



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



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

## Comprehensive Annual Financial Report

for the year ended June 30, 2017

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, 2017**

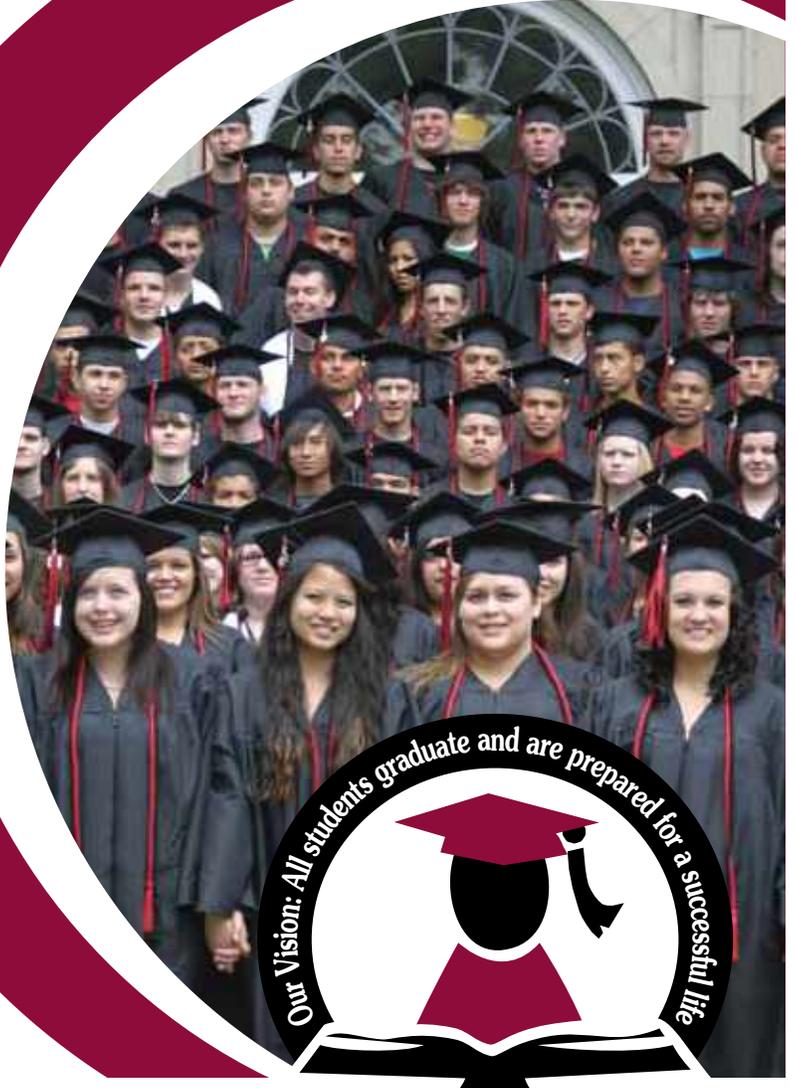
Report Issued by: The Financial Services Department

*OUR VISION:*

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**All students graduate  
and are prepared for a  
successful life.**

**Graduation  
for all!**



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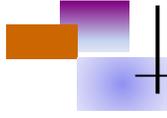
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## Introductory Section

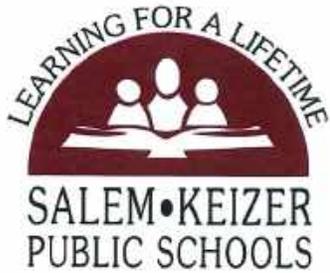
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*Salem High School circa 1906, now North Salem High School*



SALEM•KEIZER  
PUBLIC SCHOOLS



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

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December 27, 2017

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, 2017. 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 both to 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, 2017, 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, 2017, 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 41,178 students in fiscal 2016-17. The projected ADM for fiscal 2017-18 is 41,420. 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, 6 high schools, 4 District-sponsored charter schools and 1 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, 2017, more than fifty-eight percent 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 2016-17, 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 2,502 licensed staff consisting of teachers and counselors, 2,625 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 2017, 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 2017-18 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 2017-18 Strategic Plan can be found on the District's website: [www.salkeiz.k12.or.us](http://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 2016-17 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. Effective July 1, 2017, PERS rates increased by approximately 5.5% of payroll and are expected to increase at a similar rate for the next three biennia.

### ***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, 2016. This was the 34<sup>th</sup> 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 30<sup>th</sup> 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, 2016**

A handwritten signature in black ink, reading "Jeffrey R. Egan".

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, 2016. This was the 34<sup>th</sup> 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.



**The Certificate of Excellence in Financial Reporting  
is presented to**

## **Salem-Keizer Public Schools District 24J**

**for its Comprehensive Annual Financial Report (CAFR)  
for the Fiscal Year Ended June 30, 2016.**

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



A handwritten signature in black ink, appearing to read 'Anthony N. Dragona', written over a horizontal line.

**Anthony N. Dragona, Ed.D., RSBA**  
President

A handwritten signature in black ink, appearing to read 'John D. Musso', written over a horizontal line.

**John D. Musso, CAE**  
Executive Director



**Name:** Nancy MacMorris-Adix  
**Position:** Chairperson  
**Zone:** 3  
**Elected to Board:** 2009  
**Occupation:** Certified Nurse  
 Mid-wife  
**Phone:** 503-371-9471

**Name:** Paul Kylo  
**Position:** Vice Chairperson  
**Zone:** 7  
**Elected to Board:** 2013  
**Occupation:** Retired  
**Phone:** 503-393-4203



**Name:** Chris Brantley  
**Position:** Director  
**Zone:** 1  
**Elected to Board:** 2009  
**Occupation:** Retired Teacher  
 and Principal  
**Phone:** 503-581-5423



**Name:** Marty Heyen  
**Position:** Director  
**Zone:** 2  
**Elected to Board:** 2015  
**Occupation:** Retired  
 IT Professional  
**Phone:** 503-363-2501



**Name:** Jim Green  
**Position:** Director  
**Zone:** 4  
**Elected to Board:** 2011  
**Occupation:** Deputy Exec. Dir.  
 Oregon School Boards Assoc.  
**Phone:** 503-391-4880



**Name:** Rick Kimball  
**Position:** Director  
**Zone:** 5  
**Elected to Board:** 2005  
**Occupation:** Director of Ops,  
 Truitt Family Foods  
**Phone:** 503-588-8713



**Name:** Chuck Lee  
**Position:** Director  
**Zone:** 6  
**Elected to Board:** 2007  
**Occupation:** President, Mtn.  
 West Career Tech. Institute  
**Phone:** 503-304-9135




# Meet Your School Board

2016-17

## Seven citizens provide leadership

Our School Board members 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 40,000 students.

### Elected citizens

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

### Open to the public

Almost all meetings held by the School Board 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 members want to hear from you, and continuously support your feedback.

### Mark your calendar

School Board business meetings are held the second Tuesday of each month. The meetings start at 6 p.m. and are held at the Support Services Center, 2575 Commercial St. SE, unless otherwise noted. 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 at your computer

All the business and work session meetings are televised on CCTV, cable channel 21 in Salem. You can also watch the meetings on your computer by going to [www.cctvsalem.org](http://www.cctvsalem.org).

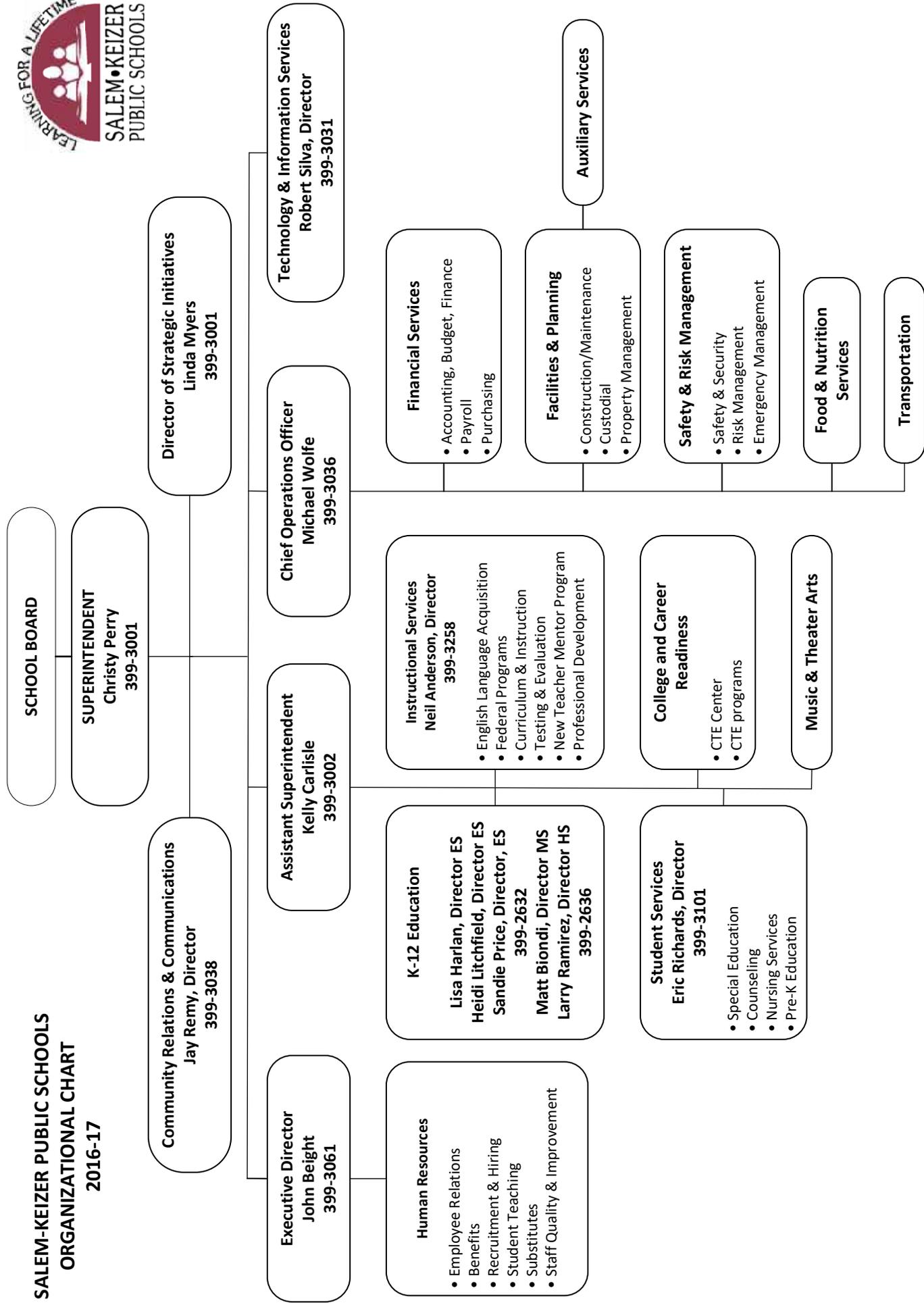
### Stay up-to-date on special meetings and public hearings

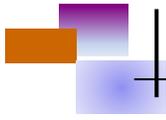
The School Board sometimes schedules public hearings or special meetings on specific topics. These are advertised in the local news media, and posted on our district website at [www.salemkeizer.org](http://www.salemkeizer.org).

### 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.

**SALEM-KEIZER PUBLIC SCHOOLS  
ORGANIZATIONAL CHART  
2016-17**



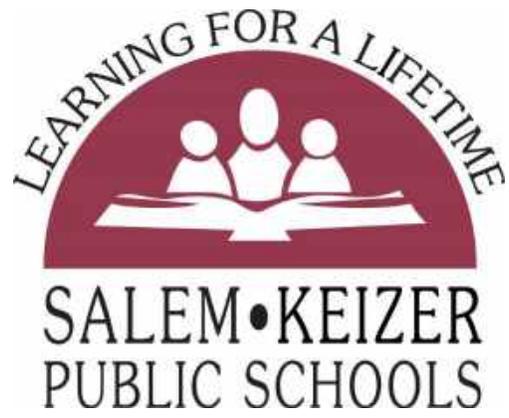


## Financial Section

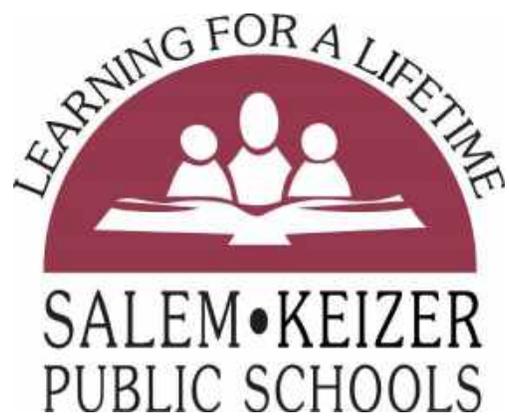
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*Salem High School circa 1906, now North Salem High School*



**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 and Management  
Salem-Keizer School District 24J  
Salem, Oregon 97305

#### ***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, 2017, 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, 2017, 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.

### ***Other Matters***

#### ***Required Supplemental Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A), the budgetary comparison information, the schedules of funding progress for other postemployment benefits, schedules of employer contributions for other postemployment benefits, PERS schedule of the District's proportionate share of the net pension liability, and PERS schedule of the District's contributions 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 MD&A, the schedules of funding progress for other postemployment benefits, the schedules of employer contributions for other postemployment benefits, the PERS schedule of the District's proportionate share of the net pension liability, and the PERS schedule of the District's contributions 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 because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison schedule for the General Fund and the Grants Fund 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.

#### ***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***

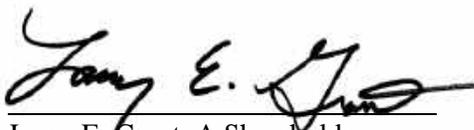
In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2017, on

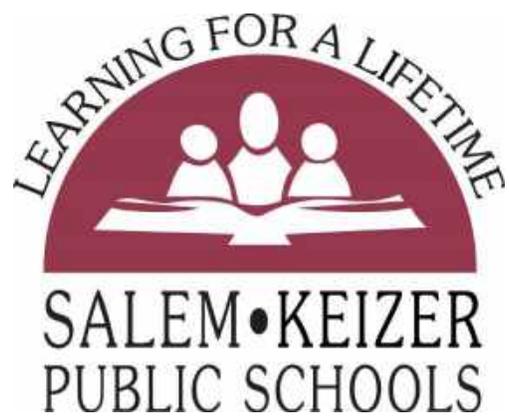
our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over 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*

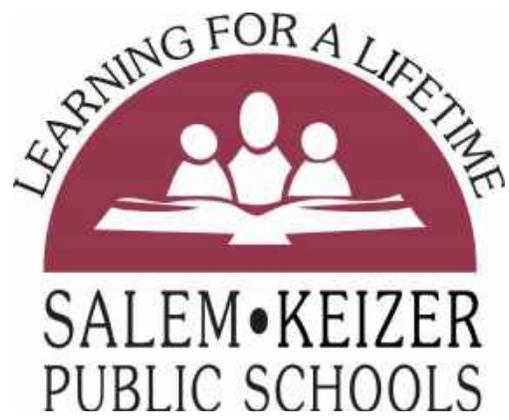
In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 27, 2017, on our consideration of the District's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon 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 27, 2017



## **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, 2017. 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

- During the 2016-17 fiscal year the District’s net position decreased by \$39.0 million, to a deficit balance of \$107.5 million. The decrease is attributed to the continued increase in the PERS pension liability.
- The District’s governmental funds reported a combined ending fund balance of \$89.8 million at June 30, 2017, a decrease of \$13.5 million from the prior year of fund balance of \$103.3 million.
- At the end of the fiscal year the unassigned fund balance for the General Fund was \$44.3 million, or 11% of total General Fund expenditures compared to \$49.2 million or 13% for the prior year.

### 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

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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**

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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 non-major 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.

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**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.

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**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. There were no major Special Revenue Funds for the 2016-17 fiscal year. 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 non-major governmental funds and internal service funds and statistical information follows the required supplementary information.

## Government-Wide Financial Analysis

### Statement of Net Position

Governmental entities are required by Generally Accepted Accounting Principles (GAAP) to report on their 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, 2017, District liabilities and deferred inflows exceeded assets and deferred outflows by \$107.5 million, which was a decline of \$39.0 million compared to a deficit net position of \$68.5 million as of June 30, 2016. The continued decline was expected due to the rising PERS pension liability.

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	
	2017	2016	2017	2016	2017	2016
<b>Assets</b>						
Current and Other Assets	\$ 143,080,056	\$ 158,919,641	\$ 525,894	\$ 333,869	\$ 143,605,950	\$ 159,253,510
Capital Assets	434,278,494	431,323,086	-	-	434,278,494	431,323,086
Total Assets	<u>577,358,550</u>	<u>590,242,727</u>	<u>525,894</u>	<u>333,869</u>	<u>577,884,444</u>	<u>590,576,596</u>
<b>Deferred Outflows of Resources</b>	<u>203,178,095</u>	<u>70,795,864</u>	<u>125,548</u>	<u>47,249</u>	<u>203,303,643</u>	<u>70,843,113</u>
<b>Liabilities</b>						
Current Liabilities	108,901,550	102,351,362	9,055	8,441	108,910,605	102,359,803
Long-term Debt	409,111,237	441,939,451	-	-	409,111,237	441,939,451
Post Employment Ben Obligations	33,230,793	31,399,633	-	-	33,230,793	31,399,633
Net Pension Liability - PERS	330,280,248	122,378,153	205,226	83,667	330,485,474	122,461,820
Total Liabilities	<u>881,523,828</u>	<u>698,068,599</u>	<u>214,281</u>	<u>92,108</u>	<u>881,738,109</u>	<u>698,160,707</u>
<b>Deferred Inflows of Resources</b>	<u>6,909,596</u>	<u>31,727,285</u>	<u>4,294</u>	<u>21,692</u>	<u>6,913,890</u>	<u>31,748,977</u>
<b>Net Position</b>						
Net Investment in Capital Assets	245,110,046	221,821,653	-	-	245,110,046	221,821,653
Restricted for Special Purposes	2,507,364	3,331,396	-	-	2,507,364	3,331,396
Restricted for Debt Service	1,309,115	3,573,241	-	-	1,309,115	3,573,241
Unrestricted	(356,823,304)	(297,483,583)	432,867	267,318	(356,390,437)	(297,216,265)
<b>Total Net Position</b>	<u><u>\$(107,896,779)</u></u>	<u><u>\$(68,757,293)</u></u>	<u><u>\$ 432,867</u></u>	<u><u>\$ 267,318</u></u>	<u><u>\$(107,463,912)</u></u>	<u><u>\$(68,489,975)</u></u>

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, and inventories.

Deferred Outflows of Resources represent a deferred amount on bond refunding and PERS pension plan expenses. The amount on bond refunding is the unamortized portion of the difference between the original cost of 2004 general obligation bonds refunded in fiscal 2013, the original cost of 2002 pension bonds refunded in fiscal 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 46% of total liabilities. Net Pension Liability – PERS represents 37% of total liabilities.

Deferred Inflows of Resources represents the differences between projected and actual investment earnings of the District’s pension plan as required by GASB 68. See note 1L of the Notes to the Basic Financial Statements.

**SALEM-KEIZER SCHOOL DISTRICT 24J – MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)**  
**JUNE 30, 2017**

**Statement of Activities**

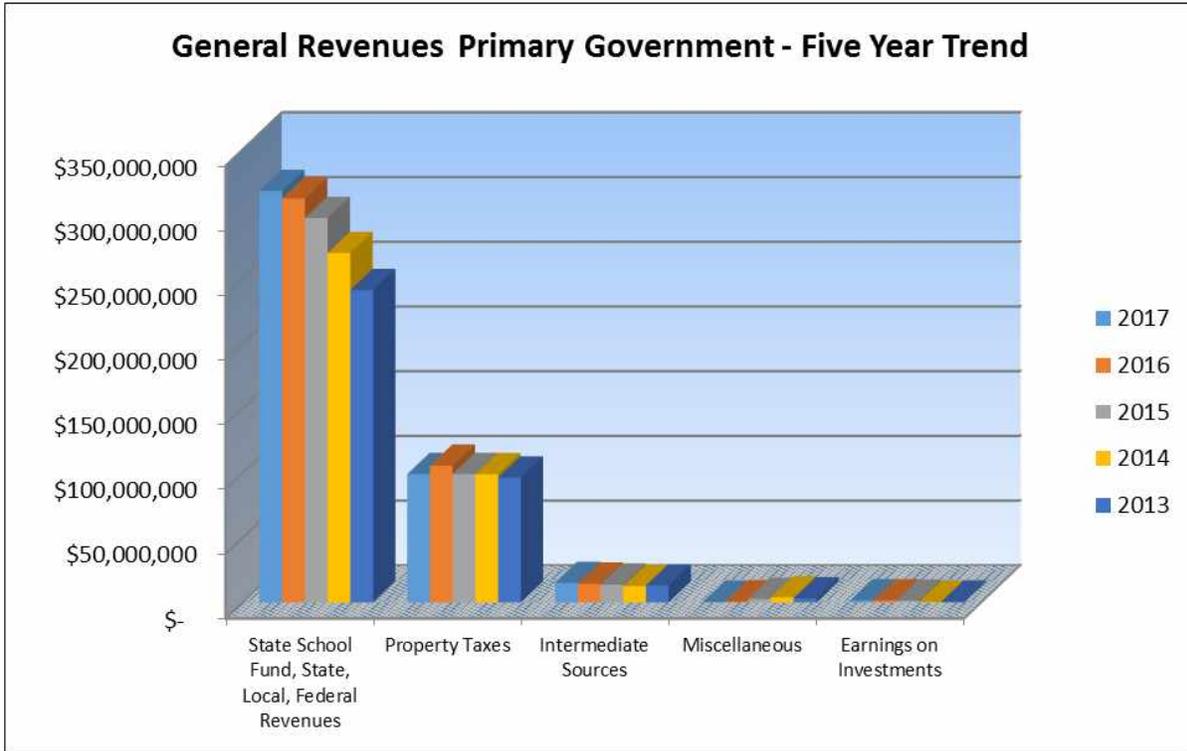
The District’s Change in Net Position on the Statement of Activities for fiscal year 2016-17 was a decrease of \$39.0 million. This decrease of \$39.0 million includes pension expense associated with GASB 68 of \$50.1 million.

	<b>CHANGES IN NET POSITION</b>					
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	2017	2016	2017	2016	2017	2016
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for Services	\$ 22,861,707	\$ 22,247,614	\$ 620,112	\$ 481,732	\$ 23,481,819	\$ 22,729,346
Operating Grants and Contributions	51,486,135	49,340,622	-	-	51,486,135	49,340,622
Capital Grants and Contributions	2,215,097	2,757,207	-	-	2,215,097	2,757,207
<b>General Revenues:</b>						
Property Taxes	99,171,396	105,651,297	-	-	99,171,396	105,651,297
Revenue from Intermediate Sources	15,048,073	14,481,720	-	-	15,048,073	14,481,720
State School Fund - General Support	309,535,499	302,486,193	-	-	309,535,499	302,486,193
Other State and Local Sources	7,347,684	9,390,899	-	-	7,347,684	9,390,899
Federal Forest Fees - General Support	32,024	251,928	-	-	32,024	251,928
Unrestricted State and Local Sources	956,168	11,252	-	-	956,168	11,252
Gain on Sale of Capital Assets	22,763	196,908	-	-	22,763	196,908
Earnings on Investments	1,431,159	1,500,772	-	-	1,431,159	1,500,772
Net Increase in the Fair Value of Investments	175,346	126,513	-	-	175,346	126,513
Miscellaneous	398,691	540,979	-	-	398,691	540,979
<b>Total Revenues</b>	<b>510,681,742</b>	<b>508,983,904</b>	<b>620,112</b>	<b>481,732</b>	<b>511,301,854</b>	<b>509,465,636</b>
<b>Expenses:</b>						
Instructional Services	319,391,385	347,430,098	-	-	319,391,385	347,430,098
Support Services	181,733,019	197,004,216	-	-	181,733,019	197,004,216
Community Services	553,625	1,827,365	454,563	447,807	1,008,188	2,275,172
Facilities Services	7,583,348	14,983,797	-	-	7,583,348	14,983,797
Food Services	16,430,019	13,691,167	-	-	16,430,019	13,691,167
Interest on Long-term Debt	24,129,832	24,605,017	-	-	24,129,832	24,605,017
<b>Total Expenses</b>	<b>549,821,228</b>	<b>599,541,660</b>	<b>454,563</b>	<b>447,807</b>	<b>550,275,791</b>	<b>599,989,467</b>
<b>Change in Net Position</b>	<b>(39,139,486)</b>	<b>(90,557,756)</b>	<b>165,549</b>	<b>33,925</b>	<b>(38,973,937)</b>	<b>(90,523,831)</b>
<b>Net Position, beginning of year</b>	<b>(68,757,293)</b>	<b>21,800,463</b>	<b>267,318</b>	<b>233,393</b>	<b>(68,489,975)</b>	<b>22,033,856</b>
<b>Net Position, end of year</b>	<b>\$(107,896,779)</b>	<b>\$( 68,757,293)</b>	<b>\$ 432,867</b>	<b>\$ 267,318</b>	<b>\$(107,463,912)</b>	<b>\$( 68,489,975)</b>

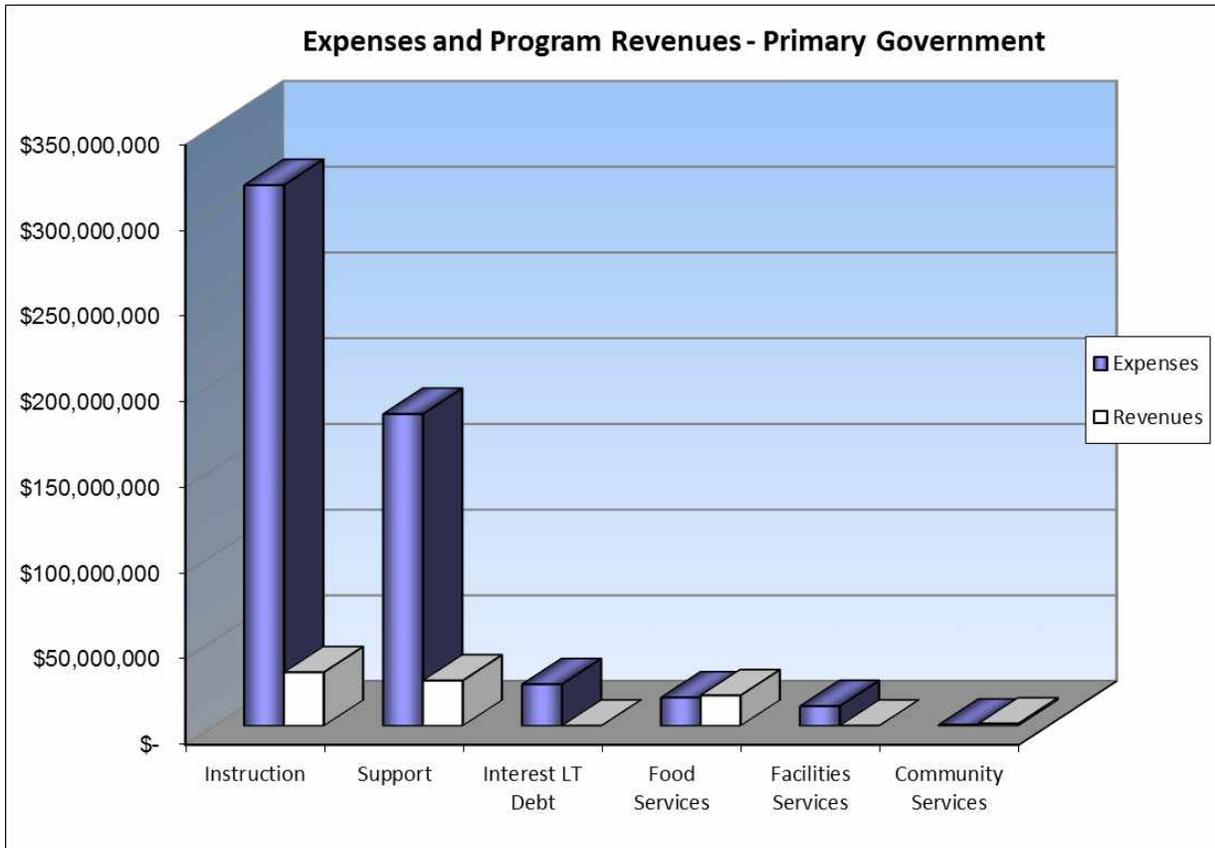
Other key elements of the change in the District’s net position for the year ended June 30, 2017 are as follows:

- Revenue from the State School Fund increased \$7.5 million, to \$310.0 million for fiscal year 2016-17.
- While total expenses declined in 2016-17, this is not due to a decline in actual spending, but a fluctuation caused by a decline in PERS pension expense. The prior year, 2015-16, included the catch-up expense for the Oregon Supreme Court decision.
- Expenses for Instructional Services decreased by \$28.0 million, which includes a \$40.8 million decline in PERS pension expense. This decline was offset with the increase in state school funding \$7.5 million.
- Expenses for Support Services decreased by \$15.3 million, which includes a \$16.2 million decline in PERS pension expense.
- Property tax revenues decreased by \$6.1 million due to a reduced debt service tax levy.

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

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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, 2017, the District’s governmental funds reported combined ending fund balances of \$89.8 million, a decrease of \$13.5 million in comparison with the prior year. A large portion of this decline, \$4.3 million, was caused by the budgeted spending in capital outlay. In addition, there was a \$3.7 million budgeted decline in the restricted fund balance due to the GO Debt Service Fund. Finally, there was a \$3.7 million decrease in unassigned fund balance in the General Fund from increased operational spending. Though the District has \$44.3 million of unassigned balance as of June 30, 2017, this is budgeted to decline significantly in fiscal year 2017-18.

### General Fund

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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<sub>r</sub>). The ADM<sub>r</sub> 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, 2017, unassigned fund balance in the General Fund was \$44.3 million compared to \$49.2 million as of June 30, 2016. In fiscal 2017, 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 2017-18 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.

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#### **GO Debt Service Fund**

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The GO Debt Service Fund has a total fund balance of \$0.3 million, all of which is restricted for the payment of debt service. The net decrease in fund balance during the current year was \$3.3 million. The District intentionally normalizes its levied taxes for debt service on general obligation bonds to sustain a reasonable fund balance.

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#### **PERS Pension Debt Service Fund**

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The Debt Service Fund has a total fund balance of \$22.1 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.

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#### **Capital Projects Fund**

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The Capital Projects Fund has a total fund balance of \$6.0 million, which is a decrease of \$4.9 million compared to prior year. This fund balance is expected to continue to decline as the remaining proceeds of the 2008 voter approved general obligation bond issuance are spent. This amount was capitalized to land, building and land improvements, construction in progress and equipment within the limitations of the requirements of the District’s general obligation bonds.

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#### **Grants Fund**

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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 2016-17, the District received \$32.0 million in funding compared to the prior year of \$32.4 million, continuing the declining trend.

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#### **Other Nonmajor Governmental Funds**

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Other Governmental Funds include the Fee Based Programs Fund, the Food Services Fund, the Energy Efficiency Fund, the Asset Replacement Fund, the Special Capital Projects Fund and the Preventative & Deferred Maintenance Fund. The total fund balance for the Other Governmental Funds was \$16.8 million as of June 30, 2017. These funds decreased overall by \$1.3 million from June 30, 2016, due to the planned capital expenditures in the Asset Replacement Fund and the Special Capital Projects Fund. The Asset Replacement Fund also receives a significant amount of funding for committed and assigned projects.

