Other Financing Sources (Uses):				
Sale of Capital Assets	356	-	-	356
Transfers Out	(6,053,983)	(3,870,000)	(8,370,000)	2,316,017
Total Other Financing Sources (Uses)	<u>(6,053,627)</u>	<u>(3,870,000)</u>	<u>(8,370,000)</u>	<u>2,316,373</u>
Net Change in Fund Balance	6,925,334	(44,000,002)	(44,000,002)	50,925,336
Fund Balance, Beginning of Year	<u>44,552,699</u>	<u>44,000,002</u>	<u>44,000,002</u>	<u>552,697</u>
Fund Balance, End of Year	<u>\$ 51,478,033</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,478,033</u>

The notes to the required supplemental information are an integral part of this schedule.

SALEM-KEIZER SCHOOL DISTRICT 24J
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GRANTS FUND
YEAR ENDED JUNE 30, 2018

	<u>Budget</u>			Variance with Final Budget
	<u>Actual</u>	<u>Adopted</u>	<u>Final</u>	
Revenues:				
Intermediate Sources	\$ 1,594,155	\$ 1,197,107	\$ 1,197,107	\$ 397,048
State Sources	8,469,179	6,580,000	6,580,000	1,889,179
Federal Sources	28,940,456	35,269,000	35,269,000	(6,328,544)
Total Revenues	<u>39,003,790</u>	<u>43,046,107</u>	<u>43,046,107</u>	<u>(4,042,317)</u>
Expenditures:				
Instruction	23,847,027	25,514,488	25,514,488	1,667,461
Support Services	14,077,407	15,181,311	15,181,311	1,103,904
Enterprise and Community Services	772,041	850,308	850,308	78,267
Facilities Acquisition and Construction	307,315	1,500,000	1,500,000	1,192,685
Total Expenditures	<u>39,003,790</u>	<u>43,046,107</u>	<u>43,046,107</u>	<u>4,042,317</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The notes to the required supplemental information are an integral part of this schedule.

**SALEM-KEIZER SCHOOL DISTRICT 24J
OREGON PUBLIC EMPLOYEES' RETIREMENT SYSTEM
YEAR ENDED JUNE 30, 2018**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FOR PERS
Last Ten Fiscal Years***

<u>Date</u>	<u>District's Proportion of the Net Pension Liability (Asset)</u>	<u>District's Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Covered Payroll</u>	<u>District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
6/30/2018	2.19%	\$ 313,463,307	\$ 238,174,894	131.61%	83.12%
6/30/2017	2.20%	330,485,474	224,660,318	147.10%	80.53%
6/30/2016	2.13%	122,461,820	210,838,659	58.08%	91.88%
6/30/2015	2.49%	(56,372,207)	200,324,048	-28.14%	103.60%
6/30/2014	2.49%	126,913,031	195,456,300	64.93%	92.00%

**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS FOR PERS
Last Ten Fiscal Years***

<u>Date</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of its Covered Payroll</u>
6/30/2018	\$ 18,145,798	\$ 28,087,114	\$ -	\$ 247,055,968	11.37%
6/30/2017	17,818,722	17,818,722	-	238,174,894	7.48%
6/30/2016	18,358,399	18,358,399	-	224,660,318	8.17%
6/30/2015	28,183,368	28,183,368	-	210,838,659	13.37%
6/30/2014	26,925,455	26,925,455	-	200,324,048	13.44%

*The requirement of this schedule is to present ten years. Until ten years of information is available, the District will present available data.

The notes to the required supplemental information are an integral part of this schedule.

SALEM-KEIZER SCHOOL DISTRICT 24J
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB
LIABILITY FOR THE RETIREMENT HEALTHCARE INSURANCE ACCOUNT (RHIA)
YEAR ENDED JUNE 30, 2018
Last Ten Fiscal Years*

Year Ended June 30,	District's Proportion of the Net OPEB Liability (Asset)	District's Proportionate Share of the Net OPEB Liability/(Asset) (NOL)	Covered Payroll	NOL as a % of Covered Payroll	Plan Fiduciary Net Position as a Percentage Total OPEB Liability
2018	2.35%	\$ (968,900)	\$ 238,174,894	-0.4%	94.2%
2017	2.32%	638,414	224,660,318	0.3%	108.9%

SALEM-KEIZER SCHOOL DISTRICT 24J
SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR THE
RETIREMENT HEALTHCARE INSURANCE ACCOUNT (RHIA)
YEAR ENDED JUNE 30, 2018
Last Ten Fiscal Years*

Year Ended June 30,	Required Statutory Contributions	Contributions In Relation to the Required Statutory Contributions	Contribution deficiency (Excess)	Covered Payroll	Contributions as a Percent of Covered Payroll
2018	\$ 1,130,778	\$ 1,130,778	\$ -	\$ 247,055,968	0.5%
2017	1,193,928	1,193,928		238,174,894	0.5%

*The requirement of this schedule is to present ten years. Until ten years of information is available, the District will present available data.

The notes to the required supplemental information are an integral part of this schedule.

SALEM-KEIZER SCHOOL DISTRICT 24J
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY
RETIREMENT HEALTHCARE INSURANCE SUBSIDY
YEAR ENDED JUNE 30, 2018
Last Ten Fiscal Years*

<u>Year Ended June 30,</u>	<u>Service Cost</u>	<u>Interest</u>	<u>Change of Benefit Terms</u>	<u>Difference Between Actual and Expected Results</u>	<u>Change of Assumptions or Other Input</u>	<u>Benefit Payments</u>	<u>Net Change in Total OPEB Liability</u>
2018	\$ 1,590,111	\$ 905,326	\$ -	\$ -	\$ -	\$ (800,830)	\$ 1,694,607

SALEM-KEIZER SCHOOL DISTRICT 24J
SCHEDULE OF TOTAL OPEB LIABILITY AND RELATED RATIOS
RETIREMENT HEALTHCARE INSURANCE SUBSIDY
YEAR ENDED JUNE 30, 2018
Last Ten Fiscal Years*

<u>Year Ended June 30,</u>	<u>Beginning Total OPEB Liability</u>	<u>Net Change in Total OPEB Liability</u>	<u>Ending Total OPEB Liability</u>	<u>Covered Payroll</u>	<u>Total OPEB Liability as a % of Covered Payroll</u>	<u>Discount Rate</u>
2018	\$ 23,747,374	\$ 1,694,607	\$ 25,441,981	\$ 259,530,923	9.8%	3.75%

*The requirement of this schedule is to present ten years. Until ten years of information is available, the District will present available data.

The notes to the required supplemental information are an integral part of this schedule.

SALEM-KEIZER SCHOOL DISTRICT 24J
SCHEDULE OF CHANGES IN THE TOTAL PENSION LIABILITY
STIPEND BENEFITS
YEAR ENDED JUNE 30, 2018
Last Ten Fiscal Years*

<u>Year Ended June 30,</u>	<u>Service Cost</u>	<u>Interest</u>	<u>Change of Benefit Terms</u>	<u>Difference Between Actual and Expected Results</u>	<u>Change of Assumptions or Other Input</u>	<u>Benefit Payments</u>	<u>Net Change in Total Pension Liability</u>
2018	\$ -	\$ 27,804	\$ -	\$ -	\$ -	\$ (926,611)	\$ (898,807)

SALEM-KEIZER SCHOOL DISTRICT 24J
SCHEDULE OF TOTAL PENSION LIABILITY AND RELATED RATIOS
STIPEND BENEFITS
YEAR ENDED JUNE 30, 2018
Last Ten Fiscal Years*

<u>Year Ended June 30,</u>	<u>Beginning Total Pension Liability</u>	<u>Net Change in Total Pension Liability</u>	<u>Ending Total Pension Liability</u>	<u>Covered Payroll</u>	<u>Total Pension Liability as a % of Covered Payroll</u>	<u>Discount Rate</u>
2018	\$ 1,204,740	\$ (898,807)	\$ 305,933	\$ -	0.0%	7.50%

*The requirement of this schedule is to present ten years. Until ten years of information is available, the District will present available data.

The notes to the required supplemental information are an integral part of this schedule.

Note 1: Budget Basis of Accounting

The schedule of revenues, expenditures, and changes in fund balances – budget and actual has been prepared on the prescribed budget basis of accounting for the District. All District Funds were budgeted on a generally accepted accounting (GAAP) basis with the exception of the Agency Fund which is not required to be budgeted under state law. The most significant budgeted fund is the General Fund.

Normal adjustments were made to budgeted expenses to accommodate operational needs of the District that were within functions required by Oregon Budget Law.

Note 2: Oregon Public Employees Retirement System

See the following notes for additional information regarding Oregon PERS Pension:

- The amounts presented for each fiscal year were actuarially determined at December 31 and rolled forward to the measurement date.
- The amounts for covered payroll in the schedule of the District's Proportionate Share of the Net Pension Liability use the prior year's data to match the measurement date used by the pension plan for each fiscal year.
- The June 30, 2015 NPL reflects benefit changes from Senate Bills 822 and 861.
- The June 30, 2016 NPL reflects benefit changes from the Oregon Supreme Court's ruling in *Moro v. State of Oregon*, which overturned portions of Senate Bills 822 and 861.
- The June 30, 2017 NPL reflects assumption changes reducing the inflation rate from 2.75% to 2.50%, the long-term expected rate of return from 7.75% to 7.50%, the discount rate from 7.75% to 7.50% and the projected salary increases from 3.75% to 3.5%.

Note 3: Other Postemployment Benefits – Retirement Health Insurance Account (RHIA)

See the following notes for additional information regarding Oregon PERS RHIA:

- The amounts presented for each fiscal year were actuarially determined at December 31 and rolled forward to the measurement date.
- The amounts for covered payroll in the schedule of the District's Proportionate Share of the Net OPEB Liability use the prior year's data to match the measurement date used by the OPEB plan for each fiscal year.

Note 4: Other Postemployment Benefits – Retirement Healthcare Subsidy

See the following notes for additional information regarding the District's Insurance Subsidy:

- The amounts presented for each fiscal year were actuarially determined at December 31 and rolled forward to the measurement date.

Note 5: Pension Benefits – Stipends Benefits

See the following notes for additional information regarding the District's Retirement Stipends:

- The amounts presented for each fiscal year were actuarially determined at December 31 and rolled forward to the measurement date.

OTHER SUPPLEMENTAL INFORMATION

GO Debt Service Fund – accounts for the payment of principal and interest on long-term general obligation bonds. The major sources of revenue are property taxes and earnings from temporary investments.

PERS Pension Debt Service Fund – accounts for the payment of principal and interest on long-term pension bonds. The major sources of revenue are charges to other funds and earnings from temporary investments.

SALEM-KEIZER SCHOOL DISTRICT 24J
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL
GO DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2018

	Budget		Variance with Final Budget	
	Actual	Adopted		Final
Revenues:				
Taxes	\$ 27,209,545	\$ 27,482,500	\$ 27,482,500	\$ (272,955)
Earnings on Investments	10,274	-	-	10,274
Total Revenues	<u>27,219,819</u>	<u>27,482,500</u>	<u>27,482,500</u>	<u>(262,681)</u>
Expenditures:				
Debt Service:				
Principal	24,554,388	24,554,388	24,554,388	-
Interest	2,141,985	2,141,985	2,141,985	-
Total Expenditures	<u>26,696,373</u>	<u>26,696,373</u>	<u>26,696,373</u>	<u>-</u>
Net Change in Fund Balance	523,446	786,127	786,127	(262,681)
Fund Balance, Beginning of Year	<u>325,783</u>	<u>400,000</u>	<u>400,000</u>	<u>(74,217)</u>
Fund Balance, End of Year	<u>\$ 849,229</u>	<u>\$ 1,186,127</u>	<u>\$ 1,186,127</u>	<u>\$ (336,898)</u>

SALEM-KEIZER SCHOOL DISTRICT 24J
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL
PERS PENSION DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2018

	Actual	Budget		Variance with Final Budget
		Adopted	Final	
Revenues:				
Local Sources	\$ 22,448,874	\$ 23,544,718	\$ 23,544,718	\$ (1,095,844)
Earnings on Investments	667,015	-	-	667,015
Total Revenues	<u>23,115,889</u>	<u>23,544,718</u>	<u>23,544,718</u>	<u>(428,829)</u>
Expenditures:				
Debt Service:				
Principal	8,292,782	8,292,782	8,292,782	-
Interest	13,773,220	13,773,220	13,773,220	-
Total Expenditures	<u>22,066,002</u>	<u>22,066,002</u>	<u>22,066,002</u>	<u>-</u>
Revenues over (under) Expenditures	1,049,887	1,478,716	1,478,716	(428,829)
Other Financing Sources (Uses)				
Transfer to General Fund	-	(6,000,000)	(6,000,000)	6,000,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>(6,000,000)</u>	<u>(6,000,000)</u>	<u>6,000,000</u>
Net Change in Fund Balance	1,049,887	(4,521,284)	(4,521,284)	5,571,171
Fund Balance, Beginning of Year	<u>22,075,516</u>	<u>20,492,270</u>	<u>20,492,270</u>	<u>1,583,246</u>
Fund Balance, End of Year	<u>\$ 23,125,403</u>	<u>\$ 15,970,986</u>	<u>\$ 15,970,986</u>	<u>\$ 7,154,417</u>

NONMAJOR GOVERNMENTAL FUNDS

The following funds are considered Special Revenue Funds and account for revenues and expenditures for specific educational projects. Included are the following funds:

Fee Based Programs Fund – Accounts for the District’s activity and athletic programs. The major sources of revenue are student participation fees and receipts from event admission charges.

Food Services Fund – Accounts for revenues and expenditures for the food dispensing programs. Principal revenue sources are sales of food and subsidies under the National School Lunch and Breakfast Programs received through the State of Oregon.

Energy Efficiency Fund – This fund reflects the activities of a state energy conservation program that was created to make energy efficient modifications to district facilities in order to reduce overall energy consumption. The principal revenue source is subsidies from Portland General Electric. The District must submit reports to the utility itemizing expenses it has incurred.

Asset Replacement Fund – Principal revenue sources for this fund are the state reimbursement for bus depreciation, a portion of the state school fund that has been committed by the School Board, the state facilities grant, and the sale of surplus equipment. The fund is designated specifically for purchases and replacement of equipment and technology.

The following funds are considered Capital Projects Funds and account for revenues and expenditures for specific special capital projects and deferred maintenance on capital assets. Included are the following funds:

Bond Capital Projects Fund – accounts for major capital outlay expenditures relating to the acquisition, construction, and renovation of school facilities. Its principal financing sources are the sale of general obligation bonds and earnings from temporary investments.

Special Capital Projects Fund – The principal revenue source for this fund is a portion of the state school fund that has been committed by the School Board for special capital projects.

Preventative & Deferred Maintenance Fund – The principal revenue source for this fund is a budget transfer from the General Fund to support smaller deferred maintenance projects on the buildings and grounds of the District.

2018 Bond Capital Projects Fund – The only revenue source for this fund in fiscal year 2018 was a transfer from the General Fund to support preparation of capital construction projects, which were reimbursed after the issuance of the bonds in July 2018.

SALEM-KEIZER SCHOOL DISTRICT 24J
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue			Asset Replacement Fund	Capital Projects				Total Nonmajor Governmental Funds
	Fee Based Programs Fund	Food Services Fund	Energy Efficiency Fund		Bond Capital Projects Fund	Special Capital Projects Fund	Prev & Def Maintenance Fund	2018 Bond Capital Projects Fund	
ASSETS									
Pooled Cash and Investments	\$ 6,360,491	\$ 2,317,302	\$ 129,021	\$ 2,673,704	\$ 2,001,547	\$ 3,512,227	\$ 2,588,449	\$ 566,016	\$ 20,148,757
Receivables	120,442	817,174	-	1,635	-	-	-	-	939,251
Total Assets	\$ 6,480,933	\$ 3,134,476	\$ 129,021	\$ 2,675,339	\$ 2,001,547	\$ 3,512,227	\$ 2,588,449	\$ 566,016	\$ 21,088,008
LIABILITIES & FUND BALANCES									
Liabilities:									
Accounts Payable	\$ 228,135	\$ 862,543	\$ -	\$ 317,603	\$ 823,627	\$ 1,005,895	\$ 457,693	\$ 566,016	\$ 4,261,512
Unearned Revenue	794	169,807	-	148	-	-	-	-	170,749
Total Liabilities	228,929	1,032,350	-	317,751	823,627	1,005,895	457,693	566,016	4,432,261
Fund Balances:									
Restricted	-	-	129,021	-	1,177,920	-	-	-	1,306,941
Committed	6,252,004	2,102,126	-	-	-	-	-	-	8,354,130
Assigned	-	-	-	2,357,588	-	2,506,332	2,130,756	-	6,994,676
Total Fund Balances	6,252,004	2,102,126	129,021	2,357,588	1,177,920	2,506,332	2,130,756	-	16,655,747
Total Liabilities and Fund Balances	\$ 6,480,933	\$ 3,134,476	\$ 129,021	\$ 2,675,339	\$ 2,001,547	\$ 3,512,227	\$ 2,588,449	\$ 566,016	\$ 21,088,008

SALEM-KEIZER SCHOOL DISTRICT 24J
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018

	Special Revenue				Capital Projects			Total Nonmajor Governmental Funds	
	Fee Based Programs Fund	Food Services Fund	Energy Efficiency Fund	Asset Replacement Fund	Bond Capital Projects Fund	Special Capital Projects Fund	Prev & Def Maintenance Fund		2018 Bond Capital Projects Fund
Revenues:									
Local Sources	\$ 9,270,693	\$ 1,839,632	\$ 679,480	\$ 65,951	\$ -	\$ 11,968,963	\$ -	\$ -	\$ 23,824,719
Earnings on Investment	-	64,594	-	97,196	134,044	71,296	72,008	-	439,138
State Sources	-	400,440	-	1,315,583	-	-	-	-	1,716,023
Federal Sources	-	15,720,166	-	-	-	-	-	-	15,720,166
Total Revenues	9,270,693	18,024,832	679,480	1,478,730	134,044	12,040,259	72,008	-	41,700,046
Expenditures:									
Instruction	7,133,168	-	-	560,879	-	-	-	-	7,694,047
Support Services	1,878,126	318,913	-	1,698,177	-	-	-	-	3,895,216
Enterprise and Community Services	12,790	17,336,050	-	-	-	-	-	-	17,348,840
Facilities Acquisition and Construction	-	-	-	-	4,994,267	15,234,863	1,374,067	2,183,983	23,787,180
Debt Service	-	-	-	1,234,421	-	-	-	-	1,234,421
Total Expenditures	9,024,084	17,654,963	-	3,493,477	4,994,267	15,234,863	1,374,067	2,183,983	53,959,704
Revenues over (under) Expenditures	246,609	369,869	679,480	(2,014,747)	(4,860,223)	(3,194,604)	(1,302,059)	(2,183,983)	(12,259,658)
Other Financing Sources (Uses):									
Sale of Capital Assets	-	-	-	9,950	-	-	-	-	9,950
Transfers in	-	-	-	487,144	-	4,788,179	1,250,000	2,183,983	8,709,306
Transfers out	(167,144)	-	(2,488,179)	-	-	-	-	-	(2,655,323)
Total Other Financing Sources (Uses)	(167,144)	-	(2,488,179)	497,094	-	4,788,179	1,250,000	2,183,983	6,063,933
Net Change in Fund Balances	79,465	369,869	(1,808,699)	(1,517,653)	(4,860,223)	1,593,575	(52,059)	-	(6,195,725)
Fund Balances, Beginning of Year	6,172,539	1,732,257	1,937,720	3,875,241	6,038,143	912,757	2,182,815	-	22,851,472
Fund Balances, End of Year	\$ 6,252,004	\$ 2,102,126	\$ 129,021	\$ 2,357,588	\$ 1,177,920	\$ 2,506,332	\$ 2,130,756	\$ -	\$ 16,655,747

SALEM-KEIZER SCHOOL DISTRICT 24J
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL
FEE BASED PROGRAMS FUND
YEAR ENDED JUNE 30, 2018

	Actual	Budget		Variance with Final Budget
		Adopted	Final	
Revenues:				
Local Sources	\$ 8,498,341	\$ 7,315,000	\$ 7,315,000	\$ 1,183,341
Tuition	772,352	575,000	575,000	197,352
Total Revenues	<u>9,270,693</u>	<u>7,890,000</u>	<u>7,890,000</u>	<u>1,380,693</u>
Expenditures:				
Instruction	7,133,168	10,588,273	10,588,273	3,455,105
Support Services	1,878,126	4,093,727	4,093,727	2,215,601
Enterprise and Community Services	12,790	40,000	40,000	27,210
Total Expenditures	<u>9,024,084</u>	<u>14,722,000</u>	<u>14,722,000</u>	<u>5,697,916</u>
Revenues over (under) Expenditures	246,609	(6,832,000)	(6,832,000)	7,078,609
Other Financing Sources (Uses)				
Transfer out	<u>(167,144)</u>	<u>(168,000)</u>	<u>(168,000)</u>	<u>856</u>
Total Other Financing Sources (Uses)	<u>(167,144)</u>	<u>(168,000)</u>	<u>(168,000)</u>	<u>856</u>
Net Change in Fund Balance	79,465	(7,000,000)	(7,000,000)	7,079,465
Fund Balance, Beginning of Year	<u>6,172,539</u>	<u>7,000,000</u>	<u>7,000,000</u>	<u>(827,461)</u>
Fund Balance, End of Year	<u>\$ 6,252,004</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,252,004</u>

SALEM-KEIZER SCHOOL DISTRICT 24J
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL
FOOD SERVICES FUND
YEAR ENDED JUNE 30, 2018

	<u>Actual</u>	<u>Budget</u>		<u>Variance with Final Budget</u>
		<u>Adopted</u>	<u>Final</u>	
Revenues:				
Cafeteria Sale of Meals	\$ 1,813,742	\$ 1,900,000	\$ 1,900,000	\$ (86,258)
Earnings on Investments	64,594	-	-	64,594
Cafeteria State Grants	400,440	213,000	213,000	187,440
Cafeteria Federal Grants	15,720,166	15,450,000	15,450,000	270,166
Miscellaneous Revenues	25,890	34,500	34,500	(8,610)
Total Revenues	18,024,832	17,597,500	17,597,500	427,332
Expenditures:				
Support Services	318,913	663,857	663,857	344,944
Enterprise and Community Services	17,336,050	18,433,643	18,433,643	1,097,593
Total Expenditures	17,654,963	19,097,500	19,097,500	1,442,537
Net Change in Fund Balance	369,869	(1,500,000)	(1,500,000)	1,869,869
Fund Balance, Beginning of Year	1,732,257	1,500,000	1,500,000	232,257
Fund Balance, End of Year	\$ 2,102,126	\$ -	\$ -	\$ 2,102,126

SALEM-KEIZER SCHOOL DISTRICT 24J
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL
ENERGY EFFICIENCY FUND
YEAR ENDED JUNE 30, 2018

	<u>Budget</u>			Variance with Final Budget
	<u>Actual</u>	<u>Adopted</u>	<u>Final</u>	
Revenues:				
Miscellaneous Revenues	\$ 679,480	\$ 725,000	\$ 725,000	\$ (45,520)
Total Revenues	<u>679,480</u>	<u>725,000</u>	<u>725,000</u>	<u>(45,520)</u>
Expenditures:				
Support Services	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) Expenditures	<u>679,480</u>	<u>725,000</u>	<u>725,000</u>	<u>(45,520)</u>
Other Financing Sources (Uses):				
Transfers Out	(2,488,179)	(2,668,262)	(2,668,262)	180,083
Total Other Financing Sources (Uses)	<u>(2,488,179)</u>	<u>(2,668,262)</u>	<u>(2,668,262)</u>	<u>180,083</u>
Net Change in Fund Balance	(1,808,699)	(1,943,262)	(1,943,262)	134,563
Fund Balance, Beginning of Year	<u>1,937,720</u>	<u>1,943,262</u>	<u>1,943,262</u>	<u>(5,542)</u>
Fund Balance, End of Year	<u>\$ 129,021</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 129,021</u>

SALEM-KEIZER SCHOOL DISTRICT 24J
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP) AND ACTUAL
ASSET REPLACEMENT FUND
YEAR ENDED JUNE 30, 2018

	Actual	Budget		Variance with Final Budget
		Adopted	Final	
Revenues:				
Local Sources	\$ 65,951	\$ 85,000	\$ 85,000	\$ (19,049)
Earnings on Investments	97,196	-	-	97,196
State School Fund Transportation Equipment	1,315,583	1,600,000	1,600,000	(284,417)
Total Revenues	1,478,730	1,685,000	1,685,000	(206,270)
Expenditures:				
Instruction	560,879	1,000,000	1,000,000	439,121
Support Services	1,698,177	2,858,490	2,858,490	1,160,313
Debt Service:				
Principal	1,100,966	2,146,010	2,146,010	1,045,044
Interest	133,455	133,500	133,500	45
Total Expenditures	3,493,477	6,138,000	6,138,000	2,644,523
Revenues over (under) Expenditures	(2,014,747)	(4,453,000)	(4,453,000)	2,438,253
Other Financing Sources (Uses):				
Transfers In	487,144	488,000	488,000	(856)
Sale of Assets	9,950	-	-	9,950
Total Other Financing Sources (Uses)	497,094	488,000	488,000	9,094
Net Change in Fund Balance	(1,517,653)	(3,965,000)	(3,965,000)	2,447,347
Fund Balance, Beginning of Year	3,875,241	3,965,000	3,965,000	(89,759)
Fund Balance, End of Year	\$ 2,357,588	\$ -	\$ -	\$ 2,357,588

