

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021



12700 SW 72nd Ave.
Tigard, OR 97223

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

BOARD OF DIRECTORS 2020-21

Mike Blanchard, Chair	June 30, 2021
Matt Posey	June 30, 2023
Michael Bollman	June 30, 2023
Dave Hunt	June 30, 2021
Jonathan Woods	June 30, 2021

ADMINISTRATION

Andy Bellando, Superintendent
Debbie MacLean, Director of Fiscal Services

Board members receive mail at the District address listed below.

Dallas School District
111 SW Ash Street
Dallas, Oregon 97338

This Page Intentionally Left Blank

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

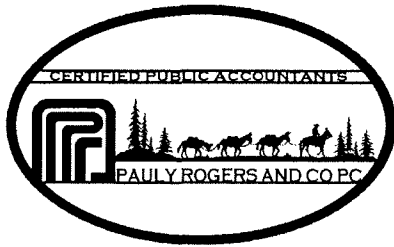
TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditors' Report	i
Required Supplementary Information:	
Management's Discussion and Analysis	iv
Basic Financial Statements:	
Government-wide Basic Financial Statements:	
Statement of Net Position	1
Statement of Activities	2
Fund Basic Financial Statements:	
Balance Sheet – Governmental Funds	3
Reconciliation of the Governmental Funds Balance Sheet To the Statement of Net Position	4
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	5
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities and Changes in Net Position	6
Notes to Basic Financial Statements	7
Required Supplementary Information:	
Schedule of Funding Progress and Employer Contributions – Health Care Plan	34
Schedule of Proportionate Share of the Net Pension Liability – PERS	35
Schedule of Contributions – PERS	35
Schedule of Proportionate Share of the Net Pension Liability – RHIA	36
Schedule of Contributions – RHIA	36
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget – Budgetary Basis:	
Major Funds:	
General Fund	37
Special Grants and Projects Fund	38
Supplementary Information:	
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget – Budgetary Basis:	
Major Funds:	
Debt Service – GO Bonds Fund	39
Capital Projects Fund	40
Combining Balance Sheet – Non-major Governmental Funds	41
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual- Non-major Governmental Funds	42

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

TABLE OF CONTENTS (CONTINUED)

	<u>PAGE</u>
Supplementary Information (Continued):	
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget – Budgetary Basis:	
Student Activity Fund	43
Food Service Fund	44
Debt Service Fund – Full Faith and Credit	45
Schedule of Property Tax Transactions and Balances of Taxes Uncollected – General Fund	46
Schedule of Property Tax Transactions and Balances of Taxes Uncollected – Debt Service Fund	47
Other Financial Schedules:	
Supplemental Information – Form 3211-C, 2020-2021	48
2020-2021 District Revenue Summary	49
2020-2021 District Expenditure Summaries:	
General Fund	50
Special Revenue Funds	51
Debt Service Fund	52
Capital Projects Fund	53
Reports on Legal and Other Regulatory Requirements:	
Independent Auditors’ Report Required by Oregon State Regulations	54
<u>GRANT COMPLIANCE REVIEW</u>	
Schedule of Expenditures of Federal Awards (Supplementary Information)	56
Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance With Government Auditing Standards	58
Independent Auditors’ Report on Compliance for Each Major Program and on Internal Control over Compliance Required By the Uniform Guidance	60
Schedule of Findings and Questioned Costs	62



PAULY, ROGERS, AND CO., P.C.
12700 SW 72nd Ave. Tigard, OR 97223
(503) 620-2632 (503) 684-7523 FAX
www.paulyrogersandcocpas.com

December 7, 2021

INDEPENDENT AUDITORS' REPORT

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

Report on the Basic Financial Statements

We have audited the accompanying basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Dallas School District, (the District), as of and for the year ended June 30, 2021, and the related notes to the basic financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Basic Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Dallas School District, as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplemental information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the schedules of changes in total OPEB liability and related ratios for Health Insurance or the schedules of net pension liability, net OPEB asset, and contributions for PERS and RHIA, or the management's discussion and analysis because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance on them.

The budgetary comparison schedules presented as Required Supplementary Information, as listed in the table of contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary Information

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

Other Information

The listing of board members containing their term expiration dates, located before the table of contents, and the other information, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Reports on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our reports dated December 7, 2021 on our consideration of the internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the reports are to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. The reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 7, 2021, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

A handwritten signature in black ink that reads "Roy R Rogers". The signature is written in a cursive, flowing style.