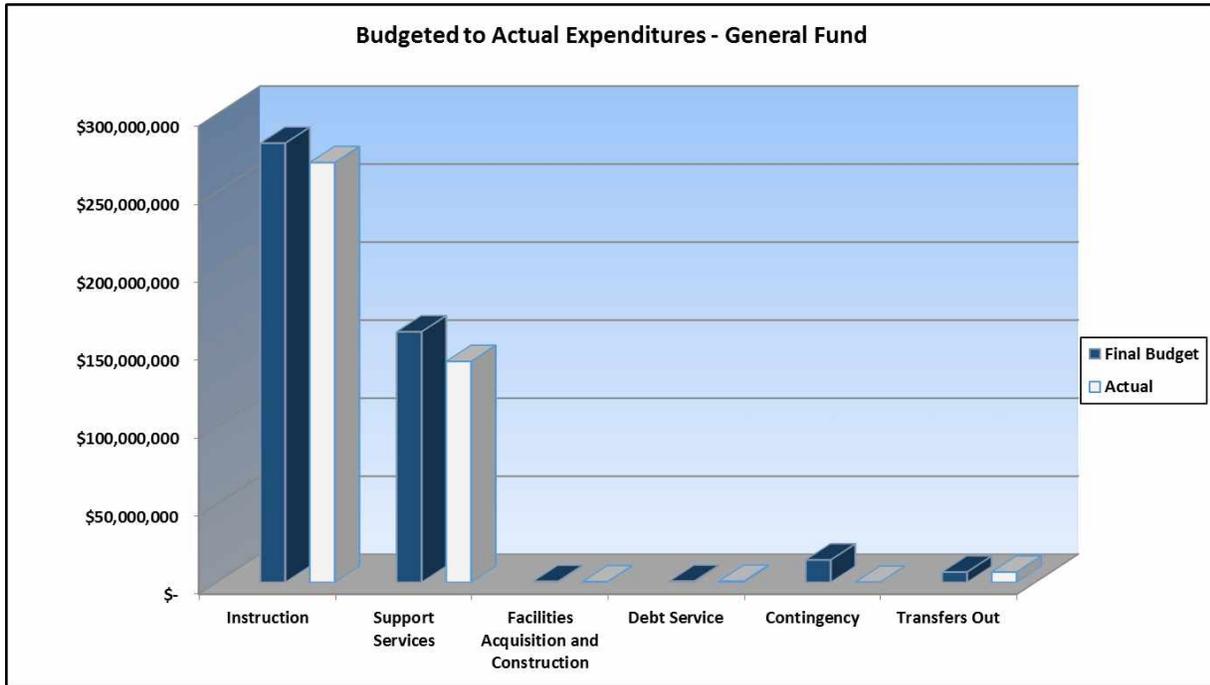
**General Fund Budgetary Highlights**

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 2016-17.

<b>General Fund</b>			<b>Variances</b>	
	<b>Expenditures &amp; Transfers Out</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Dollars</b>
Instruction	\$ 281,278,491	\$ 268,898,212	\$ 12,380,279	4.4%
Support Services	160,459,816	141,562,221	18,897,595	11.8%
Facilities Acquisition and Construction	496,262	377,192	119,070	24.0%
Debt Service	641,032	641,020	12	0.0%
Contingency	14,279,785	-	14,279,785	100.0%
Transfers Out	6,520,000	6,520,000	-	0.0%
<b>Total</b>	<b>\$ 463,675,386</b>	<b>\$ 417,998,645</b>	<b>\$ 45,676,741</b>	<b>10%</b>

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, 2017, the District had invested \$434.3 million in capital assets, net of accumulated depreciation, as shown in the following table:

	<u>2017</u>	<u>2016</u>
Land and Construction In Progress	\$ 36,113,365	\$ 38,143,410
Buildings and Improvements	382,562,105	377,649,506
Vehicles and Equipment	<u>15,603,024</u>	<u>15,530,170</u>
Total	<u>\$ 434,278,494</u>	<u>\$ 431,323,086</u>

During fiscal year 2016-17, the District’s investment in net capital assets increased by \$3.0 million. The major capital asset events for the year include the following:

- Acquisition of 1115 Commercial St. building
- Elementary school seismic updates
- Significant investment in HVAC and other improvements

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 \$409.1 million versus \$441.9 million at the end of fiscal year 2015-16. This debt outstanding as of June 30, 2017, includes general obligation bonds of \$182.3 million and pension bonds of \$213.9 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 \$2.1 billion which is significantly in excess of the District’s outstanding general obligation debt of \$182.3 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 and overcrowded facilities.

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 2015-16 the District implemented full-day kindergarten which provided another .5 weight to the District’s ADMw. The District’s ADM increased by 349 in fiscal year 2016-17, and an increase of 272 is estimated for fiscal year 2017-18.

**SALEM-KEIZER SCHOOL DISTRICT 24J – MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)**  
**JUNE 30, 2017**

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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 2015-16 was 52,557 and the most recent estimated ADMw figure for 2016-17 was 53,065.

<u>Year Ended</u>	<u>ADM</u>
2006	38,093
2007	38,718
2008	39,074
2009	39,399
2010	39,469
2011	39,427
2012	39,611
2013	39,664
2014	39,974
2015	40,181
2016	40,799
2017*	41,148
2018*	41,420
2019*	41,538
2020*	41,673
2021*	41,779

\* Projected ADM

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 (citizens, 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 Business 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, 2017**

	Governmental Activities	Business-type Activities	Total	Component Units
<b>ASSETS:</b>				
Pooled Cash and Investments	\$ 128,259,008	\$ 453,517	\$ 128,712,525	\$ 1,454,625
Accounts Receivable:				
Property Taxes	5,271,903	-	5,271,903	-
Other Receivables	8,697,836	72,377	8,770,213	51,109
Inventories	851,309	-	851,309	-
Prepays	-	-	-	9,197
Capital Assets not Depreciated:				
Land	32,326,936	-	32,326,936	-
Construction in Progress	3,786,429	-	3,786,429	-
Capital Assets, Net of Accumulated Depreciation:				
Land Improvements	27,429,565	-	27,429,565	-
Buildings and Improvements	355,132,540	-	355,132,540	-
Equipment	6,099,428	-	6,099,428	5,081
Vehicles	9,503,596	-	9,503,596	-
<b>TOTAL ASSETS</b>	<b>577,358,550</b>	<b>525,894</b>	<b>577,884,444</b>	<b>1,520,012</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Deferred Amount on Bond Refunding	1,128,720	-	1,128,720	-
Pension Deferred Outflow - PERS	202,049,375	125,548	202,174,923	283,552
<b>Total Deferred Outflows</b>	<b>203,178,095</b>	<b>125,548</b>	<b>203,303,643</b>	<b>283,552</b>
<b>LIABILITIES:</b>				
Accounts Payable	6,587,818	12	6,587,830	9,734
Accrued Salaries and Benefits	24,209,593	-	24,209,593	6,266
Accrued Interest Payable	74,097,414	-	74,097,414	-
Accrued Compensated Absences Payable-Current	1,510,179	8,665	1,518,844	-
Accrued Claims Losses-Current	1,931,178	-	1,931,178	-
Unearned Revenue	565,368	378	565,746	-
Long-term Debt:				
Due within One Year	34,483,218	-	34,483,218	-
Due in More than One Year	374,628,019	-	374,628,019	-
Other Post Employment Benefit Obligations	33,230,793	-	33,230,793	-
Net Pension Liability - PERS	330,280,248	205,226	330,485,474	409,370
<b>TOTAL LIABILITIES</b>	<b>881,523,828</b>	<b>214,281</b>	<b>881,738,109</b>	<b>425,370</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Pension Deferred Inflow - PERS	6,909,596	4,294	6,913,890	45,202
<b>Total Deferred Inflows</b>	<b>6,909,596</b>	<b>4,294</b>	<b>6,913,890</b>	<b>45,202</b>
<b>NET POSITION:</b>				
Net Investment in Capital Assets	245,110,046	-	245,110,046	5,081
Restricted for Special Purposes	2,507,364	-	2,507,364	2,372
Restricted for Debt Service	1,309,115	-	1,309,115	-
Unrestricted	(356,823,304)	432,867	(356,390,437)	1,325,539
<b>TOTAL NET POSITION</b>	<b>\$ (107,896,779)</b>	<b>\$ 432,867</b>	<b>\$ (107,463,912)</b>	<b>\$ 1,332,992</b>

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

**SALEM-KEIZER SCHOOL DISTRICT 24J**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2017**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating	Capital	Primary Government			
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Total	
<b>Primary Government</b>								
Governmental Activities:								
Instructional Services	\$ 319,391,385	\$ 9,608,492	\$20,118,029	\$ 1,445,841	\$(288,219,023)	\$ -	\$(288,219,023)	\$ (2,423,936)
Support Services								
Pupil Transportation	18,161,022	-	-	-	(18,161,022)	-	(18,161,022)	-
Other Support Services	163,571,997	11,756,109	14,607,397	-	(137,208,491)	-	(137,208,491)	(1,189,892)
Community Services	553,625	5,898	506,030	769,256	727,559	-	727,559	(12,984)
Food Services	16,430,019	1,491,208	16,254,679	-	1,315,868	-	1,315,868	-
Facilities Services	7,583,348	-	-	-	(7,583,348)	-	(7,583,348)	-
Interest on Long-term Debt	24,129,832	-	-	-	(24,129,832)	-	(24,129,832)	-
<b>Total Governmental Activities</b>	<b>549,821,228</b>	<b>22,861,707</b>	<b>51,486,135</b>	<b>2,215,097</b>	<b>(473,258,289)</b>	<b>-</b>	<b>(473,258,289)</b>	
<b>Business-type activities</b>								
Community Services	454,563	620,112	-	-	-	165,549	165,549	
<b>Total Primary Government</b>	<b>\$ 550,275,791</b>	<b>\$23,481,819</b>	<b>\$51,486,135</b>	<b>\$ 2,215,097</b>	<b>(473,258,289)</b>	<b>165,549</b>	<b>(473,092,740)</b>	
Component Units:								
Charter Schools	\$ 3,793,272	\$ 136,156	\$ 30,304	\$ -				(3,626,812)
General Revenues:								
Property Taxes Levied for General Purposes					76,773,738	-	76,773,738	-
Property Taxes Levied for Debt Service					22,397,658	-	22,397,658	-
Revenue from Intermediate Sources					15,048,073	-	15,048,073	-
State School Fund (SSF) - General Support					309,535,499	-	309,535,499	3,658,017
SSF - Unrestricted High Cost Disability Grant					2,338,323	-	2,338,323	-
Common School Fund					5,009,361	-	5,009,361	-
Federal Forest Fees - General Support					32,024	-	32,024	-
Unrestricted State and Local Sources					956,168	-	956,168	-
Gain on Sale of Capital Assets					22,763	-	22,763	-
Earnings on Investments					1,431,159	-	1,431,159	960
Net Increase in the Fair Value of Investments					175,346	-	175,346	14,053
Miscellaneous					398,691	-	398,691	22,284
<b>Total General Revenues</b>					<b>434,118,803</b>	<b>-</b>	<b>434,118,803</b>	<b>3,695,314</b>
<b>CHANGE IN NET POSITION</b>					<b>(39,139,486)</b>	<b>165,549</b>	<b>(38,973,937)</b>	<b>68,502</b>
Net Position, June 30, 2016					<u>(68,757,293)</u>	<u>267,318</u>	<u>(68,489,975)</u>	<u>1,264,490</u>
Net Position, June 30, 2017					<u><u>\$(107,896,779)</u></u>	<u><u>\$ 432,867</u></u>	<u><u>\$(107,463,912)</u></u>	<u><u>\$ 1,332,992</u></u>

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



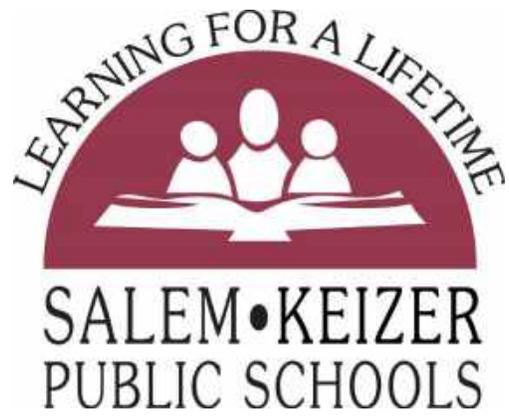
**BASIC FINANCIAL STATEMENTS**  
**FUND FINANCIAL STATEMENTS**

**SALEM-KEIZER SCHOOL DISTRICT 24J**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2017**

	<u>General Fund</u>	<u>Grants Fund</u>	<u>GO Debt Service Fund</u>
<b>ASSETS</b>			
Pooled Cash and Investments	\$ 63,652,847	\$ -	\$ 62,229
Property Tax Receivable	4,025,017	-	1,246,886
Accounts and Other Receivables	2,699,525	4,561,066	-
Due from Other Funds	3,856,755	-	-
Inventories	287,315	-	-
<b>Total Assets</b>	<u>\$ 74,521,459</u>	<u>\$ 4,561,066</u>	<u>\$ 1,309,115</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 2,574,499	\$ 337,339	\$ -
Accrued Payroll	7,696,402	-	-
Payroll Taxes and Withholding Payable	16,513,191	-	-
Due to Other Funds	-	3,856,755	-
Unearned Revenue	-	366,972	-
<b>Total Liabilities</b>	<u>26,784,092</u>	<u>4,561,066</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue - Property Taxes	3,184,668	-	983,332
<b>Total Deferred Inflows of Resources</b>	<u>3,184,668</u>	<u>-</u>	<u>983,332</u>
<b>FUND BALANCES</b>			
Nonspendable	287,315	-	-
Restricted	-	-	325,783
Committed	-	-	-
Assigned	-	-	-
Unassigned	44,265,384	-	-
<b>Total Fund Balances</b>	<u>44,552,699</u>	<u>-</u>	<u>325,783</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 74,521,459</u>	<u>\$ 4,561,066</u>	<u>\$ 1,309,115</u>

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

<b>PERS Pension Debt Service Fund</b>	<b>Bond Capital Projects Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 22,075,516	\$ 7,102,139	\$ 18,015,133	\$ 110,907,864
-	-	-	5,271,903
-	-	1,300,665	8,561,256
-	-	-	3,856,755
-	-	-	287,315
<u>\$ 22,075,516</u>	<u>\$ 7,102,139</u>	<u>\$ 19,315,798</u>	<u>\$ 128,885,093</u>
\$ -	\$ 1,063,996	\$ 2,304,073	\$ 6,279,907
-	-	-	7,696,402
-	-	-	16,513,191
-	-	-	3,856,755
-	-	198,396	565,368
-	<u>1,063,996</u>	<u>2,502,469</u>	<u>34,911,623</u>
-	-	-	4,168,000
-	-	-	4,168,000
-	-	-	287,315
-	6,038,143	2,507,364	8,871,290
3,000,000	-	7,904,796	10,904,796
19,075,516	-	6,401,169	25,476,685
-	-	-	44,265,384
<u>22,075,516</u>	<u>6,038,143</u>	<u>16,813,329</u>	<u>89,805,470</u>
<u>\$ 22,075,516</u>	<u>\$ 7,102,139</u>	<u>\$ 19,315,798</u>	<u>\$ 128,885,093</u>



**SALEM-KEIZER SCHOOL DISTRICT 24J**  
**RECONCILIATION OF GOVERNMENTAL FUNDS**  
**BALANCE SHEET TO STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

<b>TOTAL GOVERNMENTAL FUND BALANCES</b>		\$ 89,805,470
Capital assets are not financial resources and therefore are not reported in the governmental funds:		
Non-depreciable Assets	\$ 36,113,365	
Depreciable Assets	607,475,505	
Accumulated Depreciation	<u>(209,310,376)</u>	434,278,494
Deferred outflows of resources related to deferred amounts on refundings of bonds payable are not reported in the funds.		
		1,128,720
Long-term pension assets/liabilities not payable in the current year are not reported as governmental fund liabilities. These consist of:		
Pension Deferred Outflow - PERS	202,049,375	
Net Pension Liability - PERS	(330,280,248)	
Pension Deferred Inflow - PERS	<u>(6,909,596)</u>	(135,140,469)
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.		
		4,168,000
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	14,854,129	
Capital Assets	(640,668)	
Pension Deferred Outflow - PERS	(2,318,716)	
Net Pension Liability - PERS	3,790,292	
Pension Deferred Inflow - PERS	79,295	
Compensated Absences	<u>48,297</u>	15,812,629
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	(74,097,414)	
Bonds Payable	(396,181,603)	
Premium on Bonds Payable	(5,063,059)	
Capital Leases Payable	(7,866,575)	
Post Employment Benefit Obligations	(33,230,793)	
Compensated Absences Payable	<u>(1,510,179)</u>	(517,949,623)
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>		<u>\$ (107,896,779)</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  
YEAR ENDED JUNE 30, 2017**

	<u>General Fund</u>	<u>Grants Fund</u>
<b>Revenues:</b>		
Taxes	\$ 76,712,263	\$ -
Local Sources	2,559,580	-
Earnings on Investments	1,605,184	-
Intergovernmental Revenues		
Intermediate Sources	15,419,728	1,247,341
State Sources	316,773,623	6,358,683
Federal Sources	32,024	24,427,159
<b>Total Revenues</b>	<u>413,102,402</u>	<u>32,033,183</u>
<b>Expenditures</b>		
Current:		
Instruction	268,864,980	16,707,685
Support Services	140,698,868	14,607,397
Enterprise and Community Services	-	627,867
Facilities Acquisition and Construction	322,197	90,234
Debt Service:		
Principal	530,370	-
Interest	110,650	-
Capital Outlay	951,580	-
<b>Total Expenditures</b>	<u>411,478,645</u>	<u>32,033,183</u>
<b>Revenues over (under) Expenditures</b>	<u>1,623,757</u>	<u>-</u>
<b>Other Financing Sources (Uses):</b>		
Sale of Capital Assets	3,485	-
Transfers In	-	-
Transfers Out	(6,520,000)	-
<b>Total Other Financing Sources (Uses)</b>	<u>(6,516,515)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	(4,892,758)	-
<b>Fund Balances, July 1, 2016</b>	<u>49,445,457</u>	<u>-</u>
<b>Fund Balances, June 30, 2017</b>	<u>\$ 44,552,699</u>	<u>\$ -</u>

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

<u>GO Debt Service Fund</u>	<u>PERS Pension Debt Service Fund</u>	<u>Bond Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 22,878,605	\$ -	\$ -	\$ -	\$ 99,590,868
-	21,883,124	72,000	11,843,478	36,358,182
1,201	120	-	-	1,606,505
-	-	-	-	16,667,069
-	-	-	2,192,397	325,324,703
-	-	-	15,672,088	40,131,271
<u>22,879,806</u>	<u>21,883,244</u>	<u>72,000</u>	<u>29,707,963</u>	<u>519,678,598</u>
-	-	-	5,820,025	291,392,690
-	-	-	5,204,570	160,510,835
-	-	-	16,190,482	16,818,349
-	-	924,551	183,004	1,519,986
22,793,230	7,596,507	-	1,199,267	32,119,374
3,334,034	13,476,733	-	166,095	17,087,512
-	-	4,046,168	8,798,203	13,795,951
<u>26,127,264</u>	<u>21,073,240</u>	<u>4,970,719</u>	<u>37,561,646</u>	<u>533,244,697</u>
<u>(3,247,458)</u>	<u>810,004</u>	<u>(4,898,719)</u>	<u>(7,853,683)</u>	<u>(13,566,099)</u>
-	-	-	19,278	22,763
-	-	-	6,520,000	6,520,000
-	-	-	-	(6,520,000)
-	-	-	6,539,278	22,763
<u>(3,247,458)</u>	<u>810,004</u>	<u>(4,898,719)</u>	<u>(1,314,405)</u>	<u>(13,543,336)</u>
<u>3,573,241</u>	<u>21,265,512</u>	<u>10,936,862</u>	<u>18,127,734</u>	<u>103,348,806</u>
<u>\$ 325,783</u>	<u>\$ 22,075,516</u>	<u>\$ 6,038,143</u>	<u>\$ 16,813,329</u>	<u>\$ 89,805,470</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**  
**YEAR ENDED JUNE 30, 2017**

**NET CHANGES IN FUND BALANCES** \$ (13,543,336)

*Amounts reported for governmental activities in the Statement of Activities are different because:*

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period these amounts are:

Additions to Capital Assets	\$	13,855,701	
Depreciation Expense		(11,180,497)	2,675,204

Long-term debt proceeds are reported as other financing sources in governmental funds. In the Statement of Net Position, however, issuing long-term debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position. This is the amount by which proceeds exceed repayment:

Bond and Capital Lease Debt Principal Repaid		32,119,374	
Accrued Interest		(7,195,869)	24,923,505

In the governmental funds amortization is not recognized for bond premiums and refunding amounts on bonds:

Amortization on Bond Premium		711,152	
Amortize Amount on Bond Refunding		(557,603)	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. (49,580,228)

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. (409,053)

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. (1,422,852)

Post employment benefits are recognized as an expenditure in the governmental fund when they are paid. In the Statement of Activities early retirement incentives and other post employment benefits are recognized as expenditures when earned. (1,831,160)

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. (105,115)

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** \$ (39,139,486)

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, 2017**

	<u>Business Type Activities - Enterprise Fund</u>	<u>Governmental Activities - Internal Service Funds</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 453,517	\$ 17,351,144
Receivables	72,377	136,580
Inventories	-	563,994
<b>Total Current Assets</b>	<b>525,894</b>	<b>18,051,718</b>
<b>Capital Assets, Net of Accumulated Depreciation</b>	<b>-</b>	<b>640,668</b>
<b>TOTAL ASSETS</b>	<b>525,894</b>	<b>18,692,386</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>		
Pension Deferred Outflow - PERS	125,548	2,318,716
<b>Total Deferred Outflows</b>	<b>125,548</b>	<b>2,318,716</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts Payable	12	171,341
Unearned Revenue	378	136,570
Accrued Claims Liability	-	1,931,178
Accrued Compensated Absences	8,665	48,297
<b>Total Current Liabilities</b>	<b>9,055</b>	<b>2,287,386</b>
Net Pension Liability - PERS	205,226	3,790,292
<b>TOTAL LIABILITIES</b>	<b>214,281</b>	<b>6,077,678</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
Pension Deferred Inflow - PERS	4,294	79,295
<b>Total Deferred Inflows</b>	<b>4,294</b>	<b>79,295</b>
<b>NET POSITION</b>		
Investment in Capital Assets	-	640,668
Unrestricted	432,867	14,213,461
<b>TOTAL NET POSITION</b>	<b>\$ 432,867</b>	<b>\$ 14,854,129</b>

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**  
**YEAR ENDED JUNE 30, 2017**

	<u>Business Type Activities - Enterprise Fund</u>	<u>Governmental Activities - Internal Service Funds</u>
<b>Operating Revenues</b>		
Rentals	\$ 388,714	\$ -
Charges for Services	<u>231,398</u>	<u>13,272,558</u>
<b>Total Revenue</b>	<u>620,112</u>	<u>13,272,558</u>
<b>Operating Expenses</b>		
Salaries	160,243	2,959,505
Employee Benefits	110,524	2,266,004
Purchased Services	114,021	3,877,086
Supplies and Materials	64,564	5,548,976
Depreciation	-	43,839
Other	<u>5,211</u>	<u>-</u>
<b>Total Operating Expenses</b>	<u>454,563</u>	<u>14,695,410</u>
<b>Change in Net Position</b>	165,549	(1,422,852)
<b>Net Position, July 1, 2016</b>	<u>267,318</u>	<u>16,276,981</u>
<b>Net Position, June 30, 2017</b>	<u>\$ 432,867</u>	<u>\$ 14,854,129</u>

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

**SALEM-KEIZER SCHOOL DISTRICT 24J**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2017**

	<b>Business Type Activities - Enterprise Fund</b>	<b>Governmental Activities - Internal Service Funds</b>
<b>Cash Flows from Operating Activities:</b>		
Receipts for Services Provided	\$ 614,958	\$ 13,227,219
Payments to Employees for Services	(244,638)	(4,660,404)
Payments to Suppliers for Goods and Services	(178,616)	(6,495,028)
Payments for Dues and Fees	(5,211)	-
Payments for Claims	-	(3,302,300)
<b>Cash Provided (Used) by Operating Activities</b>	<u>186,493</u>	<u>(1,230,513)</u>
<b>Cash flows from Capital and Related Financing Activities:</b>		
Purchases of Capital Assets	-	(323,957)
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	186,493	(1,554,470)
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>267,024</u>	<u>18,905,614</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 453,517</u>	<u>\$ 17,351,144</u>
<b>Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:</b>		
Operating Income (Loss)	\$ 165,549	\$ (1,422,852)
<b>Adjustments to Reconcile Operating Income to Cash Used in Operating Activities:</b>		
Depreciation Expense	-	43,839
GASB 68 Pension Expense Adjustment	25,862	564,344
Change in Assets and Liabilities:		
Change in Receivables	(5,532)	(45,339)
Change in Inventories	-	116,030
Change in Accounts Payable	(31)	(429,641)
Change in Unearned Revenue	378	
Change in Accrued Claims Liability	-	(57,655)
Change in Accrued Compensated Absences	267	761
<b>Total Adjustments</b>	<u>20,944</u>	<u>192,339</u>
<b>Cash Provided by Operating Activities</b>	<u>\$ 186,493</u>	<u>\$ (1,230,513)</u>

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, 2017**

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	<u>Private Purpose Trust Funds</u>	<u>Agency Fund</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	<u>\$ 221,428</u>	<u>\$ 337,778</u>
<b>LIABILITIES</b>		
Accounts Payable	1,051	6,380
Due to Outside Groups	-	<u>331,398</u>
<b>TOTAL LIABILITIES</b>	<u>1,051</u>	<u>\$ 337,778</u>
<b>NET POSITION</b>		
Net Position Held in Trust for Scholarships	<u>220,377</u>	
<b>TOTAL NET POSITION</b>	<u>220,377</u>	
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 221,428</u>	

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**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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	<u>Private Purpose Trust Funds</u>
<b>Additions</b>	
Contributions	<u>\$      6,948</u>
<b>Deductions</b>	
Scholarships	<u>          38,517</u>
<b>Total Deductions</b>	<u>          38,517</u>
<b>Change in Net Position</b>	(31,569)
<b>Net Position, July 1, 2016</b>	<u>          251,946</u>
<b>Net Position, June 30, 2017</b>	<u><u>          \$      220,377</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**

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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**

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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

**SALEM-KEIZER SCHOOL DISTRICT 24J – NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

extent on charges for support. In addition, the primary government is reported separately from the legally separate component units (charter schools).

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, PERS Pension Debt Service Fund, and the Bond Capital Projects Fund. Other Non-Major Government Funds are reported as a separate column in the fund financial statements.

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

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**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, 2017**

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.

**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.

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.

**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**

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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**

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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. For the year ended June 30, 2017, there was one instance of expenditures exceeding appropriations. The Grants Fund incurred expenditures of \$90,234 that were not appropriated.

**F. Cash, Cash Equivalents and Investments**

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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**

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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**

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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, 2017, no allowance for bad debt was considered necessary.

**I. Grants**

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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**

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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**

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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**

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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 deferred outflow relates to employee contributions subsequent to the PERS measurement date and the net difference between projected and actual pension plan activity.

Pension deferred inflow reflects the net difference between projected and actual pension plan activity.

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**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](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.

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**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(g) of the Internal Revenue Code.

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**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 when earned in the government-wide financial statements. A liability for these amounts is reported in the governmental

**SALEM-KEIZER SCHOOL DISTRICT 24J – NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

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**

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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**

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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**

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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**

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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**  
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- **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 and the Bond Capital Projects Fund have restricted fund balances dedicated to the debt service of the General Obligation Bonds of the District and capital projects of the District respectively. Both the balances are restricted due to provisions of the District’s General Obligation Bonds, voter approved legislation, and state law. Non-major governmental funds have restricted balances that are required to be utilized for specific purposes such as energy efficient capital projects and the state facilities grant.

The non-major 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, 2017**

**T. New Accounting Standards Implemented**

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For the fiscal year ended June 30, 2017, the District implemented the following new accounting standards:

- GASB Statement 73, Pension Transition for Contributions Made Subsequent to the Measurement Date Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. The statement establishes accounting and financial reporting requirements related to pensions provided by governments that are not within the scope of GASB Statement 68.
- GASB Statement 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. The statement establishes accounting and financial reporting requirements related to other post-employment benefits plans, replacing GASB Statements 43 and 57.
- GASB Statement 77, Tax Abatement Disclosures. The statement establishes accounting and reporting guidance on tax abatement agreements for governments.
- GASB Statement 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans.
- GASB Statement 79, Certain External Investment Pools and Pool Participants.
- GASB Statement 80, Blending Requirements for Certain Component Units—an amendment of GASB Statement 14.
- GASB Statement 82, Pension Issues—an amendment of GASB Statements 67, 68, and 73.

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 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 84, Fiduciary Activities. The statement is effective for fiscal years beginning after December 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.
- GASB Statement 87, Leases. The statement is effective for fiscal years beginning after December 15, 2019.

Information about these pronouncements may be found on the Governmental Accounting Standards' Board website- [www.gasb.org/](http://www.gasb.org/).

**SALEM-KEIZER SCHOOL DISTRICT 24J – NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

**Note 2: Pooled Cash and Investments**

The District maintains an internal cash and investments pool that is available for use by all funds. Each fund type's portion of the pool is displayed in the basic financial statements as Pooled Cash and Investments.

Cash and investments are comprised of the following as of June 30, 2017:

Petty Cash	\$ 61,121
Deposits with Financial Institutions:	
Cash on Deposit	12,800,449
Investments	<u>116,410,161</u>
Total Cash and Investments	<u>\$ 129,271,731</u>
Statement of Net Position	
Cash and Investments	\$ 128,712,525
Statement of Net Position Fiduciary Funds	
Cash and Cash Equivalents	<u>559,206</u>
Total Cash and Investments	<u>\$ 129,271,731</u>

As required and authorized by Oregon Revised Statutes, Chapter 295, all deposits not covered by Federal Depository Insurance Corporation (FDIC) insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon. The PFCP is a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected. A bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities. At June 30, 2017, bank balances of \$250,000 were insured by FDIC insurance. At June 30, 2017, the net carrying amount of the District's balance was \$12,800,449 and the bank balance was \$16,774,945.