SALEM-KEIZER SCHOOL DISTRICT 24J
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL
BOND CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2018

	Budget			Variance with Final Budget
	Actual	Adopted	Final	
Revenues:				
Earnings on Investments	\$ 134,044	\$ -	\$ -	\$ 134,044
Total Revenues	<u>134,044</u>	<u>-</u>	<u>-</u>	<u>134,044</u>
Expenditures:				
Facilities Acquisition and Construction	4,994,267	6,788,330	6,788,330	1,794,063
Total Expenditures	<u>4,994,267</u>	<u>6,788,330</u>	<u>6,788,330</u>	<u>1,794,063</u>
Net Change in Fund Balance	(4,860,223)	(6,788,330)	(6,788,330)	1,928,107
Fund Balance, Beginning of Year	<u>6,038,143</u>	<u>6,788,330</u>	<u>6,788,330</u>	<u>(750,187)</u>
Fund Balance, End of Year	<u>\$ 1,177,920</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,177,920</u>

SALEM-KEIZER SCHOOL DISTRICT 24J
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL
SPECIAL CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2018

	<u>Actual</u>	<u>Budget</u>		<u>Variance with Final Budget</u>
		<u>Adopted</u>	<u>Final</u>	
Revenues:				
Earnings on Investment	\$ 71,296	\$ -	\$ -	\$ 71,296
Miscellaneous	11,968,963	12,001,461	12,001,461	(32,498)
Total Revenues	<u>12,040,259</u>	<u>12,001,461</u>	<u>12,001,461</u>	<u>38,798</u>
Expenditures:				
Facilities Acquisition and Construction	15,234,863	18,423,345	18,423,345	3,188,482
Total Expenditures	<u>15,234,863</u>	<u>18,423,345</u>	<u>18,423,345</u>	<u>3,188,482</u>
Revenues over (under) Expenditures	(3,194,604)	(6,421,884)	(6,421,884)	3,227,280
Other Financing Sources (Uses):				
Transfer In	4,788,179	4,968,262	4,968,262	(180,083)
Net Change in Fund Balance	1,593,575	(1,453,622)	(1,453,622)	3,047,197
Fund Balance, Beginning of Year	<u>912,757</u>	<u>1,453,622</u>	<u>1,453,622</u>	<u>(540,865)</u>
Fund Balance, End of Year	<u>\$ 2,506,332</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,506,332</u>

SALEM-KEIZER SCHOOL DISTRICT 24J
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL
PREVENTATIVE & DEFERRED MAINTENANCE FUND
YEAR ENDED JUNE 30, 2018

	<u>Actual</u>	<u>Budget</u>		<u>Variance with Final Budget</u>
		<u>Adopted</u>	<u>Final</u>	
Revenues:				
Earnings on Investment	\$ 72,008	\$ -	\$ -	\$ 72,008
Total Revenues	<u>72,008</u>	<u>-</u>	<u>-</u>	<u>72,008</u>
Expenditures:				
Facilities Acquisition and Construction	1,374,067	3,322,000	3,322,000	1,947,933
Total Expenditures	<u>1,374,067</u>	<u>3,322,000</u>	<u>3,322,000</u>	<u>1,947,933</u>
Revenues over (under) Expenditures	(1,302,059)	(3,322,000)	(3,322,000)	2,019,941
Other Financing Sources (Uses):				
Transfer In	1,250,000	1,250,000	1,250,000	-
Net Change in Fund Balance	(52,059)	(2,072,000)	(2,072,000)	2,019,941
Fund Balance, Beginning of Year	<u>2,182,815</u>	<u>2,072,000</u>	<u>2,072,000</u>	<u>110,815</u>
Fund Balance, End of Year	<u>\$ 2,130,756</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,130,756</u>

SALEM-KEIZER SCHOOL DISTRICT 24J
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL
2018 BOND CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2018

	<u>Budget</u>			<u>Variance with Final Budget</u>
	<u>Actual</u>	<u>Adopted</u>	<u>Final</u>	
Revenues:				
Local Sources	\$ -	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Facilities Acquisition and Construction	2,183,983	-	4,500,000	2,316,017
Total Expenditures	<u>2,183,983</u>	<u>-</u>	<u>4,500,000</u>	<u>2,316,017</u>
Revenues over (under) Expenditures	(2,183,983)	-	(4,500,000)	(2,316,017)
Other Financing Sources (Uses):				
Interfund Transfers	2,183,983	-	4,500,000	(2,316,017)
Net Change in Fund Balance	-	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ENTERPRISE FUND

These funds are self-supporting from user charges and fees to other non-governmental entities outside of the primary government. The District has one Enterprise Fund.

External Customers Fund – This fund accounts for activity with external customers related to facility rentals, transportation, reprographics and central stores operations.

SALEM-KEIZER SCHOOL DISTRICT 24J
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL
EXTERNAL CUSTOMERS FUND
YEAR ENDED JUNE 30, 2018

	<u>Budget</u>			Variance with Final Budget
	<u>Actual</u>	<u>Adopted</u>	<u>Final</u>	
Revenues:				
Rentals	\$ 439,260	\$ 402,259	\$ 402,259	\$ 37,001
Allowance for Revenue Growth	-	200,000	200,000	(200,000)
Charges for Services	108,917	40,031	40,031	68,886
Total Revenue	<u>548,177</u>	<u>642,290</u>	<u>642,290</u>	<u>(94,113)</u>
Expenditures:				
Enterprise and Community Services	926,695	940,065	940,065	13,370
Total Expenditures	<u>926,695</u>	<u>940,065</u>	<u>940,065</u>	<u>13,370</u>
Net Change in Fund Balance	(378,518)	(297,775)	(297,775)	(80,743)
Fund Balance, Beginning of Year	<u>516,839</u>	<u>297,775</u>	<u>297,775</u>	<u>219,064</u>
Fund Balance, End of Year	<u>\$ 138,321</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 138,321</u>

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one District department to other District departments, on a cost reimbursement basis. Included are:

Risk Management Fund – Accounts for the financing of insurance premiums, unemployment claims, worker’s compensation and long-term disability claims, and partial funding for probable maximum exposures.

Auxiliary Services Fund – Accounts for the user fees, printing and warehouse costs incurred by the various departments and government agencies.

Charter Schools Services Fund – Accounts for the activities of District sponsored Charter Schools. The cost of these activities is funded through revenues related to Charter School students.

SALEM-KEIZER SCHOOL DISTRICT 24J
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2018

	Risk Management Fund	Auxiliary Services Fund	Charter Schools Services Fund	Total
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 14,002,190	\$ 2,305,830	\$ 671,102	\$ 16,979,122
Receivables	-	95,079	12,520	107,599
Inventories	-	588,330	-	588,330
Net OPEB Asset - RHIA	2,125	3,253	5,873	11,251
Total Current Assets	14,004,315	2,992,492	689,495	17,686,302
Capital Assets:				
Equipment	432,965	1,323,108	-	1,756,073
Building Improvements	75,230	500,425	-	575,655
Less Accumulated Depreciation	(63,449)	(1,477,906)	-	(1,541,355)
Total Capital Assets	444,746	345,627	-	790,373
Total Assets	14,449,061	3,338,119	689,495	18,476,675
DEFERRED OUTFLOWS OF RESOURCES:				
OPEB Deferred Outflow	2,480	3,796	6,854	13,130
Pension Deferred Outflow - PERS	304,272	465,744	840,904	1,610,920
Total Deferred Outflows	306,752	469,540	847,758	1,624,050
LIABILITIES				
Current Liabilities:				
Accounts Payable	119,877	128,779	558	249,214
Accrued Claims Liability	1,870,435	-	-	1,870,435
Accrued Compensated Absences	7,854	31,849	-	39,703
Unearned Revenue	-	1,070	-	1,070
Total Current Liabilities	1,998,166	161,698	558	2,160,422
Long-term Liabilities:				
Net Pension Liability - PERS	687,468	1,052,294	1,899,924	3,639,686
Total OPEB Liability - Insurance Subsidy	55,798	85,409	154,206	295,413
Total Pension Liability - Retirement stipends	671	1,027	1,854	3,552
Total Liabilities	2,742,103	1,300,428	2,056,542	6,099,073
DEFERRED INFLOWS OF RESOURCES:				
OPEB Deferred Inflow	997	1,526	2,755	5,278
Pension Deferred Inflow - PERS	21,010	32,160	58,065	111,235
Total Deferred Inflows	22,007	33,686	60,820	116,513
NET POSITION				
Investment in Capital Assets	444,746	345,627	-	790,373
Unrestricted	11,546,957	2,127,918	(580,109)	13,094,766
Total Net Position	\$ 11,991,703	\$ 2,473,545	\$ (580,109)	\$ 13,885,139

SALEM-KEIZER SCHOOL DISTRICT 24J
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2018

	Risk Management Fund	Auxiliary Services Fund	Charter Schools Services Fund	Total
Operating Revenues:				
State Sources	\$ -	\$ -	\$ 12,520	\$ 12,520
Charges for Services	5,132,281	5,070,332	3,920,637	14,123,250
Total Operating Revenues	5,132,281	5,070,332	3,933,157	14,135,770
Operating Expenses:				
Salaries	587,816	899,759	1,624,521	3,112,096
Employee Benefits	544,766	732,273	1,151,427	2,428,466
Purchased Services	1,328,454	972,674	1,107,669	3,408,797
Supplies and Materials	4,022,853	2,111,748	115,048	6,249,649
Depreciation	38,669	26,771	-	65,440
Total Operating Expenses	6,522,558	4,743,225	3,998,665	15,264,448
Operating Income (Loss) Before Interest	(1,390,277)	327,107	(65,508)	(1,128,678)
Nonoperating Revenues (Expenses):				
Earnings on Investments	423,304	-	17,115	440,419
Change in Net Position	(966,973)	327,107	(48,393)	(688,259)
Net Position, July 1, 2017, as restated	12,958,676	2,146,438	(531,716)	14,573,398
Net Position, end of year	<u>\$ 11,991,703</u>	<u>\$ 2,473,545</u>	<u>\$ (580,109)</u>	<u>\$ 13,885,139</u>

SALEM-KEIZER SCHOOL DISTRICT 24J
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2018

	Risk Management Fund	Auxiliary Services Fund	Charter Schools Services Fund	Total
Cash Flows from Operating Activities:				
Receipts for Services Provided	\$ 5,132,281	\$ 5,111,833	\$ 3,920,637	\$ 14,164,751
Payments to Employees for Services	(1,010,295)	(1,444,745)	(2,505,855)	(4,960,895)
Payments to Suppliers for Goods and Services	(1,606,790)	(3,165,361)	(1,251,536)	(6,023,687)
Payments for Claims	(3,777,464)	-	-	(3,777,464)
Cash Flows Provided (Used) by Operating Activities	<u>(1,262,268)</u>	<u>501,727</u>	<u>163,246</u>	<u>(597,295)</u>
Cash Flows from Capital and Related Financing Activities:				
Purchases of Capital Assets	(100,812)	(114,334)	-	(215,146)
Cash flows from investing activities:				
Interest received	423,304	-	17,115	440,419
Increase (Decrease) in Cash and Cash Equivalents	(939,776)	387,393	180,361	(372,022)
Cash and Cash Equivalents at Beginning of Year	<u>14,941,966</u>	<u>1,918,437</u>	<u>490,741</u>	<u>17,351,144</u>
Cash and Cash Equivalents at End of Year	<u>\$ 14,002,190</u>	<u>\$ 2,305,830</u>	<u>\$ 671,102</u>	<u>\$ 16,979,122</u>
Reconciliation of Operating Income (Loss) to				
Cash Flows from Operating Activities:				
Operating Income (Loss)	\$ (1,390,277)	\$ 327,107	\$ (65,508)	\$ (1,128,678)
Adjustments to Reconcile Operating Income (Loss)				
to Cash Flows from Operating Activities:				
Depreciation Expense	38,669	26,771	-	65,440
GASB 75 RHIA OPEB Expense	(2,580)	(3,949)	(7,131)	(13,660)
GASB 68 Pension Expense Adjustment	134,082	184,500	270,548	589,130
GASB 75 Insurance Subsidy OPEB Expense	4,355	6,667	12,035	23,057
GASB 73 Retirement Stipends Expense Adjustment	(1,939)	(2,968)	(5,359)	(10,266)
Change in Assets and Liabilities:				
Change in Receivables	-	41,502	(12,520)	28,982
Change in Inventories	-	(24,336)	-	(24,336)
Change in Accounts Payable	27,796	(57,674)	(28,819)	(58,697)
Change in Unearned Revenue	-	1,070	-	1,070
Change in Accrued Claims Liability	(60,743)	-	-	(60,743)
Change in Accrued Compensated Absences	(11,631)	3,037	-	(8,594)
Total Adjustments	<u>128,009</u>	<u>174,620</u>	<u>228,754</u>	<u>531,383</u>
Cash Flows Provided (Used) by Operating Activities	<u>\$ (1,262,268)</u>	<u>\$ 501,727</u>	<u>\$ 163,246</u>	<u>\$ (597,295)</u>

SALEM-KEIZER SCHOOL DISTRICT 24J
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL
RISK MANAGEMENT FUND
YEAR ENDED JUNE 30, 2018

	<u>Budget</u>			Variance with Final Budget
	<u>Actual</u>	<u>Adopted</u>	<u>Final</u>	
Revenues:				
Charges for Services	\$ 5,132,281	\$ 5,037,000	\$ 5,037,000	\$ 95,281
Interest Received	423,304	-	-	423,304
Total Revenues	<u>5,555,585</u>	<u>5,037,000</u>	<u>5,037,000</u>	<u>518,585</u>
Expenditures:				
Support Services	<u>6,450,783</u>	<u>19,271,715</u>	<u>19,271,715</u>	<u>12,820,932</u>
Total Expenditures	<u>6,450,783</u>	<u>19,271,715</u>	<u>19,271,715</u>	<u>12,820,932</u>
Revenues over (under) Expenditures	(895,198)	(14,234,715)	(14,234,715)	13,339,517
Other Financing Sources (Uses):				
Transfers Out	-	(1)	(1)	(1)
Net Change in Fund Balance	(895,198)	(14,234,716)	(14,234,716)	13,339,518
Fund Balance, Beginning of Year	<u>12,899,222</u>	<u>14,234,716</u>	<u>14,234,716</u>	<u>(1,335,494)</u>
Fund Balance, End of Year	<u>\$ 12,004,024</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,004,024</u>

SALEM-KEIZER SCHOOL DISTRICT 24J
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL
AUXILIARY SERVICES FUND
YEAR ENDED JUNE 30, 2018

	Actual	Budget		Variance with Final Budget
		Adopted	Final	
Revenues:				
Charges for Services	\$ 5,070,332	\$ 5,481,572	\$ 5,481,572	\$ (411,240)
Total Revenues	<u>5,070,332</u>	<u>5,481,572</u>	<u>5,481,572</u>	<u>(411,240)</u>
Expenditures:				
Support Services	<u>4,646,537</u>	<u>7,212,330</u>	<u>7,212,330</u>	<u>2,565,793</u>
Total Expenditures	<u>4,646,537</u>	<u>7,212,330</u>	<u>7,212,330</u>	<u>2,565,793</u>
Net Change in Fund Balance	423,795	(1,730,758)	(1,730,758)	2,154,553
Fund Balance, Beginning of Year	<u>2,521,351</u>	<u>1,730,758</u>	<u>1,730,758</u>	<u>790,593</u>
Fund Balance, End of Year	<u>\$ 2,945,146</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,945,146</u>

SALEM-KEIZER SCHOOL DISTRICT 24J
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL
CHARTER SCHOOLS SERVICES FUND
YEAR ENDED JUNE 30, 2018

	Budget		Variance with Final Budget	
	Actual	Adopted		Final
Revenues:				
State Sources	\$ 12,520	\$ -	\$ -	\$ 12,520
Charges for Services	3,920,637	4,657,430	4,657,430	(736,793)
Interest Received	17,115	-	-	17,115
Total Revenues	<u>3,950,272</u>	<u>4,657,430</u>	<u>4,657,430</u>	<u>(707,158)</u>
Expenditures:				
Instruction	3,728,573	5,157,430	5,157,430	1,428,857
Total Expenditures	<u>3,728,573</u>	<u>5,157,430</u>	<u>5,157,430</u>	<u>1,428,857</u>
Net Change in Fund Balance	221,699	(500,000)	(500,000)	721,699
Fund Balance, Beginning of Year	<u>461,364</u>	<u>500,000</u>	<u>500,000</u>	<u>(38,636)</u>
Fund Balance, End of Year	<u>\$ 683,063</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 683,063</u>

FIDUCIARY FUND

This fund accounts for the District's scholarship program provided by bequests and donations. Included is:

Private Purpose Trust Funds – accounts for scholarship resources received and held by the District in a fiduciary capacity. Disbursements from this fund are made in accordance with the trust agreements.

SALEM-KEIZER SCHOOL DISTRICT 24J
COMBINING STATEMENT OF CHANGES IN NET POSITION
PRIVATE PURPOSE TRUST FUNDS
YEAR ENDED JUNE 30, 2018

	Loretta Isom Scholarship Fund	Small Memorials Fund	Total Private Purpose Trust Funds
Additions:			
Contributions	\$ -	\$ 21,054	\$ 21,054
Deductions:			
Scholarships	8,500	22,553	31,053
Operating Income (loss)	(8,500)	(1,499)	(9,999)
Change in Net Position	(8,500)	(1,499)	(9,999)
Net Position, beginning of year	18,018	202,359	220,377
Net Position, end of year	<u>\$ 9,518</u>	<u>\$ 200,860</u>	<u>\$ 210,378</u>

AGENCY FUND

Agency Fund reporting focuses on changes in total assets and in total liabilities. The District has one agency fund.

Agency Fund – This fund is purely custodial and does not involve measurement of result of operations. Therefore, its operational activity is not reported in this section. The fund accounts for parent teacher group activities and departmental activities of the various schools and departments, accounting for sales and other revenue generating activities for support of students and staff not provided by district funds.

SALEM-KEIZER SCHOOL DISTRICT 24J
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2018</u>
ASSETS:				
Cash and Cash Equivalents	\$ 337,778	\$ 439,957	\$ 447,890	\$ 329,845
Total Assets	<u>\$ 337,778</u>	<u>\$ 439,957</u>	<u>\$ 447,890</u>	<u>\$ 329,845</u>
LIABILITIES:				
Accounts Payable	\$ 6,380	\$ 273,409	\$ 266,470	\$ 13,319
Due to Outside Groups	331,398	166,548	181,420	316,526
Total Liabilities	<u>\$ 337,778</u>	<u>\$ 439,957</u>	<u>\$ 447,890</u>	<u>\$ 329,845</u>



OTHER FINANCIAL SCHEDULES

SALEM-KEIZER SCHOOL DISTRICT 24J
REVENUE SUMMARY BY ALL FUNDS
YEAR ENDED JUNE 30, 2018

	Fund 100	Fund 200	Fund 300
Local Sources:			
1110 Current Year Taxes	\$ 76,948,277	\$ -	\$ 26,677,579
1112 Prior Year Taxes	2,294,271	-	531,966
1113 Foreclosed Property Taxes	30,936	-	-
1114 Payments in Lieu of Property Taxes	217,407	580,297	-
1311 Tuition from Individuals	-	192,055	-
1312 Tuition from Other Districts	96,822	-	-
1500 Earnings on Investments	1,759,585	161,790	677,289
1600 Food Service	-	1,813,742	-
1700 Extracurricular Activities	-	4,907,411	-
1800 Community Services Activities	-	6,225	-
1910 Rentals	81	172,981	-
1920 Contributions from Private Sources	42,473	1,582,958	-
1940 Services Provided	124,115	-	-
1950 Textbook Sales and Rentals	-	19,228	-
1960 Recovery of Prior Years' Expenditure	565,670	313	-
1970 Services Provided Other Funds	-	-	22,448,874
1980 Fees Charged to Grants	1,290,442	251,398	-
1990 Miscellaneous	972,955	2,329,149	-
Total Local Sources	84,343,034	12,017,547	50,335,708
Intermediate Sources:			
2101 County School Funds	280,509	-	-
2200 Restricted Revenue	15,973,995	1,594,154	-
Total Intermediate Sources	16,254,504	1,594,154	-
State Sources:			
3101 State School Fund	336,937,583	-	-
3102 State School Fund - School Lunch Match	-	179,577	-
3103 Common School Fund	4,187,498	-	-
3199 Other Unrestricted Grants-in-Aid	4,025,402	-	-
3222 State School Fund (SSF) Transportation Equipment	-	1,315,583	-
3299 Other Restricted Grants-in-Aid	-	8,690,042	-
Total State Sources	345,150,483	10,185,202	-
Federal Sources:			
4200 Unrestricted Federal Revenue	21,333	-	-
4300 Restricted Federal Revenue	-	153,782	-
4500 Restricted Federal Revenue through State	-	43,304,420	-
4801 Federal Forest Fees	392	-	-
4900 Revenue on behalf of District	-	1,202,420	-
Total Federal Sources	21,725	44,660,622	-
Other Sources:			
5200 Interfund Transfers	-	487,144	-
5300 Sale of Capital Assets	356	9,950	-
5400 Resources - Beginning Fund Balance	44,552,699	13,717,759	22,401,299
Total Other Sources	44,553,055	14,214,853	22,401,299
Total Revenues	\$ 490,322,801	\$ 82,672,378	\$ 72,737,007

<u>Fund 400</u>	<u>Fund 500</u>	<u>Fund 600</u>	<u>Fund 700</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 103,625,856
-	-	-	-	2,826,237
-	-	-	-	30,936
-	-	-	-	797,704
-	-	-	-	192,055
-	-	-	-	96,822
277,348	-	440,419	-	3,316,431
-	-	-	-	1,813,742
-	-	-	-	4,907,411
-	-	-	-	6,225
-	439,260	-	-	612,322
-	-	-	-	1,625,431
-	-	106,378	-	230,493
-	-	-	-	19,228
-	-	35,149	-	601,132
-	-	7,148,132	-	29,597,006
-	-	-	-	1,541,840
<u>11,968,963</u>	<u>108,917</u>	<u>6,833,591</u>	<u>453,819</u>	<u>22,667,394</u>
<u>12,246,311</u>	<u>548,177</u>	<u>14,563,669</u>	<u>453,819</u>	<u>174,508,265</u>
-	-	-	-	280,509
-	-	-	-	<u>17,568,149</u>
-	-	-	-	<u>17,848,658</u>
-	-	-	-	336,937,583
-	-	-	-	179,577
-	-	-	-	4,187,498
-	-	-	-	4,025,402
-	-	-	-	1,315,583
-	-	<u>12,520</u>	-	<u>8,702,562</u>
-	-	<u>12,520</u>	-	<u>355,348,205</u>
-	-	-	-	21,333
-	-	-	-	153,782
-	-	-	-	43,304,420
-	-	-	-	392
-	-	-	-	<u>1,202,420</u>
-	-	-	-	<u>44,682,347</u>
8,222,162	-	-	-	8,709,306
-	-	-	-	10,306
<u>9,133,714</u>	<u>516,839</u>	<u>15,881,938</u>	<u>551,678</u>	<u>106,755,926</u>
<u>17,355,876</u>	<u>516,839</u>	<u>15,881,938</u>	<u>551,678</u>	<u>115,475,538</u>
<u>\$ 29,602,187</u>	<u>\$ 1,065,016</u>	<u>\$ 30,458,128</u>	<u>\$ 1,005,497</u>	<u>\$ 707,863,013</u>

SALEM-KEIZER SCHOOL DISTRICT 24J
GENERAL FUND (100) EXPENDITURE SUMMARY
YEAR ENDED JUNE 30, 2018

	<u>Object 100</u>	<u>Object 200</u>	<u>Object 300</u>
Instruction:			
1111 Elementary, K-5	\$ 58,022,779	\$ 34,503,968	\$ 785,612
1121 Middle/Junior High Programs	22,408,463	12,898,224	504,093
1122 Middle/Junior High School Extracurricular	554,035	193,253	352,460
1131 High School Programs	30,757,094	17,408,450	720,322
1132 High School Extracurricular	2,173,447	766,974	742,148
1210 Programs for the Talented and Gifted	280,475	108,251	168
1220 Restrictive Programs for Students with	25,042,898	17,774,320	180,870
1250 Less Restrictive Programs for Students with Disab	13,595,130	8,503,265	495,227
1260 Treatment and Habilitation	107,136	53,811	5,612
1280 Alternative Education	3,337,060	2,028,350	5,690,264
1291 English Second Language Programs	8,297,863	5,334,403	29,378
1292 Teen Parent Programs	603,669	290,652	2,090
1294 Youth Corrections Education	31,549	27,110	-
1299 Other Programs	99,192	68,564	30,586
1400 Summer School Programs	226,562	81,382	64,390
Total Instruction	<u>165,537,351</u>	<u>100,040,979</u>	<u>9,603,221</u>
Support Services:			
2110 Attendance and Social Work Services	5,637,775	3,539,221	974,970
2120 Guidance Services	6,232,634	3,577,573	2,700
2130 Health Services	1,286,416	712,793	60,859
2140 Psychological Services	910,393	435,652	8,455
2150 Speech Pathology and Audiology Services	3,105,944	1,677,492	441,227
2160 Other Student Treatment Services	889,988	487,442	81,381
2190 Service Direction, Student Support Services	1,075,401	580,562	25,609
2210 Improvement of Instruction Services	1,671,333	865,549	149,460
2220 Educational Media Services	2,552,775	1,816,095	71,653
2230 Assessment and Testing	320,190	188,375	40,712
2240 Instructional Staff Development	2,633,825	1,442,770	550,672
2310 Board of Education Services	791	306	450,901
2320 Executive Administration Services	969,210	531,092	43,282
2410 Office of the Principal Services	18,622,334	10,981,902	615,134
2490 Other Support Services - School Administration	1,256,399	681,427	54,039
2520 Fiscal Services	1,299,849	835,400	168,781
2540 Operation and Maintenance of Plant Services	10,906,075	7,621,363	9,238,019
2550 Student Transportation Services	8,727,082	6,901,737	399,852
2570 Internal Services	799,462	358,431	20,421
2630 Information Services	251,825	138,140	30,664
2640 Staff Services	2,483,067	1,391,798	266,817
2660 Technology Services	5,025,120	2,872,050	1,360,968
2690 Other Support Services - Central	-	460,982	304,571
2700 Supplemental Retirement Program	919,405	35,127	-
Total Support Services	<u>77,577,294</u>	<u>48,133,281</u>	<u>15,361,148</u>
Facilities Acquisition and Construction:			
4110 Service Area Direction	113	45	69,423
4150 Building Acquisition, Construction, and Improvement Services	-	-	72,939
Total Facilities Acquisition and Construction	<u>113</u>	<u>45</u>	<u>142,362</u>
Other Uses:			
5100 Debt Service	-	-	-
5200 Transfers of Funds	-	-	-
Total Other Uses	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 243,114,759</u>	<u>\$ 148,174,305</u>	<u>\$ 25,106,730</u>