**Investments**

As of June 30, 2017, the District held the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value Amount</u>	<u>Weighted Average Maturity in Years</u>	<u>% of Investment Portfolio</u>
State of Oregon Treasurer's Local Government Investment Pool	\$ 38,743,727	0.003	33.3%
Federal Agency Coupon Securities, Maturing through June 22, 2018	47,958,178	0.426	41.2%
Corporate Notes Maturing through August 15, 2018	29,708,256	0.620	25.5%
Total	<u>\$ 116,410,161</u>	<u>0.335</u>	<u>100.00%</u>

**SALEM-KEIZER SCHOOL DISTRICT 24J – NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

**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, 2017, \$16,524,945 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:

<u>Investment Type</u>	<u>Maximum % of Portfolio</u>	<u>Maximum length to maturity</u>
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'cl 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, 2017**

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, 2017, the District's investments were rated as follows:

<u>Investment Type</u>	<u>Total</u>	<u>Aaa</u>	<u>Aa</u>	<u>A/P-1</u>	<u>Not Rated</u>
State of Oregon Treasurer's LGIP	\$ 38,743,727	\$ -	\$ -	\$ -	\$ 38,743,727
Federal Agency Coupon Securities, Maturing through June 22, 2018	47,958,178	35,970,178	11,988,000	-	-
Corporate Notes Maturing through August 15, 2018	29,708,256	-	9,828,563	19,879,693	-
	<u>\$ 116,410,161</u>	<u>\$ 35,970,178</u>	<u>\$ 21,816,563</u>	<u>\$ 19,879,693</u>	<u>\$ 38,743,727</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, 2017:

<b>Governmental Funds</b>	
Property Tax Receivable	\$ 5,271,903
Grants	4,560,975
Other Receivables	<u>4,000,281</u>
	13,833,159
<b>Enterprise Funds</b>	
Receivables	<u>72,377</u>
<b>Internal Service Funds</b>	
Receivables	<u>136,580</u>
<b>Total Receivables</b>	<u>\$ 14,042,116</u>

**SALEM-KEIZER SCHOOL DISTRICT 24J – NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

**Note 4: Capital Assets**

Capital assets activity for the year was as follows:

<b>Governmental Activities</b>	<b>Balance July 1, 2016</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2017</b>
Capital Assets not Depreciated:				
Land	\$ 31,719,150	\$ 607,786	\$ -	\$ 32,326,936
Construction in Progress	6,424,260	3,920,583	(6,558,414)	3,786,429
<i>Total Capital Assets not Depreciated</i>	<u>38,143,410</u>	<u>4,528,369</u>	<u>(6,558,414)</u>	<u>36,113,365</u>
Capital Assets Depreciated:				
Land Improvements	35,236,185	205,091	-	35,441,276
Buildings and Improvements	508,339,325	13,225,439	-	521,564,764
Equipment	18,967,542	2,127,095	(7,614)	21,087,023
Vehicles	29,131,213	608,325	(357,096)	29,382,442
<i>Total Capital Assets Depreciated</i>	<u>591,674,265</u>	<u>16,165,950</u>	<u>(364,710)</u>	<u>607,475,505</u>
Less Accumulated Depreciation for:				
Land Improvements	(7,393,659)	(618,052)	-	(8,011,711)
Buildings and Improvements	(158,532,345)	(7,899,879)	-	(166,432,224)
Equipment	(14,115,698)	(879,511)	7,614	(14,987,595)
Vehicles	(18,452,887)	(1,783,055)	357,096	(19,878,846)
<i>Total Accumulated Depreciation</i>	<u>(198,494,589)</u>	<u>(11,180,497)</u>	<u>364,710</u>	<u>(209,310,376)</u>
<i>Total Capital Assets Depreciated, Net</i>	<u>393,179,676</u>	<u>4,985,453</u>	<u>-</u>	<u>398,165,129</u>
<i>Total Capital Assets, Net</i>	<u>\$ 431,323,086</u>	<u>\$ 9,513,822</u>	<u>\$ (6,558,414)</u>	<u>\$ 434,278,494</u>

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

**Governmental Activities**

*Depreciation Expense:*

*Program*

Instructional Services	\$ 4,206,104
Support Services	
Pupil Transportation	1,428,867
Other Support Services	612,691
Facilities Services	4,816,558
Food Services	116,277
Total Depreciation Expense - Governmental Activities	<u>\$ 11,180,497</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  
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Changes in bonds outstanding are as follows:

Issue Date	Original Issue	Outstanding July 1, 2016	Amortized and Paid Premium	Matured and Redeemed	Outstanding June 30, 2017	Amounts Due in One Year
<b>General Obligation</b>						
March 16, 2009	\$ 178,715,189	\$ 120,130,187	\$ -	\$ 8,013,230	\$ 112,116,957	\$ 1,189,388
Dec. 16, 2009	31,760,000	31,760,000	-	-	31,760,000	-
June 30, 2011	31,620,000	26,050,000	-	6,015,000	20,035,000	14,300,000
February 25, 2013	46,260,000	27,130,000	-	8,765,000	18,365,000	9,065,000
	<u>288,355,189</u>	<u>205,070,187</u>	<u>-</u>	<u>22,793,230</u>	<u>182,276,957</u>	<u>24,554,388</u>
<b>Pension Bonds</b>						
Oct. 31, 2002	106,974,763	87,331,154	-	2,336,508	84,994,646	2,377,782
Feb. 19, 2004	88,815,000	78,745,000	-	3,135,000	75,610,000	3,680,000
June 30, 2011	7,820,000	7,820,000	-	-	7,820,000	-
January 29, 2015	50,145,000	47,605,000	-	2,125,000	45,480,000	2,235,000
	<u>253,754,763</u>	<u>221,501,154</u>	<u>-</u>	<u>7,596,508</u>	<u>213,904,646</u>	<u>8,292,782</u>
<b>Total Bonds</b>		<u>426,571,341</u>	<u>-</u>	<u>30,389,738</u>	<u>396,181,603</u>	<u>32,847,170</u>
<b>Unamortized Premium on GO Bond</b>						
March 16, 2009		4,101,440	292,960	-	3,808,480	-
June 30, 2011		1,672,771	418,192	-	1,254,579	-
<b>Total Unamortized Premium on GO</b>		<u>5,774,211</u>	<u>711,152</u>	<u>-</u>	<u>5,063,059</u>	<u>-</u>
<b>Total Bonds and Unamortized Premiums</b>		<u>\$ 432,345,552</u>	<u>\$ 711,152</u>	<u>\$ 30,389,738</u>	<u>\$ 401,244,662</u>	<u>\$ 32,847,170</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. \$ 112,116,957

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. 20,035,000

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. 18,365,000

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. 84,994,646

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. 75,610,000

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. 45,480,000

Unamortized Premium on GO Bond

March 16, 2009	3,808,480
June 30, 2011	1,254,579
	<u>\$ 401,244,662</u>

**SALEM-KEIZER SCHOOL DISTRICT 24J – NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

Future maturities are as follows:

<i>Fiscal Year</i>				
<i>Ending June 30,</i>	<i>Principal</i>		<i>Interest</i>	<i>Total</i>
2018	\$ 32,847,170	\$	15,915,205	\$ 48,762,375
2019	24,874,051		16,354,311	41,228,362
2020	45,632,043		16,498,794	62,130,837
2021	28,312,987		19,805,595	48,118,582
2022	29,456,866		20,322,957	49,779,823
2023-2027	174,483,309		103,173,405	277,656,714
2028-2032	55,365,177		63,105,404	118,470,581
2033-2034	5,210,000		265,160	5,475,160
Total	<u>\$ 396,181,603</u>	<u>\$</u>	<u>255,440,831</u>	<u>\$ 651,622,434</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, 2017, \$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:

<u>Outstanding</u>			<u>Outstanding</u>	<u>Amount Due</u>
<u>July 1, 2016</u>	<u>Additions</u>	<u>Payments</u>	<u>June 30, 2017</u>	<u>In One Year</u>
<u>\$ 9,596,356</u>	<u>\$ -</u>	<u>\$ 1,729,781</u>	<u>\$ 7,866,575</u>	<u>\$ 1,636,048</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  
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Cost of capital assets under capital leases at June 30, 2017 totaled \$19,912,531 and had a book value net of accumulated depreciation of \$7,634,525. Depreciation expense on assets under capital leases for the year ended June 30, 2017 was \$684,679. Land, buildings and equipment under capital leases as of June 30, 2017 include the following:

<b>Asset Class</b>	<b>Asset Purchase Price</b>	<b>Depreciated Asset Value</b>
Land	\$ 4,813,723	\$ 4,813,723
Buildings	1,363,458	681,729
Equipment	13,735,350	2,139,073
<b>Total Assets</b>	<b>\$ 19,912,531</b>	<b>\$ 7,634,525</b>

Future minimum payments for capital leases are as follows:

<b>Fiscal Year Ending</b>			
<b>June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2018	\$ 1,636,048	\$ 220,534	\$ 1,856,582
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
2023-2025	2,043,396	85,614	2,129,010
<b>Total</b>	<b>\$ 7,866,575</b>	<b>\$ 745,745</b>	<b>\$ 8,612,320</b>

**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:

<b>Fiscal Year Ending</b>	
<b>June 30,</b>	<b>Copy Machines</b>
2018	\$ 246,334
2019	64,797
2020	24,714
<b>Total</b>	<b>\$ 335,845</b>

**Compensated Absences**

Compensated absences activity for the year is as follows:

*Governmental Activities:*

<b>Outstanding July 1, 2016</b>	<b>Increases</b>	<b>Payments</b>	<b>Outstanding June 30, 2017</b>	<b>Amounts Due In One Year</b>
\$ 1,406,528	\$ 4,692,326	\$4,588,675	\$ 1,510,179	\$ 1,510,179

*Business-type Activities:*

<b>Outstanding July 1, 2016</b>	<b>Increases</b>	<b>Payments</b>	<b>Outstanding June 30, 2017</b>	<b>Amounts Due In One Year</b>
\$ 8,398	\$ 8,465	\$8,198	\$ 8,665	\$ 8,665

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

**Note 6: Interfund Balances and Transfers**

Interfund receivables and payables on June 30, 2017 are comprised of the following:

<b>Due To</b>	<b>Due From Grants Fund</b>
General Fund	\$ 3,856,755

Interfund balances represent cash owed by one fund to another. At June 30, 2017, the Grants Fund was advanced \$3,856,755 by the General Fund for reimbursable expenditures that had not been received from granting agencies.

Interfund transfers for the year included the following:

<b>Transfers In</b>	<b>Transfers Out General Fund</b>
Nonmajor Government Funds	
Asset Replacement Fund	\$ 2,420,000
Special Capital Projects Fund	2,850,000
Preventative & Deferred Maintenance Fund	1,250,000
	\$ 6,520,000

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 in the Adopted Budget.

**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.

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

- Member was employed by 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.

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***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.

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, 2013 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2015. 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, 2017 were \$17,818,772, excluding amounts to fund employer specific liabilities.

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

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

As of June 30, 2017, the District reported a liability of \$330,485,474 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 rolled forward to June 30, 2016. 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, 2014, the District's proportion was 2.201%.

For the year ended June 30, 2017, the District recognized pension expense of \$50,170,434 in the Government-wide Financial Statements.

**SALEM-KEIZER SCHOOL DISTRICT 24J – NOTES TO THE BASIC FINANCIAL STATEMENTS  
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As of June 30, 2017, 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	\$ 10,933,904	\$ -	
Change of assumptions	70,484,610		
Net difference between projected and actual earnings on pension plan investments	65,290,064	-	
Changes in proportionate share	3,687,109	4,696,793	
Differences between employee contributions and employer's proportionate share of system contributions	33,960,464	2,217,097	
<b>Subtotal - Amortized Deferrals</b>	<u>184,356,151</u>	<u>6,913,890</u>	<u>\$ 177,442,261</u>
District contributions subsequent to the measurement date	<u>17,818,772</u>	<u>-</u>	
<b>Total</b>	<u>\$ 202,174,923</u>	<u>\$ 6,913,890</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>
2018	\$ 35,425,246
2019	35,425,246
2020	59,372,022
2021	41,804,275
2022	5,415,473
Total	<u>\$ 177,442,261</u>

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated February 8, 2017, 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, 2015, through June 30, 2017, 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  
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**Actuarial Methods and Assumptions Used in Developing Total Pension Liability**

Valuation Date	December 31, 2014
Measurement Date	June 30, 2016
Experience Study Report	2014, published September 2015
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.50 percent (reduced from 2.75%)
Long-term expected rate of return	7.50 percent (reduced from 7.75%)
Discount rate	7.50 percent (reduced from 7.75%)
Projected Salary Increases	3.50 percent (reduced from 3.75%)
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><b>Healthy retirees and beneficiaries:</b></p> <p>RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation.</p> <p><b>Active members:</b></p> <p>Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p><b>Disabled retirees:</b></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>

(Source: June 30, 2016 PERS CAFR; page 65)

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 on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

**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

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value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 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, 2016 Oregon PERS CAFR; page 63)

**Assumed Asset Allocation**

<b>Asset Class/Strategy</b>	<b>OIC Policy Range</b>	<b>Current Year Target</b>
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	13.5 - 21.5%	17.5%
Alternative Equity	0.0 - 12.5%	12.5%
Opportunity Portfolio	0.0 - 3.0%	0.0%
<b>Total</b>		<b>100%</b>

(Source: June 30, 2016 Oregon PERS CAFR; page 86)

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**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, 2016 Oregon PERS CAFR; page 63)

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, 2016 Oregon PERS CAFR; page 66)

**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:

	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
Discount rate	6.50%	7.50%	8.50%
Proportionate share of the net pension liability (asset)	\$533,623,847	\$330,485,474	\$160,697,336

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>

**Note 8: Other Post-Employment Benefits  
Retirement Health Insurance Account**

*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 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/](http://www.oregon.gov/PERS/).

*Funding Policy*

Participating school districts are contractually required to contribute at a rate assessed each year by PERS, currently 0.53% of annual covered OPERF (Oregon Public Employees Retirement Fund) employees’ payroll and 0.45% of covered OPSRP (Oregon Public Service Retirement Plan) employees’ payroll. The PERS Board of Trustees sets the rates based on the annual required contribution (ARC) of the employers, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The District’s contributions to RHIA for the years ended June 30, 2017, 2016 and 2015 were \$1,193,928, \$1,092,941, and \$1,154,235, respectively, which equaled the required contributions each year.

**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, 2015. The active number of participants in the Early Retirement Program as of the most recent valuation date was 4,839.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care costs trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

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For both plans, the District's annual post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statements 27 and 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a closed period not to exceed thirty years. Typically, ARCs calculated as of a given measurement date are valid for up to two fiscal years provided there are no major changes to plan provisions in the interim.

The actuaries calculate an Annual Pension Cost (APC) for GASB Statement 27 for the stipend benefits and an Annual OPEB Cost (AOC) for the medical benefits. This is an expense that is included in the Government-wide Financial Statements. A Net Pension Obligation for GASB Statement 27 and a net OPEB Obligation for Statement 45 is calculated which is shown as a liability on the Government-Wide Financial Statements.

For both plans, the Projected Unit Credit Actuarial Cost Method was used to determine contribution levels. The contribution levels are comprised of two components: Normal Cost and Amortization Payments.

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

A copy of the most current Actuarial Valuation Report for Salem-Keizer School District's Early Retirement Program may be obtained by contacting the District Office.

Descriptions of the plans are as follows:

**(A) 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 27. This pension benefit is only for those employees who retire 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.

**Funded Status and Funding Progress**

For this plan, the District expects that most of the stipend benefits will be paid out over the next 2 years (The plan covers only employees who are expected to retire 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.

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The schedule of funded status and funding progress are presented as required supplementary information following the notes to the financial statements. The funding progress for the most recent actuarial valuation date, July 1, 2015, is presented as follows:

<b>Stipend Benefits</b>	
Actuarial Valuation Date	July 1, 2015
Actuarial Value of Assets	\$ -
Actuarial Accrued Liability	\$ 2,844,369
Unfunded Accrued Liability	\$ 2,844,369
Funded Ratio	0.00%
Covered payroll	\$ 210,838,659
UAL/Payroll	1.35%

**Amortization of Unfunded Liability**

The District has used an amortization period of 2 years and has chosen not to amortize over a period that is longer than the expected payout of the bulk of the benefits. The amortization period is open. The amortization method used is a level percentage of projected payrolls.

**Contributions**

Contributions are financed from the General Fund. Expenditures are recorded in the General Fund on a pay-as-you-go basis. The District's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds in the General Fund are recognized when due and payable in accordance with the terms of the plan.

The cost of these benefits in fiscal years 2017, 2016, and 2015 amounted to \$995,961, \$1,306,581, and \$1,657,642, respectively. There were 145 participants during the year ended June 30, 2017, 185 participants during the year ended June 30, 2016, and 178 participants during fiscal year 2015.

**Net Pension Obligation and Annual Pension Costs under GASB 27 - Early Retirement Stipend Benefits**

	2017	2016	2015
Annual Required Contribution (ARC)	\$ 1,547,820	\$ 1,495,478	\$ 1,620,744
Interest on Net Pension Obligation	42,723	58,767	85,384
Adjustment to Annual Required Contribution	<u>(1,068,047)</u>	<u>(734,590)</u>	<u>(713,916)</u>
Annual Pension Cost	522,496	819,655	992,212
Contributions Made	<u>(958,137)</u>	<u>(1,220,787)</u>	<u>(1,657,642)</u>
Increase in Net Pension Obligation	(435,641)	(401,132)	(665,430)
Net Pension Obligation- Beginning of Year	<u>1,068,047</u>	<u>1,469,179</u>	<u>2,134,609</u>
Net Pension Obligation- End of Year	<u>\$ 632,406</u>	<u>\$ 1,068,047</u>	<u>\$ 1,469,179</u>
Percentage of Annual Pension Cost Contributed	183%	149%	167%

**Actuarial Methods and Assumptions**

As of June 30, 2017, the last actuarial report completed was for the period ended July 1, 2015 to be applied to the financial reporting periods ending June 30, 2016 and June 30, 2017. The following represents the assumptions used:

1. Interest rate for discounting future liabilities is 4.0% per year.
2. Overall payroll growth is 3.0% per year.
3. School District employees are assumed to retire at over 30 years of service in PERS OPERF plans below age 52 at rates of 15% and OPSRP at 0% with rates gradually increasing to 90% at age 70 for both PERS plans.

Other assumptions included but were not limited to mortality rates, turnover rates, disability rates, marital status, and aging factors. These rates were based on the rates used by Oregon PERS for school Districts which may be found on the Oregon PERS website <http://www.oregon.gov/PERS/>.

**SALEM-KEIZER SCHOOL DISTRICT 24J – NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

The Projected Unit Credit Actuarial Cost Method was used to determine contribution levels. The contribution levels are comprised of two components: Normal Cost and Amortization Payments. Under this method the expected accrued benefit of each participant at benefit commencement (reflecting future expected increases in salaries) is allocated in equal proportion over the participant’s years of service from hire to expected retirement. The normal cost is the present value of benefits expected to accrue in the current year. The present value of benefits accrued as of the valuation date is called the accrued liability. The difference between the accrued liability and the actuarial value of plan assets is called the unfunded accrued liability. The unfunded accrued liability is being amortized as a level percentage of payroll, over a closed period of four years for stipend benefits.

**(B) Early Retirement Medical Benefits**

**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 45. 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.

**Funding Policy**

The plan is not funded through a trust or equivalent arrangement at this time.

**Funded Status and Funding Progress**

The benefits from this program are paid by the retired employees on a self-pay basis and the required contribution is based on projected pay-as-you go financing requirements. There is no obligation on the part of the District to fund these benefits in advance.

The schedule of funded status and funding progress are presented as required supplementary information following the notes to the financial statements. The funding progress for the most recent actuarial valuation date, July 1, 2015, is presented as follows:

<b>Medical Benefits</b>	
Actuarial Valuation Date	July 1, 2015
Actuarial Value of Assets	\$ -
Actuarial Accrued Liability	\$ 42,484,008
Unfunded Accrued Liability	\$ 42,484,008
Funded Ratio	0.00%
Covered payroll	\$ 210,838,659
UAL/Payroll	20.15%

Calculations reflect the benefits provided under the terms of the plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations of the plan reflect a long-term perspective.

**Amortization of Unfunded Liability**

The District is amortizing the unfunded liability over the maximum 30-year period as a percent of payroll allowed under GASB 45. The unfunded accrued liability is being amortized as a level percentage of payroll.

**SALEM-KEIZER SCHOOL DISTRICT 24J – NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

**Contributions**

Contributions are financed from the General Fund. Expenditures are recorded in the General Fund on a pay-as-you-go basis. The District's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds in the General Fund are recognized when due and payable in accordance with the terms of the plan.

**Net OPEB Obligation and Annual Benefit Costs under GASB 45 - Early Retirement Medical Benefits**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual Required Contribution (ARC)	\$ 4,504,669	\$ 4,352,337	\$ 4,429,044
Interest on OPEB Obligation	1,213,263	1,123,339	1,046,771
Adjustment to Annual Required Contribution	<u>(1,083,271)</u>	<u>(1,002,981)</u>	<u>(934,617)</u>
Annual OPEB Cost	4,634,661	4,472,695	4,541,198
Contributions Made	<u>(2,367,860)</u>	<u>(2,224,592)</u>	<u>(2,626,967)</u>
Increase in OPEB Obligation	2,266,801	2,248,103	1,914,231
Net OPEB Obligation- Beginning of Year	<u>30,331,586</u>	<u>28,083,483</u>	<u>26,169,252</u>
Net OPEB Obligation- End of Year	<u>\$ 32,598,387</u>	<u>\$ 30,331,586</u>	<u>\$ 28,083,483</u>
Percentage of Annual OPEB Cost Contributed	51%	50%	58%

**Actuarial Methods and Assumptions**

As of June 30, 2017, the last actuarial report completed was for the period ended July 1, 2015 to be applied to the financial reporting periods ending June 30, 2016 and June 30, 2017. The following represents the assumptions used:

1. Interest rate for discounting future liabilities is 4.0% per year.
2. Overall payroll growth is 3.0% per year.
3. Annual medical premium rate (assumed to decrease) starts at 7.0% for fiscal year 2015-16, decreasing gradually to 5% by fiscal year 2031-32.

There is an assumption that active participants currently enrolled in a health plan will continue to be covered in that plan at retirement. Other assumptions included but were not limited to mortality rates, turnover rates, disability rates, marital status, and aging factors. These rates were based on the rates used by Oregon PERS for school Districts which may be found on the Oregon PERS website <http://www.oregon.gov/PERS/>.

The Projected Unit Credit Actuarial Cost Method was used to determine contribution levels. The contribution levels are comprised of two components: Normal Cost and Amortization Payments. Under this method the expected accrued benefit of each participant at benefit commencement (reflecting future expected increases in salaries and medical. The normal cost is the present value of benefits expected to accrue in the current year. The present value of benefits accrued as of the valuation date is called the accrued liability. The difference between the accrued liability and the actuarial value of plan assets is called the unfunded accrued liability. The unfunded accrued liability is being amortized as a level percentage of payroll, over an open period of thirty years for medical benefits.

**Tax Sheltered 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, 2017, there were 1,076 employees participating in the plan.

**SALEM-KEIZER SCHOOL DISTRICT 24J – NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

**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, 2017, 2016 and 2015 are as follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Accrued Claim Losses, July 1	\$ 1,988,833	\$ 1,719,944	\$ 1,298,623
Incurring Claims, Including an Estimate of Claims Incurred but not Reported (IBNR)	1,570,768	1,855,180	1,983,053
Claim Payments	<u>(1,628,423)</u>	<u>(1,586,291)</u>	<u>(1,561,732)</u>
Accrued Claim Losses, June 30	<u>\$ 1,931,178</u>	<u>\$ 1,988,833</u>	<u>\$ 1,719,944</u>

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

**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.

**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, 2017, entered into by Marion and Polk Counties.

<u>Marion County – Districts 420 &amp; 451</u>		<u>Polk County</u>	
<u>Exemption Type</u>	<u>Tax Abatement Amount</u>	<u>Exemption Type</u>	<u>Tax Abatement Amount</u>
Enterprise Zone - full exempt	\$ 193,942	Enterprise Zone - full exempt	\$ 14,390
Enterprise Zone - partial exempt	105,760	Enterprise Zone - partial exempt	-
Multiple Unit Core Area	62,354	Multiple Unit Core Area	-
Historical Property	76,085	Historical Property	-
Total Abatement – Marion County	<u>\$ 438,141</u>	Total Abatement – Polk County	<u>\$ 14,390</u>



**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, 2017**

	Budget			Variance with Final Budget
	Actual	Adopted	Final	
<b>Revenues:</b>				
Taxes	\$ 76,712,263	\$ 76,291,616	\$ 76,291,616	\$ 420,647
Local Sources	2,559,580	3,461,797	3,461,797	(902,217)
Earnings on Investments	1,605,184	1,200,000	1,200,000	405,184
Intermediate Sources	15,419,728	14,673,734	14,673,734	745,994
State Sources	316,773,623	315,902,150	315,902,150	871,473
Federal Sources	32,024	120,000	120,000	(87,976)
<b>Total Revenues</b>	<b>413,102,402</b>	<b>411,649,297</b>	<b>411,649,297</b>	<b>1,453,105</b>
<b>Expenditures:</b>				
Instruction	268,898,212	281,278,491	281,278,491	12,380,279
Support Services	141,562,221	160,459,816	160,459,816	18,897,595
Facilities Acquisition and Construction	377,192	496,262	496,262	119,070
Debt Service	641,020	641,032	641,032	12
Contingency	-	14,279,785	14,279,785	14,279,785
<b>Total Expenditures</b>	<b>411,478,645</b>	<b>457,155,386</b>	<b>457,155,386</b>	<b>45,676,741</b>
<b>Revenues over (under) Expenditures</b>	<b>1,623,757</b>	<b>(45,506,089)</b>	<b>(45,506,089)</b>	<b>47,129,846</b>
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	3,485	-	-	3,485
Transfers In	-	3	3	(3)
Transfers Out	(6,520,000)	(6,520,000)	(6,520,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(6,516,515)</b>	<b>(6,519,997)</b>	<b>(6,519,997)</b>	<b>3,482</b>
<b>Net Change in Fund Balance</b>	<b>(4,892,758)</b>	<b>(52,026,086)</b>	<b>(52,026,086)</b>	<b>47,133,328</b>
<b>Fund Balance, Beginning of Year</b>	<b>49,445,457</b>	<b>52,026,086</b>	<b>52,026,086</b>	<b>(2,580,629)</b>
<b>Fund Balance, End of Year</b>	<b>\$ 44,552,699</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 44,552,699</b>

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, 2017**

	<u>Budget</u>			Variance with Final Budget
	<u>Actual</u>	<u>Adopted</u>	<u>Final</u>	
<b>Revenues:</b>				
Intermediate Sources	\$ 1,247,341	\$ 571,134	\$ 1,776,373	\$ (529,032)
State Sources	6,358,683	5,859,349	6,829,997	(471,314)
Federal Sources	24,427,159	30,543,101	37,911,444	(13,484,285)
<b>Total Revenues</b>	<u>32,033,183</u>	<u>36,973,584</u>	<u>46,517,814</u>	<u>(14,484,631)</u>
<b>Expenditures:</b>				
Instruction	16,707,685	18,117,481	23,907,215	7,199,530
Support Services	14,607,397	17,947,274	21,478,195	6,870,798
Enterprise and Community Services	627,867	908,829	1,031,038	403,171
Facilities Acquisition and Construction	90,234	-	-	(90,234)
<b>Total Expenditures</b>	<u>32,033,183</u>	<u>36,973,584</u>	<u>46,416,448</u>	<u>14,383,265</u>
<b>Net Change in Fund Balance</b>	-	-	101,366	(101,366)
<b>Fund Balance, Beginning of Year</b>	-	-	-	-
<b>Fund Balance, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 101,366</u>	<u>\$ (101,366)</u>

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

**SALEM-KEIZER SCHOOL DISTRICT 24J**  
**SCHEDULES OF FUNDING PROGRESS**  
**FOR OTHER POST-EMPLOYMENT BENEFITS**  
**YEAR ENDED JUNE 30, 2017**

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**Stipend Benefits**

The Schedule of Funding Progress under GASB 27 is as follows:

Valuation Date	Assets	Actuarial Accrued Liability	Unfunded Accrued Liability	Funded Ratio	Covered Payroll	UAL / Payroll
7/1/2007	\$ -	\$ 16,642,213	\$ 16,642,213	0%	\$ 179,867,081	9.3%
7/1/2009	-	13,001,615	13,001,615	0%	201,828,688	6.4%
7/1/2011	-	9,613,961	9,613,961	0%	218,764,108	4.4%
7/1/2013	-	5,737,599	5,737,599	0%	199,457,515	2.9%
7/1/2015	-	2,844,369	2,844,369	0%	200,324,048	1.4%

**Medical Benefits**

The Schedule of Funding Progress under GASB 45 is as follows:

Valuation Date	Assets	Actuarial Accrued Liability	Unfunded Accrued Liability	Funded Ratio	Covered Payroll	UAL / Payroll
7/1/2007	\$ -	\$ 56,801,434	\$ 56,801,434	0%	\$ 179,867,081	31.6%
7/1/2009	-	59,373,817	59,373,817	0%	201,828,688	29.4%
7/1/2011	-	42,914,448	42,914,448	0%	218,764,108	19.6%
7/1/2013	-	42,476,515	42,476,515	0%	199,457,515	21.3%
7/1/2015	-	42,484,008	42,484,008	0%	200,324,048	21.2%

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

**SALEM-KEIZER SCHOOL DISTRICT 24J  
SCHEDULES OF EMPLOYER CONTRIBUTIONS  
FOR OTHER POST-EMPLOYMENT BENEFITS  
YEAR ENDED JUNE 30, 2017**

<b>Year Ended</b>	<b>Stipend Benefits Accounting- GASB 27</b>		<b>Medical Benefits Accounting- GASB 45</b>	
	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
	2008	\$ 3,402,531	79%	\$ 6,881,802
2009	3,521,619	80%	7,122,665	40%
2010	3,687,995	70%	7,032,953	28%
2011	3,817,075	59%	7,279,107	32%
2012	5,127,191	43%	4,464,124	45%
2013	5,306,643	44%	4,620,369	48%
2014	1,565,936	121%	4,279,270	53%
2015	1,620,744	104%	4,429,044	59%
2016	1,495,478	87%	4,352,337	70%
2017	1,547,820	61%	4,504,669	69%

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, 2017**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**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>District's Covered Employee Payroll</u>	<u>District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
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**  
**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>District's Covered Employee Payroll</u>	<u>Contributions as a Percentage of its Covered Employee Payroll</u>
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 amounts presented for each year were actuarially determined at December 31 and rolled forward to the measurement date.

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

### **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:

- 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 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 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 3.50%.

**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.

**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.

**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, 2017**

	Actual	Budget		Variance with Final Budget
		Adopted	Final	
<b>Revenues:</b>				
Taxes	\$ 22,878,605	\$ 23,598,187	\$ 23,598,187	\$ (719,582)
Earnings on Investments	1,201	200	200	1,001
<b>Total Revenues</b>	<u>22,879,806</u>	<u>23,598,387</u>	<u>23,598,387</u>	<u>(718,581)</u>
<b>Expenditures:</b>				
Debt Service:				
Principal	22,793,230	22,793,230	22,793,230	-
Interest	3,334,034	3,334,034	3,334,034	-
<b>Total Expenditures</b>	<u>26,127,264</u>	<u>26,127,264</u>	<u>26,127,264</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	(3,247,458)	(2,528,877)	(2,528,877)	(718,581)
<b>Fund Balance, Beginning of Year</b>	<u>3,573,241</u>	<u>3,629,077</u>	<u>3,629,077</u>	<u>(55,836)</u>
<b>Fund Balance, End of Year</b>	<u>\$ 325,783</u>	<u>\$ 1,100,200</u>	<u>\$ 1,100,200</u>	<u>\$ (774,417)</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, 2017**

	Budget			Variance with Final Budget
	Actual	Adopted	Final	
<b>Revenues:</b>				
Local Sources	\$ 21,883,124	\$24,669,230	\$24,669,230	\$ (2,786,106)
Earnings on Investments	120	-	-	(120)
<b>Total Revenues</b>	<u>21,883,244</u>	<u>24,669,230</u>	<u>24,669,230</u>	<u>(2,786,106)</u>
<b>Expenditures:</b>				
Support Services:				
Purchased Services	-	200,000	200,000	200,000
Debt Service:				
Principal	7,596,507	7,596,508	7,596,508	1
Interest	13,476,733	13,476,734	13,476,734	1
<b>Total Expenditures</b>	<u>21,073,240</u>	<u>21,273,242</u>	<u>21,273,242</u>	<u>200,002</u>
<b>Revenues over (under) Expenditures</b>	810,004	3,395,988	3,395,988	(2,586,104)
<b>Other Financing Sources (Uses)</b>				
Transfer to General Fund	-	(1)	(1)	1
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>(1)</u>	<u>(1)</u>	<u>1</u>
<b>Net Change in Fund Balance</b>	810,004	3,395,987	3,395,987	(2,586,103)
<b>Fund Balance, Beginning of Year</b>	<u>21,265,512</u>	<u>21,503,640</u>	<u>21,503,640</u>	<u>(238,128)</u>
<b>Fund Balance, End of Year</b>	<u>\$ 22,075,516</u>	<u>\$ 24,899,627</u>	<u>\$ 24,899,627</u>	<u>\$ (2,824,231)</u>

**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, 2017**

	<u>Actual</u>	<u>Budget</u>		<u>Variance with Final Budget</u>
		<u>Adopted</u>	<u>Final</u>	
<b>Revenues:</b>				
Miscellaneous Local Revenue	\$ 72,000	\$ 650,000	\$ 650,000	\$ (578,000)
<b>Total Revenues</b>	<u>72,000</u>	<u>650,000</u>	<u>650,000</u>	<u>(578,000)</u>
<b>Expenditures:</b>				
Facilities Acquisition and Construction	4,970,719	11,846,936	11,846,936	6,876,217
<b>Total Expenditures</b>	<u>4,970,719</u>	<u>11,846,936</u>	<u>11,846,936</u>	<u>6,876,217</u>
<b>Net Change in Fund Balance</b>	(4,898,719)	(11,196,936)	(11,196,936)	6,298,217
<b>Fund Balance, Beginning of Year</b>	<u>10,936,862</u>	<u>11,196,936</u>	<u>11,196,936</u>	<u>(260,074)</u>
<b>Fund Balance, End of Year</b>	<u>\$ 6,038,143</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,038,143</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:

***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.

**SALEM-KEIZER SCHOOL DISTRICT 24J**  
**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2017**

	Special Revenue			Capital Projects		Total Nonmajor Governmental Funds	
	Fee Based Programs Fund	Food Services Fund	Energy Efficiency Fund	Asset Replacement Fund	Special Capital Projects Fund		Prev & Def Maintenance Fund
<b>ASSETS</b>							
Pooled Cash and Investments	\$ 6,363,971	\$ 2,081,338	\$ 1,937,720	\$ 3,927,076	\$ 1,403,322	\$ 2,301,706	\$ 18,015,133
Receivables	231,022	1,069,643	-	-	-	-	1,300,665
<b>Total Assets</b>	<b>\$ 6,594,993</b>	<b>\$ 3,150,981</b>	<b>\$ 1,937,720</b>	<b>\$ 3,927,076</b>	<b>\$ 1,403,322</b>	<b>\$ 2,301,706</b>	<b>\$ 19,315,798</b>
<b>LIABILITIES &amp; FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts Payable	364,460	1,278,322	-	51,835	490,565	118,891	\$ 2,304,073
Unearned Revenue	57,994	140,402	-	-	-	-	198,396
<b>Total Liabilities</b>	<b>422,454</b>	<b>1,418,724</b>	<b>-</b>	<b>51,835</b>	<b>490,565</b>	<b>118,891</b>	<b>2,502,469</b>
<b>Fund Balances:</b>							
Restricted	-	-	1,937,720	569,644	-	-	2,507,364
Committed	6,172,539	1,732,257	-	-	-	-	7,904,796
Assigned	-	-	-	3,305,597	912,757	2,182,815	6,401,169
<b>Total Fund Balances</b>	<b>6,172,539</b>	<b>1,732,257</b>	<b>1,937,720</b>	<b>3,875,241</b>	<b>912,757</b>	<b>2,182,815</b>	<b>16,813,329</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 6,594,993</b>	<b>\$ 3,150,981</b>	<b>\$ 1,937,720</b>	<b>\$ 3,927,076</b>	<b>\$ 1,403,322</b>	<b>\$ 2,301,706</b>	<b>\$ 19,315,798</b>

**SALEM-KEIZER SCHOOL DISTRICT 24J**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2017**

	Special Revenue				Capital Projects		Total Nonmajor Governmental Funds
	Fee Based Programs Fund	Food Services Fund	Energy Efficiency Fund	Asset Replacement Fund	Special Capital Projects Fund	Prev & Def Maintenance Fund	
<b>Revenues:</b>							
Local Sources	\$ 9,625,655	1,491,208	\$ 679,022	\$ 36,792	\$ 10,801	\$ -	\$ 11,843,478
State Sources	-	460,754	-	1,445,841	285,802	-	2,192,397
Federal Sources	-	15,672,088	-	-	-	-	15,672,088
<b>Total Revenues</b>	<u>9,625,655</u>	<u>17,624,050</u>	<u>679,022</u>	<u>1,482,633</u>	<u>296,603</u>	<u>-</u>	<u>29,707,963</u>
<b>Expenditures:</b>							
Instruction	6,138,683	-	-	292,165	-	-	6,430,848
Support Services	3,066,678	361,682	-	3,771,751	-	-	7,200,111
Enterprise and Community Services	4,000	17,270,612	-	-	-	-	17,274,612
Facilities Acquisition and Construction	-	-	-	-	4,840,541	450,172	5,290,713
Debt Service	-	-	-	1,365,362	-	-	1,365,362
<b>Total Expenditures</b>	<u>9,209,361</u>	<u>17,632,294</u>	<u>-</u>	<u>5,429,278</u>	<u>4,840,541</u>	<u>450,172</u>	<u>37,561,646</u>
<b>Revenues over (under) Expenditures</b>	<u>416,294</u>	<u>(8,244)</u>	<u>679,022</u>	<u>(3,946,645)</u>	<u>(4,543,938)</u>	<u>(450,172)</u>	<u>(7,853,683)</u>
<b>Other Financing Sources (Uses):</b>							
Sale of assets	-	652	-	18,626	-	-	19,278
Transfers in	-	-	-	2,420,000	2,850,000	1,250,000	6,520,000
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>652</u>	<u>-</u>	<u>2,438,626</u>	<u>2,850,000</u>	<u>1,250,000</u>	<u>6,539,278</u>
<b>Net Change in Fund Balances</b>	<u>416,294</u>	<u>(7,592)</u>	<u>679,022</u>	<u>(1,508,019)</u>	<u>(1,693,938)</u>	<u>799,828</u>	<u>(1,314,405)</u>
<b>Fund Balances, Beginning of Year</b>	<u>5,756,245</u>	<u>1,739,849</u>	<u>1,258,698</u>	<u>5,383,260</u>	<u>2,606,695</u>	<u>1,382,987</u>	<u>18,127,734</u>
<b>Fund Balances, End of Year</b>	<u>\$ 6,172,539</u>	<u>\$ 1,732,257</u>	<u>\$ 1,937,720</u>	<u>\$ 3,875,241</u>	<u>\$ 912,757</u>	<u>\$ 2,182,815</u>	<u>\$ 16,813,329</u>

**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, 2017**

	<u>Actual</u>	<u>Budget</u>		<u>Variance with Final Budget</u>
		<u>Adopted</u>	<u>Final</u>	
<b>Revenues:</b>				
Local Sources	\$ 8,951,431	\$ 8,149,456	\$ 8,149,456	\$ 801,975
Tuition	674,224	552,952	552,952	121,272
<b>Total Revenues</b>	<u>9,625,655</u>	<u>8,702,408</u>	<u>8,702,408</u>	<u>923,247</u>
<b>Expenditures:</b>				
Instruction	6,138,683	11,257,924	11,257,924	5,119,241
Support Services	3,066,678	5,472,262	5,472,262	2,405,584
Enterprise and Community Services	4,000	45,000	45,000	41,000
<b>Total Expenditures</b>	<u>9,209,361</u>	<u>16,775,186</u>	<u>16,775,186</u>	<u>7,565,825</u>
<b>Net Change in Fund Balance</b>	416,294	(8,072,778)	(8,072,778)	8,489,072
<b>Fund Balance, Beginning of Year</b>	<u>5,756,245</u>	<u>8,072,778</u>	<u>8,072,778</u>	<u>(2,316,533)</u>
<b>Fund Balance, End of Year</b>	<u>\$ 6,172,539</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,172,539</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, 2017**

	Actual	Budget		Variance with Final Budget
		Adopted	Final	
<b>Revenues:</b>				
Cafeteria Sale of Meals	\$ 1,455,621	\$ 2,137,361	\$ 2,137,361	\$ (681,740)
Cafeteria State Grants	460,754	213,000	213,000	247,754
Cafeteria Federal Grants	15,672,088	15,700,000	15,700,000	(27,912)
Miscellaneous Revenues	35,587	34,500	34,500	1,087
<b>Total Revenues</b>	<u>17,624,050</u>	<u>18,084,861</u>	<u>18,084,861</u>	<u>(460,811)</u>
<b>Expenditures:</b>				
Support Services	361,682	662,561	662,561	300,879
Enterprise and Community Services	17,270,612	18,585,478	18,585,478	1,314,866
<b>Total Expenditures</b>	<u>17,632,294</u>	<u>19,248,039</u>	<u>19,248,039</u>	<u>1,615,745</u>
<b>Revenues over (under) Expenditures</b>	(8,244)	(1,163,178)	(1,163,178)	1,154,934
<b>Other Financing Sources (Uses):</b>				
Sale of Assets	652	-	-	652
<b>Total Other Financing Sources (Uses)</b>	<u>652</u>	<u>-</u>	<u>-</u>	<u>652</u>
<b>Net Change in Fund Balance</b>	(7,592)	(1,163,178)	(1,163,178)	1,155,586
<b>Fund Balance, Beginning of Year</b>	<u>1,739,849</u>	<u>1,163,178</u>	<u>1,163,178</u>	<u>576,671</u>
<b>Fund Balance, End of Year</b>	<u>\$ 1,732,257</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,732,257</u>

**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, 2017**

	Budget			Variance with Final Budget
	Actual	Adopted	Final	
<b>Revenues:</b>				
Miscellaneous Revenues	\$ 679,022	\$ 646,528	\$ 646,528	\$ 32,494
<b>Total Revenues</b>	<u>679,022</u>	<u>646,528</u>	<u>646,528</u>	<u>32,494</u>
<b>Expenditures:</b>				
Support Services	-	366,265	366,265	366,265
Facilities Acquisition and Construction	-	646,528	646,528	646,528
<b>Total Expenditures</b>	<u>-</u>	<u>1,012,793</u>	<u>1,012,793</u>	<u>1,012,793</u>
<b>Revenues over (under) Expenditures</b>	<u>679,022</u>	<u>(366,265)</u>	<u>(366,265)</u>	<u>1,045,287</u>
<b>Net Change in Fund Balance</b>	679,022	(366,265)	(366,265)	1,045,287
<b>Fund Balance, Beginning of Year</b>	<u>1,258,698</u>	<u>366,265</u>	<u>366,265</u>	<u>892,433</u>
<b>Fund Balance, End of Year</b>	<u>\$ 1,937,720</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,937,720</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, 2017**

	Budget			Variance with Final Budget
	Actual	Adopted	Final	
<b>Revenues:</b>				
Local Sources	\$ 36,792	\$ 5,300	\$ 5,300	\$ 31,492
State School Fund Transportation Equipment	1,445,841	1,403,388	1,403,388	42,453
<b>Total Revenues</b>	<b>1,482,633</b>	<b>1,408,688</b>	<b>1,408,688</b>	<b>73,945</b>
<b>Expenditures:</b>				
Instruction	292,165	1,232,423	1,232,423	940,258
Support Services	3,771,751	6,176,889	6,176,889	2,405,138
Debt Service:				
Principal	1,199,267	2,299,654	2,299,654	1,100,387
Interest	166,095	166,164	166,164	69
<b>Total Expenditures</b>	<b>5,429,278</b>	<b>9,875,130</b>	<b>9,875,130</b>	<b>4,445,852</b>
<b>Revenues over (under) Expenditures</b>	<b>(3,946,645)</b>	<b>(8,466,442)</b>	<b>(8,466,442)</b>	<b>4,519,797</b>
<b>Other Financing Sources (Uses):</b>				
Transfers In	2,420,000	2,420,000	2,420,000	-
Sale of Assets	18,626	50,000	50,000	(31,374)
Transfers Out	-	(1)	(1)	1
<b>Total Other Financing Sources (Uses)</b>	<b>2,438,626</b>	<b>2,469,999</b>	<b>2,469,999</b>	<b>(31,373)</b>
<b>Net Change in Fund Balance</b>	<b>(1,508,019)</b>	<b>(5,996,443)</b>	<b>(5,996,443)</b>	<b>4,488,424</b>
<b>Fund Balance, Beginning of Year</b>	<b>5,383,260</b>	<b>5,996,443</b>	<b>5,996,443</b>	<b>(613,183)</b>
<b>Fund Balance, End of Year</b>	<b>\$ 3,875,241</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,875,241</b>

**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, 2017**

	<u>Budget</u>			<b>Variance with Final Budget</b>
	<u>Actual</u>	<u>Adopted</u>	<u>Final</u>	
<b>Revenues:</b>				
Local Sources	\$ 10,801	\$ -	\$ -	\$ 10,801
State School Fund	285,802	-	-	285,802
<b>Total Revenues</b>	<u>296,603</u>	<u>-</u>	<u>-</u>	<u>296,603</u>
<b>Expenditures:</b>				
Facilities Acquisition and Construction	4,840,541	6,038,189	6,038,189	1,197,648
<b>Total Expenditures</b>	<u>4,840,541</u>	<u>6,038,189</u>	<u>6,038,189</u>	<u>1,197,648</u>
<b>Other Financing Sources (Uses):</b>				
Transfer In	2,850,000	2,850,000	2,850,000	-
<b>Net Change in Fund Balance</b>	(1,693,938)	(3,188,189)	(3,188,189)	(901,045)
<b>Fund Balance, Beginning of Year</b>	<u>2,606,695</u>	<u>3,188,189</u>	<u>3,188,189</u>	<u>(581,494)</u>
<b>Fund Balance, End of Year</b>	<u>\$ 912,757</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,482,539)</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, 2017**

	<u>Actual</u>	<u>Budget</u>		<u>Variance with Final Budget</u>
		<u>Adopted</u>	<u>Final</u>	
<b>Revenues:</b>				
Miscellaneous Local Revenue	\$ -	\$ -	\$ -	\$ -
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures:</b>				
Facilities Acquisition and Construction	450,172	2,549,254	2,549,254	2,099,082
<b>Total Expenditures</b>	<u>450,172</u>	<u>2,549,254</u>	<u>2,549,254</u>	<u>2,099,082</u>
<b>Other Financing Sources (Uses):</b>				
Transfer In	1,250,000	1,250,000	1,250,000	-
<b>Total Other Financing Sources (Uses)</b>	<u>1,250,000</u>	<u>1,250,000</u>	<u>1,250,000</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	799,828	(1,299,254)	(1,299,254)	2,099,082
<b>Fund Balance, Beginning of Year</b>	<u>1,382,987</u>	<u>1,299,254</u>	<u>1,299,254</u>	<u>83,733</u>
<b>Fund Balance, End of Year</b>	<u>\$ 2,182,815</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,182,815</u>

## NONMAJOR 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, 2017**

	Actual	Budget		Variance with Final Budget
		Adopted	Final	
<b>Revenues:</b>				
Rentals	\$ 388,714	\$ 410,000	\$ 410,000	\$ (21,286)
Charges for Services	231,398	280,000	280,000	(48,602)
<b>Total Revenue</b>	<u>620,112</u>	<u>690,000</u>	<u>690,000</u>	<u>(69,888)</u>
<b>Expenditures:</b>				
Enterprise and Community Services:				
Salaries	160,243	175,085	175,085	14,842
Employee Benefits	84,662	88,596	88,596	3,934
Purchased Services	114,021	634,260	634,260	520,239
Supplies and Materials	64,564	87,801	87,801	23,237
Other	5,211	9,600	9,600	4,389
<b>Total Expenditures</b>	<u>428,701</u>	<u>995,342</u>	<u>995,342</u>	<u>566,641</u>
<b>Net Change in Fund Balance</b>	191,411	(305,342)	(305,342)	496,753
<b>Fund Balance, Beginning of Year</b>	<u>325,428</u>	<u>305,342</u>	<u>305,342</u>	<u>20,086</u>
<b>Fund Balance, End of Year</b>	<u>\$ 516,839</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 516,839</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, 2017**

	Risk Management Fund	Auxiliary Services Fund	Charter Schools Services Fund	Total
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and Cash Equivalents	\$ 14,941,966	\$ 1,918,437	\$ 490,741	\$ 17,351,144
Receivables	-	136,580	-	136,580
Inventories	-	563,994	-	563,994
<b>Total Current Assets</b>	<b>14,941,966</b>	<b>2,619,011</b>	<b>490,741</b>	<b>18,051,718</b>
<b>Capital Assets:</b>				
Equipment	362,883	1,208,774	-	1,571,657
Building Improvements	44,500	500,425	-	544,925
Less Accumulated Depreciation	(24,780)	(1,451,134)	-	(1,475,914)
<b>Total Capital Assets</b>	<b>382,603</b>	<b>258,065</b>	<b>-</b>	<b>640,668</b>
<b>Total Assets</b>	<b>15,324,569</b>	<b>2,877,076</b>	<b>490,741</b>	<b>18,692,386</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Pension Deferred Outflow - PERS	403,865	649,190	1,265,661	2,318,716
<b>Total Deferred Outflows</b>	<b>403,865</b>	<b>649,190</b>	<b>1,265,661</b>	<b>2,318,716</b>
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts Payable	92,081	186,453	29,377	307,911
Accrued Claims Liability	1,931,178	-	-	1,931,178
Accrued Compensated Absences	19,485	28,812	-	48,297
<b>Total Current Liabilities</b>	<b>2,042,744</b>	<b>215,265</b>	<b>29,377</b>	<b>2,287,386</b>
Net Pension Liability - PERS	660,178	1,061,199	2,068,915	3,790,292
<b>Total Liabilities</b>	<b>2,702,922</b>	<b>1,276,464</b>	<b>2,098,292</b>	<b>6,077,678</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Pension Deferred Inflow - PERS	13,811	22,201	43,283	79,295
<b>Total Deferred Inflows</b>	<b>13,811</b>	<b>22,201</b>	<b>43,283</b>	<b>79,295</b>
<b>NET POSITION</b>				
Investment in Capital Assets	382,603	258,065	-	640,668
Unrestricted	12,629,098	1,969,536	(385,173)	14,213,461
<b>Total Net Position</b>	<b>\$ 13,011,701</b>	<b>\$ 2,227,601</b>	<b>\$ (385,173)</b>	<b>\$ 14,854,129</b>

**SALEM-KEIZER SCHOOL DISTRICT 24J**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**YEAR ENDED JUNE 30, 2017**

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	<b>Risk Management Fund</b>	<b>Auxiliary Services Fund</b>	<b>Charter Schools Services Fund</b>	<b>Total</b>
<b>Operating Revenues:</b>				
Charges for Services	\$ 4,978,903	\$ 4,635,638	\$ 3,658,017	\$ 13,272,558
<b>Operating Expenses:</b>				
Salaries	515,475	828,597	1,615,433	2,959,505
Employee Benefits	482,415	667,150	1,116,439	2,266,004
Purchased Services	1,743,573	1,022,746	1,110,767	3,877,086
Supplies and Materials	3,655,534	1,803,698	89,744	5,548,976
Depreciation	20,833	23,006	-	43,839
<b>Total Operating Expenses</b>	<b>6,417,830</b>	<b>4,345,197</b>	<b>3,932,383</b>	<b>14,695,410</b>
<b>Change in Net Position</b>	<b>(1,438,927)</b>	<b>290,441</b>	<b>(274,366)</b>	<b>(1,422,852)</b>
<b>Net Position, beginning of year</b>	<b>14,450,628</b>	<b>1,937,160</b>	<b>(110,807)</b>	<b>16,276,981</b>
<b>Net Position, end of year</b>	<b>\$ 13,011,701</b>	<b>\$ 2,227,601</b>	<b>\$ (385,173)</b>	<b>\$ 14,854,129</b>

**SALEM-KEIZER SCHOOL DISTRICT 24J**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**YEAR ENDED JUNE 30, 2017**

	Risk Management Fund	Auxiliary Services Fund	Charter Schools Services Fund	Total
<b>Cash Flows from Operating Activities:</b>				
Receipts for Services Provided	\$ 4,979,303	\$ 4,589,899	3,658,017	\$ 13,227,219
Payments to Employees for Services	(874,038)	(1,349,485)	(2,436,881)	(4,660,404)
Payments to Suppliers for Goods and Services	(2,588,715)	(2,733,177)	(1,173,136)	(6,495,028)
Payments for Claims	(3,302,300)	-	-	(3,302,300)
<b>Cash Flows Provided (Used) by Operating Activities</b>	<u>(1,785,750)</u>	<u>507,237</u>	<u>48,000</u>	<u>(1,230,513)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Purchases of Capital Assets	(293,411)	(30,546)	-	(323,957)
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	(2,079,161)	476,691	48,000	(1,554,470)
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>17,021,127</u>	<u>1,441,746</u>	<u>442,741</u>	<u>18,905,614</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 14,941,966</u>	<u>\$ 1,918,437</u>	<u>\$ 490,741</u>	<u>\$ 17,351,144</u>
<b>Reconciliation of Operating Income (Loss) to</b>				
<b>Cash Flows from Operating Activities:</b>				
Operating Income (Loss)	\$ (1,438,927)	\$ 290,441	\$ (274,366)	\$ (1,422,852)
<b>Adjustments to Reconcile Operating Income (Loss)</b>				
<b>to Cash Flows from Operating Activities:</b>				
Depreciation Expense	20,833	23,006	-	43,839
GASB 68 Pension Expense Adjustment	121,105	148,248	294,991	564,344
Change in Assets and Liabilities:				
Change in Receivables	400	(45,739)	-	(45,339)
Change in Inventories	-	116,030	-	116,030
Change in Accounts Payable	(434,253)	(22,763)	27,375	(429,641)
Change in Accrued Claims Liability	(57,655)	-	-	(57,655)
Change in Accrued Compensated Absences	2,747	(1,986)	-	761
<b>Total Adjustments</b>	<u>(346,823)</u>	<u>216,796</u>	<u>322,366</u>	<u>192,339</u>
<b>Cash Flows Provided (Used) by Operating Activities</b>	<u>\$ (1,785,750)</u>	<u>\$ 507,237</u>	<u>\$ 48,000</u>	<u>\$ (1,230,513)</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, 2017**

	<u>Budget</u>			Variance with Final Budget
	<u>Actual</u>	<u>Adopted</u>	<u>Final</u>	
<b>Revenues:</b>				
Charges for Services	\$ 4,978,903	\$ 5,210,000	\$ 5,210,000	\$ (231,097)
<b>Total Revenues</b>	<u>4,978,903</u>	<u>5,210,000</u>	<u>5,210,000</u>	<u>(231,097)</u>
<b>Expenditures:</b>				
Support Services	6,569,303	21,855,377	21,855,377	15,286,074
<b>Total Expenditures</b>	<u>6,569,303</u>	<u>21,855,377</u>	<u>21,855,377</u>	<u>15,286,074</u>
<b>Other Financing Sources (Uses):</b>				
Transfers Out	-	(1)	(1)	1
<b>Net Change in Fund Balance</b>	(1,590,400)	(16,645,378)	(16,645,378)	15,054,978
<b>Fund Balance, Beginning of Year</b>	<u>14,489,622</u>	<u>16,645,378</u>	<u>16,645,378</u>	<u>(2,155,756)</u>
<b>Fund Balance, End of Year</b>	<u>\$ 12,899,222</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,899,222</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, 2017**

	Actual	Budget		Variance with Final Budget
		Adopted	Final	
<b>Revenues:</b>				
Charges for Services	\$ 4,635,638	\$ 5,602,986	\$ 5,602,986	\$ (967,348)
<b>Total Revenues</b>	<u>4,635,638</u>	<u>5,602,986</u>	<u>5,602,986</u>	<u>(967,348)</u>
<b>Expenditures:</b>				
Support Services	4,204,488	7,731,483	7,731,483	3,526,995
Debt Service	-	100,000	100,000	100,000
<b>Total Expenditures</b>	<u>4,204,488</u>	<u>7,831,483</u>	<u>7,831,483</u>	<u>3,626,995</u>
<b>Other Financing Sources (Uses):</b>				
Debt Proceeds	-	100,000	100,000	(100,000)
<b>Net Change in Fund Balance</b>	431,150	(2,128,497)	(2,128,497)	2,559,647
<b>Fund Balance, Beginning of Year</b>	<u>2,090,201</u>	<u>2,128,497</u>	<u>2,128,497</u>	<u>(38,296)</u>
<b>Fund Balance, End of Year</b>	<u>\$ 2,521,351</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,521,351</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, 2017**

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	<u>Actual</u>	<u>Budget</u>		<u>Variance with Final Budget</u>
		<u>Adopted</u>	<u>Final</u>	
<b>Revenues:</b>				
Charges for Services	<u>\$ 3,658,017</u>	<u>\$ 4,574,649</u>	<u>\$ 4,574,649</u>	<u>\$ (916,632)</u>
<b>Total Revenues</b>	<u>3,658,017</u>	<u>4,574,649</u>	<u>4,574,649</u>	<u>(916,632)</u>
<b>Expenditures:</b>				
Instruction	<u>3,637,392</u>	<u>5,140,410</u>	<u>5,140,410</u>	<u>1,503,018</u>
<b>Total Expenditures</b>	<u>3,637,392</u>	<u>5,140,410</u>	<u>5,140,410</u>	<u>1,503,018</u>
<b>Net Change in Fund Balance</b>	20,625	(565,761)	(565,761)	586,386
<b>Fund Balance, Beginning of Year</b>	<u>440,739</u>	<u>565,761</u>	<u>565,761</u>	<u>(125,022)</u>
<b>Fund Balance, End of Year</b>	<u>\$ 461,364</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 461,364</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, 2017**

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	<u>Loretta Isom Scholarship Fund</u>	<u>Small Memorials Fund</u>	<u>Total Private Purpose Trust Funds</u>
<b>Additions</b>			
Contributions	\$ -	\$ 6,948	\$ 6,948
<b>Deductions</b>			
Scholarships	4,000	34,517	38,517
<b>Operating Income (loss) Before Transfers</b>	(4,000)	(27,569)	(31,569)
<b>Change in Net Position</b>	(4,000)	(27,569)	(31,569)
<b>Net Position, beginning of year</b>	22,018	229,928	251,946
<b>Net Position, end of year</b>	<u>\$ 18,018</u>	<u>\$ 202,359</u>	<u>\$ 220,377</u>

## **AGENCY FUND**

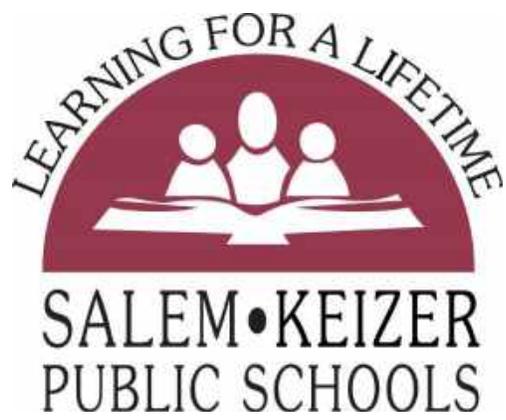
Agency Fund reporting focuses on changes in total assets and in total liabilities. The District has one agency fund.

***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, 2017**

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	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 336,329	\$ 386,794	\$ 385,345	\$ 337,778
<b>Total Assets</b>	<b>\$ 336,329</b>	<b>\$ 386,794</b>	<b>\$ 385,345</b>	<b>\$ 337,778</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 6,415	\$ 219,522	\$ 219,557	\$ 6,380
Due to Outside Groups	329,914	167,272	165,788	331,398
<b>Total Liabilities</b>	<b>\$ 336,329</b>	<b>\$ 386,794</b>	<b>\$ 385,345</b>	<b>\$ 337,778</b>



**OTHER FINANCIAL SCHEDULES**

**SALEM-KEIZER SCHOOL DISTRICT 24J**  
**REVENUE SUMMARY BY ALL FUNDS**  
**YEAR ENDED JUNE 30, 2017**

	<u>Fund 100</u>	<u>Fund 200</u>	<u>Fund 300</u>
<b>Local Sources:</b>			
1110 Current Year Taxes	\$ 73,976,368	\$ -	\$ 22,311,643
1112 Prior Year Taxes	2,397,038	-	566,962
1113 Foreclosed Property Taxes	73,241	-	-
1114 Payments in Lieu of Property Taxes	265,616	-	-
1311 Tuition from Individuals	1,524	511,372	-
1312 Tuition from Other Districts	105,430	162,852	-
1500 Earnings on Investments	1,605,184	-	1,321
1600 Food Service	-	1,455,621	-
1700 Extracurricular Activities	76,706	4,562,672	-
1800 Community Services Activities	-	5,898	-
1910 Rentals	-	191,983	-
1920 Contributions from Private Sources	100	898,734	-
1940 Services Provided	187,772	400	-
1950 Textbook Sales and Rentals	-	19,651	-
1960 Recovery of Prior Years' Expenditure	34,202	157	-
1970 Services Provided Other Funds	-	-	21,883,124
1980 Fees Charged to Grants	1,246,468	304,913	-
1990 Miscellaneous	907,378	3,718,424	-
<b>Total Local Sources</b>	<u>80,877,027</u>	<u>11,832,677</u>	<u>44,763,050</u>
<b>Intermediate Sources:</b>			
2101 County School Funds	372,655	-	-
2200 Restricted Revenue	15,047,073	1,247,341	-
<b>Total Intermediate Sources</b>	<u>15,419,728</u>	<u>1,247,341</u>	<u>-</u>
<b>State Sources:</b>			
3101 State School Fund	309,535,499	-	-
3102 State School Fund - School Lunch Match	-	174,179	-
3103 Common School Fund	5,009,361	-	-
3199 Other Unrestricted Grants-in-Aid	2,228,763	-	-
3222 State School Fund (SSF) Transportation	-	1,445,841	-
3299 Other Restricted Grants-in-Aid	-	6,645,258	-
<b>Total State Sources</b>	<u>316,773,623</u>	<u>8,265,278</u>	<u>-</u>
<b>Federal Sources:</b>			
4300 Restricted Direct From Federal	-	360,358	-
4500 Restricted Through State	-	38,360,392	-
4801 Federal Forest Fees	32,024	-	-
4900 Commodities	-	1,378,497	-
<b>Total Federal Sources</b>	<u>32,024</u>	<u>40,099,247</u>	<u>-</u>
<b>Other Sources:</b>			
5200 Interfund Transfers	-	2,420,000	-
5300 Sale of Fixed Assets	3,485	19,278	-
5400 Resources - Beginning Fund Balance	49,445,457	14,138,052	24,838,753
<b>Total Other Sources</b>	<u>49,448,942</u>	<u>16,577,330</u>	<u>24,838,753</u>
<b>Total Revenues</b>	<u>\$ 462,551,344</u>	<u>\$ 78,021,873</u>	<u>\$ 69,601,803</u>

<b>Fund 400</b>	<b>Fund 500</b>	<b>Fund 600</b>	<b>Fund 700</b>	<b>Total</b>
\$ -	\$ -	\$ -	\$ -	\$ 96,288,011
-	-	-	-	2,964,000
-	-	-	-	73,241
-	-	-	-	265,616
-	-	-	-	512,896
-	-	-	-	268,282
-	-	-	-	1,606,505
-	-	-	-	1,455,621
-	-	-	-	4,639,378
-	-	-	-	5,898
-	388,714	-	-	580,697
-	-	-	-	898,834
-	-	112,054	-	300,226
-	-	-	-	19,651
-	-	5,658	-	40,017
-	-	7,089,321	-	28,972,445
-	-	-	-	1,551,381
82,801	231,398	6,065,525	317,621	11,323,146
82,801	620,112	13,272,558	317,621	151,765,845
-	-	-	-	372,655
-	-	-	-	16,294,414
-	-	-	-	16,667,069
-	-	-	-	309,535,499
-	-	-	-	174,179
-	-	-	-	5,009,361
109,560	-	-	-	2,338,323
-	-	-	-	1,445,841
176,242	-	-	-	6,821,500
285,802	-	-	-	325,324,703
-	-	-	-	360,358
-	-	-	-	38,360,392
-	-	-	-	32,024
-	-	-	-	1,378,497
-	-	-	-	40,131,271
4,100,000	-	-	-	6,520,000
-	-	-	-	22,763
14,926,544	325,428	17,020,564	581,831	121,276,630
19,026,544	325,428	17,020,564	581,831	127,819,393
\$ 19,395,147	\$ 945,541	\$ 30,293,122	\$ 899,451	\$ 661,708,281