<u>Object 400</u>	<u>Object 500</u>	<u>Object 600</u>	<u>Object 700</u>	<u>Total</u>
\$ 1,226,389	\$ -	\$ 727	\$ -	\$ 94,539,476
1,158,805	5,990	47,430	-	37,023,004
72,912	76,497	4,968	-	1,254,125
1,217,436	-	33,638	-	50,136,941
33,193	-	24,790	-	3,740,552
26,280	-	360	-	415,535
95,523	-	723	-	43,094,335
277,069	-	54	-	22,870,745
14,895	-	-	-	181,453
181,031	-	16,504	-	11,253,209
241,137	-	-	-	13,902,781
17,588	-	68	-	914,067
-	-	-	-	58,659
7,685	-	-	-	206,027
55,772	-	2,444	-	430,552
<u>4,625,716</u>	<u>82,487</u>	<u>131,706</u>	<u>-</u>	<u>280,021,460</u>
20,815	-	-	-	10,172,782
1,602	-	-	-	9,814,509
1,868	-	279	-	2,062,215
6,422	-	-	-	1,360,922
28,681	-	-	-	5,253,344
13,141	-	-	-	1,471,952
47,869	-	-	-	1,729,441
391,472	-	2,670	-	3,080,485
444,468	-	555	-	4,885,546
167,210	-	-	-	716,488
334,043	-	3,697	-	4,965,008
2,263	-	18,940	-	473,201
3,080	-	2,828	-	1,549,492
422,417	8,965	15,607	-	30,666,360
35,136	-	477	-	2,027,478
19,619	-	7,726	-	2,331,375
1,794,252	194,507	23,981	-	29,778,197
1,508,638	802,285	198,792	-	18,538,387
77,408	-	1,025	-	1,256,747
22,615	-	1,947	-	445,190
45,740	-	12,571	-	4,199,992
4,182,569	-	3,867	-	13,444,574
-	-	-	-	765,553
-	-	-	-	954,532
<u>9,571,326</u>	<u>1,005,757</u>	<u>294,963</u>	<u>-</u>	<u>151,943,769</u>
7,074	-	17,993	-	94,648
<u>13,625</u>	<u>22,827</u>	<u>210</u>	<u>-</u>	<u>109,600</u>
<u>20,699</u>	<u>22,827</u>	<u>18,203</u>	<u>-</u>	<u>204,248</u>
-	-	621,308	-	621,308
-	-	-	6,053,983	6,053,983
-	-	621,308	6,053,983	6,675,291
<u>\$ 14,217,741</u>	<u>\$ 1,111,070</u>	<u>\$ 1,066,180</u>	<u>\$ 6,053,983</u>	<u>\$ 438,844,768</u>

SALEM-KEIZER SCHOOL DISTRICT 24J
SPECIAL REVENUE FUNDS (200) EXPENDITURE SUMMARY
YEAR ENDED JUNE 30, 2018

	<u>Object 100</u>	<u>Object 200</u>	<u>Object 300</u>	<u>Object 400</u>
Instruction:				
1111 Primary, K-5	\$ 51,002	\$ 13,098	\$ 182,429	\$ 614,556
1113 Elementary Extracurricular	13,414	2,723	255,277	517,676
1121 Middle/Junior High Programs	4,260	1,035	28,550	33,543
1122 Middle/Junior High School Extracurricular	32,690	9,021	342,886	442,223
1131 High School Programs	692,729	357,943	48,849	676,062
1132 High School Extracurricular	198,918	58,113	1,081,683	1,652,402
1140 Pre-Kindergarten Programs	2,475,307	1,381,091	165,709	338,806
1210 Programs for the Talented and Gifted	-	-	51	3,803
1220 Restrictive Programs for Students with Disabilities	2,851,183	1,851,830	6,778	7,684
1250 Less Restrictive Programs for Students with Disabilities	1,794,474	1,241,637	630	2,348
1260 Treatment and Habilitation	447,952	269,394	-	-
1271 Remediation	13,286	5,031	317	-
1272 Title I	4,536,362	2,691,994	112,709	527,887
1280 Alternative Education	223,681	129,269	9,841	18,426
1291 English Second Language Programs	30,051	11,353	1,557	16,545
1292 Teen Parent Program	76,500	34,404	289	6,261
1293 Migrant Education	353,595	227,036	25,442	47,472
1294 Youth Corrections Education	-	-	49,997	-
1299 Other Programs	94,222	45,374	8,536	683
1400 Summer School Programs	168,241	59,920	7,660	18,259
Total Instruction	14,057,865	8,390,265	2,329,190	4,924,635
Support Services:				
2110 Attendance and Social Work Services	298,320	211,707	11,654	44,919
2120 Guidance Services	23,308	5,729	74,479	44,170
2130 Health Services	134,049	74,705	63,923	7,187
2140 Psychological Services	79,879	46,391	-	-
2150 Speech Pathology and Audiology Services	463,070	303,584	-	-
2160 Other Student Treatment Services	55,688	32,631	67,973	-
2190 Service Direction, Student Support Services	659,627	416,620	-	21,273
2210 Improvement of Instruction Services	780,366	415,148	717,993	63,662
2230 Assessment and Testing	-	-	3,000	36
2240 Instructional Staff Development	3,220,800	1,552,698	1,326,461	99,857
2410 Office of the Principal	75,252	51,999	156,839	75,109
2490 Other Support Services - School Administration	549,496	314,083	26,265	17,237
2520 Fiscal Services	69,465	44,887	7,429	4,330
2540 Operation and Maintenance of Plant Services	42,851	24,862	303,851	112,643
2550 Student Transportation Services	-	-	1,273	-
2570 Internal Services	-	-	-	-
2620 Planning, Research, Development, Evaluation	14,414	1,279	54,116	1,004
2630 Information Services	105,881	33,193	-	-
2640 Staff Services	257,325	151,241	-	-
2660 Technology Services	185,687	70,236	165,795	1,367,602
2690 Other Support Services - Central	-	-	400	37,521
Total Support Services	7,015,478	3,750,992	2,981,450	1,896,550
Enterprise and Community Services:				
3100 Food Services	47,411	32,887	14,506,858	1,394,049
3300 Community Services	380,143	156,756	81,617	96,611
Total Enterprise and Community Services	427,554	189,643	14,588,475	1,490,660
Facilities Acquisition and Construction:				
4150 Building Acquisition, Construction, and Improvement	-	-	-	-
Total Facilities Acquisition and Construction	-	-	-	-
Other Uses:				
5100 Debt Service	-	-	-	-
5200 Transfers of Funds	-	-	-	-
Total Other Uses	-	-	-	-
Total Expenditures	\$ 21,500,897	\$ 12,330,900	\$ 19,899,115	\$ 8,311,845

<u>Object 500</u>	<u>Object 600</u>	<u>Object 700</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 861,084
14,695	3,448	-	807,233
-	-	-	67,388
39,181	9,459	-	875,460
337,231	16,689	-	2,129,503
1,001,656	366,984	-	4,359,755
-	24,926	-	4,385,840
-	-	-	3,854
-	-	-	4,717,475
-	-	-	3,039,089
-	-	-	717,346
-	-	-	18,634
-	-	-	7,868,952
24,849	-	-	406,065
-	-	-	59,505
-	-	-	117,453
-	-	-	653,545
-	-	-	49,997
-	-	-	148,815
-	-	-	254,079
<u>1,417,612</u>	<u>421,507</u>	<u>-</u>	<u>31,541,074</u>
-	2,491	-	569,092
-	150	-	147,836
-	70	-	279,934
-	-	-	126,269
-	-	-	766,654
-	-	-	156,292
-	-	-	1,097,521
14,332	-	-	1,991,501
-	7,220	-	10,256
-	21,405	-	6,221,222
-	-	-	359,199
-	627	-	907,708
-	1,544,538	-	1,670,649
566,107	1,474	-	1,051,787
-	-	-	1,273
92,951	-	-	92,951
-	-	-	70,812
-	-	-	139,074
-	-	-	408,566
75,920	868	-	1,866,107
-	-	-	37,921
<u>749,310</u>	<u>1,578,843</u>	<u>-</u>	<u>17,972,623</u>
834,257	590,188	-	17,405,650
-	105	-	715,232
<u>834,257</u>	<u>590,293</u>	<u>-</u>	<u>18,120,881</u>
<u>307,315</u>	<u>-</u>	<u>-</u>	<u>307,315</u>
<u>307,315</u>	<u>-</u>	<u>-</u>	<u>307,315</u>
-	1,234,421	-	1,234,421
-	-	2,655,323	2,655,323
-	1,234,421	2,655,323	3,889,744
<u>\$ 3,308,494</u>	<u>\$ 3,825,064</u>	<u>\$ 2,655,323</u>	<u>\$ 71,831,638</u>



SALEM-KEIZER SCHOOL DISTRICT 24J
DEBT SERVICE FUNDS (300) EXPENDITURE SUMMARY
YEAR ENDED JUNE 30, 2018

	<u>Object 600</u>	<u>Total</u>
Other Uses:		
5100 Debt Service	<u>\$48,762,375</u>	<u>\$48,762,375</u>
Total Other Uses	<u>48,762,375</u>	<u>48,762,375</u>
Total Expenditures	<u><u>\$48,762,375</u></u>	<u><u>\$48,762,375</u></u>

SALEM-KEIZER SCHOOL DISTRICT 24J
CAPITAL PROJECTS FUNDS (400) EXPENDITURE SUMMARY
YEAR ENDED JUNE 30, 2018

	<u>Object 100</u>	<u>Object 200</u>	<u>Object 300</u>
Facilities Acquisition and Construction:			
4110 Direction	\$ 75,826	\$ 26,258	\$ 291,682
4120 Site Acquisition and Development Services	-	-	-
4150 Building Acquisition, Construction, and Improvement Services	52,699	20,926	129,955
4180 Other Capital Items	-	-	-
Total Facilities Acquisition and Construction	<u>128,525</u>	<u>47,184</u>	<u>421,637</u>
 Total Expenditures	 <u>\$ 128,525</u>	 <u>\$ 47,184</u>	 <u>\$ 421,637</u>

<u>Object 400</u>	<u>Object 500</u>	<u>Total</u>
\$ -	\$ -	\$ 393,766
-	774,070	774,070
21,407	7,590,060	7,815,047
-	14,804,297	14,804,297
<u>21,407</u>	<u>23,168,427</u>	<u>23,787,180</u>
<u>\$ 21,407</u>	<u>\$ 23,168,427</u>	<u>\$ 23,787,180</u>

SALEM-KEIZER SCHOOL DISTRICT 24J
ENTERPRISE FUND (500) EXPENDITURE SUMMARY
YEAR ENDED JUNE 30, 2018

	<u>Object 100</u>	<u>Object 200</u>	<u>Object 300</u>
Enterprise and Community Services:			
3200 Other Enterprise Services	\$ 169,075	\$ 89,151	\$ 106,921
Total Enterprise and Community Services	<u>169,075</u>	<u>89,151</u>	<u>106,921</u>
Total Expenditures	<u>\$ 169,075</u>	<u>\$ 89,151</u>	<u>\$ 106,921</u>

<u>Object 400</u>	<u>Object 500</u>	<u>Object 600</u>	<u>Total</u>
\$ 417,720	\$ 133,956	\$ 9,872	\$ 926,695
417,720	133,956	9,872	926,695
<u>\$ 417,720</u>	<u>\$ 133,956</u>	<u>\$ 9,872</u>	<u>\$ 926,695</u>

SALEM-KEIZER SCHOOL DISTRICT 24J
INTERNAL SERVICE FUNDS (600) EXPENDITURE SUMMARY
YEAR ENDED JUNE 30, 2018

	<u>Object 100</u>	<u>Object 200</u>	<u>Object 300</u>
Instruction:			
1280 Alternative Education	\$ 1,624,521	\$ 881,334	\$ 1,107,668
Total Instruction	<u>1,624,521</u>	<u>881,334</u>	<u>1,107,668</u>
Support Services:			
2520 Fiscal Services	581,488	407,987	1,325,344
2540 Operation and Maintenance of Plant	6,328	2,861	3,111
2570 Other Internal Services	899,759	548,023	972,674
Total Support Services	<u>1,487,574</u>	<u>958,871</u>	<u>2,301,129</u>
Total Expenditures	<u>\$ 3,112,096</u>	<u>\$ 1,840,205</u>	<u>\$ 3,408,797</u>

<u>Object 400</u>	<u>Object 500</u>	<u>Object 600</u>	<u>Total</u>
\$ 102,435	\$ -	\$ 12,613	\$ 3,728,572
<u>102,435</u>	<u>-</u>	<u>12,613</u>	<u>3,728,572</u>
306,706	59,961	3,716,721	6,398,208
40,276	-	-	52,576
<u>2,110,393</u>	<u>115,143</u>	<u>545</u>	<u>4,646,537</u>
<u>2,457,375</u>	<u>175,105</u>	<u>3,717,266</u>	<u>11,097,321</u>
<u>\$ 2,559,810</u>	<u>\$ 175,105</u>	<u>\$ 3,729,879</u>	<u>\$ 14,825,892</u>

**SALEM-KEIZER SCHOOL DISTRICT 24J
 FIDUCIARY FUNDS (700) EXPENDITURE SUMMARY
 YEAR ENDED JUNE 30, 2018**

	<u>Object 300</u>	<u>Object 400</u>	<u>Total</u>
Enterprise and Community Services:			
3300 Community Services	\$ 18,603	\$ 460,061	\$ 478,664
Total Enterprise and Community Services	<u>18,603</u>	<u>460,061</u>	<u>478,664</u>
Total Expenditures	<u>\$ 18,603</u>	<u>\$ 460,061</u>	<u>\$ 478,664</u>



SALEM-KEIZER SCHOOL DISTRICT 24J
SCHEDULE OF GENERAL OBLIGATION BOND AND INTEREST TRANSACTIONS
YEAR ENDED JUNE 30, 2018

<u>Issue Date</u>	<u>Principal</u>				
	<u>Original Amount</u>	<u>Outstanding July 1, 2017</u>	<u>Matured</u>	<u>Redeemed</u>	<u>Outstanding June 30, 2018</u>
March 16, 2009	\$ 178,715,189	\$ 112,116,957	\$ 1,189,388	\$ 1,189,388	\$ 110,927,569
December 16, 2009	31,760,000	31,760,000	-	-	31,760,000
June 30, 2011	31,620,000	20,035,000	14,300,000	14,300,000	5,735,000
February 25, 2013	46,260,000	18,365,000	9,065,000	9,065,000	9,300,000
	<u>\$ 288,355,189</u>	<u>\$ 182,276,957</u>	<u>\$ 24,554,388</u>	<u>\$ 24,554,388</u>	<u>\$ 157,722,569</u>

SALEM-KEIZER SCHOOL DISTRICT 24J
SCHEDULE OF LIMITED TAX PENSION BOND AND INTEREST TRANSACTIONS
YEAR ENDED JUNE 30, 2018

<u>Issue Date</u>	<u>Principal</u>				
	<u>Original Amount</u>	<u>Outstanding July 1, 2017</u>	<u>Matured</u>	<u>Redeemed</u>	<u>Outstanding June 30, 2018</u>
October 31, 2002	\$ 106,974,763	\$ 84,994,646	\$ 2,377,782	\$ 2,377,782	\$ 82,616,864
February 19, 2004	88,815,000	75,610,000	3,680,000	3,680,000	71,930,000
June 30, 2011	7,820,000	7,820,000	-	-	7,820,000
January 29, 2015	50,145,000	45,480,000	2,235,000	2,235,000	43,245,000
	<u>\$ 253,754,763</u>	<u>\$ 213,904,646</u>	<u>\$ 8,292,782</u>	<u>\$ 8,292,782</u>	<u>\$ 205,611,864</u>

Interest Coupon Rates	Interest			
	Outstanding July 1, 2017	Matured	Redeemed	Outstanding June 30, 2018
4.0%-5.84%	\$ -	\$ 560,613	\$ 560,613	\$ -
1.25%	-	397,000	397,000	-
2.0%-5.0%	-	881,400	881,400	-
.77%-1.78%	-	302,972	302,972	-
	<u>\$ -</u>	<u>\$ 2,141,985</u>	<u>\$ 2,141,985</u>	<u>\$ -</u>

Interest Coupon Rates	Interest			
	Outstanding July 1, 2017	Matured	Redeemed	Outstanding June 30, 2018
5.48%-6.10%	\$ -	\$ 7,866,232	\$ 7,866,232	\$ -
5.12%-5.53%	-	4,142,726	4,142,726	-
4.12%	-	321,793	321,793	-
.52%-3.21%	-	1,442,469	1,442,469	-
	<u>\$ -</u>	<u>\$ 13,773,220</u>	<u>\$ 13,773,220</u>	<u>\$ -</u>

SALEM-KEIZER SCHOOL DISTRICT 24J
SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENT OF GENERAL OBLIGATION BONDS
YEAR ENDED JUNE 30, 2018

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 15,925,853	\$ 2,296,367	\$ 18,222,220
2020	35,968,377	2,171,123	38,139,500
2021	12,517,987	10,402,013	22,920,000
2022	12,006,866	11,603,135	23,610,001
2023	11,606,477	12,713,523	24,320,000
2024	11,199,354	13,850,646	25,050,000
2025	10,752,666	15,047,334	25,800,000
2026	10,320,136	16,254,865	26,575,001
2027	9,884,676	17,485,325	27,370,001
2028	9,558,105	18,636,895	28,195,000
2029	9,178,963	19,861,037	29,040,000
2030	8,803,109	21,106,887	29,909,996
Total Future Payments	<u>\$ 157,722,569</u>	<u>\$ 161,429,150</u>	<u>\$ 319,151,719</u>

SALEM-KEIZER SCHOOL DISTRICT 24J
SCHEDULE OF FUTURE LIMITED TAX PENSION OBLIGATIONS
YEAR ENDED JUNE 30, 2018

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 8,948,198	\$ 14,057,944	\$ 23,006,142
2020	9,663,666	14,327,671	23,991,337
2021	15,795,000	9,403,582	25,198,582
2022	17,450,000	8,719,822	26,169,822
2023	19,455,000	7,832,091	27,287,091
2024	21,620,000	6,828,154	28,448,154
2025	23,960,000	5,696,627	29,656,627
2026	26,480,000	4,434,650	30,914,650
2027	29,205,000	3,030,190	32,235,190
2028	15,155,000	1,472,653	16,627,653
2029	2,990,000	682,658	3,672,658
2030	3,105,000	568,500	3,673,500
2031	3,225,000	449,951	3,674,951
2032	3,350,000	326,821	3,676,821
2033	3,475,000	198,918	3,673,918
2034	1,735,000	66,242	1,801,242
Total Future Payments	<u>\$ 205,611,864</u>	<u>\$ 78,096,474</u>	<u>\$ 283,708,338</u>

SALEM-KEIZER SCHOOL DISTRICT 24J

SUPPLEMENTAL INFORMATION, 2017-2018

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

	Objects 325, 326, & 327
Function 2540	\$6,334,107
Function 2550	\$0

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

Exclude these functions:	Exclude these functions:
1113, 1122 & 1132	Co-curricular Activities 4150
1140	Pre-Kindergarten 2550
1300	Continuing Education 3100
1400	Summer School 3300

Construction
 Pupil Transportation
 Food Service
 Community Services

\$0

SALEM-KEIZER SCHOOL DISTRICT 24J
COMBINING STATEMENT OF NET POSITION-COMPONENT UNITS
YEAR ENDED JUNE 30, 2018

	Optimum Learning		Jane Goodall		Total
	Environments Charter School	Howard Street Charter School	Environmental Middle School	Valley Inquiry Charter School	
ASSETS:					
Pooled Cash and Investments	\$ 208,903	\$ 586,844	\$ 475,157	\$ 433,384	\$ 1,704,288
Receivable from Sponsor District	-	95,788	-	-	95,788
Other Receivables	-	422	-	-	422
Prepays	-	7,855	-	-	7,855
Capital Assets (net of depreciation)	5,729	-	-	42,241	47,970
Construction in progress	-	70,930	-	-	70,930
TOTAL ASSETS	214,632	761,839	475,157	475,625	1,927,253
DEFERRED OUTFLOWS:					
PERS Deferred Outflows	-	387,589	-	-	387,589
OPEB Deferred Outflows	-	1,635	-	-	1,635
TOTAL DEFERRED OUTFLOWS	-	389,224	-	-	389,224
LIABILITIES:					
Accounts Payable and Accrued Expenses	-	30,144	12,750	-	42,894
Accrued Salaries and Benefits	-	1,089	-	1,842	2,931
PERS Net Pension Liability	-	607,699	-	-	607,699
OPEB Liability	-	70,889	-	-	70,889
TOTAL LIABILITIES	-	709,821	12,750	1,842	724,413
DEFERRED INFLOWS:					
PERS Deferred Inflows	-	34,462	-	-	34,462
OPEB Deferred Inflows	-	620	-	-	620
TOTAL DEFERRED INFLOWS	-	35,082	-	-	35,082
NET POSITION:					
Investment in Capital Assets	5,729	70,930	-	42,241	118,900
Restricted for Save the Children Program	-	2,372	-	-	2,372
Restricted for Outdoor Program	-	526	-	-	526
Unrestricted	208,903	332,332	462,407	431,542	1,435,184
TOTAL NET POSITION	\$ 214,632	\$ 406,160	\$ 462,407	\$ 473,783	\$ 1,556,982

SALEM-KEIZER SCHOOL DISTRICT 24J
COMBINED STATEMENT OF ACTIVITIES-COMPONENT UNITS
YEAR ENDED JUNE 30, 2018

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Change</u>
			<u>Contributions</u>	<u>in Net Position</u>
Governmental Activities:				
Instructional Programs	\$ 2,684,533	\$ 14,387	\$ 184,119	\$ (2,486,027)
Support Services	1,198,398	-	-	(1,198,398)
Enterprise and Community Services	49,345	41,313	-	(8,032)
Total Governmental Activities	<u>\$ 3,932,276</u>	<u>\$ 55,700</u>	<u>\$ 184,119</u>	<u>(3,692,457)</u>
General Revenues:				
State School Fund - General Support				3,923,420
Net Increase in the Fair Value of Investments				6,122
Earnings on Investments				13,017
Donations				23,654
Outdoor school grant				2,692
Miscellaneous				<u>17,734</u>
Total General Revenues				3,986,639
				<u>294,182</u>
				<u>1,262,800</u>
				<u>\$ 1,556,982</u>

SALEM-KEIZER SCHOOL DISTRICT 24J
STATEMENT OF ACTIVITIES-OPTIMUM LEARNING ENVIRONMENTS
YEAR ENDED JUNE 30, 2018

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u> <u>Revenue and</u> <u>Change</u> <u>in Net Position</u>
		<u>Charges for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	
Governmental Activities:				
Instructional Services	\$ 729,901	\$ -	\$ -	\$ (729,901)
Support Services	116,355	-	-	(116,355)
Total Governmental Activities	\$ 846,256	\$ -	\$ -	(846,256)
General Revenues:				
State school fund - General Support				920,480
Outdoor school grant				2,692
Earnings on Investments				5,078
Total General Revenues				928,250
CHANGE IN NET POSITION				81,994
Net Position - July 1, 2017				132,638
Net Position - June 30, 2018				\$ 214,632

SALEM-KEIZER SCHOOL DISTRICT 24J
STATEMENT OF ACTIVITIES-HOWARD STREET CHARTER SCHOOL
YEAR ENDED JUNE 30, 2018

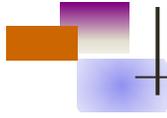
<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u> <u>Revenue and</u> <u>Change</u> <u>in Net Position</u>
		<u>Charges for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	
Governmental Activities:				
Instructional Services	\$ 593,453	\$ 14,387	\$ 40,079	\$ (538,987)
Support Services	571,573	-	-	(571,573)
Enterprise and Community Services	49,345	41,313	-	(8,032)
Total Governmental Activities	<u>\$ 1,214,371</u>	<u>\$ 55,700</u>	<u>\$ 40,079</u>	<u>(1,118,592)</u>
General Revenues:				
State School Fund - General Support				1,154,086
Earnings on Investments				4,286
Donations				23,654
Miscellaneous				1,339
Total General Revenues				<u>1,183,365</u>
CHANGE IN NET POSITION				<u>64,773</u>
Net Position - July 1, 2017, as restated				<u>341,387</u>
Net Position - June 30, 2018				<u>\$ 406,160</u>

SALEM-KEIZER SCHOOL DISTRICT 24J
STATEMENT OF ACTIVITIES-JANE GOODALL ENVIRONMENTAL MIDDLE SCHOOL
YEAR ENDED JUNE 30, 2018

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>		Net (Expense)
		<u>Charges for</u>	<u>Operating</u>	Revenue and
		<u>Services</u>	<u>Grants and</u>	Change
			<u>Contributions</u>	in Net Position
Governmental Activities:				
Instructional Services	\$ 449,294	\$ -	\$ 144,040	\$ (305,254)
Support Services	<u>370,238</u>	<u>-</u>	<u>-</u>	<u>(370,238)</u>
 Total Governmental Activities	 <u>\$ 819,532</u>	 <u>\$ -</u>	 <u>\$ 144,040</u>	 <u>(675,492)</u>
 General Revenues:				
				667,921
				6,122
				<u>3,653</u>
				677,696
 CHANGE IN NET POSITION				 <u>2,204</u>
Net Position - July 1, 2017				<u>460,203</u>
Net Position - June 30, 2018				<u>\$ 462,407</u>

SALEM-KEIZER SCHOOL DISTRICT 24J
STATEMENT OF ACTIVITIES-VALLEY INQUIRY CHARTER SCHOOL
YEAR ENDED JUNE 30, 2018

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Change</u>
			<u>Contributions</u>	<u>in Net Position</u>
Governmental Activities:				
Instructional Services	\$ 911,885	\$ -	\$ -	\$ (911,885)
Support Services	140,232	-	-	(140,232)
Total Governmental Activities	<u>\$ 1,052,117</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(1,052,117)</u>
General Revenues:				
State School Fund - General Support				1,180,933
Miscellaneous				16,395
Total General Revenues				<u>1,197,328</u>
CHANGE IN NET POSITION				<u>145,211</u>
Net Position - July 1, 2017				<u>328,572</u>
Net Position - June 30, 2018				<u>\$ 473,783</u>



Statistical Section



Salem High School circa 1906, now North Salem High School

SALEM-KEIZER SCHOOL DISTRICT 24J
STATISTICAL SECTION
TABLE OF CONTENTS

This part of the District’s Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the District.