**SALEM-KEIZER SCHOOL DISTRICT 24J**  
**GENERAL FUND (100) EXPENDITURE SUMMARY**  
**YEAR ENDED JUNE 30, 2017**

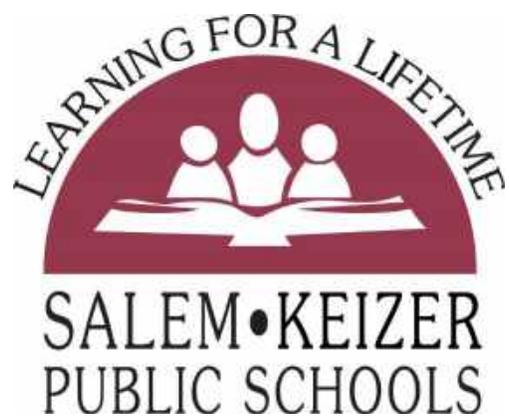
	<u>Object 100</u>	<u>Object 200</u>	<u>Object 300</u>
<b>Instruction</b>			
1111 Elementary, K-5	\$ 57,016,620	\$ 31,113,941	\$ 963,720
1121 Middle/Junior High Programs	22,084,106	11,471,584	551,938
1122 Middle/Junior High School Extracurricular	523,834	159,993	272,741
1131 High School Programs	30,791,820	15,708,694	770,613
1132 High School Extracurricular	2,095,574	640,364	611,726
1210 Programs for the Talented and Gifted	285,716	95,565	7,663
1220 Restrictive Programs for Students with	22,189,160	15,045,741	259,282
1250 Less Restrictive Programs for Students with Disab	14,758,234	8,700,750	287,218
1260 Treatment and Habilitation	105,253	46,425	6,387
1280 Alternative Education	3,368,508	1,913,313	5,342,784
1291 English Second Language Programs	8,068,679	4,788,863	36,079
1292 Teen Parent Programs	686,082	308,695	3,129
1294 Youth Corrections Education	26,735	22,853	2
1299 Other Programs	92,148	55,148	16,974
1400 Summer School Programs	53,164	18,301	96,407
<b>Total Instruction</b>	<u>162,145,632</u>	<u>90,090,229</u>	<u>9,226,666</u>
<b>Support Services</b>			
2110 Attendance and Social Work Services	5,193,036	2,991,935	921,839
2120 Guidance Services	6,022,551	3,190,252	3,704
2130 Health Services	1,277,229	648,973	63,701
2140 Psychological Services	928,178	401,830	7,351
2150 Speech Pathology and Audiology Services	2,763,541	1,385,696	712,607
2160 Other Student Treatment Services	694,745	367,212	391,866
2190 Service Direction, Student Support Services	727,458	339,171	48,455
2210 Improvement of Instruction Services	1,236,538	553,223	155,257
2220 Educational Media Services	2,533,179	1,637,250	187,299
2230 Assessment and Testing	414,723	218,223	39,487
2240 Instructional Staff Development	3,162,377	1,375,962	437,868
2310 Board of Education Services	660	218	512,162
2320 Executive Administration Services	953,493	460,529	45,004
2410 Office of the Principal Services	18,255,546	9,925,720	570,422
2490 Other Support Services - School Administration	1,435,817	708,569	51,928
2520 Fiscal Services	1,173,134	642,175	165,457
2540 Operation and Maintenance of Plant Services	10,573,410	6,825,470	9,586,744
2550 Student Transportation Services	8,198,723	6,165,928	352,089
2570 Internal Services	865,403	302,291	21,188
2630 Information Services	249,676	137,426	70,094
2640 Staff Services	2,547,022	1,269,402	425,981
2660 Technology Services	4,797,804	2,480,704	1,571,316
2690 Other Support Services - Central	175	441,604	329,658
2700 Supplemental Retirement Program	951,184	37,307	-
<b>Total Support Services</b>	<u>74,955,602</u>	<u>42,507,070</u>	<u>16,671,478</u>
<b>Facilities Acquisition and Construction</b>			
4110 Service Area Direction	102,771	50,937	39,979
4120 Site Acquisition and Development Services	-	-	-
4150 Building Acquisition, Construction, and Improvement Services	-	-	107,600
<b>Total Facilities Acquisition and Construction</b>	<u>102,771</u>	<u>50,937</u>	<u>147,579</u>
<b>Other Uses</b>			
5100 Debt Service	-	-	-
5200 Transfers of Funds	-	-	-
<b>Total Other Uses</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Contingency</b>			
6000 Operating Contingency	-	-	-
<b>Total Contingency</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures</b>	<u>\$ 237,204,005</u>	<u>\$ 132,648,236</u>	<u>\$ 26,045,723</u>

Object 400	Object 500	Object 600	Object 700	Total
\$ 1,260,266	\$ -	\$ 1,614	\$ -	\$ 90,356,161
765,447	10,426	9,297	-	34,892,798
42,819	-	3,575	-	1,002,962
2,048,132	22,806	31,301	-	49,373,366
48,664	-	18,595	-	3,414,923
5,881	-	2,835	-	397,661
109,676	-	599	-	37,604,457
598,565	-	10	-	24,344,777
10,786	-	-	-	168,851
101,571	-	16,573	-	10,742,748
2,278,680	-	-	-	15,172,301
13,032	-	-	-	1,010,938
-	-	-	-	49,590
12,736	-	100	-	177,107
21,700	-	-	-	189,572
<u>7,317,954</u>	<u>33,232</u>	<u>84,499</u>	<u>-</u>	<u>268,898,212</u>
11,762	-	-	-	9,118,571
3,369	-	156	-	9,220,031
2,238	-	279	-	1,992,420
10,753	-	-	-	1,348,112
24,862	-	-	-	4,886,707
14,178	-	-	-	1,468,001
52,490	-	-	-	1,167,574
141,340	31,189	11,684	-	2,129,232
370,091	900	751	-	4,729,470
2,901	-	-	-	675,333
18,278	-	10,839	-	5,005,324
1,320	-	18,940	-	533,300
7,869	-	5,904	-	1,472,800
505,000	48,836	17,744	-	29,323,268
60,714	-	1,451	-	2,258,480
20,884	-	3,537	-	2,005,188
1,477,844	135,620	19,655	-	28,618,744
957,937	30,959	131,340	-	15,836,975
(16,541)	-	2,432	-	1,174,773
5,634	-	214	-	463,043
69,524	-	19,934	-	4,331,864
2,573,948	615,848	3,463	-	12,043,084
-	-	-	-	771,437
-	-	-	-	988,492
<u>6,316,395</u>	<u>863,353</u>	<u>248,323</u>	<u>-</u>	<u>141,562,221</u>
2,641	-	17,519	-	213,847
-	-	-	-	-
-	54,995	750	-	163,345
<u>2,641</u>	<u>54,995</u>	<u>18,269</u>	<u>-</u>	<u>377,192</u>
-	-	641,020	-	641,020
-	-	-	6,520,000	6,520,000
-	-	641,020	6,520,000	7,161,020
-	-	-	-	-
-	-	-	-	-
<u>\$ 13,636,990</u>	<u>\$ 951,580</u>	<u>\$ 992,111</u>	<u>\$ 6,520,000</u>	<u>\$ 417,998,645</u>

**SALEM-KEIZER SCHOOL DISTRICT 24J  
SPECIAL REVENUE FUNDS (200) EXPENDITURE SUMMARY  
YEAR ENDED JUNE 30, 2017**

	<u>Object 100</u>	<u>Object 200</u>	<u>Object 300</u>
<b>Instruction</b>			
1111 Primary, K-5	\$ 26,869	\$ 5,863	\$ 49,647
1113 Elementary Extracurricular	11,095	2,353	358,025
1121 Middle/Junior High Programs	4,453	1,155	449
1122 Middle/Junior High School Extracurricular	37,603	8,654	262,752
1131 High School Programs	75,816	38,486	55,857
1132 High School Extracurricular	208,975	50,654	950,182
1140 Pre-Kindergarten Programs	2,091,020	1,065,550	210,370
1210 Programs for the Talented and Gifted	-	-	6,631
1220 Restrictive Programs for Students with Disabilities	1,523,296	819,024	2,441
1250 Less Restrictive Programs for Students with Disabilities	564,636	313,859	683
1260 Treatment and Habilitation	441,722	240,483	-
1272 Title I	4,270,212	2,382,210	408,776
1280 Alternative Education	52,378	35,891	11,000
1291 English Second Language Programs	32,675	10,623	2,202
1292 Teen Parent Program	-	-	273
1293 Migrant Education	130,068	92,018	11,029
1294 Youth Corrections Education	-	-	50,000
1299 Other Programs	95,665	40,799	8,168
1400 Summer School Programs	230,535	74,337	49,789
<b>Total Instruction</b>	<u>9,797,017</u>	<u>5,181,959</u>	<u>2,438,272</u>
<b>Support Services</b>			
2110 Attendance and Social Work Services	270,622	175,458	7,788
2120 Guidance Services	12,072	2,416	12,354
2130 Health Services	101,434	53,996	10,649
2140 Psychological Services	10,204	4,931	-
2150 Speech Pathology and Audiology Services	542,042	327,480	-
2160 Other Student Treatment Services	51,784	20,900	-
2190 Service Direction, Student Support Services	712,856	399,597	46
2210 Improvement of Instruction Services	1,321,113	630,543	704,971
2230 Assessment and Testing	11,755	3,750	44,530
2240 Instructional Staff Development	3,453,929	1,603,875	1,154,590
2410 Office of the Principal	-	-	5,647
2490 Other Support Services - School Administration	691,940	343,491	31,585
2520 Fiscal Services	76,937	46,024	6,422
2540 Operation and Maintenance of Plant Services	91,605	56,176	88,125
2570 Internal Services	-	-	-
2620 Planning, Research, Development, Evaluation	-	-	8,835
2630 Information Services	117,163	53,541	-
2640 Staff Services	49,651	25,585	-
2660 Technology Services	15,082	1,973	93,369
<b>Total Support Services</b>	<u>7,530,190</u>	<u>3,749,737</u>	<u>2,168,911</u>
<b>Enterprise and Community Services</b>			
3100 Food Services	47,367	30,048	13,788,476
3300 Community Services	220,746	123,455	107,508
<b>Total Enterprise and Community Services</b>	<u>268,113</u>	<u>153,503</u>	<u>13,895,984</u>
<b>Facilities Acquisition and Construction</b>			
4120 Site Acquisition and Development Services	-	-	-
4150 Building Acquisition, Construction, and Improvement	419	215	6,839
<b>Total Facilities Acquisition and Construction</b>	<u>419</u>	<u>215</u>	<u>6,839</u>
<b>Other Uses</b>			
5100 Debt Service	-	-	-
5200 Transfers of Funds	-	-	-
<b>Total Other Uses</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures</b>	<u>\$ 17,595,739</u>	<u>\$ 9,085,414</u>	<u>\$ 18,510,006</u>

<u>Object 400</u>	<u>Object 500</u>	<u>Object 600</u>	<u>Object 700</u>	<u>Total</u>
\$ 340,551	\$ 43,000	\$ -	\$ -	\$ 465,930
558,908	-	4,580	-	934,961
24,592	-	-	-	30,648
456,152	6,000	15,119	-	786,280
470,921	105,695	8,247	-	755,021
1,541,652	449,655	473,105	-	3,674,222
426,105	6,473	14,060	-	3,813,577
530	-	-	-	7,161
50,442	-	320	-	2,395,521
1,891	-	-	-	881,069
-	-	-	-	682,205
525,185	-	324	-	7,586,707
-	-	-	-	99,269
166,517	-	-	-	212,017
1,063	-	-	-	1,336
2,039	-	7,420	-	242,574
-	-	-	-	50,000
8,186	-	-	-	152,817
12,351	-	205	-	367,217
<u>4,587,083</u>	<u>610,823</u>	<u>523,379</u>	<u>-</u>	<u>23,138,533</u>
34,005	-	3,051	-	490,924
13,064	-	-	-	39,906
8,402	6,624	-	-	181,104
-	-	-	-	15,135
-	-	-	-	869,522
-	-	-	-	72,684
17,621	-	-	-	1,130,120
205,612	5,400	-	-	2,867,639
14,997	-	5,922	-	80,955
92,255	-	3,031	-	6,307,681
-	34,353	-	-	40,000
22,207	-	277	-	1,089,500
5,150	-	1,554,252	-	1,688,786
122,413	251,327	240	-	609,885
-	509,296	-	-	509,296
412	-	-	-	9,247
-	-	-	-	170,704
-	-	-	-	75,236
<u>4,293,943</u>	<u>1,154,691</u>	<u>125</u>	<u>-</u>	<u>5,559,184</u>
<u>4,830,081</u>	<u>1,961,691</u>	<u>1,566,898</u>	<u>-</u>	<u>21,807,508</u>
1,816,134	1,084,130	626,294	-	17,392,450
58,320	-	-	-	510,030
<u>1,874,455</u>	<u>1,084,130</u>	<u>626,294</u>	<u>-</u>	<u>17,902,479</u>
-	-	-	-	-
26,356	53,245	3,160	-	90,234
<u>26,356</u>	<u>53,245</u>	<u>3,160</u>	<u>-</u>	<u>90,234</u>
-	-	1,365,362	-	1,365,362
-	-	-	-	-
-	-	1,365,362	-	1,365,362
<u>\$ 11,317,975</u>	<u>\$ 3,709,889</u>	<u>\$ 4,085,093</u>	<u>\$ -</u>	<u>\$ 64,304,116</u>



SALEM-KEIZER SCHOOL DISTRICT 24J  
 DEBT SERVICE FUNDS (300) EXPENDITURE SUMMARY  
 YEAR ENDED JUNE 30, 2017

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	<u>Object 300</u>	<u>Object 600</u>	<u>Object 700</u>	<u>Total</u>
<b>Other Uses</b>				
5100 Debt Service	\$ -	\$47,200,504	\$ -	\$47,200,504
5200 Transfers of Funds	-	-	-	-
<b>Total Other Uses</b>	<u>-</u>	<u>47,200,504</u>	<u>-</u>	<u>47,200,504</u>
<b>Total Expenditures</b>	<u>\$ -</u>	<u>\$47,200,504</u>	<u>\$ -</u>	<u>\$47,200,504</u>

**SALEM-KEIZER SCHOOL DISTRICT 24J**  
**CAPITAL PROJECTS FUND (400) EXPENDITURE SUMMARY**  
**YEAR ENDED JUNE 30, 2017**

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	<u>Object 100</u>	<u>Object 200</u>	<u>Object 300</u>
<b>Facilities Acquisition and Construction</b>			
4120 Site Acquisition and Development Services	\$ -	\$ -	\$ 7,435
4150 Building Acquisition, Construction, and Improvement Services	127,594	57,070	715,421
4180 Other Capital Items	-	-	-
<b>Total Facilities Acquisition and Construction</b>	<u>127,594</u>	<u>57,070</u>	<u>722,856</u>
 <b>Total Expenditures</b>	 <u>\$ 127,594</u>	 <u>\$ 57,070</u>	 <u>\$ 722,856</u>

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<u>Object 400</u>	<u>Object 500</u>	<u>Object 600</u>	<u>Total</u>
\$ -	\$ 891,406	\$ -	\$ 898,841
252,781	7,668,276	500	8,821,642
-	540,949	-	540,949
<u>252,781</u>	<u>9,100,631</u>	<u>500</u>	<u>10,261,432</u>
<u>\$ 252,781</u>	<u>\$ 9,100,631</u>	<u>\$ 500</u>	<u>\$ 10,261,432</u>

**SALEM-KEIZER SCHOOL DISTRICT 24J**  
**ENTERPRISE FUND (500) EXPENDITURE SUMMARY**  
**YEAR ENDED JUNE 30, 2017**

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	<u>Object 100</u>	<u>Object 200</u>	<u>Object 300</u>	<u>Object 400</u>
<b>Enterprise and Community Services</b>				
3200 Other Enterprise Services	\$ 160,243	\$ 84,662	\$ 114,021	\$ 64,564
<b>Total Enterprise and Community Services</b>	<u>160,243</u>	<u>84,662</u>	<u>114,021</u>	<u>64,564</u>
<b>Total Expenditures</b>	<u>\$ 160,243</u>	<u>\$ 84,662</u>	<u>\$ 114,021</u>	<u>\$ 64,564</u>

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<u>Object 500</u>	<u>Object 600</u>	<u>Object 700</u>	<u>Total</u>
\$ -	\$ 5,211	\$ -	\$ 428,701
-	5,211	-	428,701
<u>\$ -</u>	<u>\$ 5,211</u>	<u>\$ -</u>	<u>\$ 428,701</u>

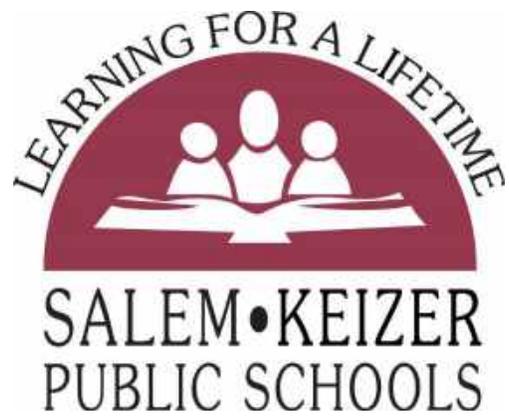
**SALEM-KEIZER SCHOOL DISTRICT 24J**  
**INTERNAL SERVICE FUNDS (600) EXPENDITURE SUMMARY**  
**YEAR ENDED JUNE 30, 2017**

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	<u>Object 100</u>	<u>Object 200</u>	<u>Object 300</u>	<u>Object 400</u>
<b>Instruction</b>				
1280 Alternative Education	\$ 1,615,434	\$ 821,448	\$ 1,110,767	\$ 73,125
<b>Total Instruction</b>	<u>1,615,434</u>	<u>821,448</u>	<u>1,110,767</u>	<u>73,125</u>
<b>Support Services</b>				
2520 Fiscal Services	515,475	361,310	1,742,875	300,594
2540 Operation and Maintenance of Plant	-	-	-	12,187
2570 Other Internal Services	828,597	518,902	1,022,746	1,802,331
2660 Technology Services	-	-	698	-
<b>Total Support Services</b>	<u>1,344,072</u>	<u>880,212</u>	<u>2,766,319</u>	<u>2,115,112</u>
<b>Total Expenditures</b>	<u>\$ 2,959,506</u>	<u>\$ 1,701,660</u>	<u>\$ 3,877,086</u>	<u>\$ 2,188,237</u>

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<u>Object 500</u>	<u>Object 600</u>	<u>Object 700</u>	<u>Total</u>
\$ -	\$ 16,619	\$ -	\$ 3,637,392
-	16,619	-	3,637,392
220,001	3,292,903	-	6,433,158
123,260	-	-	135,448
30,544	1,367	-	4,204,488
-	-	-	698
<u>373,806</u>	<u>3,294,270</u>	<u>-</u>	<u>10,773,791</u>
<u>\$ 373,806</u>	<u>\$ 3,310,889</u>	<u>\$ -</u>	<u>\$ 14,411,183</u>



**SALEM-KEIZER SCHOOL DISTRICT 24J**  
**FIDUCIARY FUNDS (700) EXPENDITURE SUMMARY**  
**YEAR ENDED JUNE 30, 2017**

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	<u>Object 300</u>	<u>Object 400</u>	<u>Total</u>
<b>Enterprise and Community</b>			
3300 Community Services	<u>\$ 18,180</u>	<u>\$ 329,566</u>	<u>\$ 347,746</u>
<b>Total Enterprise and Community Services</b>	<u>18,180</u>	<u>329,566</u>	<u>347,746</u>
<b>Total Expenditures</b>	<u><u>\$ 18,180</u></u>	<u><u>\$ 329,566</u></u>	<u><u>\$ 347,746</u></u>

**SALEM-KEIZER SCHOOL DISTRICT 24J**  
**SCHEDULE OF GENERAL OBLIGATION BOND AND INTEREST TRANSACTIONS**  
**YEAR ENDED JUNE 30, 2017**

Issue Date	Principal				
	Original Amount	Outstanding July 1, 2016	Matured	Redeemed	Outstanding June 30, 2017
March 16, 2009	\$ 178,715,189	\$ 120,130,187	\$ 8,013,230	\$ 8,013,230	\$ 112,116,957
December 16, 2009	31,760,000	31,760,000	-	-	31,760,000
June 30, 2011	31,620,000	26,050,000	6,015,000	6,015,000	20,035,000
February 25, 2013	46,260,000	27,130,000	8,765,000	8,765,000	18,365,000
	<u>\$ 288,355,189</u>	<u>\$ 205,070,187</u>	<u>\$ 22,793,230</u>	<u>\$ 22,793,230</u>	<u>\$ 182,276,957</u>

**SALEM-KEIZER SCHOOL DISTRICT 24J**  
**SCHEDULE OF LIMITED TAX PENSION BOND AND INTEREST TRANSACTIONS**  
**YEAR ENDED JUNE 30, 2017**

Issue Date	Principal				
	Original Amount	Outstanding July 1, 2016	Matured	Redeemed	Outstanding June 30, 2017
October 31, 2002	\$ 106,974,763	\$ 87,331,154	\$ 2,336,508	\$ 2,336,508	\$ 84,994,646
February 19, 2004	88,815,000	78,745,000	3,135,000	3,135,000	75,610,000
June 30, 2011	7,820,000	7,820,000	-	-	7,820,000
January 29, 2015	50,145,000	47,605,000	2,125,000	2,125,000	45,480,000
	<u>\$ 253,754,763</u>	<u>\$ 221,501,154</u>	<u>\$ 7,596,508</u>	<u>\$ 7,596,508</u>	<u>\$ 213,904,646</u>

<b>Interest</b>				
<b>Interest Coupon Rates</b>	<b>Outstanding July 1, 2016</b>	<b>Matured</b>	<b>Redeemed</b>	<b>Outstanding June 30, 2017</b>
4.0%-5.84%	\$ -	\$ 1,424,770	\$ 1,424,770	\$ -
1.25%	-	397,000	397,000	-
2.0%-5.0%	-	1,112,000	1,112,000	-
.77%-1.78%	-	400,264	400,264	-
	<u>\$ -</u>	<u>\$ 3,334,034</u>	<u>\$ 3,334,034</u>	<u>\$ -</u>

<b>Interest</b>				
<b>Interest Coupon Rates</b>	<b>Outstanding July 1, 2016</b>	<b>Matured</b>	<b>Redeemed</b>	<b>Outstanding June 30, 2017</b>
5.48%-6.10%	\$ -	\$ 7,387,506	\$ 7,387,506	\$ -
5.12%-5.53%	-	4,303,332	4,303,332	-
4.12%	-	321,793	321,793	-
.52%-3.21%	-	1,464,102	1,464,102	-
	<u>\$ -</u>	<u>\$ 13,476,733</u>	<u>\$ 13,476,733</u>	<u>\$ -</u>

**SALEM-KEIZER SCHOOL DISTRICT 24J**  
**SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENT OF GENERAL OBLIGATION BONDS**  
**YEAR ENDED JUNE 30, 2017**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 24,554,388	\$ 2,141,985	\$ 26,696,373
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	21,106,889	29,909,998
Total Future Payments	<u>\$ 182,276,957</u>	<u>\$ 163,571,137</u>	<u>\$ 345,848,094</u>

**SALEM-KEIZER SCHOOL DISTRICT 24J**  
**SCHEDULE OF FUTURE LIMITED TAX PENSION OBLIGATIONS**  
**YEAR ENDED JUNE 30, 2017**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 8,292,782	\$ 13,773,220	\$ 22,066,002
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>\$ 213,904,646</u>	<u>\$ 91,869,694</u>	<u>\$ 305,774,340</u>

**SALEM-KEIZER SCHOOL DISTRICT 24J**

SUPPLEMENTAL INFORMATION, 2016-2017  
(Required by the Oregon Department of Education)

School District Business Managers and Auditors:

This page is a required part of your annual audited financial statements. Please make sure it is included.

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

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

	Objects 325 & 326
Function 2540	\$ 5,012,754
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:

\$ - 0 -
----------

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

**SALEM-KEIZER SCHOOL DISTRICT 24J**  
**COMBINING STATEMENT OF NET POSITION-COMPONENT UNITS**  
**YEAR ENDED JUNE 30, 2017**

	Optimum Learning		Jane Goodall		
	Environments	Howard Street	Environmental	Valley Inquiry	
	Charter School	Charter School	Middle School	Charter School	Total
<b>ASSETS:</b>					
Pooled Cash and Investments	\$ 132,638	\$ 534,967	\$ 461,881	\$ 325,139	\$ 1,454,625
Accounts Receivable	-	51,109	-	-	51,109
Prepays	-	9,197	-	-	9,197
Capital Assets (net of depreciation)	-	-	-	5,081	5,081
<b>TOTAL ASSETS</b>	<b>132,638</b>	<b>595,273</b>	<b>461,881</b>	<b>330,220</b>	<b>1,520,012</b>
<b>DEFERRED OUTFLOWS:</b>					
Pension	-	283,552	-	-	283,552
<b>TOTAL DEFERRED OUTFLOWS</b>	<b>-</b>	<b>283,552</b>	<b>-</b>	<b>-</b>	<b>283,552</b>
<b>LIABILITIES:</b>					
Accounts Payable and Accrued Expenses	-	9,734	-	-	9,734
Accrued Salaries and Benefits	-	2,940	1,678	1,648	6,266
PERS Net Pension Liability	-	409,370	-	-	409,370
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>422,044</b>	<b>1,678</b>	<b>1,648</b>	<b>425,370</b>
<b>DEFERRED INFLOWS:</b>					
Pension	-	45,202	-	-	45,202
<b>TOTAL DEFERRED INFLOWS</b>	<b>-</b>	<b>45,202</b>	<b>-</b>	<b>-</b>	<b>45,202</b>
<b>NET POSITION:</b>					
Investment in Capital Assets	-	-	-	5,081	5,081
Restricted for Save the Children Program	-	2,372	-	-	2,372
Unrestricted	132,638	409,207	460,203	323,491	1,325,539
<b>TOTAL NET POSITION</b>	<b>\$ 132,638</b>	<b>\$ 411,579</b>	<b>\$ 460,203</b>	<b>\$ 328,572</b>	<b>\$ 1,332,992</b>

**SALEM-KEIZER SCHOOL DISTRICT 24J**  
**COMBINED STATEMENT OF ACTIVITIES-COMPONENT UNITS**  
**YEAR ENDED JUNE 30, 2017**

<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 Programs	\$ 2,553,087	\$ 10,106	\$ 119,045	\$ (2,423,936)
Support Services	1,189,892	-	-	(1,189,892)
Enterprise and Community Services	50,293	37,309	-	(12,984)
<b>Total Governmental Activities</b>	<b><u>\$ 3,793,272</u></b>	<b><u>\$ 47,415</u></b>	<b><u>\$ 119,045</u></b>	<b><u>(3,626,812)</u></b>
General Revenues:				
State School Fund - General Support				3,658,017
Net Increase in the Fair Value of Investments				14,053
Earnings on Investments				960
Donations				1,793
Miscellaneous				<u>20,491</u>
<b>Total General Revenues</b>				<b>3,695,314</b>
<b>CHANGE IN NET POSITION</b>				<b><u>68,502</u></b>
Net Position - July 1, 2016				<u>1,264,490</u>
Net Position - June 30, 2017				<b><u>\$ 1,332,992</u></b>

**SALEM-KEIZER SCHOOL DISTRICT 24J**  
**STATEMENT OF ACTIVITIES-OPTIMUM LEARNING ENVIRONMENTS**  
**YEAR ENDED JUNE 30, 2017**

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<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	\$ 730,412	\$ -	\$ -	\$ (730,412)
Support Services	<u>100,464</u>	<u>-</u>	<u>-</u>	<u>(100,464)</u>
Total Governmental Activities	<u>\$ 830,876</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(830,876)</u>
General Revenues:				
State School Fund - General Support				<u>824,198</u>
Total General Revenues				824,198
<b>CHANGE IN NET POSITION</b>				<u>(6,678)</u>
Net Position - July 1, 2016				<u>139,316</u>
Net Position - June 30, 2017				<u>\$ 132,638</u>

**SALEM-KEIZER SCHOOL DISTRICT 24J**  
**STATEMENT OF ACTIVITIES-HOWARD STREET CHARTER SCHOOL**  
**YEAR ENDED JUNE 30, 2017**

---

<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	\$ 531,956	\$ 10,106	\$ 30,304	\$ (491,546)
Support Services	678,529	-	-	(678,529)
Enterprise and Community Services	50,293	37,309	-	(12,984)
 Total Governmental Activities	 <u>\$ 1,260,778</u>	 <u>\$ 47,415</u>	 <u>\$ 30,304</u>	 <u>(1,183,059)</u>
 General Revenues:				
				1,162,691
State School Fund - General Support				960
Earnings on Investments				1,793
Donations				1,278
Miscellaneous				<u>1,166,722</u>
Total General Revenues				
 <b>CHANGE IN NET POSITION</b>				 <u>(16,337)</u>
 Net Position - July 1, 2016				 <u>427,916</u>
 Net Position - June 30, 2017				 <u>\$ 411,579</u>

**SALEM-KEIZER SCHOOL DISTRICT 24J**  
**STATEMENT OF ACTIVITIES-JANE GOODALL ENVIRONMENTAL MIDDLE SCHOOL**  
**YEAR ENDED JUNE 30, 2017**

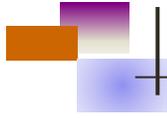
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<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u> <u>Revenue and</u> <u>Change</u> <u>in Net Position</u>
		<u>Charges for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	
Governmental Activities:				
Instructional Services	\$ 413,426	\$ -	\$ 88,741	\$ (324,685)
Support Services	<u>286,084</u>	<u>-</u>	<u>-</u>	<u>(286,084)</u>
Total Governmental Activities	<u>\$ 699,510</u>	<u>\$ -</u>	<u>\$ 88,741</u>	<u>(610,769)</u>
General Revenues:				
State School Fund - General Support				624,557
Net Increase in the Fair Value of Investments				14,053
Miscellaneous				<u>44</u>
Total General Revenues				638,654
<b>CHANGE IN NET POSITION</b>				<u>27,885</u>
Net Position - July 1, 2016				<u>432,318</u>
Net Position - June 30, 2017				<u>\$ 460,203</u>

**SALEM-KEIZER SCHOOL DISTRICT 24J**  
**STATEMENT OF ACTIVITIES-VALLEY INQUIRY CHARTER SCHOOL**  
**YEAR ENDED JUNE 30, 2017**

---

<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	\$ 877,293	\$ -	\$ -	\$ (877,293)
Support Services	124,815	-	-	(124,815)
Total Governmental Activities	\$ 1,002,108	\$ -	\$ -	(1,002,108)
General Revenues:				
State School Fund - General Support				1,046,571
Miscellaneous				19,169
Total General Revenues				1,065,740
<b>CHANGE IN NET POSITION</b>				<b>63,632</b>
Net Position - July 1, 2016				264,940
Net Position - June 30, 2017				\$ 328,572



## Statistical Section

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*Salem High School circa 1906, now North Salem High School*

**SALEM-KEIZER SCHOOL DISTRICT 24J**  
**STATISTICAL SECTION**  
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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.