<u>Contents</u>	<u>Page</u>
<i>Financial Trends</i>	
Condensed Statement of Net Position By Component – Last Ten Fiscal Years	150
Changes in Net Position – Last Ten Fiscal Years.....	152
Fund Balances of Governmental Funds – Last Ten Fiscal Years.....	154
Primary Government-Wide Revenues – Last Ten Fiscal Years.....	156
Governmental Funds Revenues, Expenditures, Other Financing Sources (Uses) and Debt Service Ratio – Last Ten Fiscal Years	158
Revenues and Other Financing Sources by Source (Non-GAAP Basis) – General Fund – Last Ten Fiscal Years	160
Expenditures and Other Financing (Uses) by Program (Non-GAAP Basis) – General Fund – Last Ten Fiscal Years	162
<i>Revenue Capacity:</i>	
Property Tax Levies – Marion and Polk Counties – Last Ten Fiscal Years	164
Property Tax Levies and Collections – General Fund – Last Ten Fiscal Years.....	166
Property Tax Levies and Collections – Debt Service Fund – Last Ten Fiscal Years	166
Comparison of General Fund Budget to Tax Levy – Last Ten Fiscal Years	167
Assessed Value and Real Market Value of Taxable Property – Last Ten Fiscal Years	169
Property Tax Rates Per \$1,000 of Assessed Valuation – Direct and Overlapping Governments – Last Ten Fiscal Years	170
Principal Taxpayers – Current and Nine Years Prior	172
<i>Debt Capacity:</i>	
Legal Debt Margin Information – Last Ten Fiscal Years	173
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years.....	174
Direct and Overlapping Governmental Activities Debt.....	175
Ratio of Annual Debt Service Requirements for General Obligation Bonded Debt to Total Budget Basis General Fund Expenditures and Transfers – Last Ten Fiscal Years	176
Ratio of Net General Obligation Bonded Debt to True Cash Value and Net General Bonded Debt per Capita and per Student – Last Ten Fiscal Years	177
<i>Demographic and Economic Information:</i>	
Demographic and Economic Statistics – Last Ten Calendar Years	178
Salem Metropolitan Area Employment – Largest to Smallest – Current and Nine Years Prior	179
Salem Metropolitan Area – Average Annual Employment – Last Ten Calendar Years	180
Population Ethnicity and Other Related Data	181

STATISTICAL SECTION (CONTINUED)

	<u>Page</u>
<i>Operating Information:</i>	
School Building, Student Enrollment and Average Daily Membership (ADM) Information – Last Ten Fiscal Years	182
Average Daily Membership (ADM) – Last Ten Fiscal Years	187
Licensed, Classified, and Administrative Full-Time Employees Staff Levels – Last Ten Fiscal Years	189
Teacher Base Salaries – Last Ten Fiscal Years	190
Operating Statistics – Last Ten Fiscal Years	191
Miscellaneous Statistical Data	192

SALEM-KEIZER SCHOOL DISTRICT 24J
CONDENSED STATEMENT OF NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS ENDED JUNE 30

	2018	2017	2016	2015
GOVERNMENTAL ACTIVITIES				
ASSETS:				
Current and Other Assets	\$ 150,258,866	\$ 143,080,056	\$ 158,919,641	\$ 174,587,436
Net Capital Assets	451,356,649	434,278,494	431,323,086	416,135,610
Prepaid Pension Contributions	-	-	-	-
Pension Assets	-	-	-	56,333,378
Net OPEB Asset - RHIA	968,900	-	-	-
TOTAL ASSETS	602,584,415	577,358,550	590,242,727	647,056,424
DEFERRED OUTFLOWS OF RESOURCES:				
Pension Deferred Outflow - PERS	138,738,558	202,049,375	69,109,541	79,382,440
OPEB Deferred Outflows - RHIA	1,130,778	-	-	-
Deferred Amount on Bond Refunding	571,117	1,128,720	1,686,323	2,243,926
TOTAL DEFERRED OUTFLOWS	140,440,453	203,178,095	70,795,864	81,626,366
LIABILITIES:				
Other Liabilities	119,638,031	108,901,550	132,742,800	123,195,104
Long-term Debt Outstanding	373,916,867	409,111,237	441,939,451	474,986,624
Total OPEB Liability - Insurance Subsidy	25,441,981	23,747,374	-	-
Net Pension Liability - PERS	313,463,307	330,280,248	122,378,153	-
Total Pension Liability - Stipend Benefits	305,933	1,204,740	-	-
Net OPEB Liability - RHIA	-	638,414	-	-
TOTAL LIABILITIES	832,766,119	873,883,563	697,060,404	598,181,728
DEFERRED INFLOWS OF RESOURCES:				
Pension Deferred Inflow - PERS	9,580,033	6,909,596	31,727,285	108,700,599
OPEB Deferred Inflows	454,544	-	-	-
Deferred Amount on Bond Refunding	-	-	-	-
TOTAL DEFERRED INFLOWS	10,034,577	6,909,596	31,727,285	108,700,599
NET POSITION:				
Net Investment in Capital Assets	284,229,566	245,110,046	221,821,653	194,496,722
Restricted	129,021	2,507,364	6,904,637	6,877,725
Unrestricted	(384,134,415)	(346,717,877)	(296,475,388)	(179,573,984)
TOTAL NET POSITION	\$ (99,775,828)	\$ (99,100,467)	\$ (67,749,098)	\$ 21,800,463
BUSINESS TYPE ACTIVITIES				
ASSETS:				
Current and Other Assets	\$ 194,319	\$ 525,894	\$ 333,869	\$ 258,570
Pension Assets	-	-	-	38,829
TOTAL ASSETS	194,319	525,894	333,869	297,399
DEFERRED OUTFLOWS OF RESOURCES:				
Pension Deferred Outflow - PERS	-	125,548	47,249	18,859
TOTAL DEFERRED OUTFLOWS	-	125,548	47,249	18,859
LIABILITIES:				
Other Liabilities	55,998	8,677	8,441	7,940
Net Pension Liability - PERS	-	205,226	83,667	-
TOTAL LIABILITIES	55,998	213,903	92,108	7,940
DEFERRED INFLOWS OF RESOURCES:				
Pension Deferred Inflows - PERS	-	4,294	21,692	74,925
TOTAL DEFERRED INFLOWS	-	4,294	21,692	74,925
NET POSITION:				
Unrestricted	138,321	432,867	267,318	233,393
TOTAL NET POSITION	\$ 138,321	\$ 432,867	\$ 267,318	\$ 233,393

Source: Salem-Keizer Public Schools
GASB 68 and GASB 65 were implemented in FY 2015 and FY 2014, respectively.
FY 2017 was restated for GASB 75 implementation.

	2014	2013	2012	2011	2010	2009
\$	167,122,010	\$ 182,598,792	\$ 224,270,903	\$ 272,198,477	\$ 336,231,384	\$ 333,424,451
	406,135,755	402,081,426	387,486,377	334,983,076	267,403,857	247,203,625
	183,232,781	187,132,689	190,547,194	193,310,944	195,786,040	197,811,309
	-	-	-	-	-	-
	-	-	-	-	-	-
	756,490,546	771,812,907	802,304,474	800,492,497	799,421,281	778,439,385
	-	-	-	-	-	-
	-	-	-	-	-	-
	2,801,529	3,359,132	162,000	180,000	-	-
	2,801,529	3,359,132	162,000	180,000	-	-
	82,205,188	92,690,300	159,926,204	141,998,639	136,955,541	89,356,043
	488,389,939	518,923,136	489,943,303	516,615,100	509,526,430	529,932,253
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	570,595,127	611,613,436	649,869,507	658,613,739	646,481,971	619,288,296
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	99,458	203,242	307,026	410,810	514,594
	-	99,458	203,242	307,026	410,810	514,594
	172,893,673	153,807,226	141,578,857	131,279,359	118,920,627	103,956,053
	9,841,417	2,471,931	2,746,751	4,960,401	6,019,866	5,789,258
	5,961,858	7,179,988	8,068,117	5,511,972	27,588,007	48,891,184
\$	188,696,948	\$ 163,459,145	\$ 152,393,725	\$ 141,751,732	\$ 152,528,500	\$ 158,636,495
\$	251,499	\$ -	\$ -	\$ -	\$ -	\$ -
	-	-	-	-	-	-
	251,499	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	780	-	-	-	-	-
	-	-	-	-	-	-
	780	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	250,719	-	-	-	-	-
\$	250,719	\$ -	\$ -	\$ -	\$ -	\$ -

SALEM-KEIZER SCHOOL DISTRICT 24J
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS ENDED JUNE 30
(ACCRUAL BASIS OF ACCOUNTING)

	2018	2017	2016	2015
Expenses				
Governmental Activities				
Instructional Programs	\$ 335,870,638	\$ 313,305,655	\$ 347,430,098	\$ 214,216,158
Support Services:				
Pupil Transportation	20,020,014	17,897,990	19,138,280	12,787,985
Other Support Services	168,006,337	161,487,750	177,865,936	119,119,707
Community Services	602,857	541,402	1,827,365	520,377
Facilities Services	16,858,814	16,428,499	13,691,167	
Food Services	6,753,676	7,233,788	14,983,797	14,919,866
Interest and Fees on Long-Term Debt	23,818,015	24,129,832	24,605,017	24,167,352
Total Governmental Activities Expenses	<u>571,930,351</u>	<u>541,024,916</u>	<u>599,541,660</u>	<u>385,731,445</u>
Business-type Activities				
Community Services	842,723	454,563	447,807	355,360
Total Business-type Activities Expenses	<u>842,723</u>	<u>454,563</u>	<u>447,807</u>	<u>355,360</u>
Total Primary Government Expenses	<u>\$ 572,773,074</u>	<u>\$ 541,479,479</u>	<u>\$ 599,989,467</u>	<u>\$ 386,086,805</u>
Program Revenues				
Governmental Activities				
Charges for Services:				
Instructional Programs	\$ 11,566,298	\$ 9,608,492	\$ 9,824,531	\$ 9,000,662
Other Support Services	12,334,403	11,756,109	11,002,719	8,773,438
Community Services	6,225	5,898	1,985	144,636
Food Services	1,893,936	1,491,208	1,414,001	1,540,266
Facilities Services	-	-	4,378	-
Operating Grants and Contributions	56,428,169	51,486,135	49,340,622	71,871,907
Capital Grants and Contributions	2,302,378	2,215,097	2,757,207	1,807,810
Total Governmental Activities Program Revenues	<u>84,531,409</u>	<u>76,562,939</u>	<u>74,345,443</u>	<u>93,138,719</u>
Business-type Activities				
Rentals	439,260	388,714	367,528	310,824
Charges for Services	108,917	231,398	114,204	97,608
Total Business-type Activities Program Revenues	<u>548,177</u>	<u>620,112</u>	<u>481,732</u>	<u>408,432</u>
Total Primary Government Net (Expenses)	<u>\$ 487,693,488</u>	<u>\$ 464,296,428</u>	<u>\$ 525,162,292</u>	<u>\$ 292,539,654</u>
General Revenues				
Governmental Activities				
Property Taxes Levied for Gen Purposes	\$ 81,236,264	\$ 76,773,738	\$ 71,975,251	\$ 68,784,828
Property Taxes Levied for Debt Service	27,772,256	22,397,658	33,676,046	30,432,693
Intermediate Sources	15,973,995	15,048,073	14,481,720	13,766,319
State School Fund - General Support	339,031,332	309,535,499	302,486,193	289,804,828
State School Fund - Unrestricted Grants	4,025,402	2,338,323	4,594,624	2,300,856
Common School Fund	2,093,749	5,009,361	4,796,275	3,905,074
Federal Sources - General Support	21,724	32,024	251,928	162,004
Unrestricted State and Local Sources	12,269,171	956,168	11,252	879,048
Gain on Sale of Capital Asset	10,306	22,763	196,908	2,492
Earnings on Investments	3,295,569	1,431,159	1,627,285	1,371,023
Net Increase in the Fair Value of Investments	20,862	175,346	-	-
Miscellaneous	972,951	398,691	540,979	2,668,228
Total Governmental Activities General Revenues	<u>486,723,581</u>	<u>434,118,803</u>	<u>434,638,461</u>	<u>414,077,393</u>
Business-type Activities				
	-	-	-	-
Total Primary Government General Revenues	<u>\$ 486,723,581</u>	<u>\$ 434,118,803</u>	<u>\$ 434,638,461</u>	<u>\$ 414,077,393</u>
CHANGE IN NET POSITION				
Governmental Activities	\$ (675,361)	\$ (30,343,174)	\$ (90,557,756)	\$ 121,484,667
Business-type Activities	(294,546)	165,549	33,925	53,072
Total Primary Government	<u>\$ (969,907)</u>	<u>\$ (30,177,625)</u>	<u>\$ (90,523,831)</u>	<u>\$ 121,537,739</u>

Source: Salem-Keizer Public Schools
GASB 68 and GASB 65 were implemented in FY 2015 and FY 2014, respectively.
FY 2017 was restated for GASB 75 implementation.

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$252,926,140	\$234,466,357	\$239,143,184	\$237,641,282	\$237,967,929	\$232,724,784
16,577,771	14,403,373	13,680,448	12,690,201	12,675,970	12,627,699
132,946,384	126,653,501	123,481,541	118,992,999	114,988,270	104,524,232
506,316	606,348	658,948	303,112	534,411	635,708
7,348,527	11,294,252	14,032,028	10,993,481	3,751,457	2,764,800
13,905,716	13,369,351	13,443,979	13,702,863	13,467,945	12,348,490
28,007,778	28,767,980	29,684,942	29,401,903	31,317,498	26,135,547
<u>452,218,632</u>	<u>429,561,162</u>	<u>434,125,070</u>	<u>423,725,841</u>	<u>414,703,480</u>	<u>391,761,260</u>
238,658	-	-	-	-	-
<u>238,658</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$452,457,290</u>	<u>\$429,561,162</u>	<u>\$434,125,070</u>	<u>\$423,725,841</u>	<u>\$414,703,480</u>	<u>\$391,761,260</u>
\$ 8,216,193	\$ 9,124,176	\$ 8,771,284	\$ 10,743,476	\$ 9,946,678	\$ 8,370,128
9,709,131	9,118,348	10,391,950	8,079,202	619,680	188,242
247,641	248,610	255,818	331,768	255,891	265,109
1,573,325	1,694,011	2,130,092	2,503,864	2,548,642	2,841,114
-	-	-	-	-	-
70,413,215	62,088,322	70,060,510	39,861,240	51,098,850	49,104,543
1,316,550	3,596,746	5,670,653	1,489,051	-	-
<u>91,476,055</u>	<u>85,870,213</u>	<u>97,280,307</u>	<u>63,008,601</u>	<u>64,469,741</u>	<u>60,769,136</u>
339,950	-	-	-	-	-
149,427	-	-	-	-	-
<u>489,377</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$360,491,858</u>	<u>\$343,690,949</u>	<u>\$336,844,763</u>	<u>\$360,717,240</u>	<u>\$350,233,739</u>	<u>\$330,992,124</u>
\$ 66,459,654	\$ 64,534,344	\$ 63,806,206	\$ 62,075,210	\$ 61,126,919	\$ 57,794,797
32,677,947	31,983,475	27,564,920	25,104,617	28,376,315	27,859,981
12,571,832	13,081,146	10,998,712	11,022,507	12,491,059	12,066,122
262,566,142	234,837,668	225,426,426	216,524,217	222,492,803	222,039,625
2,748,385	1,277,087	2,434,920	1,456,880	1,675,723	2,533,635
3,644,939	3,815,555	3,416,747	3,332,569	3,434,287	2,745,744
209,801	212,007	344,012	13,894,534	11,059,510	-
820,584	1,205,329	11,382,607	117,868	68,507	401,363
878,681	-	-	-	-	-
395,640	632,285	694,038	1,524,189	2,870,269	3,704,253
-	-	-	-	-	-
3,006,775	3,177,473	1,418,168	14,887,881	530,352	8,560,088
<u>385,980,380</u>	<u>354,756,369</u>	<u>347,486,756</u>	<u>349,940,472</u>	<u>344,125,744</u>	<u>337,705,608</u>
-	-	-	-	-	-
<u>\$385,980,380</u>	<u>\$354,756,369</u>	<u>\$347,486,756</u>	<u>\$349,940,472</u>	<u>\$344,125,744</u>	<u>\$337,705,608</u>
\$ 25,237,803	\$ 11,065,420	\$ 10,641,993	\$ (10,776,768)	\$ (6,107,995)	\$ 6,713,484
250,719	-	-	-	-	-
<u>\$ 25,488,522</u>	<u>\$ 11,065,420</u>	<u>\$ 10,641,993</u>	<u>\$ (10,776,768)</u>	<u>\$ (6,107,995)</u>	<u>\$ 6,713,484</u>

SALEM-KEIZER SCHOOL DISTRICT 24J
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS ENDED JUNE 30
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General Fund:					
Nonspendable	\$ 244,987	\$ 287,315	\$ 248,221	\$ 296,170	\$ 204,599
Unassigned	51,233,046	44,265,384	49,197,236	44,135,114	32,924,527
Total General Fund	<u>\$ 51,478,033</u>	<u>\$ 44,552,699</u>	<u>\$ 49,445,457</u>	<u>\$ 44,431,284</u>	<u>\$ 33,129,126</u>
All Other Governmental Funds:					
Restricted	\$ 2,156,170	\$ 8,871,290	\$ 17,841,499	\$ 31,825,537	\$ 53,449,632
Committed	11,354,130	10,904,796	10,496,094	20,930,154	8,611,984
Assigned	27,120,079	25,476,685	25,565,756	21,285,837	18,429,846
Total All Other Governmental Funds	<u>\$ 40,630,379</u>	<u>\$ 45,252,771</u>	<u>\$ 53,903,349</u>	<u>\$ 74,041,528</u>	<u>\$ 80,491,462</u>
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
General Fund:					
Nonspendable	\$ 241,073	\$ 201,396	\$ 173,465	\$ 142,003	\$ 133,827
Unassigned	27,126,649	27,762,738	27,208,601	23,472,444	22,476,088
Total General Fund	<u>\$ 27,367,722</u>	<u>\$ 27,964,134</u>	<u>\$ 27,382,066</u>	<u>\$ 23,614,447</u>	<u>\$ 22,609,915</u>
All Other Governmental Funds:					
Restricted	\$ 73,459,724	\$ 95,581,542	\$ 159,272,568	\$ 192,556,390	\$ 186,386,226
Committed	81,376	81,376	-	-	-
Assigned	13,316,478	12,464,300	4,787,714	26,286,937	33,182,120
Total All Other Governmental Funds	<u>\$ 86,857,578</u>	<u>\$ 108,127,218</u>	<u>\$ 164,060,282</u>	<u>\$ 218,843,327</u>	<u>\$ 219,568,346</u>

Source: Salem-Keizer Public Schools
GASB 54 was implemented in FY 2011. Years prior to 2011 were restated to comply with GASB 54.



SALEM-KEIZER SCHOOL DISTRICT 24J
 PRIMARY GOVERNMENT-WIDE REVENUES
 LAST TEN FISCAL YEARS ENDED JUNE 30

Year Ended June 30	Program Revenues				Property Taxes- General Purpose	Property Taxes- Debt Service	Intermediate Sources
	Total	Charges for Services	Operating Contributions	Capital Grants and Contributions			
2018	\$ 571,803,167	\$ 26,349,039	\$ 56,428,169	\$ 2,302,378	\$ 81,236,264	\$ 27,772,256	\$ 15,973,995
2017	511,301,854	23,481,819	51,486,135	2,215,097	76,773,738	22,397,658	15,048,073
2016	509,465,636	22,729,346	49,340,622	2,757,207	71,975,251	33,676,046	14,481,720
2015	507,624,544	19,867,434	71,871,907	1,807,810	68,784,828	30,432,693	13,766,319
2014	477,945,812	20,235,667	70,413,215	1,316,550	66,459,654	32,677,947	12,571,832
2013	440,626,582	20,185,145	62,088,322	3,596,746	64,534,344	31,983,475	13,081,146
2012	444,767,063	21,549,144	70,060,510	5,670,653	63,806,206	27,564,920	10,998,712
2011	412,949,073	21,658,310	39,861,240	1,489,051	62,075,210	25,104,617	11,022,507
2010	408,595,485	13,370,891	51,098,850	-	61,126,919	28,376,315	12,491,059
2009	398,474,744	11,664,593	49,104,543	-	57,794,797	27,859,981	12,066,122

Source: Salem-Keizer Public Schools

General Revenues

State School Fund General Support	State School Fund Unrestricted Other	Common School Fund	Federal Sources General	Unrestricted State and Local Sources	Earnings on Investments	Miscellaneous Revenue
\$ 339,031,332	\$ 4,025,402	\$ 2,093,749	\$ 21,724	\$ 12,269,171	\$ 3,295,569	\$ 1,004,119
309,535,499	2,338,323	5,009,361	32,024	956,168	1,431,159	596,800
302,486,193	4,594,624	4,796,275	251,928	11,252	1,500,772	864,400
289,804,828	2,300,856	3,905,074	162,004	879,048	1,371,023	2,670,720
262,566,142	2,748,385	3,644,939	209,801	820,584	395,640	3,885,456
234,837,668	1,277,087	3,815,555	212,007	1,205,329	632,285	3,177,473
225,426,426	2,434,920	3,416,747	344,012	11,382,607	694,038	1,418,168
216,524,217	1,456,880	3,332,569	13,894,534	117,868	1,524,189	14,887,881
222,492,803	1,675,723	3,434,287	11,059,510	43,695	2,870,269	555,164
222,039,625	2,533,635	2,745,744	7,941,132	423,888	3,704,253	596,431