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

<b>GOVERNMENTAL ACTIVITIES</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>ASSETS:</b>				
Current and Other Assets	\$ 143,080,056	\$ 158,919,641	\$ 174,587,436	\$ 167,122,010
Net Capital Assets	434,278,494	431,323,086	416,135,610	406,135,755
Prepaid Pension Contributions	-	-	-	183,232,781
Pension Assets	-	-	56,333,378	-
<b>TOTAL ASSETS</b>	<b>577,358,550</b>	<b>590,242,727</b>	<b>647,056,424</b>	<b>756,490,546</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Pension Deferred Outflow - PERS	202,049,375	69,109,541	79,382,440	-
Deferred Loss on Bond Refunding	1,128,720	1,686,323	2,243,926	2,801,529
<b>TOTAL DEFERRED OUTFLOWS</b>	<b>203,178,095</b>	<b>70,795,864</b>	<b>81,626,366</b>	<b>2,801,529</b>
<b>LIABILITIES:</b>				
Other Liabilities	142,132,343	132,742,800	123,195,104	82,205,188
Long-term Debt Outstanding	409,111,237	441,939,451	474,986,624	488,389,939
Net Pension Liability - PERS	330,280,248	122,378,153	-	-
<b>TOTAL LIABILITIES</b>	<b>881,523,828</b>	<b>697,060,404</b>	<b>598,181,728</b>	<b>570,595,127</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Pension Deferred Inflow - PERS	6,909,596	31,727,285	108,700,599	-
Deferred Gain on Bond Refunding	-	-	-	-
<b>TOTAL DEFERRED INFLOWS</b>	<b>6,909,596</b>	<b>31,727,285</b>	<b>108,700,599</b>	<b>-</b>
<b>NET POSITION:</b>				
Net Investment in Capital Assets	245,110,046	221,821,653	194,496,722	172,893,673
Restricted	3,816,479	6,904,637	6,877,725	9,841,417
Unrestricted	(356,823,304)	(296,475,388)	(179,573,984)	5,961,858
<b>TOTAL NET POSITION</b>	<b>\$ (107,896,779)</b>	<b>\$ (67,749,098)</b>	<b>\$ 21,800,463</b>	<b>\$ 188,696,948</b>
<b>BUSINESS TYPE ACTIVITIES</b>				
<b>ASSETS:</b>				
Current and Other Assets	\$ 525,894	\$ 333,869	\$ 258,570	\$ 251,499
Pension Assets	-	-	38,829	-
<b>TOTAL ASSETS</b>	<b>525,894</b>	<b>333,869</b>	<b>297,399</b>	<b>251,499</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Pension Deferred Outflow - PERS	125,548	47,249	18,859	-
<b>TOTAL DEFERRED OUTFLOWS</b>	<b>125,548</b>	<b>47,249</b>	<b>18,859</b>	<b>-</b>
<b>LIABILITIES:</b>				
Other Liabilities	8,677	8,441	7,940	780
Net Pension Liability - PERS	205,226	83,667	-	-
<b>TOTAL LIABILITIES</b>	<b>213,903</b>	<b>92,108</b>	<b>7,940</b>	<b>780</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Pension Deferred Inflows - PERS	4,294	21,692	74,925	-
<b>TOTAL DEFERRED INFLOWS</b>	<b>4,294</b>	<b>21,692</b>	<b>74,925</b>	<b>-</b>
<b>NET POSITION:</b>				
Unrestricted	432,867	267,318	233,393	250,719
<b>TOTAL NET POSITION</b>	<b>\$ 432,867</b>	<b>\$ 267,318</b>	<b>\$ 233,393</b>	<b>\$ 250,719</b>

Source: Salem-Keizer School District 24J  
GASB 68 and GASB 65 were implemented in FY 2015 and FY 2014, respectively.

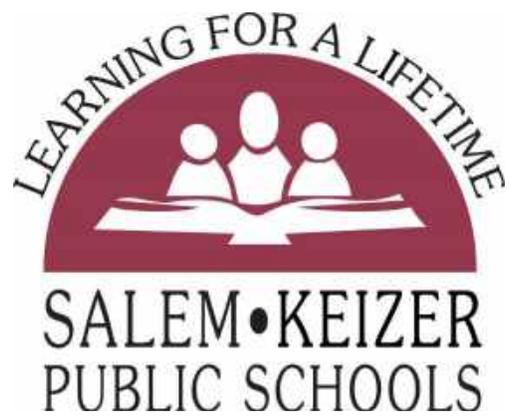


**SALEM-KEIZER SCHOOL DISTRICT 24J**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS ENDED JUNE 30**  
**(ACCRUAL BASIS OF ACCOUNTING)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Expenses</b>				
<b>Governmental Activities</b>				
Instructional Programs	\$ 319,391,385	\$ 347,430,098	\$ 214,216,158	\$ 252,926,140
Support Services:				
Pupil Transportation	18,161,022	19,138,280	12,787,985	16,577,771
Other Support Services	163,571,997	177,865,936	119,119,707	132,946,384
Community Services	553,625	1,827,365	520,377	506,316
Facilities Services	16,430,019	13,691,167		7,348,527
Food Services	7,583,348	14,983,797	14,919,866	13,905,716
Interest and Fees on Long-Term Debt	24,129,832	24,605,017	24,167,352	28,007,778
Total Governmental Activities Expenses	<u>549,821,228</u>	<u>599,541,660</u>	<u>385,731,445</u>	<u>452,218,632</u>
<b>Business-type Activities</b>				
Community Services	454,563	447,807	355,360	238,658
Total Business-type Activities Expenses	<u>454,563</u>	<u>447,807</u>	<u>355,360</u>	<u>238,658</u>
<b>Total Primary Government Expenses</b>	<u>\$ 550,275,791</u>	<u>\$ 599,989,467</u>	<u>\$ 386,086,805</u>	<u>\$ 452,457,290</u>
<b>Program Revenues</b>				
<b>Governmental Activities</b>				
Charges for Services:				
Instructional Programs	\$ 9,608,492	\$ 9,824,531	\$ 9,000,662	\$ 8,216,193
Other Support Services	11,756,109	11,002,719	8,773,438	9,709,131
Community Services	5,898	1,985	144,636	247,641
Food Services	1,491,208	1,414,001	1,540,266	1,573,325
Facilities Services	-	4,378	-	-
Operating Grants and Contributions	51,486,135	49,340,622	71,871,907	70,413,215
Capital Grants and Contributions	2,215,097	2,757,207	1,807,810	1,316,550
Total Governmental Activities Program Revenues	<u>76,562,939</u>	<u>74,345,443</u>	<u>93,138,719</u>	<u>91,476,055</u>
<b>Business-type Activities</b>				
Rentals	388,714	367,528	310,824	339,950
Charges for Services	231,398	114,204	97,608	149,427
Total Business-type Activities Program Revenues	<u>620,112</u>	<u>481,732</u>	<u>408,432</u>	<u>489,377</u>
<b>Total Primary Government Net (Expenses)</b>	<u>\$ 473,092,740</u>	<u>\$ 525,162,292</u>	<u>\$ 292,539,654</u>	<u>\$ 360,491,858</u>
<b>General Revenues</b>				
<b>Governmental Activities</b>				
Property Taxes Levied for Gen Purposes	\$ 76,773,738	\$ 71,975,251	\$ 68,784,828	\$ 66,459,654
Property Taxes Levied for Debt Service	22,397,658	33,676,046	30,432,693	32,677,947
Intermediate Sources	15,048,073	14,481,720	13,766,319	12,571,832
State School Fund - General Support	309,535,499	302,486,193	289,804,828	262,566,142
State School Fund - Unrestricted Grants	2,338,323	4,594,624	2,300,856	2,748,385
Common School Fund	5,009,361	4,796,275	3,905,074	3,644,939
Federal Sources - General Support	32,024	251,928	162,004	209,801
Unrestricted State and Local Sources	956,168	11,252	879,048	820,584
Gain on Sale of Capital Asset	22,763	196,908	2,492	878,681
Earnings on Investments	1,431,159	1,500,772	1,371,023	395,640
Net Increase in the Fair Value of Investments	175,346	126,513	-	-
Miscellaneous	398,691	540,979	2,668,228	3,006,775
Total Governmental Activities General Revenues	<u>434,118,803</u>	<u>434,638,461</u>	<u>414,077,393</u>	<u>385,980,380</u>
<b>Business-type Activities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Primary Government General Revenues</b>	<u>\$ 434,118,803</u>	<u>\$ 434,638,461</u>	<u>\$ 414,077,393</u>	<u>\$ 385,980,380</u>
<b>CHANGE IN NET POSITION</b>				
Governmental Activities	\$ (39,139,486)	\$ (90,557,756)	\$ 121,484,667	\$ 25,237,803
Business-type Activities	165,549	33,925	53,072	250,719
<b>Total Primary Government</b>	<u>\$ (38,973,937)</u>	<u>\$ (90,523,831)</u>	<u>\$ 121,537,739</u>	<u>\$ 25,488,522</u>

Source: Salem-Keizer School District 24J  
GASB 68 and GASB 65 were implemented in FY 2015 and FY 2014, respectively.

2013	2012	2011	2010	2009	2008
\$234,466,357	\$239,143,184	\$237,641,282	\$237,967,929	\$232,724,784	\$218,048,887
14,403,373	13,680,448	12,690,201	12,675,970	12,627,699	11,649,771
126,653,501	123,481,541	118,992,999	114,988,270	104,524,232	108,389,408
606,348	658,948	303,112	534,411	635,708	262,035
11,294,252	14,032,028	10,993,481	3,751,457	2,764,800	2,802,806
13,369,351	13,443,979	13,702,863	13,467,945	12,348,490	12,089,133
28,767,980	29,684,942	29,401,903	31,317,498	26,135,547	19,699,094
429,561,162	434,125,070	423,725,841	414,703,480	391,761,260	372,941,134
-	-	-	-	-	-
-	-	-	-	-	-
<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>	<u>\$372,941,134</u>
\$ 9,124,176	\$ 8,771,284	\$ 10,743,476	\$ 9,946,678	\$ 8,370,128	\$ 9,304,713
9,118,348	10,391,950	8,079,202	619,680	188,242	864,163
248,610	255,818	331,768	255,891	265,109	-
1,694,011	2,130,092	2,503,864	2,548,642	2,841,114	2,829,492
-	-	-	-	-	-
62,088,322	70,060,510	39,861,240	51,098,850	49,104,543	41,117,239
3,596,746	5,670,653	1,489,051	-	-	-
85,870,213	97,280,307	63,008,601	64,469,741	60,769,136	54,115,607
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<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>	<u>\$318,825,527</u>
\$ 64,534,344	\$ 63,806,206	\$ 62,075,210	\$ 61,126,919	\$ 57,794,797	\$ 56,416,903
31,983,475	27,564,920	25,104,617	28,376,315	27,859,981	24,705,298
13,081,146	10,998,712	11,022,507	12,491,059	12,066,122	11,431,887
234,837,668	225,426,426	216,524,217	222,492,803	222,039,625	233,450,631
1,277,087	2,434,920	1,456,880	1,675,723	2,533,635	10,799,693
3,815,555	3,416,747	3,332,569	3,434,287	2,745,744	5,347,930
212,007	344,012	13,894,534	11,059,510	-	-
1,205,329	11,382,607	117,868	68,507	401,363	485,780
-	-	-	-	-	-
632,285	694,038	1,524,189	2,870,269	3,704,253	6,796,419
-	-	-	-	-	-
3,177,473	1,418,168	14,887,881	530,352	8,560,088	996,434
354,756,369	347,486,756	349,940,472	344,125,744	337,705,608	350,430,975
-	-	-	-	-	-
<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>\$350,430,975</u>
\$ 11,065,420	\$ 10,641,993	\$ (10,776,768)	\$ (6,107,995)	\$ 6,713,484	\$ 31,605,448
-	-	-	-	-	-
<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>	<u>\$ 31,605,448</u>



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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>General Fund:</b>					
Nonspendable	\$ 287,315	\$ 248,221	\$ 296,170	\$ 204,599	\$ 241,073
Unassigned	44,265,384	49,197,236	44,135,114	32,924,527	27,126,649
<b>Total General Fund</b>	<u>\$ 44,552,699</u>	<u>\$ 49,445,457</u>	<u>\$ 44,431,284</u>	<u>\$ 33,129,126</u>	<u>\$ 27,367,722</u>
<b>All Other Governmental Funds:</b>					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	8,871,290	17,841,499	31,825,537	53,449,632	73,459,724
Committed	10,904,796	10,496,094	20,930,154	8,611,984	81,376
Assigned	25,476,685	25,565,756	21,285,837	18,429,846	13,316,478
<b>Total All Other Governmental Funds</b>	<u>\$ 45,252,771</u>	<u>\$ 53,903,349</u>	<u>\$ 74,041,528</u>	<u>\$ 80,491,462</u>	<u>\$ 86,857,578</u>
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>General Fund:</b>					
Nonspendable	\$ 201,396	\$ 173,465	\$ 142,003	\$ 133,827	\$ 192,500
Unassigned	27,762,738	27,208,601	23,472,444	22,476,088	31,320,634
<b>Total General Fund</b>	<u>\$ 27,964,134</u>	<u>\$ 27,382,066</u>	<u>\$ 23,614,447</u>	<u>\$ 22,609,915</u>	<u>\$ 31,513,134</u>
<b>All Other Governmental Funds:</b>					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 154,320
Restricted	95,581,542	159,272,568	192,556,390	186,386,226	10,467,689
Committed	81,376	-	-	-	-
Assigned	12,464,300	4,787,714	26,286,937	33,182,120	25,619,808
<b>Total All Other Governmental Funds</b>	<u>\$ 108,127,218</u>	<u>\$ 164,060,282</u>	<u>\$ 218,843,327</u>	<u>\$ 219,568,346</u>	<u>\$ 36,241,817</u>

Source: Salem-Keizer School District 24J

Note: GASB 54 was implemented in fiscal year 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			
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
2008	404,109,122	12,998,368	40,679,779	-	56,416,903	24,705,298	11,431,887

Source: Salem-Keizer School District 24J

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**General Revenues**

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<u>State School Fund General Support</u>	<u>State School Fund Unrestricted Other</u>	<u>Common School Fund</u>	<u>Federal Sources General</u>	<u>Unrestricted State and Local Sources</u>	<u>Earnings on Investments</u>	<u>Miscellaneous Revenue</u>
\$ 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
233,450,631	10,799,693	5,347,930	-	485,780	6,796,419	996,434

**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)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Revenues</b>				
Property and Other Taxes	\$ 99,590,868	\$ 105,944,729	\$ 99,920,726	\$ 98,650,144
Local Sources	36,453,124	33,707,616	31,979,185	34,807,130
Earnings on Investments	1,686,027	1,627,285	1,371,023	395,640
Intermediate Sources	16,667,069	15,219,988	14,451,999	12,960,454
State Sources	325,324,703	319,424,073	304,165,887	274,477,511
Federal Sources	40,096,109	40,688,340	43,999,955	42,026,000
Total Revenues	<u>519,817,900</u>	<u>516,612,031</u>	<u>495,888,775</u>	<u>463,316,879</u>
<b>Expenditures</b>				
Current Operating:				
Instruction	292,036,745	277,974,651	257,270,832	245,099,913
Support Services	163,446,602	166,835,483	146,604,642	140,985,333
Enterprise and Community Services	631,867	428,024	447,621	446,675
Food Services	17,270,612	16,763,087	14,959,648	14,328,054
Facilities Acquisition & Construction	10,651,985	20,999,372	21,252,657	16,598,607
Debt Service				
Principal	32,119,374	38,815,965	34,672,523	31,024,619
Interest	17,087,512	16,596,307	16,342,547	16,588,025
Other	-	-	-	-
Total Expenditures <sup>1</sup>	<u>533,244,697</u>	<u>538,412,889</u>	<u>491,550,470</u>	<u>465,071,226</u>
Excess (deficiency) of Revenues over (under) Expenditures	(13,426,797)	(21,800,858)	4,338,305	(1,754,347)
<b>Other Financing Sources (Uses)</b>				
Issuance of Debt - Capital Leases	-	6,479,944	139,221	-
Sale of or Compensation for Loss of Assets	19,279	196,908	10,550	1,149,635
Transfers In	6,520,000	3,620,000	2,820,000	2,726,427
Transfers Out	(6,520,000)	(3,620,000)	(2,820,000)	(2,726,427)
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>19,279</u>	<u>6,676,852</u>	<u>513,919</u>	<u>1,149,635</u>
Net Change in Fund Balances	<u>\$ (13,407,518)</u>	<u>\$ (15,124,006)</u>	<u>\$ 4,852,224</u>	<u>\$ (604,712)</u>
Expenditures for Capital Outlay - (included in Total Expenditures)	\$ 13,762,101	\$ 25,445,316	\$ 19,651,593	\$ 14,089,555
Debt Services as a Percentage of				
Noncapital Expenditures	9.47%	10.80%	10.81%	10.56%

<sup>1</sup>Categories differ from Statement of Revenues, Expenditures and Changes in Fund Balances- Governmental Funds.

Source: Salem-Keizer School District 24J

	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
\$	96,662,195	\$ 91,747,023	\$ 86,998,059	\$ 88,142,303	\$ 85,803,336	\$ 80,020,435
	28,146,721	33,472,607	25,554,784	26,332,386	24,828,439	24,530,036
	632,285	694,038	1,524,189	2,812,232	3,657,384	6,551,515
	13,446,652	11,684,471	11,365,254	12,697,901	12,616,147	12,043,101
	246,214,456	248,020,072	226,955,925	231,637,684	239,709,669	255,218,535
	43,755,037	46,207,662	60,325,000	58,438,741	44,052,970	35,330,199
	<u>428,857,346</u>	<u>431,825,873</u>	<u>412,723,211</u>	<u>420,061,247</u>	<u>410,667,945</u>	<u>413,693,821</u>
	229,648,913	231,883,701	231,908,326	231,479,419	231,033,951	224,722,446
	132,944,012	129,910,977	135,106,697	134,710,136	131,828,923	128,589,432
	606,348	658,948	468,567	1,394,859	334,005	(113,641)
	13,743,761	13,742,687	13,589,650	12,756,030	12,638,362	12,089,133
	26,973,526	65,754,712	78,335,595	29,249,211	5,520,272	1,034,449
	28,769,313	25,744,469	22,120,357	22,639,703	24,458,057	22,629,049
	18,080,195	19,661,375	19,230,288	20,213,182	17,491,896	17,993,686
	298,514	-	-	-	-	-
	<u>451,064,582</u>	<u>487,356,869</u>	<u>500,759,480</u>	<u>452,442,540</u>	<u>423,305,466</u>	<u>406,944,554</u>
	(22,207,236)	(55,530,996)	(88,036,269)	(32,381,293)	(12,637,521)	6,749,267
	-	-	-	876,554	2,074,280	3,218,000
	-	-	37,111	24,201	22,525	7,504
	361,887	320,000	13,511,497	5,872,186	7,285,158	7,085,868
	(320,000)	(320,000)	(11,911,497)	(5,872,186)	(7,285,158)	(7,085,868)
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	35,383,732	31,760,050	184,964,027	-
	46,260,000	7,820,000	-	-	-	22,810,738
	(45,960,703)	(7,640,000)	-	-	-	(24,810,738)
	<u>341,184</u>	<u>180,000</u>	<u>37,020,843</u>	<u>32,660,805</u>	<u>187,060,832</u>	<u>1,225,504</u>
\$	<u>(21,866,052)</u>	<u>(55,350,996)</u>	<u>(51,015,426)</u>	<u>279,512</u>	<u>174,423,311</u>	<u>7,974,771</u>
\$	23,783,727	\$ 60,143,820	\$ 74,792,648	\$ 26,426,234	\$ 6,461,404	\$ 4,840,469
	10.96%	10.63%	9.71%	10.06%	10.06%	10.10%

**SALEM-KEIZER SCHOOL DISTRICT 24J**  
**REVENUES AND OTHER FINANCING SOURCES BY SOURCE (NON-GAAP BASIS)**  
**GENERAL FUND<sup>1</sup>**  
**LAST TEN FISCAL YEARS ENDED JUNE 30**

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

<sup>1</sup>The General Fund accounts for the majority of general operating revenues and transfers-in of the District.

<sup>2</sup>Revenues are recognized when measurable and available.

	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
\$	61,624,530	\$ 60,726,090	\$ 59,294,800	\$ 57,342,728	\$ 54,762,944	\$ 53,589,746
	3,031,421	3,221,511	2,724,730	2,899,477	3,119,462	2,044,838
	57,347	58,916	111,825	193,653	211,498	59,231
	552,899	418,520	609,778	751,603	2,573,644	5,106,633
	54,428	96,290	188,874	50,001	11,690	15,478
	1,100,346	1,486,861	1,439,224	1,431,305	767,400	687,705
	1,215,142	844,696	728,421	853,709	215,352	213,828
	77,831	66,819	73,232	68,700	67,710	71,031
	<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>	<u>61,788,490</u>
	128,824	470,216	117,868	68,507	401,363	485,780
	5,298,733	4,743,970	4,372,760	5,246,245	5,155,398	4,874,732
	1,096,512	268,838	640,708	624,553	405,100	405,708
	3,024,277	2,707,642	2,807,830	2,997,854	3,559,680	3,365,886
	3,661,624	3,278,262	3,201,209	3,622,407	2,945,943	2,785,561
	<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>	<u>11,917,667</u>
	220,649,096	211,773,035	203,652,785	210,373,875	210,676,403	219,143,062
	-	-	-	-	-	3,425,197
	1,227,087	2,434,920	1,456,880	1,675,723	2,533,635	2,180,259
	3,815,555	3,416,747	3,332,569	3,434,287	2,745,744	5,347,930
	-	9,257,604	997,273	-	8,643,429	8,619,434
	14,209,729	13,653,391	12,871,432	12,118,928	11,363,222	10,882,372
	<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>	<u>249,598,254</u>
	212,007	221,564	436,510	485,729	539,906	565,415
	-	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>	<u>565,415</u>
	321,037,388	319,268,340	311,916,677	315,298,794	318,640,654	323,869,826
	-	-	-	876,554	-	-
	-	-	13,308,291	5,600,000	-	-
	-	-	13,308,291	6,476,554	-	-
\$	<u>321,037,388</u>	<u>319,268,340</u>	<u>325,224,968</u>	<u>321,775,348</u>	<u>318,640,654</u>	<u>323,869,826</u>

**SALEM-KEIZER SCHOOL DISTRICT 24J**  
**EXPENDITURES AND OTHER FINANCING (USES) BY PROGRAM (NON-GAAP BASIS)**  
**GENERAL FUND<sup>1</sup>**  
**LAST TEN FISCAL YEARS ENDED JUNE 30**

	2017	2016	2015	2014
<b>Instruction:</b>				
Regular Programs:				
Elementary, K-5	\$ 90,356,161	\$ 92,339,967	\$ 80,612,097	\$ 75,111,985
Middle/Junior High Programs	34,892,798	34,114,745	31,947,034	31,429,841
Middle/Junior High Extracurricular	1,002,962	895,904	594,228	571,889
High School Programs	49,373,366	46,407,457	43,418,222	41,287,672
High School Extracurricular	3,414,923	3,349,886	3,246,299	3,154,713
Special Programs:				
Talented and Gifted	397,661	419,122	525,676	522,245
Disabilities - Restrictive Programs	37,604,457	34,894,661	34,163,306	31,275,565
Disabilities - Less Restrictive Programs	24,344,777	21,610,390	19,249,433	19,568,144
Treatment and Habilitation	168,851	188,838	156,594	109,490
Alternative Education	10,742,748	10,797,860	9,834,268	9,584,945
English as a Second Language	15,172,301	9,800,089	9,464,684	9,408,899
Teen Parent Programs	1,010,938	1,000,464	845,005	752,654
Youth Corrections Education	49,590	55,266	56,544	55,130
Other Programs	177,107	175,917	197,336	184,581
Summer School Programs	189,572	127,711	8,456	5,313
<b>Total Instruction</b>	<b>268,898,212</b>	<b>256,178,277</b>	<b>234,319,182</b>	<b>223,023,066</b>
<b>Support Services:</b>				
Students:				
Attendance and Social Work	9,118,571	7,287,194	6,530,940	6,227,370
Guidance Services	9,220,031	8,878,500	8,278,641	7,311,132
Health Services	1,992,420	1,830,347	1,743,242	1,756,638
Psychological Services	1,348,112	1,432,469	1,293,570	1,252,799
Speech Pathology and Audiology Services	4,886,707	4,662,708	4,561,873	4,556,193
Other Student Treatment Services	1,468,001	1,263,041	1,177,905	1,011,848
Service Direction, Student Support Services	1,167,574	1,218,501	1,112,423	1,092,809
Instructional Staff:				
Improvement of Instruction Services	2,129,232	2,217,805	1,857,015	1,789,626
Educational Media Services	4,729,470	4,519,792	4,406,020	4,240,252
Assessment and Testing	675,333	813,950	716,566	1,087,096
Instructional Staff Development	5,005,324	4,691,827	678,758	794,333
General Administration:				
Board of Education Services	533,300	386,531	621,719	496,181
Executive Administration Services	1,472,800	1,457,344	1,481,135	1,413,006
School Administration:				
Office of the Principal Services	29,323,267	28,011,658	26,925,650	26,118,565
School Administration	2,258,480	2,143,372	1,834,555	1,726,773
Business:				
Fiscal Services	2,005,188	1,949,164	1,965,216	3,126,623
Operation and Maintenance of Plant Services	28,618,744	27,122,428	24,860,193	24,849,580
Student Transportation Services	15,836,975	15,009,885	14,384,637	15,021,195
Internal services - Mail and Delivery	1,174,773	1,136,709	1,237,801	1,165,488
Central Activities:				
Information Services	463,043	434,569	423,414	401,680
Staff Services	4,331,864	3,983,037	3,338,769	3,254,118
Technology Services	12,043,084	11,627,804	10,825,182	11,443,743
Other Support Services	771,437	747,995	436,072	408,816
Supplemental Retirement Program	988,492	1,355,572	1,692,275	2,047,299
<b>Total Support Services</b>	<b>141,562,222</b>	<b>134,182,202</b>	<b>122,383,571</b>	<b>122,593,163</b>
<b>Enterprise and Community Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Facilities Services:</b>				
Service Area Direction	213,847	172,539	190,700	192,264
Site Acquisition and Development	-	3,564	108,463	-
Building Acquisition, Construction and	163,345	184,689	197,661	326,862
<b>Total Facilities Services</b>	<b>377,192</b>	<b>360,792</b>	<b>496,824</b>	<b>519,126</b>
<b>Other Uses:</b>				
Debt Service	641,020	660,448	758,111	778,212
Transfers of Funds	6,520,000	3,620,000	2,820,000	320,000
<b>Total Other Uses</b>	<b>7,161,020</b>	<b>4,280,448</b>	<b>3,578,111</b>	<b>1,098,212</b>
<b>Total Expenditures and Other Uses</b>	<b>\$ 417,998,646</b>	<b>\$ 395,001,719</b>	<b>\$ 360,777,688</b>	<b>\$ 347,233,567</b>

<sup>1</sup>The General Fund accounts for the majority of general operating expenses of the District.  
Source: Salem-Keizer School District 24J

	2013	2012	2011	2010	2009	2008
\$	69,364,794	\$ 68,598,714	\$ 70,050,289	\$ 70,184,290	\$ 69,825,215	\$ 66,964,600
	29,803,093	31,763,621	31,778,914	31,758,102	32,244,211	31,936,681
	541,631	513,207	867,752	865,845	787,721	822,066
	37,828,501	38,018,258	40,263,023	39,261,083	40,622,268	40,929,862
	2,972,713	3,021,748	2,977,931	2,874,325	2,880,909	2,942,558
	472,296	445,699	497,044	531,041	652,184	569,213
	28,182,596	26,784,005	24,685,630	23,535,642	22,416,974	21,702,659
	18,448,438	18,356,606	15,870,274	15,584,519	15,567,369	14,983,387
	37,998	16,933	19,559	21,474	16,644	36,916
	8,934,775	9,005,992	9,073,452	9,297,644	10,005,038	9,534,226
	8,862,194	8,753,925	8,719,415	8,793,964	9,270,077	8,181,488
	675,656	705,153	658,238	556,153	572,197	497,049
	53,312	65,830	58,765	58,037	101,304	146,268
	179,169	182,789	164,380	172,199	166,036	167,351
	-	-	52,273	57,444	213,890	256,253
	<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>	<u>199,670,577</u>
	5,275,393	4,569,319	4,974,185	4,749,354	4,449,820	3,858,884
	6,709,565	6,869,053	7,791,522	8,204,091	8,656,598	8,453,208
	1,631,479	1,707,248	1,919,337	1,999,382	2,113,776	1,171,052
	1,161,735	1,078,531	867,114	889,559	780,954	811,871
	3,994,489	4,280,515	3,295,423	3,237,208	3,040,048	2,824,623
	1,010,372	1,040,977	900,964	885,184	892,802	826,131
	1,011,881	1,252,816	957,870	1,105,949	1,151,304	1,111,410
	1,493,646	1,302,558	1,460,562	1,262,980	1,544,248	1,628,269
	3,966,400	3,890,237	6,913,409	6,779,087	6,712,242	6,354,563
	821,400	834,515	802,835	711,263	690,681	781,137
	550,468	457,348	418,918	597,306	3,027,878	1,365,363
	563,632	456,625	725,332	608,475	732,622	562,365
	1,385,777	1,328,297	1,276,421	1,082,657	1,049,986	985,556
	24,612,932	24,769,389	24,780,359	24,727,884	24,785,799	22,941,805
	1,560,924	1,608,069	1,621,144	1,646,455	1,770,379	1,976,254
	2,724,714	2,977,592	2,968,863	2,989,444	1,914,294	1,909,233
	23,864,273	22,921,713	24,113,548	23,691,271	24,441,249	23,256,544
	14,029,655	13,680,190	12,690,541	12,090,786	11,943,298	11,649,771
	904,159	661,892	653,485	677,732	936,672	709,597
	380,498	354,963	334,265	349,568	398,817	376,654
	3,068,405	2,834,155	2,911,549	3,042,955	3,159,056	2,918,994
	10,578,304	9,449,232	9,231,036	11,389,467	9,793,034	10,112,527
	401,820	359,598	519,955	540,855	525,621	526,389
	2,227,181	2,317,747	2,367,089	2,733,383	2,981,026	2,883,109
	<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>	<u>109,995,309</u>
	-	-	-	-	-	-
	195,129	180,344	266,936	249,937	329,269	318,775
	-	9,615	-	-	-	-
	65,255	150,953	121,647	42,774	15,741	45,599
	<u>260,384</u>	<u>340,912</u>	<u>388,583</u>	<u>292,711</u>	<u>345,010</u>	<u>364,374</u>
	767,148	790,301	648,801	661,863	679,464	728,039
	320,000	320,000	187,300	272,186	3,685,158	7,085,868
	<u>1,087,148</u>	<u>1,110,301</u>	<u>836,101</u>	<u>934,049</u>	<u>4,364,622</u>	<u>7,813,907</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>	<u>317,844,167</u>

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

<b>General Fund</b>				
	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Levy Extended by Assessors- Current Year	\$ 77,722,509	\$ 73,657,149	\$ 69,923,900	\$ 67,505,383
Reduction to Taxes Receivable				
Current Year Collections and Adjustments <sup>1</sup>	(74,965,504)	(71,847,330)	(67,476,101)	(64,577,404)
Current Year Collections- Percent of Levy	96.45%	97.54%	96.50%	96.05%
Beginning Taxes Receivable - Prior Year	4,003,908	4,372,754	4,863,518	4,763,759
Reduction to Taxes Receivable <sup>(1)</sup>				
1st Year Prior	(1,448,937)	(1,102,184)	(1,819,018)	(1,260,340)
2nd Year Prior	(442,449)	(429,881)	(527,046)	(617,133)
3rd Year Prior	(501,312)	(366,937)	(395,561)	(617,653)
4th Year Prior	(234,538)	(155,740)	(158,458)	(245,862)
5th Year (and Earlier) Prior	(108,660)	(123,923)	(38,480)	(87,232)
Total Prior Years	(2,735,896)	(2,178,665)	(2,938,563)	(2,828,220)
Total General Fund Taxes Receivable, End of Year	<u>\$ 4,025,017</u>	<u>\$ 4,003,908</u>	<u>\$ 4,372,754</u>	<u>\$ 4,863,518</u>
<b>Debt Service Fund</b>				
	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Levy Extended by Assessors	\$ 23,824,757	\$ 34,662,188	\$ 31,415,085	\$ 33,248,920
Reduction to Taxes Receivable				
Current Year Collections and Adjustments <sup>(1)</sup>	(23,830,060)	(33,810,508)	(30,315,353)	(31,934,885)
Current Year Collections- Percent of Levy	100.02%	97.54%	96.50%	96.05%
Beginning Taxes Receivable - Prior Year	1,883,633	2,147,826	2,395,460	1,000,217
Reduction to Taxes Receivable <sup>(1)</sup>				
1st Year Prior	(365,811)	(680,672)	(815,400)	(622,437)
2nd Year Prior	(130,377)	(202,297)	(236,790)	(271,373)
3rd Year Prior	(86,164)	(172,676)	(177,714)	(235,030)
4th Year Prior	(40,862)	(48,079)	(71,192)	(86,618)
5th year (and Earlier) Prior	(8,231)	(12,149)	(46,270)	(49,445)
Total Prior Years	(631,444)	(1,115,873)	(1,347,366)	(1,264,903)
Total Debt Service Fund Taxes Receivable, End of Year	<u>\$ 1,246,886</u>	<u>\$ 1,883,633</u>	<u>\$ 2,147,826</u>	<u>\$ 2,395,460</u>

Year Ended June 30,	Levy	Collections (1)	% of Levy
2017	\$ 77,722,509	\$ 74,965,504	96.45%
2016	73,657,149	73,296,267	99.51%
2015	69,923,900	69,020,734	98.71%
2014	67,505,383	67,327,615	99.74%
2013	66,095,090	66,138,942	100.07%
5 Years Prior	308,254,183	308,137,691	99.96%
Totals	<u>\$ 663,158,214</u>	<u>\$ 658,886,753</u>	<u>99.36%</u>

<sup>1</sup>Amounts include interest on deficiencies, discounts allowed for early payment, adjustments and collections made by County Assessors

Sources: Marion and Polk County Assessors

<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
\$ 66,095,090	\$ 65,341,037	\$ 64,122,802	\$ 61,986,429	\$ 59,291,886	\$ 57,512,029
(63,750,081)	(62,909,509)	(61,442,797)	(59,383,633)	(56,332,939)	(55,314,897)
96.45%	96.28%	95.82%	95.80%	95.01%	96.18%
2,131,292	2,173,867	1,741,143	1,130,392	475,367	0
(1,265,561)	(1,401,765)	(1,308,940)	(1,744,787)	(1,495,140)	(1,112,102)
(556,388)	(482,160)	(488,232)	(200,144)	(506,807)	(289,991)
(540,546)	(426,630)	(295,107)	(32,557)	(120,965)	(180,073)
(217,553)	(140,556)	(128,291)	(65,650)	(149,723)	(127,375)
(43,866)	(22,992)	(26,711)	51,093	(31,287)	(12,224)
(2,623,914)	(2,474,103)	(2,247,281)	(1,992,045)	(2,303,922)	(1,721,765)
\$ 1,852,387	\$ 2,131,292	\$ 2,173,867	\$ 1,741,143	\$ 1,130,392	\$ 475,367
<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
\$ 32,554,298	\$ 28,403,726	\$ 25,935,542	\$ 28,757,333	\$ 28,654,364	\$ 25,108,526
(31,399,293)	(27,346,741)	(24,851,570)	(27,549,819)	(27,290,011)	(24,209,018)
96.45%	96.28%	95.82%	95.80%	95.24%	96.42%
845,931	987,371	812,353	425,400	123,068	0
(482,703)	(528,321)	(529,428)	(801,070)	(617,857)	(490,826)
(200,113)	(325,243)	(197,473)	(48,830)	(301,970)	(93,244)
(219,291)	(235,705)	(119,360)	153,705	(5,968)	(117,110)
(89,842)	(84,691)	(51,889)	(138,476)	(98,611)	(71,373)
(8,770)	(24,465)	(10,804)	14,110	(37,615)	(3,887)
(1,000,719)	(1,198,425)	(908,954)	(820,561)	(1,062,021)	(776,440)
\$ 1,000,217	\$ 845,931	\$ 987,371	\$ 812,353	\$ 425,400	\$ 123,068

<b>Debt Service Fund</b>			
Year Ended June 30,	Levy	Collections (1)	% of Levy
2017	\$ 23,824,757	\$ 23,830,060	100.02%
2016	34,662,188	34,176,319	98.60%
2015	31,415,085	31,126,402	99.08%
2014	33,248,920	33,038,746	99.37%
2013	32,554,298	32,472,058	99.75%
5 Years Prior	136,859,491	136,617,092	99.82%
Totals	\$ 292,564,739	\$ 291,260,676	99.55%

**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 <sup>1</sup>	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount <sup>2</sup>	Percentage of Levy		Amount	Percentage of Levy
2017	\$ 77,722,509	\$ 74,965,504	96.45%	\$ -	\$ 74,965,504	96.45%
2016	73,657,149	71,847,330	97.54%	650,380	72,497,710	98.43%
2015	69,923,900	67,476,101	96.50%	1,129,801	68,605,902	98.12%
2014	67,505,383	64,577,404	95.66%	1,577,786	66,155,190	98.00%
2013	66,095,090	63,750,081	96.45%	1,556,244	65,306,325	98.81%
2012	65,341,037	62,909,509	96.28%	2,103,434	65,012,943	99.50%
2011	64,122,802	61,442,797	95.82%	2,593,796	64,036,593	99.87%
2010	61,986,429	59,383,633	95.80%	2,530,115	61,913,748	99.88%
2009	59,291,886	56,332,939	95.01%	2,929,270	59,262,209	99.95%
2008	57,512,029	55,314,897	96.18%	2,182,293	57,497,190	99.97%

<sup>1</sup>The net levy is the actual imposed tax

<sup>2</sup>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

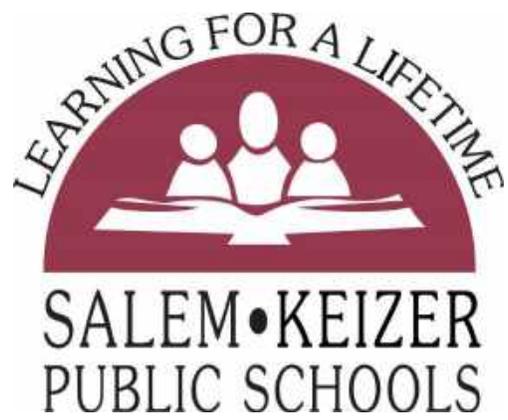
**SALEM-KEIZER SCHOOL DISTRICT 24J**  
**COMPARISON OF GENERAL FUND BUDGET TO TAX LEVY**  
**LAST TEN FISCAL YEARS ENDED JUNE 30**

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<b>Fiscal Year</b>	<b>General Fund Budgeted Expenditures and Transfers<sup>1</sup></b>	<b>General Fund Tax Levy</b>	<b>Percentage of Levy to Budget</b>
2017	\$ 463,675,386	\$ 76,907,652	16.59%
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%
2008	319,857,696	57,512,029	17.98%

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

Source: Salem-Keizer School District 24J



**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	
2017	\$ 17,355,473	\$ 527,425	\$ 17,882,899	\$ 5.611	\$ 27,595,893	\$ 558,482	\$ 28,154,375	63.52%
2016	16,648,683	512,063	17,160,746	6.525	25,906,700	542,216	26,448,916	64.88%
2015	16,002,336	496,522	16,498,858	6.401	23,961,957	503,604	24,465,562	67.44%
2014	15,376,921	479,216	15,856,137	6.669	22,888,542	485,113	23,373,655	67.84%
2013	15,062,504	478,055	15,540,560	6.687	22,669,259	406,537	23,075,796	67.35%
2012	15,019,696	399,964	15,419,659	6.438	23,420,386	414,720	23,835,106	64.69%
2011	14,690,322	404,019	15,094,340	6.301	24,447,702	412,003	24,859,705	60.72%
2010	14,271,415	407,217	14,678,633	6.530	25,394,403	412,431	25,806,833	56.88%
2009	13,639,900	388,378	14,028,278	6.584	25,971,985	392,433	26,364,418	53.21%
2008	13,009,027	378,736	13,387,764	6.461	24,484,753	382,120	24,866,873	53.84%

NOTE: Real Property includes all property types except Business Personal Property

\*Per \$1,000 of assessed value

Source: Marion/Polk County Dept. of Assessment & 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
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
2008	4.521	1.940	6.461	0.30	0.70	2.45	3.08

<sup>1</sup>The 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.

<sup>2</sup>Per \$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 Rates<sup>1</sup>**

<b>Cities</b>									
<b>City of Salem</b>	<b>City of Keizer</b>	<b>Regional Library District</b>	<b>Salem Mass Transit</b>	<b>Urban Renewal Districts</b>	<b>Fire Protection Districts</b>	<b>Maximum Tax Rates<sup>2</sup></b>		<b>Marion County</b>	<b>Polk County</b>
\$ 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		
6.58	2.08	0.08	0.76	0.88	0.54 - 2.59	18.27	17.64		

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

Marion County Top 10 Taxpayers		Enterprise	2016-17 Assessed Value	Percent of Principal Taxpayers	Percent of Total District Assessed Value	2007-08 Assessed Value	Percent Of Principal Taxpayers	Percent of Total District Assessed Value
Portland General Electric Co.	Utility		\$ 142,567,372	23.58%	0.92%	\$ 114,902,900	34.36%	0.99%
Northwest Natural Gas Co.	Utility		93,081,200	15.40%	0.60%	71,303,500	21.32%	0.61%
Donahue Schriber Reality Group	Retail		59,975,400	9.92%	0.39%	-	0.00%	0.00%
Lancaster Development Company LLC	Retail		56,428,400	9.33%	0.36%	53,453,210	15.99%	0.46%
Centurylink	Telecommunications		54,592,100	9.03%	0.35%	-	0.00%	0.00%
Metropolitan Life Insurance Co	Insurance		46,093,960	7.62%	0.30%	35,395,980	10.59%	0.30%
Panasonic ECO Solutions Solar	Retail		44,918,580	7.43%	0.29%	-	0.00%	0.00%
State Investments LLC	Real Estate		37,752,604	6.24%	0.24%	14,170,987	4.24%	0.12%
Wal-Mart Real Estate Business Inc.	Real Estate		34,717,310	5.74%	0.22%	27,641,030	8.27%	0.24%
Norpac Foods Inc.	Food Processor		34,461,205	5.70%	0.22%	17,498,206	5.23%	0.15%
<b>Total</b>			<b>\$ 604,588,131</b>		<b>3.90%</b>	<b>\$ 334,365,813</b>		<b>2.87%</b>

Polk County Top 10 Taxpayers		Enterprise	2016-17 Assessed Value	Percent of Principal Taxpayers	Percent of Total District Assessed Value	2007-08 Assessed Value	Percent Of Principal Taxpayers	Percent of Total District Assessed Value
Comcast of Oregon, Inc	Telecommunications		\$ 47,106,900	32.01%	1.97%	\$ 4,081,022	10.17%	0.24%
Northwest Natural Gas Co.	Utility		16,386,000	11.14%	0.68%	12,082,000	30.12%	0.70%
Capital Manor	Utility		15,735,420	10.69%	0.66%	11,613,680	28.95%	0.67%
Willamette Park Villas, LLC	Multi-Unit Residential		13,038,620	8.86%	0.54%	-	0.00%	0.00%
Orchard Ridge Apartments, LLC	Multi-Unit Residential		12,806,030	8.70%	0.53%	-	0.00%	0.00%
Roth IGA Foodliner, Inc.	Retail		11,373,390	7.73%	0.47%	6,895,890	17.19%	0.40%
F Raymond and Grace E Lester Family LP	Multi-Unit Residential		9,754,920	6.63%	0.41%	-	0.00%	0.00%
Riverbend Heights Apartments, LLC	Multi-Unit Residential		7,575,730	5.15%	0.32%	-	0.00%	0.00%
KWDS, LLC	Developer		6,736,730	4.58%	0.28%	5,437,960	13.56%	0.31%
Sunmark Centers LLC	Developer		6,632,880	4.51%	0.28%	-	0.00%	0.00%
<b>Total</b>			<b>\$ 147,146,620</b>		<b>6.14%</b>	<b>\$ 40,110,552</b>		<b>2.32%</b>

Source: Marion & Polk County Assessor

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Total Real Market Value of Taxable Property within School District No. 24J Marion and Polk County, Oregon	<u>\$ 27,595,892,818</u>	<u>\$ 25,906,699,941</u>	<u>\$ 24,606,137,122</u>	<u>\$ 23,373,654,758</u>	<u>\$ 23,135,831,748</u>
Bonded Debt Limit <sup>1</sup>	\$ 2,193,873,479	\$ 2,059,582,645	\$ 1,956,187,901	\$ 1,858,205,553	\$ 1,839,298,624
General Obligation Bonds	182,276,957	205,070,187	234,840,187	262,930,187	288,500,187
Amount Available for Retirement of Bonds	<u>(325,783)</u>	<u>(3,153,885)</u>	<u>(2,705,660)</u>	<u>(4,231,709)</u>	<u>(2,471,931)</u>
Net General Obligation Bonds Outstanding	<u>181,951,174</u>	<u>201,916,302</u>	<u>232,134,527</u>	<u>258,698,478</u>	<u>286,028,256</u>
Debt Margin at End of Fiscal Year	<u>\$ 2,011,922,305</u>	<u>\$ 1,857,666,343</u>	<u>\$ 1,724,053,374</u>	<u>\$ 1,599,507,075</u>	<u>\$ 1,553,270,368</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	8.29%	9.80%	11.87%	13.92%	15.55%
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Total Real Market Value of Taxable Property within School District No. 24J Marion and Polk County, Oregon	<u>\$ 23,835,105,862</u>	<u>\$ 24,859,704,706</u>	<u>\$ 25,806,833,076</u>	<u>\$ 26,364,418,048</u>	<u>\$ 24,866,872,922</u>
Bonded Debt Limit <sup>1</sup>	\$ 1,894,890,916	\$ 1,976,346,524	\$ 2,051,643,230	\$ 2,095,971,235	\$ 1,976,916,397
General Obligation Bonds	308,810,187	329,905,187	315,950,187	302,960,187	144,880,000
Amount Available for Retirement of Bonds	<u>(1,174,338)</u>	<u>(3,153,486)</u>	<u>(4,339,038)</u>	<u>(4,584,648)</u>	<u>(4,006,437)</u>
Net General Obligation Bonds Outstanding	<u>307,635,849</u>	<u>326,751,701</u>	<u>311,611,149</u>	<u>298,375,539</u>	<u>140,873,563</u>
Debt Margin at End of Fiscal Year	<u>\$ 1,587,255,067</u>	<u>\$ 1,649,594,823</u>	<u>\$ 1,740,032,081</u>	<u>\$ 1,797,595,696</u>	<u>\$ 1,836,042,834</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	16.24%	16.53%	15.19%	14.24%	7.13%

<sup>1</sup>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%)

Source: Marion and Polk Counties

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

<b>General Bonded Debt</b>						
<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Premium on General Obligation Bonds</b>	<b>Less amount Available for Repayment</b>	<b>Net General Obligation Bonds Outstanding</b>	<b>Percentage of Actual Real Market Value of Property<sup>1</sup></b>	<b>Per Student<sup>2</sup></b>
2017	\$ 182,276,957	\$ 5,063,059	\$ 325,783	\$ 181,951,174	0.66%	\$ 4,419
2016	205,070,187	5,774,210	3,153,885	201,916,302	0.78%	4,949
2015	234,840,187	6,485,363	2,705,660	232,134,527	0.94%	5,777
2014	262,930,187	7,196,515	4,231,709	258,698,478	1.11%	6,472
2013	288,500,187	7,907,667	2,471,931	286,028,256	1.24%	7,211
2012	308,810,187	8,618,820	1,174,338	307,635,849	1.29%	7,766
2011	329,905,187	9,329,972	3,153,486	326,751,701	1.31%	8,288
2010	315,950,187	5,859,200	4,339,038	311,611,149	1.21%	7,895
2009	302,960,187	-	4,584,648	298,375,539	1.13%	7,573
2008	144,880,000	-	4,006,437	140,873,563	0.57%	3,605

<b>Other Governmental Activities Debt</b>			<b>Total District Debt</b>			
<b>Fiscal Year</b>	<b>Limited Tax Pension Obligation Bonds</b>	<b>Capital Leases</b>	<b>Total District<sup>3</sup></b>	<b>Per Student<sup>2</sup></b>	<b>Per Capita<sup>4</sup></b>	<b>Percent of Personal Income<sup>5</sup></b>
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%
2008	199,382,354	15,106,915	517,449,456	13,134	1,232	3.67%

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

<sup>1</sup>See Assessed Value and Real Market Value Schedule.

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

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

<sup>4</sup>Per capita are District ADM estimates.

<sup>5</sup>See Schedule of Demographic and Economic Statistics for personal income.

Source: Salem-Keizer School District 24J

**SALEM-KEIZER SCHOOL DISTRICT 24J**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**June 30, 2017**

Overlapping District	2016-17 Real Market Valuation	Percent Overlapping <sup>1</sup>	Overlapping	
			Gross Direct Debt <sup>2</sup>	Gross Overlapping Debt
Aumsville RFPD	\$ 615,757,357	0.17%	\$ 3,007	\$ 3,007
Chemeketa Community College	46,944,803,075	52.21%	62,342,661	41,868,321
City of Keizer	5,101,240,036	100.00%	14,684,765	-
City of Salem	14,940,410,556	100.00%	196,311,254	149,562,517
Dayton RFPD	595,281,843	5.63%	50,098	-
Keizer RFPD	4,787,513,560	99.99%	3,624,554	3,624,554
Marion County	32,416,252,306	66.87%	35,296,630	5,670,448
Marion County RFPD	3,868,990,942	85.56%	4,171,936	4,171,936
Polk County	6,938,212,288	40.87%	860,506	629,600
Polk County RFPD	1,580,752,265	46.00%	8,247	8,247
Silverton RFPD	1,871,014,183	0.00%	21	21
Willamette Educat Service District	51,747,103,538	47.37%	10,984,561	4,718,753
Totals: Total Gross and Direct Overlapping Debt			<u>\$ 328,338,240</u>	<u>\$ 210,257,404</u>

School District 24J Direct Debt <sup>4</sup> :	\$ 409,111,237	Ratio of Net Property-tax Backed Debt to Real Market Value is:	1.63%
Gross Overlapping Direct Debt:	<u>210,257,404</u>	Per Capita District Direct Debt	\$ 1,216
		Per Capita Total Direct Debt	\$ 1,842
Total Debt of District 24J and Overlapping Issuers:	<u>\$ 619,368,641</u>	Ratio of Total Net Property-Tax Backed Debt to Real Market Value is:	2.49%

<sup>1</sup>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.

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

<sup>3</sup>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 BUDGET BASIS 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 <sup>1</sup>	Ratio of Annual Debt Service to Budget Basis General Fund Expenditures and Transfers
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%
2008	19,330,000	7,598,075	26,928,075	319,857,696	8.42%

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

Source: Salem-Keizer School District 24J

**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**

<b>Fiscal Year</b>	<b>Marion Cty Population US Census<sup>1</sup></b>	<b>Average Daily Membership K-12</b>	<b>Real Market Value</b>	<b>Net General Bonded Debt<sup>2</sup></b>	<b>Ratio of Net General Bonded Debt to Assessed Value</b>	<b>Net General Bonded Debt per Capita</b>	<b>Net General Bonded Debt per Student</b>
2017	336,316*	41,177	\$ 27,595,892,818	\$ 181,951,174	0.66%	\$ 550	\$ 4,419
2016	330,700	40,799	25,906,699,941	201,916,302	0.78%	611	4,949
2015	329,770	40,181	24,606,137,122	232,134,527	0.94%	704	5,777
2014	326,150	39,974	23,373,654,758	258,698,478	1.11%	793	6,472
2013	323,614	39,664	23,135,831,748	286,028,256	1.24%	884	7,211
2012	319,985	39,611	23,835,105,862	307,635,849	1.29%	961	7,766
2011	318,872	39,427	24,859,704,706	326,751,701	1.31%	1,025	8,288
2010	316,144	39,469	25,806,833,076	311,611,149	1.21%	986	7,895
2009	313,389	39,399	26,364,418,048	298,375,539	1.13%	952	7,573
2008	309,729	39,074	24,866,872,922	140,873,563	0.57%	455	3,605

<sup>1</sup>The 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.

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

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

Source: Salem-Keizer School District 24J

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

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**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>
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	322,880	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%
2008	309,729	10,675,641	34,468	5.3%

\*Income data not available at the time of publication- utilized 2016 amount. The population data is an estimate

Personal Income in thousands

This schedule is provided as a reference only. The District is located in both Marion and Polk Counties. Both Counties include other school districts. However, 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
- US Department of Commerce, Bureau of Economic Analysis
- US Census Bureau

**SALEM-KEIZER SCHOOL DISTRICT 24J**  
**SALEM METROPOLITAN AREA EMPLOYMENT- LARGEST TO SMALLEST<sup>1</sup>**  
**CURRENT AND NINE YEARS PRIOR**

<u>Employer</u>	<u>2017</u>		<u>2008</u>	
	<u>Employees</u>	<u>% of Total</u>	<u>Employees</u>	<u>% of Total</u>
Trade, Transportation & Utilities	26,311	15.6%	25,307	15.9%
Educational and Health Services	24,898	14.7%	19,291	12.1%
State Government	21,386	12.7%	20,128	12.6%
Local Government	18,680	11.1%	18,914	11.9%
Leisure and Hospitality	14,648	8.7%	12,591	7.9%
Professional and Business Services	13,562	8.0%	12,702	8.0%
Manufacturing	13,185	7.8%	13,952	8.8%
Natural Resources and Mining	11,671	6.9%	12,246	7.7%
Construction	9,222	5.5%	9,029	5.7%
Other Services	6,929	4.1%	5,758	3.6%
Financial Activities	5,973	3.5%	6,247	3.9%
Federal Government	1,377	0.8%	1,589	1.0%
Information	1,124	0.7%	1,489	0.9%
Total Salem Metropolitan Area Non-Farm Payroll Employment	<u>168,966</u>	<u>100.0%</u>	<u>159,243</u>	<u>100.0%</u>
Salem-Keizer SD 24J <sup>2</sup>	6,548	3.9%	4,437	2.8%
Governmental Employees	41,443	24.5%	40,631	25.5%
Private Sector Employees	<u>127,523</u>	<u>75.5%</u>	<u>118,612</u>	<u>74.5%</u>
	<u>168,966</u>	<u>100.0%</u>	<u>159,243</u>	<u>100.0%</u>

<sup>1</sup>Source: Economic Data QCEW Data Tool on QualityInfo.org a website of the Oregon Employment Department as June of 2017 - Quarter 4

<sup>2</sup>Source: Salem Keizer School District 24J Records- paid employees for the same period - 2017 Quarter 4

\* Numbers rounded to nearest hundred

**SALEM-KEIZER SCHOOL DISTRICT 24J**  
**SALEM METROPOLITAN AREA - AVERAGE ANNUAL EMPLOYMENT<sup>1</sup>**  
**LAST TEN CALENDAR YEARS**

	<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>	<u>2008</u>
Manufacturing:										
Other Durable Goods	6,300	6,000	5,800	5,200	4,900	4,900	4,800	5,000	5,300	6,600
Food Products	4,800	4,400	5,600	3,900	4,600	4,600	4,900	4,800	5,000	5,000
Other Nondurable Goods	2,500	2,300	2,000	2,000	2,000	2,000	1,900	2,000	2,000	2,400
<b>Total Manufacturing</b>	<b>13,600</b>	<b>12,700</b>	<b>13,400</b>	<b>11,100</b>	<b>11,500</b>	<b>11,500</b>	<b>11,600</b>	<b>11,800</b>	<b>12,300</b>	<b>14,000</b>
Natural Resources & Mining	1,200	1,200	5,900	1,200	1,200	1,200	1,100	1,100	1,000	1,200
Contract Construction	9,400	9,000	8,500	6,900	6,800	6,200	6,300	6,500	7,000	9,100
Transp., Comm., Utilities	4,400	4,200	3,900	3,800	3,800	3,700	3,500	3,400	3,700	3,800
Trade, Information	24,100	21,800	22,400	21,500	21,300	21,100	20,800	20,900	21,300	23,100
Finance, Ins., Real Estate	7,100	6,800	7,200	7,000	7,000	7,000	7,200	7,100	7,200	7,600
Service & Miscellaneous	61,800	61,600	55,300	54,100	53,000	50,900	49,900	49,700	50,200	51,200
Government:										
Federal	1,400	1,400	1,300	1,300	1,400	1,500	1,500	1,800	1,600	1,600
Indian Tribal	1,600	1,600	1,600	1,600	1,700	1,800	1,800	1,800	1,900	2,000
State	20,800	21,600	21,900	21,800	20,900	20,600	21,200	21,600	21,300	21,000
Local	20,600	20,800	16,600	16,800	15,800	15,900	16,400	17,500	17,800	17,600
<b>Total Excluding Agriculture</b>	<b>166,000</b>	<b>162,700</b>	<b>158,000</b>	<b>147,100</b>	<b>144,400</b>	<b>141,400</b>	<b>141,300</b>	<b>143,200</b>	<b>145,300</b>	<b>152,200</b>

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.

<sup>1</sup>Annual Average Employment is Not Seasonally Adjusted  
Source: Employment by Wages and Industry: [www.QualityInfo.org](http://www.QualityInfo.org)

**SALEM-KEIZER SCHOOL DISTRICT 24J**  
**POPULATION ETHNICITY AND OTHER RELATED DATA**  
**YEAR ENDED JUNE 30, 2017**

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	<u>Marion County</u>	<u>Polk County</u>
White	66.1%	78.5%
Spanish Heritage*	26.2%	13.7%
American Indian and Alaskan Native	2.5%	2.6%
Asian or Pacific Islander	3.4%	2.4%
African American	1.4%	1.0%
Housing Units	124,162	31,470
Homeownership Rate	59.8%	64.3%
Average Household Size	2.8	2.7
Percentage of Persons under 18	25.0%	23.0%
Median Household Income (2009-2015)	\$ 48,432	\$ 52,821

\* People who identify themselves as Hispanic or Latino (Spanish Heritage) may be of any racial group; therefore percentages are not equal to 100%

Source: U.S. Census Bureau People Quick Facts 2016

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

	Square Feet	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>ELEMENTARY SCHOOLS</b>											
<b>Auburn (1955)</b>	47,461										
ADM <sup>1</sup>		677	650	630	667	642	631	647	677	677	669
Enrollment <sup>1</sup>		689	654	652	668	652	639	653	685	688	665
<b>Battle Creek (2012)</b>	78,678										
ADM		586	559	525	529	460	-	-	-	-	-
Enrollment		581	542	527	531	459	-	-	-	-	-
<b>Bethel (1925)</b>	6,603										
ADM		-	-	-	-	-	-	61	73	70	76
Enrollment		-	-	-	-	-	-	64	72	71	77
<b>Brush College (1909)</b>	51,780										
ADM		277	253	210	339	373	410	420	431	409	397
Enrollment		289	254	200	333	369	410	421	437	398	400
<b>Bush (2005)</b>	46,290										
ADM		310	320	309	323	313	282	269	275	255	272
Enrollment		313	316	312	317	312	278	276	277	254	285
<b>Candalaria (1955)</b>	34,970										
ADM		344	353	355	339	340	342	329	345	306	312
Enrollment		341	354	352	343	338	352	329	341	312	318
<b>Chapman Hill (1985)</b>	59,528										
ADM		404	385	368	425	453	418	530	558	587	546
Enrollment		407	381	362	419	452	415	539	574	585	541
<b>Chavez (2012)</b>	78,174										
ADM		583	591	556	701	649	-	-	-	-	-
Enrollment		585	592	563	705	643	-	-	-	-	-
<b>Clear Lake (1994)</b>	49,289										
ADM		430	433	470	497	481	433	461	472	478	477
Enrollment		428	437	474	495	483	428	465	474	486	479
<b>Cummings (1953)</b>	41,287										
ADM		436	427	414	414	394	427	454	432	423	408
Enrollment		443	431	399	416	390	429	462	424	422	410
<b>Englewood (1910)</b>	55,240										
ADM		382	360	376	382	362	347	395	375	367	337
Enrollment		369	359	380	390	356	353	393	374	367	333
<b>Eyre (1976)</b>	47,200										
ADM		571	602	590	573	543	567	559	575	610	608
Enrollment		569	612	601	583	546	572	566	582	602	625
<b>Forest Ridge/Optimum Learning Environment (OLE) Charter (2002)</b>	47,554										
Forest Ridge ADM		248	231	241	233	248	243	236	250	235	245
Forest Ridge Enrollment		244	224	239	239	244	248	241	246	227	241
OLE ADM		130	130	130	130	132	134	124	125	125	125
OLE Enrollment		130	129	129	130	132	134	125	125	125	125
<b>Four Corners (1949)</b>	50,867										
ADM		531	530	510	521	523	501	506	531	530	534
Enrollment		531	532	522	517	523	510	513	545	527	534
<b>Fruitland (1935)</b>	4,896										
ADM		-	-	-	-	-	-	65	65	66	67
Enrollment		-	-	-	-	-	-	69	72	70	67
<b>Grant (1955)</b>	47,003										
ADM		444	428	456	434	405	378	355	358	351	326
Enrollment		446	427	447	443	410	393	349	361	354	335
<b>Gubser (1976)</b>	49,574										
ADM		550	524	486	470	474	474	490	503	506	508
Enrollment		546	528	477	464	477	472	491	508	512	511
<b>Hallman (2001)</b>	44,951										
ADM		389	415	454	429	453	453	464	481	483	446
Enrollment		397	435	456	433	461	468	466	500	480	446
<b>Hammond (2001)</b>	47,554										
ADM		506	532	522	504	507	529	517	521	516	526
Enrollment		504	522	518	502	514	527	521	532	515	525
<b>Harritt (2003)</b>	47,554										
Harritt ADM		512	524	501	301	296	295	550	555	574	547
Harritt Enrollment		515	514	498	301	289	293	557	551	571	541

<sup>1</sup>Enrollment data for all schools is from the official October Enrollment Report.

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

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

	Square Feet	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Hayesville (1963)</b>	55,458										
ADM		426	439	436	421	405	404	452	446	487	496
Enrollment		422	448	457	431	412	411	454	453	497	504
<b>Hazel Green (1955)</b>	-										
ADM		-	-	-	-	-	104	105	91	103	104
Enrollment		-	-	-	-	-	103	103	91	102	105
<b>Highland (1910)</b>	46,128										
ADM		411	406	398	387	358	328	349	369	298	302
Enrollment		413	413	402	388	366	340	356	367	304	307
<b>Hoover (1951)</b>	46,128										
ADM		471	499	500	531	529	546	552	565	564	612
Enrollment		475	502	506	538	523	558	562	552	570	605
<b>Kalapuya (2011)</b>	72,095										
ADM		597	603	619	662	641	597	-	-	-	-
Enrollment		592	590	615	655	638	591	-	-	-	-
<b>Keizer (1985)</b>	67,210										
ADM		682	654	641	624	590	624	535	530	540	540
Enrollment		685	656	657	617	604	642	534	537	564	532
<b>Kennedy (1964)</b>	42,457										
ADM		449	459	455	465	457	428	427	448	513	496
Enrollment		444	458	458	465	456	427	427	457	527	500
<b>Lake Labish (1958)</b>	9,298										
ADM		-	-	-	-	-	-	91	89	90	108
Enrollment		-	-	-	-	-	-	86	88	92	108
<b>Lamb (2001)</b>	47,554										
ADM		486	493	464	503	481	493	475	492	496	490
Enrollment		497	491	473	509	482	503	478	506	507	493
<b>Lee (2002)</b>	47,554										
ADM		311	309	318	305	319	397	497	385	399	365
Enrollment		310	303	318	303	328	398	495	385	401	371
<b>Liberty (1908)</b>	52,273										
ADM		388	372	388	376	370	375	366	354	339	365
Enrollment		386	372	378	372	368	368	363	354	344	362
<b>McKinley (1915)</b>	40,140										
ADM		352	335	339	317	316	313	316	310	309	304
Enrollment		357	329	334	317	318	326	324	310	303	312
<b>Middle Grove (1947) - SOLD</b>	-										
ADM		-	-	-	-	-	298	278	230	240	211
Enrollment		-	-	-	-	-	301	286	235	246	210
<b>Miller (2000)</b>	52,752										
ADM		433	417	430	420	428	500	382	349	359	369
Enrollment		436	424	426	437	439	507	388	349	352	387
<b>Morningside (1953)</b>	50,996										
ADM		382	384	379	373	355	372	357	336	321	316
Enrollment		386	386	386	378	358	374	357	335	323	314
<b>Myers (1973)</b>	46,746										
ADM		532	504	480	427	425	419	582	598	561	528
Enrollment		538	514	478	427	422	422	579	592	572	529
<b>Pringle (1985)</b>	58,637										
ADM		557	563	528	506	473	627	528	640	608	588
Enrollment		542	572	526	518	477	634	539	648	623	573
<b>Richmond (1911)</b>	49,734										
ADM		386	363	396	380	350	341	346	338	356	362
Enrollment		387	361	397	382	354	349	346	342	352	375
<b>Rosedale (1952)</b>	21,860										
ADM		-	-	-	-	-	150	168	162	146	139
Enrollment		-	-	-	-	-	151	164	156	145	141
<b>Salem Heights (1938)</b>	43,783										
ADM		317	301	291	274	264	275	282	303	303	282
Enrollment		323	296	288	279	273	276	288	306	301	288
<b>Schirle (1976)</b>	50,958										
ADM		417	442	453	463	455	492	511	490	459	440
Enrollment		419	442	445	464	462	490	510	501	452	437
<b>Scott (1976)</b>	49,888										
ADM		638	617	621	530	539	627	629	611	589	625
Enrollment		642	641	624	543	542	614	632	611	587	635
<b>Sumpster (1979)</b>	48,352										
ADM		554	534	496	494	498	536	548	541	535	544
Enrollment		547	523	501	496	502	537	548	547	535	550

<sup>1</sup>Enrollment data for all schools is from the official October Enrollment Report.