SALEM-KEIZER SCHOOL DISTRICT 24J
GOVERNMENTAL FUNDS REVENUES, EXPENDITURES,
OTHER FINANCING SOURCES (USES), AND DEBT SERVICE RATIO
LAST TEN FISCAL YEARS ENDED JUNE 30
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2018	2017	2016	2015
Revenues				
Property and Other Taxes	\$ 106,700,437	\$ 99,590,868	\$ 105,944,729	\$ 99,920,726
Local Sources	49,366,151	36,453,124	33,707,616	31,979,185
Earnings on Investments	2,876,012	1,686,027	1,627,285	1,371,023
Intermediate Sources	17,848,658	16,667,069	15,219,988	14,451,999
State Sources	355,335,685	325,324,703	319,424,073	304,165,887
Federal Sources	44,682,347	40,096,109	40,688,340	43,999,955
Total Revenues	<u>576,809,290</u>	<u>519,817,900</u>	<u>516,612,031</u>	<u>495,888,775</u>
Expenditures				
Current				
Instruction	311,562,536	292,036,745	277,974,651	257,270,832
Support Services	169,597,479	163,446,602	166,835,483	146,604,642
Enterprise and Community Services	784,831	631,867	428,024	447,621
Food Services	21,213,013	17,270,612	16,763,087	14,959,648
Facilities Acquisition & Construction	20,740,692	10,651,985	20,999,372	21,252,657
Debt Service				
Principal	34,483,217	32,119,374	38,815,965	34,672,523
Interest	16,134,886	17,087,512	16,596,307	16,342,547
Other	-	-	-	-
Total Expenditures ¹	<u>574,516,654</u>	<u>533,244,697</u>	<u>538,412,889</u>	<u>491,550,470</u>
Excess (deficiency) of Revenues over (under) Expenditures	2,292,636	(13,426,797)	(21,800,858)	4,338,305
Other Financing Sources (Uses)				
Issuance of Debt - Capital Leases	-	-	6,479,944	139,221
Sale of or Compensation for Loss of Assets	10,306	19,279	196,908	10,550
Transfers In	8,709,306	6,520,000	3,620,000	2,820,000
Transfers Out	(8,709,306)	(6,520,000)	(3,620,000)	(2,820,000)
Sale of Pension Bonds	-	-	-	50,145,000
Lump Sum Payment on Pension UAL	-	-	-	(49,780,852)
Sale of General Obligation Bonds	-	-	-	-
Issuance of Debt - Refunding Bonds	-	-	-	-
Payments to Escrow Agent	-	-	-	-
Total Other Financing Sources (Uses)	<u>10,306</u>	<u>19,279</u>	<u>6,676,852</u>	<u>513,919</u>
Net Change in Fund Balances	<u>\$ 2,302,942</u>	<u>\$ (13,407,518)</u>	<u>\$ (15,124,006)</u>	<u>\$ 4,852,224</u>
Expenditures for Capital Outlay - (included in Total Expenditures)	\$ 27,587,990	\$ 13,762,101	\$ 25,445,316	\$ 19,651,593
Debt Services as a Percentage of Noncapital Expenditures	9.25%	9.47%	10.80%	10.81%

¹ Categories differ from Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.
Source: Salem-Keizer Public Schools

	2014	2013	2012	2011	2010	2009
\$	98,650,144	\$ 96,662,195	\$ 91,747,023	\$ 86,998,059	\$ 88,142,303	\$ 85,803,336
	34,807,130	28,146,721	33,472,607	25,554,784	26,332,386	24,828,439
	395,640	632,285	694,038	1,524,189	2,812,232	3,657,384
	12,960,454	13,446,652	11,684,471	11,365,254	12,697,901	12,616,147
	274,477,511	246,214,456	248,020,072	226,955,925	231,637,684	239,709,669
	42,026,000	43,755,037	46,207,662	60,325,000	58,438,741	44,052,970
	463,316,879	428,857,346	431,825,873	412,723,211	420,061,247	410,667,945
	245,099,913	229,648,913	231,883,701	231,908,326	231,479,419	231,033,951
	140,985,333	132,944,012	129,910,977	135,106,697	134,710,136	131,828,923
	446,675	606,348	658,948	468,567	1,394,859	334,005
	14,328,054	13,743,761	13,742,687	13,589,650	12,756,030	12,638,362
	16,598,607	26,973,526	65,754,712	78,335,595	29,249,211	5,520,272
	31,024,619	28,769,313	25,744,469	22,120,357	22,639,703	24,458,057
	16,588,025	18,080,195	19,661,375	19,230,288	20,213,182	17,491,896
	-	298,514	-	-	-	-
	465,071,226	451,064,582	487,356,869	500,759,480	452,442,540	423,305,466
	(1,754,347)	(22,207,236)	(55,530,996)	(88,036,269)	(32,381,293)	(12,637,521)
	-	-	-	-	876,554	2,074,280
	1,149,635	-	-	37,111	24,201	22,525
	2,726,427	361,887	320,000	13,511,497	5,872,186	7,285,158
	(2,726,427)	(320,000)	(320,000)	(11,911,497)	(5,872,186)	(7,285,158)
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	35,383,732	31,760,050	184,964,027
	-	46,260,000	7,820,000	-	-	-
	-	(45,960,703)	(7,640,000)	-	-	-
	1,149,635	341,184	180,000	37,020,843	32,660,805	187,060,832
\$	(604,712)	\$ (21,866,052)	\$ (55,350,996)	\$ (51,015,426)	\$ 279,512	\$ 174,423,311
\$	14,089,555	\$ 23,783,727	\$ 60,143,820	\$ 74,792,648	\$ 26,426,234	\$ 6,461,404
	10.56%	10.96%	10.63%	9.71%	10.06%	10.06%

SALEM-KEIZER SCHOOL DISTRICT 24J
REVENUES AND OTHER FINANCING SOURCES BY SOURCE (NON-GAAP BASIS)
GENERAL FUND¹
LAST TEN FISCAL YEARS ENDED JUNE 30

Revenues:	2018	2017	2016	2015	2014
Local Sources:					
District Property Taxes: ²					
Current Year	\$ 76,948,277	\$ 73,976,368	\$ 69,706,580	\$ 65,820,452	\$ 63,288,942
Prior Year	2,542,614	2,735,895	2,377,830	3,461,842	2,740,523
Tuition	96,822	106,954	93,861	58,994	46,103
Earnings on Investments	1,759,585	1,605,184	1,627,032	1,370,891	389,899
Recovery of Prior Year Expenditures	565,670	34,202	38,197	7,025	15,489
Administrative Support Reimbursement	1,290,442	1,246,468	1,227,140	1,403,484	972,267
Miscellaneous Local Sources	1,139,624	1,095,250	1,226,963	1,025,882	1,257,988
Associated Student Activities	-	76,706	78,334	73,902	73,278
Total Local Sources	84,343,034	80,877,027	76,375,937	73,222,472	68,784,489
Intermediate Sources:					
County School Fund	280,509	372,655	129,216	143,293	62,956
Speech Therapy Program	6,710,675	6,323,768	6,245,966	5,937,413	5,330,457
Other Restricted	795,505	743,690	353,354	335,898	515,445
Structured Learning Program	3,830,564	3,609,713	3,565,399	3,389,268	3,042,383
Behavioral Services Program	4,637,251	4,369,902	4,317,001	4,103,740	3,683,547
Total Intermediate Sources	16,254,504	15,419,728	14,610,936	13,909,612	12,634,788
State Sources - Unrestricted:					
State School Fund - Current Year	318,640,769	292,101,453	282,801,584	262,827,735	247,614,798
State School Fund - High Cost Disability	4,025,402	2,228,763	4,594,625	2,300,856	2,748,385
Common School Fund	4,187,498	5,009,361	4,796,275	3,905,074	3,644,939
State Sources - Restricted:					
State School Fund - Restricted	-	-	-	-	-
State School Fund - PERS Debt	18,296,814	17,434,046	16,584,608	15,752,093	14,951,344
Total State Sources	345,150,483	316,773,623	308,777,092	284,785,758	268,959,466
Federal Sources:					
Federal Forest Fees	392	32,024	251,928	162,004	209,801
State Fiscal Stabilization Fund	-	-	-	-	-
Foster Care Transportation Reimbursement	21,333	-	-	-	-
Total Federal Sources	21,725	32,024	251,928	162,004	209,801
Total Revenues	445,769,746	413,102,402	400,015,893	372,079,846	350,588,544
Other Financing Sources:					
Gain/Loss on Sale of Capital Asset	356	3,485	-	-	-
Transfers In	-	-	-	-	2,406,427
Total Other Financing Sources	356	3,485	-	-	2,406,427
Total Revenues and Other Financing Sources	\$ 445,770,102	\$ 413,105,887	\$ 400,015,893	\$ 372,079,846	\$ 352,994,971

¹ The General Fund accounts for the majority of general operating revenues of the District.

² Revenues are recognized when measurable and available.

Source: Salem-Keizer Public Schools

	2013	2012	2011	2010	2009
\$	61,624,530	\$ 60,726,090	\$ 59,294,800	\$ 57,342,728	\$ 54,762,944
	3,031,421	3,221,511	2,724,730	2,899,477	3,119,462
	57,347	58,916	111,825	193,653	211,498
	552,899	418,520	609,778	751,603	2,573,644
	54,428	96,290	188,874	50,001	11,690
	1,100,346	1,486,861	1,439,224	1,431,305	767,400
	1,215,142	844,696	728,421	853,709	215,352
	77,831	66,819	73,232	68,700	67,710
	<u>67,713,944</u>	<u>66,919,703</u>	<u>65,170,884</u>	<u>63,591,176</u>	<u>61,729,699</u>
	128,824	470,216	117,868	68,507	401,363
	5,298,733	4,743,970	4,372,760	5,246,245	5,155,398
	1,096,512	268,838	640,708	624,553	405,100
	3,024,277	2,707,642	2,807,830	2,997,854	3,559,680
	3,661,624	3,278,262	3,201,209	3,622,407	2,945,943
	<u>13,209,970</u>	<u>11,468,928</u>	<u>11,140,375</u>	<u>12,559,566</u>	<u>12,467,484</u>
	220,649,096	211,773,035	203,652,785	210,373,875	210,676,403
	1,227,087	2,434,920	1,456,880	1,675,723	2,533,635
	3,815,555	3,416,747	3,332,569	3,434,287	2,745,744
	-	9,257,604	997,273	-	8,643,429
	<u>14,209,729</u>	<u>13,653,391</u>	<u>12,871,432</u>	<u>12,118,928</u>	<u>11,363,222</u>
	<u>239,901,467</u>	<u>240,535,697</u>	<u>222,310,939</u>	<u>227,602,813</u>	<u>235,962,433</u>
	212,007	221,564	436,510	485,729	539,906
	-	122,448	12,857,969	11,059,510	7,941,132
	-	-	-	-	-
	<u>212,007</u>	<u>344,012</u>	<u>13,294,479</u>	<u>11,545,239</u>	<u>8,481,038</u>
	321,037,388	319,268,340	311,916,677	315,298,794	318,640,654
	-	-	-	876,554	-
	-	-	13,308,291	5,600,000	-
	-	-	13,308,291	6,476,554	-
\$	<u><u>321,037,388</u></u>	<u><u>319,268,340</u></u>	<u><u>325,224,968</u></u>	<u><u>321,775,348</u></u>	<u><u>318,640,654</u></u>

SALEM-KEIZER SCHOOL DISTRICT 24J
EXPENDITURES AND OTHER FINANCING (USES) BY PROGRAM (NON-GAAP BASIS)
GENERAL FUND¹
LAST TEN FISCAL YEARS ENDED JUNE 30

	2018	2017	2016	2015
Instruction:				
Regular Programs:				
Elementary, K-5	\$ 94,539,475	\$ 90,356,161	\$ 92,339,967	\$ 80,612,097
Middle/Junior High Programs	37,023,004	34,892,798	34,114,745	31,947,034
Middle/Junior High Extracurricular	1,254,125	1,002,962	895,904	594,228
High School Programs	50,136,941	49,373,366	46,407,457	43,418,222
High School Extracurricular	3,740,552	3,414,923	3,349,886	3,246,299
Special Programs:				
Talented and Gifted	415,535	397,661	419,122	525,676
Disabilities - Restrictive Programs	43,094,335	37,604,457	34,894,661	34,163,306
Disabilities - Less Restrictive Programs	22,870,745	24,344,777	21,610,390	19,249,433
Treatment and Habilitation	181,453	168,851	188,838	156,594
Alternative Education	11,253,209	10,742,748	10,797,860	9,834,268
English as a Second Language	13,902,781	15,172,301	9,800,089	9,464,684
Teen Parent Programs	914,067	1,010,938	1,000,464	845,005
Youth Corrections Education	58,659	49,590	55,266	56,544
Other Programs	206,027	177,107	175,917	197,336
Summer School Programs	430,552	189,572	127,711	8,456
Total Instruction	280,021,460	268,898,212	256,178,277	234,319,182
Support Services:				
Students:				
Attendance and Social Work	10,172,783	9,118,571	7,287,194	6,530,940
Guidance Services	9,814,509	9,220,031	8,878,500	8,278,641
Health Services	2,062,215	1,992,420	1,830,347	1,743,242
Psychological Services	1,360,922	1,348,112	1,432,469	1,293,570
Speech Pathology and Audiology Services	5,253,344	4,886,707	4,662,708	4,561,873
Other Student Treatment Services	1,471,952	1,468,001	1,263,041	1,177,905
Service Direction, Student Support Services	1,729,441	1,167,574	1,218,501	1,112,423
Instructional Staff:				
Improvement of Instruction Services	3,080,485	2,129,232	2,217,805	1,857,015
Educational Media Services	4,885,546	4,729,470	4,519,792	4,406,020
Assessment and Testing	716,488	675,333	813,950	716,566
Instructional Staff Development	4,965,008	5,005,324	4,691,827	678,758
General Administration:				
Board of Education Services	473,201	533,300	386,531	621,719
Executive Administration Services	1,549,492	1,472,800	1,457,344	1,481,135
School Administration:				
Office of the Principal Services	30,666,359	29,323,267	28,011,658	26,925,650
School Administration	2,027,478	2,258,480	2,143,372	1,834,555
Business:				
Fiscal Services	2,331,375	2,005,188	1,949,164	1,965,216
Operation and Maintenance of Plant Services	29,778,197	28,618,744	27,122,428	24,860,193
Student Transportation Services	18,538,387	15,836,975	15,009,885	14,384,637
Internal services - Mail and Delivery	1,256,747	1,174,773	1,136,709	1,237,801
Central Activities:				
Information Services	445,190	463,043	434,569	423,414
Staff Services	4,199,992	4,331,864	3,983,037	3,338,769
Technology Services	13,444,573	12,043,084	11,627,804	10,825,182
Other Support Services	765,553	771,437	747,995	436,072
Supplemental Retirement Program	954,532	988,492	1,355,572	1,692,275
Total Support Services	151,943,769	141,562,222	134,182,202	122,383,571
Facilities Services:				
Service Area Direction	94,648	213,847	172,539	190,700
Site Acquisition and Development	-	-	3,564	108,463
Building Acquisition, Construction and	109,600	163,345	184,689	197,661
Total Facilities Services	204,248	377,192	360,792	496,824
Other Uses:				
Debt Service	621,308	641,020	660,448	758,111
Transfers of Funds	6,053,983	6,520,000	3,620,000	2,820,000
Total Other Uses	6,675,291	7,161,020	4,280,448	3,578,111
Total Expenditures and Other Uses	\$ 438,844,768	\$ 417,998,646	\$ 395,001,719	\$ 360,777,688

¹ The General Fund accounts for the majority of general operating expenses of the District.
Source: Salem-Keizer Public Schools

	2014	2013	2012	2011	2010	2009
\$	75,111,985	\$ 69,364,794	\$ 68,598,714	\$ 70,050,289	\$ 70,184,290	\$ 69,825,215
	31,429,841	29,803,093	31,763,621	31,778,914	31,758,102	32,244,211
	571,889	541,631	513,207	867,752	865,845	787,721
	41,287,672	37,828,501	38,018,258	40,263,023	39,261,083	40,622,268
	3,154,713	2,972,713	3,021,748	2,977,931	2,874,325	2,880,909
	522,245	472,296	445,699	497,044	531,041	652,184
	31,275,565	28,182,596	26,784,005	24,685,630	23,535,642	22,416,974
	19,568,144	18,448,438	18,356,606	15,870,274	15,584,519	15,567,369
	109,490	37,998	16,933	19,559	21,474	16,644
	9,584,945	8,934,775	9,005,992	9,073,452	9,297,644	10,005,038
	9,408,899	8,862,194	8,753,925	8,719,415	8,793,964	9,270,077
	752,654	675,656	705,153	658,238	556,153	572,197
	55,130	53,312	65,830	58,765	58,037	101,304
	184,581	179,169	182,789	164,380	172,199	166,036
	5,313	-	-	52,273	57,444	213,890
	<u>223,023,066</u>	<u>206,357,166</u>	<u>206,232,480</u>	<u>205,736,939</u>	<u>203,551,762</u>	<u>205,342,037</u>
	6,227,370	5,275,393	4,569,319	4,974,185	4,749,354	4,449,820
	7,311,132	6,709,565	6,869,053	7,791,522	8,204,091	8,656,598
	1,756,638	1,631,479	1,707,248	1,919,337	1,999,382	2,113,776
	1,252,799	1,161,735	1,078,531	867,114	889,559	780,954
	4,556,193	3,994,489	4,280,515	3,295,423	3,237,208	3,040,048
	1,011,848	1,010,372	1,040,977	900,964	885,184	892,802
	1,092,809	1,011,881	1,252,816	957,870	1,105,949	1,151,304
	1,789,626	1,493,646	1,302,558	1,460,562	1,262,980	1,544,248
	4,240,252	3,966,400	3,890,237	6,913,409	6,779,087	6,712,242
	1,087,096	821,400	834,515	802,835	711,263	690,681
	794,333	550,468	457,348	418,918	597,306	3,027,878
	496,181	563,632	456,625	725,332	608,475	732,622
	1,413,006	1,385,777	1,328,297	1,276,421	1,082,657	1,049,986
	26,118,565	24,612,932	24,769,389	24,780,359	24,727,884	24,785,799
	1,726,773	1,560,924	1,608,069	1,621,144	1,646,455	1,770,379
	3,126,623	2,724,714	2,977,592	2,968,863	2,989,444	1,914,294
	24,849,580	23,864,273	22,921,713	24,113,548	23,691,271	24,441,249
	15,021,195	14,029,655	13,680,190	12,690,541	12,090,786	11,943,298
	1,165,488	904,159	661,892	653,485	677,732	936,672
	401,680	380,498	354,963	334,265	349,568	398,817
	3,254,118	3,068,405	2,834,155	2,911,549	3,042,955	3,159,056
	11,443,743	10,578,304	9,449,232	9,231,036	11,389,467	9,793,034
	408,816	401,820	359,598	519,955	540,855	525,621
	2,047,299	2,227,181	2,317,747	2,367,089	2,733,383	2,981,026
	<u>122,593,163</u>	<u>113,929,102</u>	<u>111,002,579</u>	<u>114,495,726</u>	<u>115,992,295</u>	<u>117,492,204</u>
	192,264	195,129	180,344	266,936	249,937	329,269
	-	-	9,615	-	-	-
	326,862	65,255	150,953	121,647	42,774	15,741
	519,126	260,384	340,912	388,583	292,711	345,010
	778,212	767,148	790,301	648,801	661,863	679,464
	320,000	320,000	320,000	187,300	272,186	3,685,158
	1,098,212	1,087,148	1,110,301	836,101	934,049	4,364,622
\$	<u>347,233,567</u>	<u>321,633,800</u>	<u>318,686,272</u>	<u>321,457,349</u>	<u>320,770,817</u>	<u>327,543,873</u>

SALEM-KEIZER SCHOOL DISTRICT 24J
PROPERTY TAX LEVIES - MARION AND POLK COUNTIES
LAST TEN FISCAL YEARS ENDED JUNE 30

General Fund

	2018	2017	2016	2015
Levy Extended by Assessors- Current Year	\$ 78,432,002	\$ 77,722,509	\$ 73,657,149	\$ 69,923,900
Reduction to Taxes Receivable				
Current Year Collections and Adjustments ¹	(76,725,077)	(74,965,504)	(71,847,330)	(67,476,101)
Current Year Collections- Percent of Levy	97.82%	96.45%	97.54%	96.50%
Beginning Taxes Receivable - Prior Year	4,025,017	4,003,908	4,372,754	4,863,518
Reduction to Taxes Receivable ¹				
1 st Year Prior	(794,050)	(1,448,937)	(1,102,184)	(1,819,018)
2 nd Year Prior	(287,755)	(442,449)	(429,881)	(527,046)
3 rd Year Prior	(4,931)	(501,312)	(366,937)	(395,561)
4 th Year Prior	154,670	(234,538)	(155,740)	(158,458)
5 th year (and Earlier) Prior	843,732	(108,660)	(123,923)	(38,480)
Total Prior Years	(88,334)	(2,735,896)	(2,178,665)	(2,938,563)
Total General Fund Taxes Receivable, End of Year	<u>\$ 5,643,608</u>	<u>\$ 4,025,017</u>	<u>\$ 4,003,908</u>	<u>\$ 4,372,754</u>

Debt Service Fund

	2018	2017	2016	2015
Levy Extended by Assessors	\$ 16,016,885	\$ 23,824,757	\$ 34,662,188	\$ 31,415,085
Reduction to Taxes Receivable				
Current Year Collections and Adjustments ¹	(15,668,308)	(23,830,060)	(33,810,508)	(30,315,353)
Current Year Collections- Percent of Levy	97.82%	100.02%	97.54%	96.50%
Beginning Taxes Receivable - Prior Year	1,246,886	1,883,633	2,147,826	2,395,460
Reduction to Taxes Receivable ¹				
1 st Year Prior	(245,963)	(365,811)	(680,672)	(815,400)
2 nd Year Prior	(89,134)	(130,377)	(202,297)	(236,790)
3 rd Year Prior	(77,444)	(86,164)	(172,676)	(177,714)
4 th Year Prior	(27,171)	(40,862)	(48,079)	(71,192)
5 th year (and Earlier) Prior	592,548	(8,231)	(12,149)	(46,270)
Total Prior Years	152,836	(631,444)	(1,115,873)	(1,347,366)
Total Debt Service Fund Taxes Receivable, End of Year	<u>\$ 1,748,299</u>	<u>\$ 1,246,886</u>	<u>\$ 1,883,633</u>	<u>\$ 2,147,826</u>

Year Ended June 30,	General Fund		
	Levy	Collections ⁽¹⁾	% of Levy
2018	\$ 78,432,002	\$ 76,725,077	97.82%
2017	77,722,509	75,759,554	97.47%
2016	73,657,149	73,584,022	99.90%
2015	69,923,900	69,025,665	98.72%
2014	67,505,383	67,172,945	99.51%
5 Years Prior	316,837,244	316,830,789	100.00%
Totals	<u>\$ 684,078,187</u>	<u>\$ 679,098,052</u>	<u>99.27%</u>

¹ Amounts include interest on deficiencies, discounts allowed for early payment, adjustments and collections made by County Assessors.

Sources: Marion and Polk County Tax Assessors

	2014	2013	2012	2011	2010	2009
\$	67,505,383	\$ 66,095,090	\$ 65,341,037	\$ 64,122,802	\$ 61,986,429	\$ 59,291,886
	(64,577,404)	(63,750,081)	(62,909,509)	(61,442,797)	(59,383,633)	(56,332,939)
	96.05%	96.45%	96.28%	95.82%	95.80%	95.01%
	<u>4,763,759</u>	<u>2,131,292</u>	<u>2,173,867</u>	<u>1,741,143</u>	<u>1,130,392</u>	<u>475,367</u>
	(1,260,340)	(1,265,561)	(1,401,765)	(1,308,940)	(1,744,787)	(1,495,140)
	(617,133)	(556,388)	(482,160)	(488,232)	(200,144)	(506,807)
	(617,653)	(540,546)	(426,630)	(295,107)	(32,557)	(120,965)
	(245,862)	(217,553)	(140,556)	(128,291)	(65,650)	(149,723)
	<u>(87,232)</u>	<u>(43,866)</u>	<u>(22,992)</u>	<u>(26,711)</u>	<u>51,093</u>	<u>(31,287)</u>
	<u>(2,828,220)</u>	<u>(2,623,914)</u>	<u>(2,474,103)</u>	<u>(2,247,281)</u>	<u>(1,992,045)</u>	<u>(2,303,922)</u>
\$	<u>4,863,518</u>	<u>1,852,387</u>	<u>2,131,292</u>	<u>2,173,867</u>	<u>1,741,143</u>	<u>1,130,392</u>

	2014	2013	2012	2011	2010	2009
\$	33,248,920	\$ 32,554,298	\$ 28,403,726	\$ 25,935,542	\$ 28,757,333	\$ 28,654,364
	(31,934,885)	(31,399,293)	(27,346,741)	(24,851,570)	(27,549,819)	(27,290,011)
	96.05%	96.45%	96.28%	95.82%	95.80%	95.24%
	<u>1,000,217</u>	<u>845,931</u>	<u>987,371</u>	<u>812,353</u>	<u>425,400</u>	<u>123,068</u>
	(622,437)	(482,703)	(528,321)	(529,428)	(801,070)	(617,857)
	(271,373)	(200,113)	(325,243)	(197,473)	(48,830)	(301,970)
	(235,030)	(219,291)	(235,705)	(119,360)	153,705	(5,968)
	(86,618)	(89,842)	(84,691)	(51,889)	(138,476)	(98,611)
	<u>(49,445)</u>	<u>(8,770)</u>	<u>(24,465)</u>	<u>(10,804)</u>	<u>14,110</u>	<u>(37,615)</u>
	<u>(1,264,903)</u>	<u>(1,000,719)</u>	<u>(1,198,425)</u>	<u>(908,954)</u>	<u>(820,561)</u>	<u>(1,062,021)</u>
\$	<u>2,395,460</u>	<u>1,000,217</u>	<u>845,931</u>	<u>987,371</u>	<u>812,353</u>	<u>425,400</u>

Year Ended June 30,	Debt Service Fund		
	Levy	Collections ⁽¹⁾	% of Levy
2018	\$ 16,016,885	\$ 15,668,308	97.82%
2017	23,824,757	24,076,023	101.05%
2016	34,662,188	34,265,453	98.86%
2015	31,415,085	31,203,846	99.33%
2014	33,248,920	33,065,917	99.45%
5 Years Prior	<u>144,305,263</u>	<u>144,009,394</u>	<u>99.79%</u>
Totals	<u>\$ 267,456,213</u>	<u>\$ 266,620,632</u>	<u>99.69%</u>

SALEM-KEIZER SCHOOL DISTRICT 24J
PROPERTY TAX LEVIES AND COLLECTIONS - GENERAL FUND
LAST TEN FISCAL YEARS ENDED JUNE 30

Fiscal Year	Net Taxes Levied for the Fiscal Year ¹	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount ²	Percentage of Levy		Amount	Percentage of Levy
2018	\$ 78,432,002	\$ 76,725,077	97.82%	\$ -	\$ 76,725,077	97.82%
2017	77,722,509	74,965,504	96.45%	794,051	75,759,555	97.47%
2016	73,657,149	71,847,330	97.54%	1,736,682	73,584,012	99.90%
2015	69,923,900	67,476,101	96.50%	1,794,578	69,270,679	99.07%
2014	67,505,383	64,577,404	95.66%	2,837,920	67,415,324	99.87%
2013	66,095,090	63,750,081	96.45%	2,393,979	66,144,060	100.07%
2012	65,341,037	62,909,509	96.28%	2,828,220	65,737,729	100.61%
2011	64,122,800	61,442,797	95.82%	2,247,281	63,690,078	99.33%
2010	61,986,429	59,383,633	95.80%	1,992,045	61,375,678	99.01%
2009	59,291,886	56,332,939	95.01%	2,303,922	58,636,861	98.90%

SALEM-KEIZER SCHOOL DISTRICT 24J
PROPERTY TAX LEVIES AND COLLECTIONS - DEBT SERVICE FUND
LAST TEN FISCAL YEARS ENDED JUNE 30

Fiscal Year	Net Taxes Levied for the Fiscal Year ¹	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount ²	Percentage of Levy		Amount	Percentage of Levy
2018	\$ 16,016,885	\$ 15,668,308	97.82%	\$ -	15,668,308	97.82%
2017	23,824,757	23,830,060	100.02%	245,963	24,076,023	101.05%
2016	34,662,188	33,810,508	97.54%	1,115,873	34,265,453	98.86%
2015	31,415,085	30,315,353	96.50%	1,347,366	31,203,846	99.33%
2014	33,248,920	31,934,885	96.05%	2,750,211	33,065,917	99.45%
2013	32,554,298	31,399,293	96.45%	2,388,861	32,472,058	99.75%
2012	28,403,726	27,346,741	96.28%	1,264,903	28,326,610	99.73%
2011	25,935,542	24,851,570	95.82%	908,954	25,886,226	99.81%
2010	28,757,333	27,549,819	95.80%	820,561	28,710,399	99.84%
2009	28,654,364	27,290,011	95.24%	1,062,021	28,614,101	99.86%

¹ The net levy is the actual imposed tax.

² Amounts include interest on deficiencies, discounts allowed for early payment, adjustments and collections made by County Assessors.

Sources: Marion and Polk County Tax Collection Departments

SALEM-KEIZER SCHOOL DISTRICT 24J
COMPARISON OF GENERAL FUND BUDGET TO TAX LEVY
LAST TEN FISCAL YEARS ENDED JUNE 30

Fiscal Year	General Fund Budgeted Expenditures and Transfers¹	General Fund Tax Levy	Percentage of Levy to Budget
2018	\$ 468,980,091	\$ 78,432,002	16.72%
2017	463,675,386	77,722,509	16.76%
2016	433,168,002	73,657,149	17.00%
2015	397,916,237	69,923,900	17.57%
2014	367,970,768	67,505,383	18.35%
2013	343,423,734	66,095,090	19.25%
2012	340,970,127	65,341,037	19.16%
2011	348,349,001	64,122,800	18.41%
2010	333,419,575	61,986,429	18.59%
2009	358,872,429	59,291,886	16.52%

¹ This is the Adopted Budget. It does not reflect any changes that would be included in a Supplemental Budget.

Source: Salem-Keizer Public Schools



SALEM-KEIZER SCHOOL DISTRICT 24J
ASSESSED VALUE AND REAL MARKET VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(IN THOUSANDS OF DOLLARS)

Fiscal Year	Assessed Value				Real Market Value			Assessed Value as a Percentage of RMV
	Real Property	Personal Property	Total Taxable Value	Total Direct Rate*	Real Property	Personal Property	Total Real Market Value	
2018	\$ 17,355,473	\$ 527,425	\$ 17,882,899	\$ 5.611	\$ 30,094,377	\$ 558,482	\$ 30,652,859	58.34%
2017	16,648,683	512,063	17,160,746	6.525	25,906,700	542,216	26,448,916	64.88%
2016	16,002,336	496,522	16,498,858	6.401	23,961,957	503,604	24,465,562	67.44%
2015	15,376,921	479,216	15,856,137	6.669	22,888,542	485,113	23,373,655	67.84%
2014	15,062,504	478,055	15,540,560	6.687	22,669,259	406,537	23,075,796	67.35%
2013	15,019,696	399,964	15,419,659	6.438	23,420,386	414,720	23,835,106	64.69%
2012	14,690,322	404,019	15,094,340	6.301	24,447,702	412,003	24,859,705	60.72%
2011	14,271,415	407,217	14,678,633	6.530	25,394,403	412,431	25,806,833	56.88%
2010	13,639,900	388,378	14,028,278	6.584	25,971,985	392,433	26,364,418	53.21%
2009	13,009,027	378,736	13,387,764	6.461	24,484,753	382,120	24,866,873	53.84%

Note that Real Property includes all property except Business Personal Property.

* Per \$1,000 of assessed value.

Source: Marion/Polk County Department of Assessment and Taxation.

**SALEM-KEIZER SCHOOL DISTRICT 24J
PROPERTY TAX RATES PER \$1,000 OF ASSESSED VALUATION -
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS ENDED JUNE 30**

Fiscal Year	District Direct Rates			Other Educational Entities		Counties	
	General Purpose	Debt Service	Total	Willamette Education Service District	Chemeketa Community College	Polk County	Marion County
2018	\$ 4.521	\$ 1.561	\$ 6.082	\$ 0.30	\$ 0.90	\$ 2.03	\$ 3.08
2017	4.521	1.090	5.611	0.28	0.87	2.51	3.08
2016	4.521	2.004	6.525	0.30	0.92	2.29	3.08
2015	4.521	1.880	6.401	0.30	0.89	2.26	3.08
2014	4.521	2.148	6.669	0.30	0.86	2.39	3.08
2013	4.521	2.166	6.687	0.30	0.90	2.37	3.08
2012	4.521	1.917	6.438	0.30	0.88	2.37	3.08
2011	4.521	1.780	6.301	0.30	0.79	2.36	3.08
2010	4.521	2.009	6.530	0.30	0.89	2.29	3.08
2009	4.521	2.063	6.584	0.30	0.71	2.31	3.08

¹The District crosses boundaries of two counties, two cities and a number of other districts. Overlapping rates are presented for individually significant taxing districts. Other types of entities are aggregated to provide general information. Not all individual properties are subject to all rates within each county. Applicable tax rates vary depending on property location.

²Per \$1,000 of taxable assessed value.

The District's permanent property tax rate is set by state law. Increases for General Purposes may only be done through local option levies approved by the voters of the District. Rates for debt service are set based on each year's requirements.

The District Direct General Purpose Rates exclude Urban Renewal adjustments.

Source: Marion and Polk County Assessors

Overlapping Rates¹

Cities

City of Salem	City of Keizer	Regional Library District	Salem Mass Transit	Urban Renewal Districts	Fire Protection Districts	Maximum Tax Rates ²	
						Marion County	Polk County
\$ 6.98	\$ 2.09	\$ 0.08	\$ 0.76	\$ 0.02 - 0.33	\$ 0.54 - 2.92	\$ 18.47	\$ 17.56
6.53	2.08	0.08	0.76	0.23 - 0.32	0.54 - 2.52	18.12	18.34
6.54	2.08	0.08	0.76	0.51 - 1.18	0.54 - 2.52	18.80	17.19
6.82	2.08	0.08	0.76	0.51 - 1.18	0.54 - 2.52	18.74	17.29
6.49	2.08	0.08	0.76	0.51 - 1.18	0.54 - 2.53	18.91	18.22
6.82	2.08	0.08	0.76	1.19	0.54 - 2.55	19.00	18.30
6.81	2.08	0.08	0.76	1.12	0.54 - 2.35	18.73	18.04
6.79	2.08	0.08	0.76	1.16	0.54 - 2.42	18.50	17.80
6.83	2.08	0.08	0.76	1.43	0.54 - 2.40	18.85	18.08
6.49	2.08	0.08	0.76	0.96	0.54 - 2.53	18.31	17.56

SALEM-KEIZER SCHOOL DISTRICT 24J
 PRINCIPAL TAXPAYERS - CURRENT AND NINE YEARS PRIOR

Marion County Top 10 Taxpayers	Enterprise	2017-18	Percent	2017-18	Percent of	2008-09	Percent	2008-09	Percent of
		Assessed Value	of Principal Taxpayers	Taxes Paid	Total District Assessed Value	Assessed Value	Of Principal Taxpayers	Taxes Paid	Total District Assessed Value
Portland General Electric Co.	Utility	\$ 144,591,370	23.84%	\$ 2,339,393	0.90%	\$ 117,435,900	25.01%	\$1,897,038	0.96%
Northwest Natural Gas Co.	Utility	99,188,000	16.36%	1,641,851	0.62%	76,652,600	16.33%	1,285,246	0.63%
Lancaster Development Company	Retail	56,532,220	9.32%	1,015,801	0.35%	55,056,770	11.73%	1,008,255	0.45%
Century Link	Retail	55,470,300	9.15%	964,220	0.35%	73,147,200	15.58%	1,253,950	0.60%
Donahue Schreiber Realty Group	Realty	61,182,830	10.09%	938,813	0.38%	50,432,430	10.74%	771,150	0.41%
Metropolitan Life Insurance Co	Insurance	46,887,770	7.73%	855,403	0.29%	36,457,810	7.77%	667,652	0.30%
State Investments LLC	Developer	38,800,959	6.40%	711,235	0.24%	14,540,978	3.10%	265,249	0.12%
WalMart Real Estate Business TR	Retail	35,758,810	5.90%	654,326	0.22%	28,477,580	6.07%	521,510	0.23%
HD Salem OR Landlord LLC	Realty	34,972,620	5.77%	645,836	0.22%	-	0.00%	-	0.00%
Norpac Foods Inc	Manufacturing	33,066,595	5.45%	593,241	0.21%	17,287,121	3.68%	308,612	0.14%
Total		\$ 606,451,474		\$ 10,360,119	3.78%	\$ 469,488,389		\$ 7,978,662	3.85%

Metropolitan Life Insurance Co

Polk County Top 10 Taxpayers	Enterprise	2017-18	Percent	2017-18	Percent of	2008-09	Percent	2008-09	Percent of
		Assessed Value	of Principal Taxpayers	Taxes Paid	Total District Assessed Value	Assessed Value	Of Principal Taxpayers	Taxes Paid	Total District Assessed Value
Comcast Corporation	Telecommunications	\$ 52,289,800	33.59%	\$ 886,716	2.09%	\$ -	0.00%	\$ -	0.00%
Capital Manor	Multi-Unit Residential	16,207,480	10.41%	266,644	0.65%	12,320,950	30.22%	194,055	0.67%
Northwest Natural Gas	Utility	17,249,000	11.08%	260,105	0.69%	14,039,000	34.43%	231,543	0.76%
Willamette Park Villas, LLC	Multi-Unit Residential	13,429,760	8.63%	235,629	0.54%	-	0.00%	-	0.00%
Orchard Ridge Apartments LLC	Multi-Unit Residential	13,190,210	8.47%	231,670	0.53%	-	0.00%	-	0.00%
Roth IGA Foodliner, Inc.	Retail	11,714,590	7.53%	204,097	0.47%	8,875,690	21.77%	155,856	0.48%
F Raymond and Grace E Lester Family LP	Multi-Unit Residential	10,047,560	6.46%	176,450	0.40%	-	0.00%	-	0.00%
Riverbend Heights Apartments LLC	Multi-Unit Residential	7,802,980	5.01%	137,032	0.31%	-	0.00%	-	0.00%
KWDS LLC	Developer	6,888,650	4.43%	120,246	0.28%	5,535,370	13.58%	963,350	0.30%
Sunmark Centers LLC	Manufacturing	6,831,840	4.39%	119,977	0.27%	-	0.00%	-	0.00%
Total		\$ 155,651,870		\$ 2,638,566	6.22%	\$ 40,771,010		\$ 1,544,804	2.22%

Sources: Marion & Polk County Tax Assessors

SALEM-KEIZER SCHOOL DISTRICT 24J
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS ENDED JUNE 30

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Real Market Value of Taxable Property within School District No. 24J Marion and Polk County, Oregon	<u>\$ 30,094,377,093</u>	<u>\$ 27,595,892,818</u>	<u>\$ 25,906,699,941</u>	<u>\$ 24,606,137,122</u>	<u>\$ 23,373,654,758</u>
Bonded Debt Limit ¹	\$ 2,392,502,979	\$ 2,193,873,479	\$ 2,059,582,645	\$ 1,956,187,901	\$ 1,858,205,553
General Obligation Bonds	157,722,569	182,276,957	205,070,187	234,840,187	262,930,187
Amount Available for Retirement of Bonds	<u>(575,596)</u>	<u>(62,229)</u>	<u>(3,153,885)</u>	<u>(2,705,660)</u>	<u>(4,231,709)</u>
Net General Obligation Bonds Outstanding	<u>157,146,973</u>	<u>182,214,728</u>	<u>201,916,302</u>	<u>232,134,527</u>	<u>258,698,478</u>
Debt Margin at End of Fiscal Year	<u>\$ 2,235,356,006</u>	<u>\$ 2,011,658,751</u>	<u>\$ 1,857,666,343</u>	<u>\$ 1,724,053,374</u>	<u>\$ 1,599,507,075</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	6.57%	8.31%	9.80%	11.87%	13.92%
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Total Real Market Value of Taxable Property within School District No. 24J Marion and Polk County, Oregon	<u>\$ 23,135,831,748</u>	<u>\$ 23,835,105,862</u>	<u>\$ 24,859,704,706</u>	<u>\$ 25,806,833,076</u>	<u>\$ 26,364,418,048</u>
Bonded Debt Limit ¹	\$ 1,839,298,624	\$ 1,894,890,916	\$ 1,976,346,524	\$ 2,051,643,230	\$ 2,095,971,235
General Obligation Bonds	288,500,187	308,810,187	329,905,187	315,950,187	302,960,187
Amount Available for Retirement of Bonds	<u>(2,471,931)</u>	<u>(1,174,338)</u>	<u>(3,153,486)</u>	<u>(4,339,038)</u>	<u>(4,584,648)</u>
Net General Obligation Bonds Outstanding	<u>286,028,256</u>	<u>307,635,849</u>	<u>326,751,701</u>	<u>311,611,149</u>	<u>298,375,539</u>
Debt Margin at End of Fiscal Year	<u>\$ 1,553,270,368</u>	<u>\$ 1,587,255,067</u>	<u>\$ 1,649,594,823</u>	<u>\$ 1,740,032,081</u>	<u>\$ 1,797,595,696</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	15.55%	16.24%	16.53%	15.19%	14.24%

¹ ORS 328.245 establishes a parameter of bonded indebtedness for school districts. Aggregates are governed by Real Market Value of all taxable properties within the District based on the following:

- (A) For each grade from kindergarten to eighth for which the District operates schools, fifty-five one-hundredths of one percent (.0055) of the true cash value. Kindergarten through eighth grade, $9 * .0055 = .0495$ or 4.95%.
- (B) For each grade from ninth to twelfth for which the District operates schools, seventy-five one-hundredths of one percent (.0075) of the true cash value. Ninth through twelfth grade, $4 * .0075 = .03$ or 3.0%.

Total allowable percent for the District is (A) + (B): (7.95%)
Sources: Marion and Polk Counties

**SALEM-KEIZER SCHOOL DISTRICT 24J
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS ENDED JUNE 30**

General Bonded Debt						
Fiscal Year	General Obligation Bonds	Premium on General Obligation Bonds	Less amount Available for Repayment	Net General Obligation Bonds Outstanding	Percentage of Actual Real Market Value of Property ¹	Per Student ²
2018	\$ 157,722,569	\$ 4,351,907	\$ 575,596	\$ 161,498,880	0.59%	\$ 3,922
2017	182,276,957	5,063,059	325,783	187,014,233	0.66%	4,419
2016	205,070,187	5,774,210	3,153,885	207,690,512	0.78%	4,949
2015	234,840,187	6,485,363	2,705,660	238,619,890	0.94%	5,777
2014	262,930,187	7,196,515	4,231,709	265,894,993	1.11%	6,472
2013	288,500,187	7,907,667	2,471,931	293,935,923	1.24%	7,211
2012	308,810,187	8,618,820	1,174,338	316,254,669	1.29%	7,766
2011	329,905,187	9,329,972	3,153,486	336,081,673	1.31%	8,288
2010	315,950,187	5,859,200	4,339,038	317,470,349	1.21%	7,895
2009	302,960,187	-	4,584,648	298,375,539	1.13%	7,573

Other Governmental Activities			Total District Debt			
Fiscal Year	Limited Tax Pension Obligation Bonds ⁶	Capital Leases	Total District ³	Per Student ²	Per Capita ⁴	Percent of Personal Income ⁵
2018	\$ 205,611,864	\$ 6,230,527	\$ 373,916,867	\$ 9,081	\$ 1,096	3.05%
2017	213,904,646	7,866,575	409,111,237	9,935	1,216	3.33%
2016	221,501,154	9,596,356	441,941,907	10,832	1,301	3.57%
2015	228,399,924	5,261,148	444,505,469	10,895	1,309	3.59%
2014	183,232,781	6,676,595	431,234,926	10,732	1,308	3.58%
2013	187,132,689	8,181,613	465,441,004	11,644	1,427	3.92%
2012	190,547,194	9,831,496	496,786,544	12,525	1,535	4.26%
2011	193,310,944	11,537,215	522,277,166	13,185	1,664	4.71%
2010	195,786,040	14,116,057	549,137,256	13,928	1,651	5.00%
2009	197,811,308	15,064,986	534,685,681	13,547	1,158	5.03%

¹ See Assessed Value and Real Market Value Schedule.

² See School Building, Student Enrollment and Average Daily Membership information for student enrollment.

³ Includes general bonded debt, unamortized premiums on bond issues and other governmental activities debt.

⁴ Per capita are District ADM estimates.

⁵ See Schedule of Demographic and Economic Statistics for personal income.

⁶ Pension Obligation Bond debt is serviced by charges to other funds, not by property taxes levied for servicing general bonded debt.

Source: Salem-Keizer Public Schools

SALEM-KEIZER SCHOOL DISTRICT 24J
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
June 30, 2018

Overlapping District	2017-18 Real Market Valuation	Percent Overlapping ¹	Overlapping	
			Gross Direct Debt ²	Gross Overlapping Debt
Aumsville RFPD	\$ 667,884,659	0.18%	\$ 1,570,000	\$ 2,796
Chemeketa Community College	51,680,390,288	51.94%	112,290,826	58,321,834
City of Keizer	5,518,489,898	100.00%	16,485,000	16,484,753
City of Salem	16,358,089,488	100.00%	186,787,562	186,781,211
Dayton RFPD	677,045,758	6.32%	805,000	50,862
Jefferson County RFPD (Marion/Linn Counties)	1,244,721,410	0.62%	170,000	1,051
Keizer RFPD	5,154,981,621	99.99%	3,445,000	3,444,566
Marion County	35,430,156,092	66.72%	63,589,541	42,425,225
Marion County RFPD 1	4,290,054,380	85.90%	4,110,990	3,531,353
Polk County	7,818,064,180	40.98%	1,885,000	772,475
Polk Cty RFPD 1	1,779,100,248	0.45%	1,680,000	7,582
Silverton RFPD	2,063,264,927	0.00%	4,012,907	12
SW Polk County RFPD	860,633,008	0.25%	5,255,000	13,369
Willamette Educat Service District	57,005,262,267	47.09%	22,097,050	10,404,772
Totals: Total Gross and Direct Overlapping Debt			\$ 424,183,876	\$ 322,241,861

School District 24J Direct Debt ³ :	\$ 373,916,867	Ratio of Net Property-tax Backed Debt to Real Market Value is:	1.39%
Gross Overlapping Direct Debt:	<u>322,241,861</u>	Per Capita District Direct Debt	\$ 1,096
		Per Capita Total Direct Debt	\$ 2,040
Total Debt of District 24J and Overlapping Issuers:	<u>\$ 696,158,728</u>	Ratio of Total Net Property-Tax Backed Debt to Real Market Value is:	2.47%

¹ The percentage of overlapping debt applicable is derived by using the taxable assessed property values. Applicable percentages are arrived at by the county's taxable assessed value that is within the government's boundaries and dividing it by the county's total taxable assessed value.

² Gross Direct Debt includes all limited and unlimited tax supported debt, excluding pension obligations and self supporting utility debt.

³ Direct Debt includes all outstanding long-term debt instruments including bonds, notes, loans and capital leases.

Source: Oregon State Treasury, Debt Management Information System

SALEM-KEIZER SCHOOL DISTRICT 24J
RATIO OF ANNUAL DEBT SERVICE REQUIREMENTS FOR GENERAL OBLIGATION BONDED DEBT TO
TOTAL BUDGETED GENERAL FUND EXPENDITURES AND TRANSFERS
LAST TEN FISCAL YEARS ENDED JUNE 30

Fiscal Year	Principal	Interest and Other	Total Debt Service	Total General Fund Budgeted Expenditures and Transfers ¹	Ratio of Annual Debt Service to Budgeted General Fund Expenditures and Transfers
2018	\$ 27,882,500	\$ 2,141,985	\$ 30,024,485	\$ 468,980,091	6.40%
2017	22,793,230	3,334,034	26,127,264	463,675,386	5.63%
2016	29,770,000	3,222,981	32,992,981	433,168,002	7.62%
2015	28,090,000	4,074,613	32,164,613	397,916,237	8.08%
2014	25,570,000	5,170,406	30,740,406	367,970,768	8.35%
2013	23,705,000	6,878,796	30,583,796	343,423,734	8.91%
2012	21,095,000	8,683,570	29,778,570	340,970,127	8.73%
2011	20,140,096	8,499,081	28,639,177	348,349,001	8.22%
2010	18,769,976	9,481,530	28,251,506	333,419,575	8.47%
2009	20,635,000	6,960,734	27,595,734	358,872,429	7.69%

¹ Note: This is the adopted budget and does not reflect any changes that would be included in the supplemental budget.

Source: Salem-Keizer Public Schools

SALEM-KEIZER SCHOOL DISTRICT 24J
RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO TRUE CASH VALUE AND
NET GENERAL BONDED DEBT PER CAPITA AND PER STUDENT
LAST TEN FISCAL YEARS ENDED JUNE 30

Fiscal Year	Marion Cty Population US Census¹	Average Daily Membership K-12	Real Market Value	Net General Bonded Debt²	Ratio of Net General Bonded Debt to Assessed Value	Net General Bonded Debt per Capita	Net General Bonded Debt per Student
2018	341,286 *	41,286	\$ 30,094,377,093	\$ 161,498,880	0.54%	\$ 473	\$ 3,912
2017	336,316	41,178	27,595,892,818	187,014,233	0.68%	556	4,542
2016	330,700	40,799	25,906,699,941	207,690,512	0.80%	628	4,949
2015	329,770	40,181	24,606,137,122	238,619,890	0.97%	724	5,777
2014	326,150	39,974	23,373,654,758	265,894,993	1.14%	815	6,472
2013	323,614	39,664	23,135,831,748	293,935,923	1.27%	908	7,211
2012	319,985	39,611	23,835,105,862	316,254,669	1.33%	988	7,766
2011	318,872	39,427	24,859,704,706	336,081,673	1.35%	1,054	8,288
2010	316,144	39,469	25,806,833,076	317,470,349	1.23%	1,004	7,895
2009	313,389	39,399	26,364,418,048	298,375,539	1.13%	952	7,573

*This is the most current estimate taken from Marion County-Oregon Demographics. Both counties include other school districts.

¹The District covers Marion and Polk Counties, Marion County having the largest population. Both counties have other school districts. This number is provided as a reference only. Polk County information was not available for all years.

²Computed as gross bonded debt less amount available for retirement of debt in Debt Service Fund.

Source: Salem-Keizer Public Schools

**SALEM-KEIZER SCHOOL DISTRICT 24J
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS**

Marion County

<u>Year</u>	<u>Population</u>	<u>Personal Income in Thousands of \$</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2018	341,286 *	\$ 13,026,204	\$ 38,168	4.1%
2017	336,316	12,301,699	37,199	4.9%
2016	330,700	12,823,294	36,682	4.8%
2015	329,770	11,614,203	35,614	6.1%
2014	326,150	11,614,203	35,360	7.2%
2013	323,614	11,484,654	35,489	9.5%
2012	319,985	11,249,451	35,156	9.9%
2011	318,872	10,790,917	33,841	10.8%
2010	316,144	10,623,995	33,605	10.7%
2009	313,389	10,277,560	32,795	6.4%

*This is the most current estimate taken from Marion County-Oregon Demographics. Both counties include other school districts.

Notes: This schedule is provided as a reference only. The District is located in both Marion and Polk Counties. Both Counties include other school districts. Marion County has the greater population and student base. Polk County information was not available for all years.