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

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

	Square Feet	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Swegle (1923)</b>	47,610										
ADM		542	576	561	469	583	580	570	536	513	496
Enrollment		553	583	553	481	585	587	573	538	512	498
<b>Valley Inquiry Charter School</b>	13,569										
ADM		166	163	165	163	160	148	145	138	118	99
Enrollment		156	165	168	163	162	146	148	145	121	99
<b>Washington (1948)</b>	65,156										
ADM		412	423	431	404	414	390	391	427	434	418
Enrollment		417	415	444	410	429	406	412	422	436	423
<b>Weddle (2001)</b>	50,080										
ADM		442	451	459	445	395	430	442	448	463	475
Enrollment		445	455	469	449	402	447	440	447	483	472
<b>Wright (1963)</b>	54,004										
ADM		412	421	424	456	447	432	443	435	456	471
Enrollment		418	420	428	448	443	433	448	431	458	469
<b>Yoshikai (1994)</b>	49,289										
ADM		590	554	542	496	487	505	495	475	511	520
Enrollment		591	538	535	505	487	512	502	489	504	523
<b>Eagle Charter, State Sponsored</b>											
ADM		141	141	143	125	126	-	-	-	-	-
Enrollment		139	140	144	120	124	-	-	-	-	-
<b>Elementary Portables</b>	96,522										
<b>Elementary Totals:</b>											
Square Feet	2,312,684										
ADM		19,804	19,670	19,460	19,227	18,910	18,593	18,694	18,738	18,680	18,491
Enrollment		19,847	19,680	19,518	19,324	19,006	18,774	18,842	18,874	18,779	18,580
<b>MIDDLE SCHOOLS</b>											
<b>Claggett Creek (2001)</b>	114,696										
ADM		940	919	917	932	933	916	912	916	915	912
Enrollment		954	926	926	948	944	940	927	930	944	930
<b>Crossler (1995)</b>	111,930										
ADM		764	725	692	752	816	786	703	732	708	744
Enrollment		763	733	692	772	831	804	711	764	723	784
<b>Grant (1994) (2)</b>											
ADM		-	-	-	-	-	-	81	82	80	95
Enrollment		-	-	-	-	-	-	83	84	81	100
<b>Houck (1995)</b>	117,048										
ADM		995	950	953	950	941	907	938	969	988	1005
Enrollment		1,014	957	974	957	960	937	966	969	996	1027
<b>Howard Street Charter (1926)</b>	65,618										
ADM		160	156	157	161	161	154	154	152	150	150
Enrollment		161	156	161	163	162	152	156	154	151	154
<b>Judson (1957)</b>	121,584										
ADM		966	941	914	953	962	966	968	931	891	901
Enrollment		978	958	932	956	981	979	976	946	904	903
<b>Leslie (1997)</b>	113,600										
ADM		766	774	756	764	810	891	891	921	851	848
Enrollment		772	790	767	773	818	891	894	919	874	876
<b>Parrish (1923)</b>	113,302										
ADM		691	682	649	675	696	733	690	633	648	682
Enrollment		714	691	670	695	705	747	697	640	655	685
<b>Stephens (1994)</b>	118,272										
ADM		1,091	1,046	1,037	919	952	1,010	946	913	921	953
Enrollment		1,106	1,063	1,053	927	1,005	1,028	961	943	955	962
<b>Straub (2011)</b>	136,813										
ADM		618	600	589	723	756	-	-	-	-	-
Enrollment		621	607	587	731	750	-	-	-	-	-
<b>Jane Goodall Environmental Middle School (JGEMS)</b>											
JGEMS ADM		97	97	97	98	98	90	89	88	89	90
JGEMS Enrollment		98	99	97	99	98	90	90	88	90	90
<b>Waldo (1957)</b>	120,528										
Waldo ADM		974	979	922	903	797	789	739	788	751	738
Waldo Enrollment		980	995	929	910	821	791	760	781	739	751
<b>Walker (1960)</b>	114,160										
ADM		640	637	619	521	529	1,092	1,080	1,073	1,087	1058
Enrollment		644	638	613	530	534	1,114	1,091	1,075	1,091	1065

<sup>1</sup>Enrollment data for all schools is from the official October Enrollment Report.

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

Source: Salem Keizer School District 24J - Facilities.

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

	Square Feet	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Whiteaker (1968)</b>	114,452										
ADM		776	744	731	772	823	879	894	877	858	784
Enrollment		771	741	733	776	827	884	896	884	868	792
<b>Middle School Portables</b>	26,813										
<b>Middle School Totals:</b>											
<b>Square Feet</b>	<b>1,388,816</b>										
<b>ADM</b>		<b>9,478</b>	<b>9,250</b>	<b>9,033</b>	<b>9,121</b>	<b>9,275</b>	<b>9,213</b>	<b>9,085</b>	<b>9,077</b>	<b>8,937</b>	<b>8,960</b>
<b>Enrollment</b>		<b>9,576</b>	<b>9,354</b>	<b>9,134</b>	<b>9,237</b>	<b>9,436</b>	<b>9,357</b>	<b>9,208</b>	<b>9,177</b>	<b>9,071</b>	<b>9,119</b>
<b>HIGH SCHOOLS</b>											
<b>McKay (1978)</b>	247,176										
ADM		2,342	2,227	2,130	1,877	1,745	1,752	1,711	1,683	1,765	1792
Enrollment		2,455	2,334	2,228	1,968	1,824	1,855	1,855	1,834	1,921	1925
<b>McNary (1964)</b>	243,760										
ADM		1,936	1,956	1,952	1,956	1,947	1,972	1,979	1,961	1,897	1919
Enrollment		2,051	2,046	2,062	2,037	2,053	2,130	2,095	2,050	2,088	2078
<b>North (1936)</b>	308,314										
ADM		1,737	1,747	1,744	1,759	1,789	1,856	1,785	1,790	1,856	1862
Enrollment		1,815	1,867	1,855	1,889	1,923	2,039	1,905	1,928	2,025	2032
<b>South (1954)</b>	277,375										
ADM		1,805	1,821	1,811	1,882	1,937	1,862	1,850	1,807	1,775	1819
Enrollment		1,884	1,881	1,902	1,951	2,029	1,975	1,949	1,875	1,894	1946
<b>Sprague (1972)</b>	269,584										
ADM		1,654	1,644	1,634	1,652	1,664	1,628	1,686	1,599	1,637	1662
Enrollment		1,751	1,706	1,695	1,730	1,756	1,728	1,755	1,663	1,727	1773
<b>West (2002)</b>	265,000										
ADM		1,709	1,734	1,677	1,666	1,676	1,631	1,616	1,587	1,537	1462
Enrollment		1,799	1,773	1,730	1,738	1,728	1,754	1,687	1,706	1,619	1555
<b>High School Portables</b>	52,239										
<b>Total Alternative Education Programs/Locations: Centennial (1897) and Roberts (2005)</b>	55,940										
ADM		712	750	739	895	858	820	992	1,252	1163	960
Enrollment		916	823	975	1,096	987	950	1,106	1,314	1186	933
<b>HIGH SCHOOL AND ALTERNATIVE EDUCATION PROGRAMS TOTALS:</b>											
<b>Square Feet</b>	<b>1,719,388</b>										
<b>ADM</b>		<b>11,896</b>	<b>11,879</b>	<b>11,687</b>	<b>11,687</b>	<b>11,617</b>	<b>11,521</b>	<b>11,619</b>	<b>11,679</b>	<b>11,630</b>	<b>11,476</b>
<b>Enrollment</b>		<b>12,671</b>	<b>12,430</b>	<b>12,447</b>	<b>12,409</b>	<b>12,300</b>	<b>12,431</b>	<b>12,352</b>	<b>12,370</b>	<b>12,460</b>	<b>12,242</b>
<b>DISTRICT FACILITIES</b>											
<b>Paulus Complex (1986)</b>	21,230										
<b>Lancaster Professional Center (1975)</b>	35,265										
<b>Central Kitchen/Nutrition Center (1994)</b>	25,400										
<b>Central Services (1994)</b>	71,230										
<b>Reprographics (1991)</b>	26,550										
<b>Support Services (1955)</b>	22,580										
<b>Technology Data Center (1975)</b>	11,664										
<b>Transportation (1964)</b>	12,640										
<b>District Portables:</b>	2,320										
<b>Other District Facilities</b>	6,487										
<b>Total District:</b>	235,366										
<b>GRAND TOTALS:</b>	<b>5,656,254</b>										
<b>ADM</b>		<b>41,178</b>	<b>40,799</b>	<b>40,180</b>	<b>40,035</b>	<b>39,801</b>	<b>39,327</b>	<b>39,398</b>	<b>39,493</b>	<b>39,247</b>	<b>38,927</b>
<b>Enrollment</b>		<b>42,094</b>	<b>41,464</b>	<b>41,099</b>	<b>40,970</b>	<b>40,742</b>	<b>40,562</b>	<b>40,402</b>	<b>40,421</b>	<b>40,310</b>	<b>39,941</b>

<sup>1</sup>Enrollment data for all schools is from the official October Enrollment Report.

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

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

School Name	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Elementary Schools</b>										
Auburn	677	650	630	667	642	631	647	677	677	669
Battle Creek	586	559	525	529	460	-	-	-	-	-
Bethel	-	-	-	-	-	-	61	73	70	76
Brush College	277	253	210	339	373	410	420	431	409	397
Bush	310	320	309	323	313	282	269	275	255	272
Candalaria	344	353	355	339	340	342	329	345	306	312
Chapman Hill	404	385	368	425	453	418	530	558	587	546
Chavez	583	591	556	701	649	-	-	-	-	-
Clear Lake	430	433	470	497	481	433	461	472	478	477
Cummings	436	427	414	414	394	427	454	432	423	408
Englewood	382	360	376	382	362	347	395	375	367	337
Eyre	571	602	590	573	543	567	559	576	610	608
Forest Ridge	248	231	241	233	247	243	236	250	235	245
Four Corners	531	530	510	521	523	501	506	531	530	534
Fruitland	-	-	-	-	-	-	65	65	66	67
Grant	444	428	456	434	405	378	355	359	351	326
Gubser	550	524	486	470	474	474	490	503	506	508
Hallman	389	415	454	429	452	453	464	481	483	446
Hammond	506	532	522	504	507	529	517	521	516	526
Harritt	512	524	501	301	296	295	550	555	574	547
Hayesville	426	439	436	421	405	404	452	447	487	496
Hazel Green	-	-	-	-	-	104	105	91	103	104
Highland	411	406	398	386	358	328	349	370	298	302
Hoover	471	499	500	531	528	546	552	565	564	612
Kalapuya	597	603	619	662	641	597	-	-	-	-
Keizer	682	654	641	624	590	624	535	530	540	540
Kennedy	449	459	455	465	457	428	427	448	513	496
Lake Labish	-	-	-	-	-	-	91	89	90	108
Lamb	486	493	464	503	481	493	475	492	496	490
Lee	311	309	318	305	319	397	497	385	399	365
Liberty	388	372	388	376	370	375	366	354	339	365
McKinley	352	335	339	317	316	313	316	310	309	304
Middle Grove	-	-	-	-	-	298	278	230	240	211
Miller	433	417	430	420	428	500	382	350	359	369
Morningside	382	384	379	373	355	372	357	336	321	316
Myers	532	504	480	427	425	419	582	599	561	528
Pringle	557	563	528	506	473	627	528	640	608	588
Richmond	386	363	396	380	350	341	346	338	356	362
Rosedale	-	-	-	-	-	150	168	162	146	139
Salem Heights	317	301	291	274	264	275	282	299	303	282
Schirle	417	442	453	463	455	492	511	490	459	440
Scott	638	617	621	530	539	627	629	611	589	625
Sumpter	554	534	496	494	498	536	548	541	535	544
Swegle	542	576	561	471	469	583	580	570	536	513
Washington	412	423	431	438	404	414	390	391	427	434
Weddle	442	451	459	464	445	395	430	442	448	463
Wright	412	421	424	462	456	447	432	443	435	456
Yoshikai	590	554	542	498	496	487	505	495	475	511
OLE Charter (1-5)	130	130	130	130	132	134	124	125	125	125
Valley Inquiry Charter	167	163	165	166	163	160	148	145	138	118
Eagle State Sponsored Charter	140	141	143	138	125	126	-	-	-	-
<b>Total Elementary Schools</b>	<b>19,804</b>	<b>19,670</b>	<b>19,460</b>	<b>19,305</b>	<b>18,856</b>	<b>18,720</b>	<b>18,693</b>	<b>18,765</b>	<b>18,643</b>	<b>18,507</b>

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

School Name	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Middle School</b>										
Claggett Creek	940	919	917	890	932	933	916	912	916	915
Crossler	764	725	692	701	751	816	786	703	732	708
Houck	995	950	953	949	950	941	907	938	969	988
Judson	966	941	914	908	953	962	966	968	931	891
Leslie	766	774	756	759	764	810	891	891	921	851
Parrish	691	682	649	662	675	696	733	690	633	648
Stephens	1,091	1,046	1,037	992	919	952	1,010	946	913	921
Straub	618	600	589	723	723	756	-	-	-	-
Waldo	974	979	922	917	902	797	789	739	788	751
Walker	640	637	619	505	521	529	1,092	1,080	1,073	1,087
Whiteaker	776	744	731	742	772	823	879	894	877	858
Howard Street Charter	160	156	157	157	161	161	154	154	152	150
Grant Community Charter	-	-	-	-	-	-	-	81	82	80
Jane Goodall Environmental Charter	97	97	97	99	98	98	90	89	88	89
<b>Total Junior High/ Middle Schools</b>	<b>9,478</b>	<b>9,250</b>	<b>9,033</b>	<b>9,004</b>	<b>9,121</b>	<b>9,275</b>	<b>9,213</b>	<b>9,085</b>	<b>9,077</b>	<b>8,937</b>
<b>High Schools</b>										
McKay	2,342	2,227	2,130	1,980	1,877	1,745	1,752	1,711	1,683	1,765
McNary	1,936	1,956	1,952	2,006	1,956	1,947	1,972	1,979	1,961	1,897
North	1,737	1,747	1,744	1,760	1,759	1,789	1,856	1,785	1,790	1,856
South	1,805	1,821	1,811	1,885	1,882	1,937	1,862	1,850	1,807	1,775
Sprague	1,654	1,644	1,633	1,571	1,652	1,664	1,628	1,686	1,599	1,637
West Salem	1,709	1,734	1,677	1,627	1,666	1,676	1,631	1,616	1,587	1,537
Alternative Education	538	580	505	676	723	668	611	838	1,055	1,005
<b>Total High Schools</b>	<b>11,721</b>	<b>11,709</b>	<b>11,452</b>	<b>11,505</b>	<b>11,515</b>	<b>11,427</b>	<b>11,312</b>	<b>11,465</b>	<b>11,481</b>	<b>11,472</b>
<b>Other Special Programs</b>	<b>175</b>	<b>170</b>	<b>236</b>	<b>160</b>	<b>172</b>	<b>190</b>	<b>209</b>	<b>154</b>	<b>197</b>	<b>158</b>
<b>Total Average Daily Membership</b>	<b>41,178</b>	<b>40,799</b>	<b>40,181</b>	<b>39,974</b>	<b>39,664</b>	<b>39,611</b>	<b>39,427</b>	<b>39,469</b>	<b>39,399</b>	<b>39,074</b>
<b>Percentage increase from previous year</b>	<b>0.93%</b>	<b>1.54%</b>	<b>0.52%</b>	<b>0.78%</b>	<b>0.13%</b>	<b>0.47%</b>	<b>-0.11%</b>	<b>0.18%</b>	<b>0.83%</b>	<b>0.92%</b>

Source: Salem-Keizer School District 24J

**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>Total General Fund</u>	<u>All Other Funds</u>	<u>Percent of Total</u>
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%
2008	2,373	1,646	152	4,171	3,743	428	89.74%

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)	2469	June 30, 2021	Settled
Association of Salem-Keizer Education Support Professionals (ASK ESP)	2938	June 30, 2018	Settled

Source: Salem-Keizer School District 24J

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

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<b>Fiscal Year</b>	<b>Minimum Salary<sup>1</sup></b>	<b>Maximum Salary<sup>1</sup></b>	<b>Average Salary<sup>1</sup></b>	<b>Marion County Average Salary<sup>2</sup></b>	<b>Polk County Average Salary<sup>2</sup></b>	<b>Statewide Average Salary<sup>2</sup></b>
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
2008	32,624	64,210	49,924	51,024	49,471	52,656

Sources: <sup>1</sup>Salem Keizer School District 24J. Minimum, maximum, and average salary amounts do not include differentials, additional work days, or fringe benefits such as retirement, health insurance,  
<sup>2</sup>Oregon Department of Education (ODE), 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 Service- General		Cost per Pupil	% Change	Teaching Staff	Pupil-Teacher Ratio
					Obligation Bonds					
2017	41,178	\$ 513,312,432	\$ 12,466	-0.1%	\$ 487,185,168		\$11,831	1.4%	2,905	14.2
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
2008	39,074	408,944,554	10,466	5.9%	379,985,275		9,725	5.7%	2,373	16.5

Source: Salem-Keizer School District 24J

Notes: Teaching staff includes all licensed staff - teachers, counselors, and librarians.

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

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**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:**

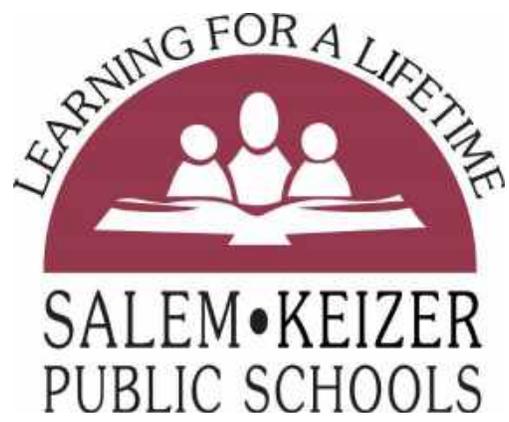
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Paid lunches	820,643	813,221	704,861	816,839	844,229	968,158	1,108,465	1,180,258	1,193,812	1,239,151
Free lunches	3,073,840	3,138,828	2,948,233	2,613,510	2,540,132	2,566,100	2,493,062	2,367,953	2,222,179	2,127,436
Reduced lunches	163,344	162,010	174,689	277,296	274,058	297,095	319,478	384,474	397,196	384,765
	<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>	<u>3,751,352</u>
Paid breakfast	197,325	191,819	161,505	231,040	214,897	250,572	268,760	307,929	327,052	357,733
Free breakfast	1,151,793	1,171,952	1,127,288	1,037,571	977,764	1,053,192	969,294	972,709	958,024	938,613
Reduced breakfast	50,282	51,943	58,341	98,980	93,044	106,691	124,814	143,925	140,494	140,777
	<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>	<u>1,437,123</u>
Percentage of students eligible for meals	58%	61%	58%	61%	59%	59%	58%	56%	52%	53%

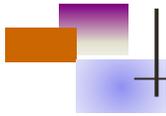
**GRADUATION STATISTICS:**

High Schools	2,267	2,054	2,178	2,165	2,147	2,180	2,191	2,311	2,371	2,175
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Graduates for the current year are estimates. Finalized numbers are available from ODE the following spring. Graduation rates before 2008-09 are not comparable to later years. The Oregon Department of Education changed the counting methodology.

Source: Salem-Keizer School District 24J





## Compliance Section

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*Salem High School circa 1906, now North Salem High School*



## GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS  
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(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, 2017, 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 27, 2017.

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

#### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the 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 27, 2017



## 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 PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY 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, 2017. 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* 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, 2017.

#### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2016-001 and 2017-001. Our opinion on each major federal program is not modified with respect to these matters.

The District's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

***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, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2016-001 and 2017-001, that we consider to be significant deficiencies.

The District's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

***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 27, 2017

**SALEM-KEIZER SCHOOL DISTRICT 24J**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2017**

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Grant Period	Grant Amount	Revenue and Expenditures 2016-17
<b>U.S. Department of Education</b>					
<b>Direct Programs</b>					
<b>Indian Education Grants to Local Educational Agencies</b>					
Indian Education	84.060	S060A161098	7/1/16-6/30/17	\$ 163,266	\$ 163,266
<b>Subtotal Indian Education Grants to Local Educational Agencies</b>					<u>163,266</u>
<b>High School Graduation Initiative</b>					
HS Graduation Initiative	84.360	S360A100047	10/1/14-9/30/16	2,079,990	197,092
<b>Subtotal High School Graduation Initiative</b>					<u>197,092</u>
<b>Total U.S. Department of Education Direct Programs</b>					<u>360,358</u>
<b>Passed-Through Oregon Department of Education</b>					
<b>Title I Grants to Local Educational Agencies</b>					
Title ID 14-15	84.010	32518	7/1/14-9/30/16	153,702	12,696
Title IA/D 15-16	84.010	36068	7/1/15-9/30/17	14,288,417	5,214,190
Title ID 15-16	84.010	36570	7/1/15-9/30/16	136,590	3,786
Title I - Priority/Focus - Four Corners	84.010	37576	7/1/15-9/30/16	39,085	13,419
Title I - Priority/Focus - Grant	84.010	37577	7/1/15-9/30/16	33,881	2,040
Title I - Priority/Focus - Scott	84.010	37578	7/1/15-9/30/16	40,098	6,577
Title I - Priority/Focus - Swegle	84.010	37579	7/1/15-9/30/16	37,042	2,947
Title IA/D 16-17	84.010	41152	7/1/16-9/30/17	13,761,063	8,357,642
Title ID 16-17	84.010	41210	7/1/16-9/30/17	170,325	142,061
Title I - Priority/Focus - Four Corners	84.010	41865	7/1/16-9/30/17	37,131	37,131
Title I - Priority/Focus - Grant	84.010	41867	7/1/16-9/30/17	32,187	32,187
Title I - Priority/Focus - Scott	84.010	41871	7/1/16-9/30/17	38,093	38,093
Title I - Priority/Focus - Swegle	84.010	41872	7/1/16-9/30/17	35,190	35,190
<b>Subtotal Title I Grants to Local Educational Agencies</b>					<u>13,897,959</u>
<b>Migrant Education State Grant Program</b>					
Title I C Regular	84.011	37726	7/1/15-9/30/17	662,356	143,064
Title I C Preschool	84.011	37745	7/1/15-9/30/16	64,263	7,308
Title I C Summer	84.011	40022	4/15/16-9/30/16	168,505	122,467
Title I C Regular	84.011	41227	7/1/16-9/30/17	739,884	540,693
Title I C Preschool	84.011	41246	7/1/16-9/30/17	72,305	57,110
Title I C Summer	84.011	43689	4/1/17-9/30/17	196,948	81,598
<b>Subtotal Migrant Education State Grant Program</b>					<u>952,240</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, 2017**

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Grant Period	Grant Amount	Revenue and Expenditures 2016-17
<b>School Improvement Grants</b>					
ARRA - Title IA - SIG - Richmond	84.377	35727	6/1/15-9/30/16	\$ 279,936	\$ 176,026
ARRA - Title IA - SIG - Richmond	84.377	42571	7/1/16-9/30/17	371,987	213,654
<b>Subtotal School Improvement Grants</b>					<u>389,680</u>
<b>Supporting Effective Instruction State Grants</b>					
Title IIA 15-16	84.367	36265	7/1/15-9/30/17	1,334,100	143,292
Title IIA 16-17	84.367	41407	7/1/16-9/30/17	1,277,629	836,410
<b>Subtotal Supporting Effective Instruction State Grants</b>					<u>979,702</u>
<b>English Language Acquisition State Grants</b>					
Title III 15-16	84.365	36359	7/1/15-9/30/17	971,665	385,614
Immigrant	84.365	41738	7/1/16-9/30/17	4,357	323
Title III 16-17	84.365	41795	7/1/16-9/30/17	1,013,732	730,359
<b>Subtotal English Language Acquisition State Grants</b>					<u>1,116,296</u>
<b>Special Education Cluster (IDEA)</b>					
IDEA 15-16, 611 Part B	84.027	36962	7/1/15-9/30/17	6,754,060	2,024,306
SPR & I 16-17	84.027	40945	7/1/16-6.30.17	25,628	16,512
IDEA 16-17, 611 Part B	84.027	41616	7/1/16-9/30/18	7,000,339	3,744,408
Ext Assessment 16-17	84.027	42006	7/1/16-6/30/17	20,700	2,860
Post School Outcomes 2016-17	84.027	42922	11/1/16-5/30/17	2,520	14
<b>Subtotal Special Education Cluster (IDEA)</b>					<u>5,788,100</u>
<b>Career and Technical Education</b>					
Oregon PIPE Regional	84.048	34993	1/26/15-6/30/17	5,000	465
Perkins 15-16	84.048	36420	7/1/15-9/30/16	471,540	63,681
Perkins 16-17	84.048	40325	7/1/16-9/30/17	415,787	364,112
<b>Subtotal Career and Technical Education</b>					<u>428,258</u>
<b>Education for Homeless Children and Youth</b>					
McKinney Homeless 15-16	84.196	36485	7/1/15-9/30/16	60,000	5,756
McKinney Homeless 16-17	84.196	40513	7/1/16-9/30/17	62,700	62,700
<b>Subtotal Education for Homeless Children and Youth</b>					<u>68,456</u>
<b>Total U.S. Department of Education Passed-Through Oregon Department of Education</b>					<u>23,620,691</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, 2017**

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Grant Period	Grant Amount	Revenue and Expenditures 2016-17
<b>Passed through Oregon Department of Human Services</b>					
Youth Transition Program 13-17	84.126	143309-1	7/1/13-6/30/17	\$ 893,147	\$ 279,486
<b>Subtotal Rehabilitation Services - Vocational Rehabilitation Grants to States</b>					<u>279,486</u>
<b>Passed through Oregon Student Access and Completion</b>					
Higher Education Coordinating Commis	84.378	16-279	7/13/16-9/30/16	25,530	18,737
<b>Subtotal College Access Challenge Grant Program (CACGP)</b>					<u>18,737</u>
<b>Total U.S. Department of Education</b>					<u>24,279,272</u>
<b>U.S. Department of Health &amp; Human Services</b>					
<b>Passed through Oregon Department of Human Services</b>					
<b>Affordable Care Act (ACA) Abstinence Education Program</b>					
My Future, My Choice	93.235	141916	7/1/16-6/30/17	30,000	30,000
<b>Subtotal Affordable Care Act (ACA) Abstinence Education Program</b>					<u>30,000</u>
<b>Total U.S. Department of Health &amp; Human Services</b>					<u>30,000</u>
<b>U.S. Department of Agriculture</b>					
<b>Passed Through Oregon Department of Education</b>					
<b>Child Nutrition Cluster</b>					
National School Breakfast Program	10.553	N/A	7/1/16-6/30/17		2,462,904
National School Lunch Program	10.555	N/A	7/1/16-6/30/17		10,586,715
Commodity Value - NSLP	10.555	N/A	7/1/16-6/30/17		1,373,347
Summer Food Svc Program/Children	10.559	N/A	7/1/16-6/30/17		196,547
<b>Subtotal Child Nutrition Cluster</b>					<u>14,619,513</u>
<b>State Administrative Expenses</b>					
State Administrative Expenses	10.560	N/A	7/1/16-6/30/17		35,162
State Administrative Expenses	10.560	N/A	7/1/15-6/30/16		32,911
<b>Subtotal State Administrative Services</b>					<u>68,073</u>
<b>Child and Adult Care Food Program</b>					
Child and Adult Care Food Program	10.558		7/1/16-6/30/17		984,502
<b>Subtotal Child and Adult Care Food Program</b>					<u>984,502</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, 2017**

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Grant Period	Grant Amount	Revenue and Expenditures 2016-17
<b>Fresh Fruit and Vegetable Program</b>					
Fresh Fruit and Vegetable Program - Four Corner	10.582	38670	10/1/15-9/30/16	\$ 21,632	\$ 2,071
Fresh Fruit and Vegetable Program - Auburn	10.582	40713	10/1/15-9/30/16	3,738	2,245
Fresh Fruit and Vegetable Program - Hayesville	10.582	40731	10/1/15-9/30/16	2,543	1,899
Fresh Fruit and Vegetable Program - Highland	10.582	40733	10/1/15-9/30/16	2,317	2,065
Fresh Fruit and Vegetable Program - Hoover	10.582	40735	10/1/15-9/30/16	2,881	1,969
Fresh Fruit and Vegetable Program - Richmond	10.582	41717	10/1/15-9/30/16	2,001	1,899
Fresh Fruit and Vegetable Program - Auburn	10.582	43017	10/1/16-6/30/17	31,501	19,631
Fresh Fruit and Vegetable Program - Four Corner	10.582	43100	10/1/16-6/30/17	26,655	19,448
Fresh Fruit and Vegetable Program - Hayesville	10.582	43101	10/1/16-6/30/17	21,428	14,750
Fresh Fruit and Vegetable Program - Highland	10.582	43102	10/1/16-6/30/17	19,528	14,747
Fresh Fruit and Vegetable Program - Hoover	10.582	43103	10/1/16-6/30/17	24,279	16,042
Fresh Fruit and Vegetable Program - Richmond	10.582	43104	10/1/16-6/30/17	16,867	15,971
<b>Subtotal Fresh Fruit and Vegetable Program</b>					<u>112,737</u>
<b>Total U.S. Department of Agriculture Passed-Through Oregon State Department of Education</b>					<u>15,784,825</u>
<b>Passed through Marion County</b>					
<b>Forest Service Schools and Roads Cluster</b>					
Schools and Roads - Grants to States	10.665	N/A	7/1/16-6/30/17		32,024
<b>Subtotal Forest Service Schools and Roads Cluster</b>					<u>32,024</u>
<b>Total U.S. Department of Agriculture</b>					<u>15,816,849</u>
<b>U.S. General Services Administration</b>					
<b>Passed through Oregon Department of Administrative Services</b>					
<b>Donation of Federal Surplus Personal Property</b>					
Donated Surplus Property	39.003		7/1/16-6/30/17		5,150
<b>Subtotal Donation of Federal Surplus Personal Property</b>					<u>5,150</u>
<b>Total U.S. General Services Administration</b>					<u>5,150</u>
<b>Total Federal Programs</b>					<u><u>\$ 40,131,271</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, 2017**

**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, 2017. 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, 2017.

**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, 2017**

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**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 programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	Yes
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	Yes

Identification of major programs:

**CFDA Number(s)**

**Name of Federal Program or Cluster**

84.010  
84.011

Title I Grants to Local Educational Agencies  
Migrant Education State Grant Program

Dollar threshold used to distinguish between type A and type B programs:	\$1,203,938
Auditee qualified as low-risk auditee?	Yes

**FINANCIAL STATEMENT FINDINGS**

None.

**SALEM-KEIZER SCHOOL DISTRICT 24J**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**  
**YEAR ENDED JUNE 30, 2017**

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**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS  
AUDIT**

**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.

**SALEM-KEIZER SCHOOL DISTRICT 24J**  
**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2017**

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**PRIOR YEAR FINANCIAL STATEMENT FINDINGS**

None.

**PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**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:*

While the district has not yet fully implemented their response, they are in the process of designing 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, 2017, and have issued our report thereon dated December 27, 2017.

***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, except that expenditures exceeded appropriations as noted in the financial statements.

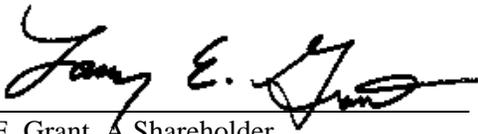
***Internal Control***

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. See the Independent Auditor's Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.

***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 27, 2017