Sources: Oregon Employment Department – Worksource Oregon, Marion County – Oregon Demographics, U.S. Department of Commerce, Bureau of Economic Analysis, U.S. Census Bureau

SALEM-KEIZER SCHOOL DISTRICT 24J
SALEM METROPOLITAN AREA EMPLOYMENT- LARGEST TO SMALLEST¹
CURRENT AND NINE YEARS PRIOR

<u>Employer</u>	<u>2018</u>		<u>2009</u>	
	<u>Employees</u>	<u>% of Total</u>	<u>Employees</u>	<u>% of Total</u>
Trade, Transportation & Utilities	27,834	16.7%	25,307	15.9%
Educational and Health Services	27,727	16.6%	19,291	12.1%
State Government	19,354	11.6%	20,128	12.6%
Local Government	19,961	12.0%	18,914	11.9%
Leisure and Hospitality	1,044	0.6%	12,591	7.9%
Professional and Business Services	14,438	8.7%	12,702	8.0%
Manufacturing	12,431	7.5%	13,952	8.8%
Natural Resources and Mining	9,003	5.4%	12,246	7.7%
Construction	10,206	6.1%	9,029	5.7%
Other Services	6,730	4.0%	5,758	3.6%
Financial Activities	5,977	3.6%	6,247	3.9%
Federal Government	1,378	0.8%	1,589	1.0%
Information	1,150	0.7%	1,489	0.9%
Total Salem Metropolitan Area Non-Farm Payroll Employment	<u>166,600</u>	<u>94.4%</u>	<u>159,243</u>	<u>100.0%</u>
Salem-Keizer SD 24J ²	6,642	4.0%	4,437	2.8%
Governmental Employees	40,693	24.4%	40,631	25.5%
Private Sector Employees	<u>130,696</u>	<u>78.4%</u>	<u>118,612</u>	<u>74.5%</u>
	<u>171,389</u>	<u>102.9%</u>	<u>159,243</u>	<u>100.0%</u>

¹ Employment by wages and industry, www.qualityinfo.org

² Salem-Keizer Public Schools

*Numbers rounded to the nearest hundredth

SALEM-KEIZER SCHOOL DISTRICT 24J
SALEM METROPOLITAN AREA - AVERAGE ANNUAL EMPLOYMENT¹
LAST TEN CALENDAR YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Manufacturing:										
Other Durable Goods	6,800	6,300	6,000	5,800	5,200	4,900	4,900	4,800	5,000	5,300
Food Products	5,100	4,800	4,400	5,600	3,900	4,600	4,600	4,900	4,800	5,000
Other Nondurable Goods	<u>2,500</u>	<u>2,500</u>	<u>2,300</u>	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>1,900</u>	<u>2,000</u>	<u>2,000</u>
Total Manufacturing	14,400	13,600	12,700	13,400	11,100	11,500	11,500	11,600	11,800	12,300
Natural Resources & Mining	1,400	1,200	1,200	5,900	1,200	1,200	1,200	1,100	1,100	1,000
Contract Construction	11,500	9,400	9,000	8,500	6,900	6,800	6,200	6,300	6,500	7,000
Transp., Comm., Utilities	5,300	4,400	4,200	3,900	3,800	3,800	3,700	3,500	3,400	3,700
Trade, Information	26,700	24,100	21,800	22,400	21,500	21,300	21,100	20,800	20,900	21,300
Finance, Ins., Real Estate	7,200	7,100	6,800	7,200	7,000	7,000	7,000	7,200	7,100	7,200
Service & Miscellaneous	62,500	61,800	61,600	55,300	54,100	53,000	50,900	49,900	49,700	50,200
Government:										
Federal	1,300	1,400	1,400	1,300	1,300	1,400	1,500	1,500	1,800	1,600
Indian Tribal	1,500	1,600	1,600	1,600	1,600	1,700	1,800	1,800	1,800	1,900
State	19,700	20,800	21,600	21,900	21,800	20,900	20,600	21,200	21,600	21,300
Local	<u>18,600</u>	<u>20,600</u>	<u>20,800</u>	<u>16,600</u>	<u>16,800</u>	<u>15,800</u>	<u>15,900</u>	<u>16,400</u>	<u>17,500</u>	<u>17,800</u>
Total Excluding Agriculture	<u>170,100</u>	<u>166,000</u>	<u>162,700</u>	<u>158,000</u>	<u>147,100</u>	<u>144,400</u>	<u>141,400</u>	<u>141,300</u>	<u>143,200</u>	<u>145,300</u>

Notes: This table shows the average annual civilian labor force (including wage and salary workers, self-employed, domestics, etc.) and employment and unemployment by place of residence in the Salem Metropolitan Area for the past ten years, as reported by the Employment Department (Workforce Analysis Section) of the Oregon Department of Human Resources (Salem Labor Trends). Numbers are rounded to the nearest hundred.

¹ Annual Average Employment is Not Seasonally Adjusted.

Source: Employment by wages and industry, www.qualityinfo.org

SALEM-KEIZER SCHOOL DISTRICT 24J
POPULATION ETHNICITY AND OTHER RELATED DATA
YEAR ENDED JUNE 30, 2018

	<u>Marion</u> <u>County</u>	<u>Polk</u> <u>County</u>
White	89.0%	90.0%
Spanish Heritage*	26.7%	14.0%
American Indian and Alaskan Native	2.6%	2.6%
Asian or Pacific Islander	1.0%	40.0%
African American	1.5%	1.1%
Housing Units	126,133	32,141
Homeownership Rate	59.7%	64.6%
Average Household Size	2.8	2.7
Percentage of Persons under 18	24.8%	23.0%
Median Household Income (2012-2016)	\$ 50,775	\$ 54,010

*People who identify themselves as Hispanic or Latino (Spanish Heritage) may be of any racial group. Therefore, percentages may not equal 100%.

Source: U.S. Census Bureau People Quick Facts 2017

SALEM-KEIZER SCHOOL DISTRICT 24J
SCHOOL BUILDING, STUDENT ENROLLMENT, AND AVERAGE DAILY MEMBERSHIP (ADM) INFORMATION
LAST TEN FISCAL YEARS

	Square Feet	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
ELEMENTARY SCHOOLS											
Auburn (1955)	47,461										
ADM ¹		639	677	650	630	667	642	631	647	677	677
Enrollment ¹		688	689	654	652	668	652	639	653	685	688
Battle Creek (2012)	78,678										
ADM		638	586	559	525	529	460	-	-	-	-
Enrollment		641	581	542	527	531	459	-	-	-	-
Bethel (1925)	6,603										
ADM		-	-	-	-	-	-	-	61	73	70
Enrollment		-	-	-	-	-	-	-	64	72	71
Brush College (1909)	51,780										
ADM		327	277	253	210	339	373	410	420	431	409
Enrollment		271	289	254	200	333	369	410	421	437	398
Bush (2005)	46,290										
ADM		329	310	320	309	323	313	282	269	275	255.15
Enrollment		312	313	316	312	317	312	278	276	277	254
Candalaria (1955)	34,970										
ADM		342	344	353	355	339	340	342	329	345	306
Enrollment		340	341	354	352	343	338	352	329	341	312
Chapman Hill (1985)	59,528										
ADM		398	404	385	368	425	453	418	530	558	587
Enrollment		382	407	381	362	419	452	415	539	574	585
Chavez (2012)	78,174										
ADM		526	583	591	556	701	649	-	-	-	-
Enrollment		574	585	592	563	705	643	-	-	-	-
Clear Lake (1994)	49,289										
ADM		373	430	433	470	497	481	433	461	472	478
Enrollment		400	428	437	474	495	483	428	465	474	486
Cummings (1953)	41,287										
ADM		430	436	427	414	414	394	427	454	432	423
Enrollment		424	443	431	399	416	390	429	462	424	422
Englewood (1910)	55,240										
ADM		378	382	360	376	382	362	347	395	375	367
Enrollment		357	369	359	380	390	356	353	393	374	367
Eyre (1976)	47,200										
ADM		542	571	602	590	573	543	568	559	575	610
Enrollment		541	569	612	601	583	546	572	566	582	602
Forest Ridge/Optimum Learning Environment (OLE) Charter (2002)	47,554										
Forest Ridge ADM		243	248	231	241	233	247	243	236	250	235
Forest Ridge Enrollment		235	244	224	239	239	244	248	241	246	227
OLE ADM		130	130	130	130	130	132	134	124	125	125
OLE Enrollment		129	130	129	129	130	132	134	125	125	125
Four Corners (1949)	50,867										
ADM		476	531	530	510	521	523	501	506	531	530
Enrollment		517	531	532	522	517	523	510	513	545	527
Fruitland (1935)	4,896										
ADM		-	-	-	-	-	-	-	65	65	66
Enrollment		-	-	-	-	-	-	-	69	72	70
Grant (1955)	47,003										
ADM		396	444	428	456	434	405	378	355	358	351
Enrollment		417	446	427	447	443	410	393	349	361	354
Gubser (1976)	49,574										
ADM		602	550	524	486	470	474	474	490	503	506
Enrollment		554	546	528	477	464	477	473	491	508	512
Hallman (2001)	44,951										
ADM		411	389	415	454	429	452	453	464	481	483
Enrollment		412	397	435	456	433	461	468	466	500	480
Hammond (2001)	47,554										
ADM		514	506	532	522	504	507	529	517	521	516
Enrollment		492	504	522	518	502	514	527	521	532	515

¹ Enrollment data for all schools is from the official October Enrollment Report.

² Grant Community School previously had students in elementary and middle school grades; the enrollment is shown separately under each section.

Source: Salem-Keizer Public Schools

SALEM-KEIZER SCHOOL DISTRICT 24J
School Building, Student Enrollment, and Average Daily Membership (ADM) Information

Last Ten Fiscal Years											
	Square Feet	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Harritt (2003)	47,554										
Harritt ADM		499	512	524	501	301	296	295	550	555	574
Harritt Enrollment		517	515	514	498	301	289	293	557	551	571
Hayesville (1963)	55,458										
ADM		461	426	439	436	421	405	404	452	446	487
Enrollment		445	422	448	457	431	412	411	454	453	497
Hazel Green (1955)	-										
ADM		-	-	-	-	-	-	104	105	91	103
Enrollment		-	-	-	-	-	-	103	103	91	102
Highland (1910)	46,128										
ADM		418	411	406	398	386	358	328	349	369	298
Enrollment		381	413	413	402	388	366	340	356	367	304
Hoover (1951)	46,128										
ADM		406	471	499	500	531	528	546	552	565	564
Enrollment		425	475	502	506	538	523	558	562	552	570
Kalapuya (2011)	72,095										
ADM		594	597	603	619	662	641	597	-	-	-
Enrollment		575	592	590	615	655	638	591	-	-	-
Keizer (1985)	67,210										
ADM		740	682	654	641	624	590	624	535	530	540
Enrollment		712	685	656	657	617	604	642	534	537	564
Kennedy (1964)	42,457										
ADM		407	449	459	455	465	457	428	427	448	513
Enrollment		419	444	458	458	465	456	427	427	457	527
Lake Labish (1958)	9,298										
ADM		-	-	-	-	-	-	-	91	89	90
Enrollment		-	-	-	-	-	-	-	86	88	92
Lamb (2001)	47,554										
ADM		479	486	493	464	503	481	493	475	492	496
Enrollment		469	497	491	473	509	482	503	478	506	507
Lee (2002)	47,554										
ADM		320	311	309	318	305	319	397	497	385	399
Enrollment		302	310	303	318	303	328	398	495	385	401
Liberty (1908)	52,273										
ADM		379	388	372	388	376	370	375	366	354	339
Enrollment		375	386	372	378	372	368	368	363	354	344
McKinley (1915)	40,140										
ADM		316	352	335	339	317	316	313	316	310	309
Enrollment		334	357	329	334	317	318	326	324	310	303
Middle Grove (1947) - SOLD	-										
ADM		-	-	-	-	-	-	298	278	230	240
Enrollment		-	-	-	-	-	-	301	286	235	246
Miller (2000)	52,752										
ADM		416	433	417	430	420	428	500	382	349	359
Enrollment		419	436	424	426	437	439	507	388	349	352
Morningside (1953)	50,996										
ADM		385	382	384	379	373	355	372	357	336	321
Enrollment		373	386	386	386	378	358	374	357	335	323
Myers (1973)	46,746										
ADM		562	532	504	480	427	425	419	582	598	561
Enrollment		544	538	514	478	427	422	422	579	592	572
Pringle (1985)	58,637										
ADM		590	557	563	528	506	473	627	528	640	608
Enrollment		672	542	572	526	518	477	634	539	648	623

¹ Enrollment data for all schools is from the official October Enrollment Report.

² Grant Community School previously had students in elementary and middle school grades; the enrollment is shown separately under each section.

Source: Salem-Keizer Public Schools

SALEM-KEIZER SCHOOL DISTRICT 24J
School Building, Student Enrollment, and Average Daily Membership (ADM) Information

		Last Ten Fiscal Years									
	Square Feet	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Richmond (1911)	49,734										
ADM		322	386	363	396	380	350	341	346	338	356
Enrollment		314	387	361	397	382	354	349	346	342	352
Rosedale (1952)	21,860										
ADM		-	-	-	-	-	-	150	168	162	146
Enrollment		-	-	-	-	-	-	151	164	156	145
Salem Heights (1938)	43,783										
ADM		324	317	301	291	274	264	275	282	303	303
Enrollment		323	323	296	288	279	273	276	288	306	301
Schirle (1976)	50,958										
ADM		490	417	442	453	463	455	492	511	490	459
Enrollment		508	419	442	445	464	462	490	510	501	452
Scott (1976)	49,888										
ADM		583	638	617	621	530	539	627	629	611	589
Enrollment		557	642	641	624	543	542	614	632	611	587
Sumpter (1979)	48,352										
ADM		542	554	534	496	494	498	536	548	541	535
Enrollment		538	547	523	501	496	502	537	548	547	535
Swegle (1923)	47,610										
ADM		523	542	576	561	471	469	583	580	570	536
Enrollment		541	553	583	553	481	585	587	573	538	512
Valley Inquiry Charter School	13,569										
ADM		168	167	163	165	166	163	160	148	145	138
Enrollment		168	156	165	168	163	162	146	148	145	121
Washington (1948)	65,156										
ADM		402	412	423	431	438	404	415	390	391	427
Enrollment		382	417	415	444	410	429	406	412	422	436
Weddle (2001)	50,080										
ADM		413	442	451	459	464	446	394	430	442	448
Enrollment		430	445	455	469	449	402	447	440	447	483
Wright (1963)	54,004										
ADM		388	412	421	424	462	457	446	432	443	435
Enrollment		411	418	420	428	448	443	433	448	431	458
Yoshikai (1994)	49,289										
ADM		553	590	554	542	498	496	486	505	495	474
Enrollment		554	591	538	535	505	487	512	502	489	504
Eagle Charter, State Sponsored											
ADM		144	140	141	143	138	125	126	-	-	-
Enrollment		143	139	140	144	120	124	-	-	-	-
Elementary Portables	96,522										
Elementary Totals:											
Square Feet	2,312,684										
ADM		19,518	19,804	19,670	19,460	19,305	18,856	18,720	18,693	18,765	18,643
Enrollment		19,517	19,847	19,680	19,518	19,324	19,006	18,775	18,842	18,874	18,779

¹ Enrollment data for all schools is from the official October Enrollment Report.

² Grant Community School previously had students in elementary and middle school grades; the enrollment is shown separately under each section.

Source: Salem-Keizer Public Schools

SALEM-KEIZER SCHOOL DISTRICT 24J
School Building, Student Enrollment, and Average Daily Membership (ADM) Information
Last Ten Fiscal Years

	Square Feet	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
MIDDLE SCHOOLS											
Claggett Creek (2001)	114,696										
ADM		968	940	919	917	890	932	933	916	912	916
Enrollment		993	954	926	926	948	944	940	927	930	944
Crossler (1995)	111,930										
ADM		857	764	725	692	701	751	816	786	703	732
Enrollment		865	763	733	692	772	831	804	711	764	723
Grant (1994) (2)											
ADM			-	-	-	-	-	-	-	81	82
Enrollment			-	-	-	-	-	-	-	84	81
Houck (1995)	117,048										
ADM		1,083	995	950	953	949	950	941	907	938	969
Enrollment		1,054	1,014	957	974	957	960	937	966	969	996
Howard Street Charter (1926)	65,618										
ADM		162	160	156	157	161	161	161	154	154	152
Enrollment		177	161	156	161	163	162	152	156	154	151
Judson (1957)	121,584										
ADM		1,005	966	941	914	908	953	962	966	968	931
Enrollment		992	978	958	932	956	981	979	976	946	904
Leslie (1997)	113,600										
ADM		783	766	774	756	759	764	810	891	891	921
Enrollment		785	772	790	767	773	818	891	894	919	874
Parrish (1923)	113,302										
ADM		756	691	682	649	661	675	696	733	690	633
Enrollment		710	714	691	670	695	705	747	697	640	655
Stephens (1994)	118,272										
ADM		1,115	1,091	1,046	1,037	991	919	952	1,010	946	913
Enrollment		1,130	1,106	1,063	1,053	927	1,005	1,028	961	943	955
Straub (2011)	136,813										
ADM		632	618	600	589	722	723	756	-	-	-
Enrollment		664	621	607	587	731	750	-	-	-	-
Jane Goodall Environmental Middle School (JGEMS)											
JGEMS ADM		98	97	97	97	98	98	98	90	89	88
JGEMS Enrollment		97	98	99	97	99	98	90	90	88	90
Waldo (1957)	120,528										
Waldo ADM		1,051	974	979	922	917	902	797	789	739	789
Waldo Enrollment		1,042	980	995	929	910	821	791	760	781	739
Walker (1960)	114,160										
ADM		690	640	637	619	505	521	529	1,092	1,080	1,074
Enrollment		679	644	638	613	530	534	1,114	1,091	1,075	1,091
Whiteaker (1968)	114,452										
ADM		779	776	744	731	742	772	823	879	894	877
Enrollment		806	771	741	733	776	827	884	896	884	868
Middle School Portables	26,813										
Middle School Totals:											
Square Feet	1,388,816										
ADM		9,979	9,478	9,250	9,033	9,004	9,121	9,275	9,213	9,085	9,077
Enrollment		9,994	9,576	9,354	9,134	9,237	9,436	9,357	9,125	9,177	9,071

¹ Enrollment data for all schools is from the official October Enrollment Report.

² Grant Community School previously had students in elementary and middle school grades; the enrollment is shown separately under each section.

Source: Salem-Keizer Public Schools

SALEM-KEIZER SCHOOL DISTRICT 24J
School Building, Student Enrollment, and Average Daily Membership (ADM) Information
Last Ten Fiscal Years

	Square Feet	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
HIGH SCHOOLS											
McKay (1978)	247,176										
ADM		2,361	2,342	2,227	2,130	1,980	1,877	1,745	1,752	1,711	1,683
Enrollment		2,436	2,455	2,334	2,228	1,968	1,824	1,855	1,855	1,834	1,921
McNary (1964)	243,760										
ADM		1,909	1,936	1,956	1,952	2,006	1,956	1,947	1,972	1,979	1,961
Enrollment		2,070	2,051	2,046	2,062	2,037	2,053	2,130	2,095	2,050	2,088
North (1936)	308,314										
ADM		1,747	1,737	1,747	1,744	1,760	1,759	1,789	1,856	1,785	1,790
Enrollment		1,853	1,815	1,867	1,855	1,889	1,923	2,039	1,905	1,928	2,025
South (1954)	277,375										
ADM		1,930	1,805	1,821	1,811	1,885	1,882	1,937	1,862	1,850	1,807
Enrollment		1,936	1,884	1,881	1,902	1,951	2,029	1,975	1,949	1,875	1,894
Sprague (1972)	269,584										
ADM		1,660	1,654	1,644	1,634	1,571	1,652	1,664	1,628	1,686	1,599
Enrollment		1,736	1,751	1,706	1,695	1,730	1,756	1,728	1,755	1,663	1,727
West (2002)	265,000										
ADM		1,710	1,709	1,734	1,676	1,627	1,666	1,676	1,631	1,616	1,587
Enrollment		1,748	1,799	1,773	1,730	1,738	1,728	1,754	1,687	1,706	1,619
High School Portables	52,239										
Total Alternative Education											
Programs/Locations: Centennial											
(1897) and Roberts (2005)	55,940										
ADM		472	712	750	741	836	895	858	820	992	1,252
Enrollment		401	916	823	975	1,096	987	950	1,106	1,314	1,186
HIGH SCHOOL AND ALTERNATIVE EDUCATION PROGRAMS TOTALS:											
Square Feet	1,719,388										
ADM		11,789	11,896	11,879	11,688	11,665	11,687	11,616	11,521	11,619	11,679
Enrollment		12,180	12,671	12,430	12,447	12,409	12,300	12,431	12,352	12,370	12,460
DISTRICT FACILITIES											
Paulus Complex (1986)	21,230										
Lancaster Professional Center (1975)	35,265										
Central Kitchen/Nutrition Center (1994)	25,400										
Central Services (1994)	71,230										
Reprographics (1991)	26,550										
Support Services (1955)	22,580										
Technology Data Center (1975)	11,664										
Transportation (1964)	12,640										
District Portables:	2,320										
Other District Facilities	6,487										
Total District:	235,366										
GRAND TOTALS:											
ADM	5,656,254	41,286	41,178	40,799	40,181	39,974	39,664	39,611	39,427	39,469	39,399
Enrollment		41,691	42,094	41,464	41,099	40,970	40,742	40,563	40,319	40,421	40,310

¹ Enrollment data for all schools is from the official October Enrollment Report.

² Grant Community School previously had students in elementary and middle school grades; the enrollment is shown separately under each section.

Source: Salem-Keizer Public Schools

SALEM-KEIZER SCHOOL DISTRICT 24J
AVERAGE DAILY MEMBERSHIP (ADM)
Last Ten Fiscal Years Ended June 30

School Name	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Elementary Schools										
Auburn	639	677	650	630	667	642	631	647	677	677
Battle Creek	638	586	559	525	529	460	-	-	-	-
Bethel	-	-	-	-	-	-	-	61	73	70
Brush College	327	277	253	210	339	373	410	420	431	409
Bush	329	310	320	309	323	313	282	269	275	255
Candalaria	342	344	353	355	339	340	342	329	345	306
Chapman Hill	398	404	385	368	425	453	418	530	558	587
Chavez	526	583	591	556	701	649	-	-	-	-
Clear Lake	373	430	433	470	497	481	433	461	472	478
Cummings	430	436	427	414	414	394	427	454	432	423
Englewood	378	382	360	376	382	362	347	395	375	367
Eyre	542	571	602	590	573	543	567	559	576	610
Forest Ridge	243	248	231	241	233	247	243	236	250	235
Four Corners	476	531	530	510	521	523	501	506	531	530
Fruitland	-	-	-	-	-	-	-	65	65	66
Grant	396	444	428	456	434	405	378	355	359	351
Gubser	602	550	524	486	470	474	474	490	503	506
Hallman	411	389	415	454	429	452	453	464	481	483
Hammond	514	506	532	522	504	507	529	517	521	516
Harritt	499	512	524	501	301	296	295	550	555	574
Hayesville	461	426	439	436	421	405	404	452	447	487
Hazel Green	-	-	-	-	-	-	104	105	91	103
Highland	418	411	406	398	386	358	328	349	370	298
Hoover	406	471	499	500	531	528	546	552	565	564
Kalapuya	594	597	603	619	662	641	597	-	-	-
Keizer	740	682	654	641	624	590	624	535	530	540
Kennedy	407	449	459	455	465	457	428	427	448	513
Lake Labish	-	-	-	-	-	-	-	91	89	90
Lamb	479	486	493	464	503	481	493	475	492	496
Lee	320	311	309	318	305	319	397	497	385	399
Liberty	379	388	372	388	376	370	375	366	354	339
McKinley	316	352	335	339	317	316	313	316	310	309
Middle Grove	-	-	-	-	-	-	298	278	230	240
Miller	416	433	417	430	420	428	500	382	350	359
Morningside	385	382	384	379	373	355	372	357	336	321
Myers	562	532	504	480	427	425	419	582	599	561
Pringle	590	557	563	528	506	473	627	528	640	608
Richmond	322	386	363	396	380	350	341	346	338	356
Rosedale	-	-	-	-	-	-	150	168	162	146
Salem Heights	324	317	301	291	274	264	275	282	299	303
Schirle	490	417	442	453	463	455	492	511	490	459
Scott	583	638	617	621	530	539	627	629	611	589
Sumpter	542	554	534	496	494	498	536	548	541	535
Swegle	523	542	576	561	471	469	583	580	570	536
Washington	402	412	423	431	438	404	414	390	391	427
Weddle	413	442	451	459	464	445	395	430	442	448
Wright	388	412	421	424	462	456	447	432	443	435
Yoshikai	553	590	554	542	498	496	487	505	495	475
OLE Charter (1-5)	130	130	130	130	130	132	134	124	125	125
Valley Inquiry Charter	168	167	163	165	166	163	160	148	145	138
Eagle State Sponsored Charter	144	140	141	143	138	125	126	-	-	-
Total Elementary Schools	19,518	19,804	19,670	19,460	19,305	18,856	18,720	18,693	18,765	18,643

Source: Salem-Keizer Public Schools

SALEM-KEIZER SCHOOL DISTRICT 24J
AVERAGE DAILY MEMBERSHIP (ADM) (CONTINUED)
LAST TEN FISCAL YEARS ENDED JUNE 30

School Name	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Middle School										
Claggett Creek	968	940	919	917	890	932	933	916	912	916
Crossler	857	764	725	692	701	751	816	786	703	732
Houck	1,083	995	950	953	949	950	941	907	938	969
Judson	1,005	966	941	914	908	953	962	966	968	931
Leslie	783	766	774	756	759	764	810	891	891	921
Parrish	756	691	682	649	662	675	696	733	690	633
Stephens	1,115	1,091	1,046	1,037	992	919	952	1,010	946	913
Straub	632	618	600	589	723	723	756	-	-	-
Waldo	1,051	974	979	922	917	902	797	789	739	788
Walker	690	640	637	619	505	521	529	1,092	1,080	1,073
Whiteaker	779	776	744	731	742	772	823	879	894	877
Howard Street Charter	162	160	156	157	157	161	161	154	154	152
Grant Community Charter	-	-	-	-	-	-	-	-	81	82
Jane Goodall Environmental Charter	98	97	97	97	99	98	98	90	89	88
Total Junior High/ Middle Schools	9,979	9,478	9,250	9,033	9,004	9,121	9,275	9,213	9,085	9,077
High Schools										
McKay	2,361	2,342	2,227	2,130	1,980	1,877	1,745	1,752	1,711	1,683
McNary	1,909	1,936	1,956	1,952	2,006	1,956	1,947	1,972	1,979	1,961
North	1,747	1,737	1,747	1,744	1,760	1,759	1,789	1,856	1,785	1,790
South	1,930	1,805	1,821	1,811	1,885	1,882	1,937	1,862	1,850	1,807
Sprague	1,660	1,654	1,644	1,633	1,571	1,652	1,664	1,628	1,686	1,599
West Salem	1,710	1,709	1,734	1,677	1,627	1,666	1,676	1,631	1,616	1,587
Alternative Education	297	538	580	505	676	723	668	611	838	1,055
Total High Schools	11,614	11,721	11,709	11,452	11,505	11,515	11,427	11,312	11,465	11,481
Other Special Programs	175	175	170	236	160	172	190	209	155	197
Total Average Daily Membership	41,286	41,178	40,799	40,181	39,974	39,664	39,611	39,427	39,469	39,399
Percentage increase from previous year	0.26%	0.93%	1.54%	0.52%	0.78%	0.13%	0.47%	-0.11%	0.18%	0.83%

Source: Salem-Keizer Public Schools

SALEM-KEIZER SCHOOL DISTRICT 24J
LICENSED, CLASSIFIED AND ADMINISTRATIVE FULL-TIME EMPLOYEES STAFF LEVELS
LAST TEN FISCAL YEARS ENDED JUNE 30

<u>Fiscal Year</u>	<u>Licensed</u>	<u>Classified</u>	<u>Administrative</u>	<u>Total FTE</u>	<u>General Fund</u>		<u>Percent of Total</u>
					<u>Total General Fund</u>	<u>All Other Funds</u>	
2018	2,480	2,636	208	5,324	4,942	382	92.82%
2017	2,442	2,294	167	4,903	4,552	351	92.85%
2016	2,317	2,147	181	4,645	4,255	390	91.60%
2015	2,161	2,025	157	4,343	3,936	407	90.63%
2014	1,998	1,935	136	4,069	3,691	378	90.71%
2013	2,094	1,987	150	4,231	3,779	452	89.32%
2012	1,913	1,951	151	4,015	3,575	440	89.04%
2011	2,417	1,844	160	4,421	3,963	458	89.64%
2010	2,373	1,805	160	4,338	3,889	449	89.65%
2009	2,458	1,772	159	4,389	3,937	452	89.70%

Source: District Payroll Records

Note: FTE does not include non-district employees of District sponsored public charter schools.

<u>Collective Bargaining Unit</u>	<u>Membership</u>	<u>Termination Date of Current Contract</u>	<u>Status of Negotiations</u>
Salem-Keizer Education Association (SKEA)	2,575	June 30, 2021	Settled
Association of Salem-Keizer Education Support Professionals (ASK ESP)	2,884	June 30, 2018	Settled

Source: Salem-Keizer Public Schools

**SALEM-KEIZER SCHOOL DISTRICT 24J
TEACHER BASE SALARIES
LAST TEN FISCAL YEARS ENDED JUNE 30**

Fiscal Year	Minimum Salary¹	Maximum Salary¹	Average Salary¹	Marion County Average Salary²	Polk County Average Salary²	Statewide Average Salary²
2018	\$ 39,507	\$ 77,759	\$ 61,075	\$ 62,532	\$ 59,672	\$ 63,061
2017	38,732	76,234	60,055	61,190	57,366	61,862
2016	38,066	74,923	58,073	60,353	53,500	60,407
2015	37,320	73,454	58,245	59,420	54,202	59,477
2014	36,588	72,014	57,838	58,907	53,084	58,595
2013	36,083	71,020	57,027	56,379	53,029	57,590
2012	34,719	68,335	54,785	55,545	53,876	56,940
2011	34,719	68,335	55,687	54,637	52,462	56,504
2010	34,375	67,658	53,093	54,446	53,086	55,343
2009	33,838	66,601	51,201	52,727	51,595	54,091

Sources: ¹ Salem-Keizer Public Schools. The minimum, maximum, and average salary amounts do not include differentials, additional work days, or fringe benefits such as retirement.

² Oregon Department of Education, Office of Analysis and Reporting.

SALEM-KEIZER SCHOOL DISTRICT 24J
OPERATING STATISTICS
LAST TEN FISCAL YEARS ENDED JUNE 30

Fiscal Year	Average Daily Membership	Governmental Fund Expenditures	Cost per Pupil	% Change	Governmental Fund Expenditures Less Debt		% Change	Teaching Staff	Pupil-Teacher Ratio
					Service- Obligation Bonds	General Cost per Pupil			
2018	41,286	\$ 562,547,690	\$ 13,626	9.3%	\$ 532,523,205	\$12,898	9.0%	2,480	16.6
2017	41,178	513,312,432	12,466	-0.1%	487,185,168	11,831	1.4%	2,502	16.5
2016	40,799	509,039,907	12,477	2.0%	476,046,926	11,668	2.1%	2,317	17.6
2015	40,181	491,550,470	12,233	5.1%	459,385,857	11,433	5.2%	2,161	18.6
2014	39,974	465,071,226	11,634	2.3%	434,330,820	10,865	2.6%	1,998	20.0
2013	39,664	451,064,582	11,372	-7.6%	420,182,956	10,594	-8.3%	2,094	18.9
2012	39,611	487,356,869	12,304	-3.1%	457,578,299	11,552	-4.0%	1,913	20.7
2011	39,427	500,759,480	12,701	10.8%	474,595,399	12,037	12.0%	2,417	16.3
2010	39,469	452,442,540	11,463	6.7%	424,191,034	10,747	7.0%	2,373	16.6
2009	39,399	423,305,466	10,744	2.7%	395,709,732	10,044	3.3%	2,458	16.0

Note: The teaching staff includes all licensed staff - teachers, counselors, and librarians.
Source: Salem-Keizer Public Schools

SALEM-KEIZER SCHOOL DISTRICT 24J
MISCELLANEOUS STATISTICAL DATA
LAST TEN FISCAL YEARS ENDED JUNE 30

NUMBER OF SCHOOL BUILDINGS:

High Schools	8
Middle Schools	11
Elementary Schools	42

SUPPORT FACILITIES:

William Paulus Administration Center
 Central Services Center
 Lancaster Professional Center
 Technology Center
 Central Kitchen/Nutrition Center
 Reprographics Building
 Support Services Center
 Transportation Center

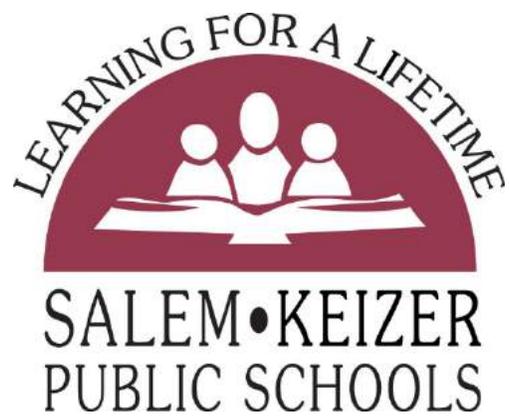
NUMBER OF TYPE A MEALS SERVED:

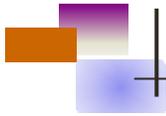
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Paid lunches	845,791	820,643	813,221	704,861	816,839	844,229	968,158	1,108,465	1,180,258	1,193,812
Free lunches	3,039,073	3,073,840	3,138,828	2,948,233	2,613,510	2,540,132	2,566,100	2,493,062	2,367,953	2,222,179
Reduced lunches	167,238	163,344	162,010	174,689	277,296	274,058	297,095	319,478	384,474	397,196
	<u>4,052,102</u>	<u>4,057,827</u>	<u>4,114,059</u>	<u>3,827,783</u>	<u>3,707,645</u>	<u>3,658,419</u>	<u>3,831,353</u>	<u>3,921,005</u>	<u>3,932,685</u>	<u>3,813,187</u>
Paid breakfast	219,033	197,325	191,819	161,505	231,040	214,897	250,572	268,760	307,929	327,052
Free breakfast	1,202,873	1,151,793	1,171,952	1,127,288	1,037,571	977,764	1,053,192	969,294	972,709	958,024
Reduced breakfast	52,418	50,282	51,943	58,341	98,980	93,044	106,691	124,814	143,925	140,494
	<u>1,474,324</u>	<u>1,399,400</u>	<u>1,415,714</u>	<u>1,347,134</u>	<u>1,367,591</u>	<u>1,285,705</u>	<u>1,410,455</u>	<u>1,362,868</u>	<u>1,424,563</u>	<u>1,425,570</u>
Percentage of students eligible for meals	57%	58%	61%	58%	61%	59%	59%	58%	56%	52%

GRADUATION STATISTICS:

High Schools	2,164	2,267	2,054	2,178	2,165	2,147	2,180	2,191	2,311	2,371
--------------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------

Note: Graduates for the current year are estimates. Finalized numbers are available from ODE the following spring.
 Source: Salem-Keizer Public Schools

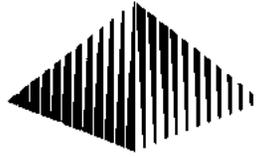




Compliance Section



Salem High School circa 1906, now North Salem High School



GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
475 Cottage Street NE, Suite 200, Salem, Oregon 97301
(503) 581-7788

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

School Board
Salem-Keizer School District 24J
Salem, Oregon

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 financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Salem-Keizer School District 24J, Marion and Polk Counties, Oregon (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 31, 2018.

Internal Control Over Financial Reporting

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

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

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 over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

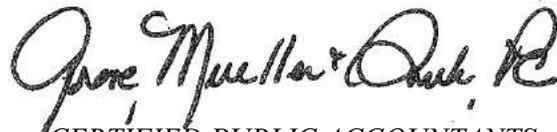
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of

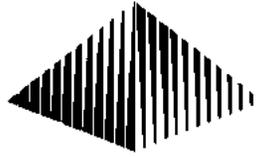
our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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


CERTIFIED PUBLIC ACCOUNTANTS

December 31, 2018



GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
475 Cottage Street NE, Suite 200, Salem, Oregon 97301
(503) 581-7788

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

School Board
Salem-Keizer School District 24J
Salem, Oregon

Report on Compliance for Each Major Federal Program

We have audited Salem-Keizer School District 24J'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 District's major federal programs for the year ended June 30, 2018. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's 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 (CFR) 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 the District's 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 the District's compliance.

Opinion on Each Major Federal Program

In our opinion, Salem-Keizer School District 24J 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 of the District 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 the District's internal control over compliance with the types of requirements that could

have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

Purpose of this Report

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.



CERTIFIED PUBLIC ACCOUNTANTS

December 31, 2018

SALEM-KEIZER SCHOOL DISTRICT 24J
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Grant Period	Grant Amount	Revenue and Expenditures 2017-18
U.S. Department of Education Direct Programs					
Indian Education Grants to Local Educational Agencies					
Indian Education	84.060	S060A171098	7/1/16-6/30/18	\$ 153,782	\$ 153,782
Subtotal Indian Education Grants to Local Educational Agencies					<u>153,782</u>
Total U.S. Department of Education Direct Programs					<u>153,782</u>
Passed-Through Oregon Department of Education					
Title I Grants to Local Educational Agencies					
Title IA/D 16-17	84.010	41152	7/1/16-9/30/18	13,761,063	5,403,420
Title ID 16-17	84.010	41210	7/1/16-9/30/18	170,325	28,264
Title IA/D 17-18	84.010	45688	7/1/17-9/30/18	13,072,524	7,530,271
Title ID 17-18	84.010	45745	7/1/17-9/30/18	176,482	155,111
Subtotal Title I Grants to Local Educational Agencies					<u>13,117,066</u>
School Improvement Grants					
LTCT Title ID	84.013	11012	7/1/17-6/30/19	5,003	5,003
Subtotal School Improvement Grants					<u>5,003</u>
Migrant Education State Grant Program					
Title IC Regular	84.011	41227	7/1/16-9/30/18	739,884	199,191
Title IC Preschool	84.011	41246	7/1/16-9/30/17	72,305	10,148
Title IC Summer	84.011	43689	4/1/17-9/30/17	196,948	115,350
Title IC Preschool	84.011	44909	7/1/17-9/30/18	133,110	93,036
Title IC Regular	84.011	44992	7/1/17-9/30/18	1,443,057	870,622
Title IC Stride Academy Payment 2018	84.011	48600	4/1/18-9/30/18	42,137	42,137
Title IC Summer	84.011	48636	4/4/18-9/30/18	312,072	69,713
Subtotal Migrant Education State Grant Program					<u>1,400,197</u>
School Improvement Grants					
ARRA - Title IA - SIG - Richmond	84.377	42571	7/1/16-9/30/17	371,987	158,333
ARRA - Title IA - SIG - Richmond	84.377	46174	7/1/17-9/30/18	338,108	205,962
Subtotal School Improvement Grants					<u>364,295</u>
Supporting Effective Instruction State Grants					
Title IIA 15-16	84.367	36265	7/1/15-9/30/17	1,334,100	138,730
Title IIA 16-17	84.367	41407	7/1/16-9/30/18	1,277,629	283,027
Title IIA 17-18	84.367	45903	7/1/17-9/30/18	1,485,760	1,139,899
Subtotal Supporting Effective Instruction State Grants					<u>1,561,656</u>

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

SALEM-KEIZER SCHOOL DISTRICT 24J
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Grant Period	Grant Amount	Revenue and Expenditures 2017-18
English Language Acquisition State Grants					
Title III 16-17	84.365	41795	7/1/16-9/30/18	\$ 1,013,732	\$ 283,372
Title III 17-18	84.365	44250	7/1/17-9/30/18	1,014,172	624,607
Subtotal English Language Acquisition State Grants					<u>907,979</u>
Student Support and Academic Enrichment Program					
Title IV-A	84.424	47817	7/17/18-9/30/18	194,435	12,568
Subtotal Student Support and Academic Enrichment Program					<u>12,568</u>
Special Education Cluster (IDEA)					
IDEA 16-17, 611 Part B	84.027	41616	7/1/16-9/30/18	7,028,592	3,284,183
SPR & I 17-18	84.027	44489	7/1/17-6/30/18	39,326	39,326
Extended Assessment 17-18	84.027	45076	7/1/17-6/30/18	17,583	4,539
IDEA 17-18, 611 Part B	84.027	45254	7/1/17-9/30/19	7,068,960	7,068,960
LTCT IDEA 17-18	84.027	11012	7/1/17-6/30/19	8,730	8,730
IDEA Part B, Section 619 2015-16	84.173	37248	7/1/15-9/30/17	37,426	37,426
IDEA Part B, Section 619 2016-17	84.173	40676	7/1/16-9/30/18	36,616	36,616
Subtotal Special Education Cluster (IDEA)					<u>10,479,780</u>
Career and Technical Education					
Perkins 16-17	84.048	40325	7/1/16-9/30/17	415,787	51,676
Perkins 17-18	84.048	44298	7/1/17-9/30/18	406,884	369,497
Oregon PIPE	84.048	46106	7/1/17-9/30/18	5,000	2,851
Subtotal Career and Technical Education					<u>424,024</u>
Education for Homeless Children and Youth					
McKinney Homeless 17-18	84.196	46129	7/1/17-9/30/18	60,000	47,188
Subtotal Education for Homeless Children and Youth					<u>47,188</u>
Total U.S. Department of Education Passed-Through Oregon Department of Education					<u>28,319,756</u>
Passed through Oregon Department of Human Services					
Youth Transition Program 17-19	84.126	154922	7/1/17-6/30/19	886,264	386,777
Subtotal Rehabilitation Services - Vocational Rehabilitation Grants to States					<u>386,777</u>
Total U.S. Department of Education					<u>28,860,315</u>

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

SALEM-KEIZER SCHOOL DISTRICT 24J
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Grant Period	Grant Amount	Revenue and Expenditures 2017-18
U.S. Department of Health & Human Services					
Passed through Oregon Department of Education					
Foster Care Title IV-E					
Foster Care Transportation Reimbursement	93.658	47529	7/1/17-6/30/19	\$ 21,333	\$ 21,333
Subtotal Foster Care Title IV-E					<u>21,333</u>
Passed through Oregon Department of Human Services					
Affordable Care Act (ACA) Abstinence Education Program					
My Future, My Choice	93.235	141916	7/1/17-6/30/18	30,000	10,090
Subtotal Affordable Care Act (ACA) Abstinence Education Program					<u>10,090</u>
Total U.S. Department of Health & Human Services					<u>31,423</u>
U.S. Department of Agriculture					
Passed Through Oregon Department of Education					
Child Nutrition Cluster					
National School Breakfast Program	10.553	N/A	7/1/17-6/30/18	2,628,354	2,628,354
National School Lunch Program	10.555	N/A	7/1/17-6/30/18	10,711,826	10,711,826
Commodity Value - NSLP	10.555	N/A	7/1/17-6/30/18	1,198,090	1,198,090
Summer Food Svc Program/Children	10.559	N/A	7/1/17-6/30/18	238,274	238,274
Subtotal Child Nutrition Cluster					<u>14,776,544</u>
State Administrative Expenses					
State Administrative Expenses	10.560	N/A	7/1/17-6/30/18	8,615	8,615
Subtotal State Administrative Services					<u>8,615</u>
Child and Adult Care Food Program					
Child and Adult Care Food Program	10.558	N/A	7/1/17-6/30/18	935,007	935,007
Subtotal Child and Adult Care Food Program					<u>935,007</u>
Fresh Fruit and Vegetable Program					
Fresh Fruit and Vegetable Program - Auburn	10.582	46343	10/1/17-9/30/18	34,700	14,149
Fresh Fruit and Vegetable Program - Richmond	10.582	46604	10/1/17-9/30/18	19,650	9,690
Fresh Fruit and Vegetable Program - Hoover	10.582	46605	10/1/17-9/30/18	24,350	9,828
Fresh Fruit and Vegetable Program - Highland	10.582	46606	10/1/17-9/30/18	21,150	9,743
Fresh Fruit and Vegetable Program - Hayesville	10.582	46607	10/1/17-9/30/18	21,850	11,235
Fresh Fruit and Vegetable Program - Four Corners	10.582	46608	10/1/17-9/30/18	27,100	11,076
Subtotal Fresh Fruit and Vegetable Program					<u>65,721</u>
Total U.S. Department of Agriculture Passed-Through Oregon State Department of Education					<u>15,785,887</u>

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

SALEM-KEIZER SCHOOL DISTRICT 24J
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Grant Period	Grant Amount	Revenue and Expenditures 2017-18
Passed through Marion County					
Forest Service Schools and Roads Cluster					
Schools and Roads - Grants to States	10.665	N/A	7/1/17-6/30/18	\$ 392	\$ 392
Subtotal Forest Service Schools and Roads Cluster					<u>392</u>
				Total U.S. Department of Agriculture	<u>15,786,279</u>
U.S. General Services Administration					
Passed through Oregon Department of Administrative Services					
Donation of Federal Surplus Personal Property					
Donated Surplus Property	39.003	N/A	7/1/17-6/30/18	4,330	<u>4,330</u>
Subtotal Donation of Federal Surplus Personal Property					<u>4,330</u>
				Total U.S. General Services Administration	<u>4,330</u>
				Total Federal Programs	<u><u>\$ 44,682,347</u></u>

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**SALEM-KEIZER SCHOOL DISTRICT 24J– NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2018**

Purpose of the Schedule

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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 and OMB Circular A-87 Cost Principles for State, Local and Indian Tribal Governments*, where applicable, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate

The District has not elected to use the 10 percent de minimis indirect cost rate as allowed under Uniform Guidance.

Federal Financial Assistance

Pursuant to Uniform Guidance, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance or direct appropriations. Accordingly, non-monetary federal assistance, including federal surplus property, is included in federal financial assistance and, therefore, is reported on the Schedule, if applicable. Federal financial assistance does not include direct federal cash assistance to individuals. Solicited contracts between the state and federal government for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

Major Programs

Uniform Guidance establishes criteria to be used in defining major federal financial assistance programs. Major programs for the District are those programs selected for testing by the auditor using a risk-assessment model, as well as certain minimum expenditure requirements, as outlined in Uniform Guidance. Programs with similar requirements may be grouped into a cluster for testing purposes.

Reporting Entity

The reporting entity is fully described in notes to the financial statements. The Schedule includes all federal programs administered by the District for the year ended June 30, 2018.

Revenue and Expenditure Recognition

The receipt and expenditure of federal awards are accounted for under the modified accrual basis of accounting. Revenues are recorded when measurable and available. Expenditures are recorded when the liability is incurred. Donated commodities are valued at their estimated fair value.

SALEM-KEIZER SCHOOL DISTRICT 24J
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	No
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	No

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

10.553, 10.555 and 10.559
84.048

Child Nutrition Cluster
Career Technical Education (CTE/Perkins)

Dollar threshold used to distinguish between type A and type B programs:	\$1,340,470
Auditee qualified as low-risk auditee?	Yes

FINANCIAL STATEMENT FINDINGS

None.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

SALEM-KEIZER SCHOOL DISTRICT 24J
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018

PRIOR YEAR FINANCIAL STATEMENT FINDINGS

None.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Department of Education

2017-001 – Title IA – CFDA 84.010; Grant Period: Year End June 30, 2017 Non-compliance and Significant Deficiency in Controls over Compliance with Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Condition:

There is a lack of time reporting documentation to support wages charged to the grant.

Criteria:

As a recipient of federal awards, the District is responsible to retain documented support for approval of time charged to the grant based on the grant agreement and the Uniform Guidance, which provides guidance on Activities Allowed or Unallowed and Allowable Costs/Cost Principles.

Cause of condition:

District personnel responsible for reviewing the time reporting documentation were not following up with administrators to ensure that documentation of time approvals were present.

Potential effect of condition:

A portion of the District's payroll expenditures charged to the grant could be disallowed.

Context:

A sample of 21 payroll expenditures totaling \$9,886 from a population of 7,851 payroll transactions within the grant totaling \$5,472,537. The testing found that two transactions were not approved prior to the payment of wages. One of the two transactions was subsequently approved. The known questioned costs for the one transaction not yet approved total \$54.

Recommendation:

All federal expenditures documentation should receive documented review by District employees familiar with the contents of the requirements of Uniform Guidance and specific requirements of the grant agreement.

Management response:

Management will implement a process to ensure time reporting support is present and adequately documented to ensure compliance.

Current year update:

The District has implemented appropriate controls to address this finding.

SALEM-KEIZER SCHOOL DISTRICT 24J
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS (Continued)
YEAR ENDED JUNE 30, 2018

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Department of Education

2016-001 - Special Education Cluster – CFDA 84.027 & 84.173; Grant Period: Year End June 30, 2016
Non-Compliance and Significant Deficiency in Controls over Compliance with Activities Allowed or
Unallowed and Allowable Costs/Cost Principles

Condition:

There is a lack of time reporting documentation to support wages charged to the grant.

Criteria:

As a recipient of federal awards, the District is responsible to retain documented support for approval of time charged to the grant based on the grant agreement and the Uniform Guidance, which provides guidance on Activities Allowed or Unallowed and Allowable Costs/Cost Principles.

Cause of condition:

District personnel responsible for reviewing the time reporting documentation were not following up with employees to ensure that documentation of time approvals were present.

Potential effect of condition:

A portion of the District's payroll expenditures charged to the grant could be disallowed.

Context:

A sample of 40 payroll expenditures totaling \$81,300 from a population of 1,835 payroll transactions within the grant totaling \$4,178,032. The testing found that three transactions were not in compliance with the requirement to maintain documentation of approval of time charged to the grant. The questioned costs for these three transactions total \$2,803.

Recommendation:

All federal expenditures documentation should receive documented review by District employees familiar with the contents of the requirements of Uniform Guidance and specific requirements of the grant agreement.

Management response:

Management will implement a process to ensure time reporting support is present and adequately documented to ensure compliance.

Current year update:

The District has implemented appropriate controls to address this finding.



GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
475 Cottage Street NE, Suite 200, Salem, Oregon 97301
(503) 581-7788

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

School Board
Salem-Keizer School District 24J
Salem, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of Salem-Keizer School District 24J, Marion County, Oregon (the District) as of and for the year ended June 30, 2018, and have issued our report thereon dated December 31, 2018.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

In connection with our testing nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, 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.

Internal Control

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

Restriction on Use

This report is intended solely for the information and use of the school board and management of the Salem-Keizer School District 24J and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

By: 
Larry E. Grant, A Shareholder
December 31, 2018