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

This Page Intentionally Left Blank

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

As management of the Dallas School District No. 2, Dallas, Oregon, we offer readers of the district's financial statements this narrative overview and analysis of the financial activities of the district for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with the financial statements and notes to the basic financial statements to enhance their understanding of the district's financial performance.

FINANCIAL HIGHLIGHTS

- At June 30, 2021, the district's total fund balances equaled \$4,061,013
- The General Fund ending balance of \$2,786,533 includes \$194,897 in funds committed to Facilities, Repairs and Maintenance, while \$2,585,436 (7.1% of general fund revenues) is available for general operations.
- The district's net position decreased by \$1,178,624 mainly due to an increase in PERS net pension liability.
- The district has \$34,048,529 in capital assets, net of depreciation.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management Discussion and Analysis is intended to serve as an introduction to the district's financial statements. The basis financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains supplementary information in addition to the basic financial statements themselves. These reports are designed to show information for the district as a whole, its funds, and its fiduciary responsibilities. Fund statements also may provide insight into the district's overall financial health. Fund financial statements report the district's operations in more detail than the government-wide financial statements by providing information about the district's major funds, the general fund and the debt service fund.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements provide information about the activities of the district and present a longer-term view of the district's finances in a similar manner to the private sector. One of the most important questions asked about the district is, "Is the district better off or worse off financially as a result of the year's activities." These statements report information on the district as a whole and its activities in a way that helps answer this question:

The Statement of Net Position focuses on resources available for future operations. In simple terms, this statement presents a snapshot view of what the district owns (assets), what it owes (liabilities), and the net difference between the two reported as net position. Capital Assets are included in this report. Over time increases or decreases in net position may serve as a useful indication of whether the district's financial position is improving or deteriorating.

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

All of the district's basic functions are shown here, such as regular and special education, administration, and facility acquisition and construction. These activities are considered "governmental" and primarily financed through property tax, Oregon's State School Fund and other intergovernmental revenues. To assess the overall health of the district you

need to consider additional nonfinancial factors such as the property tax base, current property tax laws, student enrollment growth and facility conditions.

The government-wide financial statements can be found on pages 1 and 2 of this report.

FUND FINANCIAL STATEMENTS

Fund Financial Statements provide more detailed information about same functions as reported in the government-wide financial statements, focusing on how money flows in and out of funds and the balances left at year end that are available for spending. 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. Dallas School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. These fund statements are reported using the accounting method called “modified accrual” accounting, which measures cash and all other financial assets that can readily be converted to cash. This information is essential for preparation of and compliance with annual budgets. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliations following the governmental funds statements.

The Fund Basic Financial Statements can be found on pages 3 through 6 of this report.

Notes to Basic Financial Statements provide additional context that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The Notes to Basic Financial Statement can be found on pages 7 through 33 of this report.

Supplemental and Other Information is included in this report beginning on page 34 and contains both required and non-required schedules and reports which provide detailed information as a context for understanding the information in the financial statements, note disclosures, and overall financial health. In these sections the reader can find the PERS and Other Post Employment Benefit (OPEB) schedules detailing ten years of (assets)/liabilities and contributions.

Supplemental and Other Information can be found on pages 34 through 53 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As stated earlier, net position over time may serve as a useful indicator of a government’s financial position. The district’s cash and cash equivalents decreased as more construction projects were completed. Correspondingly, total assets increased by \$1,923,380. As of June 30, 2021, the district’s liabilities exceed assets by \$2,060,077. The primary reason for this is related to the Net Pension Liability increase which is the district’s proportional share of the of Oregon PERS systemwide liability in effect at the measurement date in accordance with GASB 68. In fiscal year 2020-2021 the district underwent research and planning efforts to address this long-term issue and ultimately participated in a cooperative bond issuance with 22 other Oregon school districts to offset the district’s portion of the PERS pension obligation. In late summer of 2021, \$38 million in bonds were issued at a total interest cost of 2.45%. The impact of this refunding will be included in the district’s annual financial statements in June 2022.

The most notable change in the Statement of Activities is the 74% increase in grant revenue over the prior year. During fiscal year 2020-2021 the district spent and was reimbursed \$1,388,739 by federal or state grants for emergency COVID 19 pandemic relief and recovery activities. The district will continue to receive emergency relief funds through the end of 2023-2024. However, the long-term impact of the pandemic on the public education remains the district’s greatest

unknown. The overall cost of addressing staff and student social and emotional health, student learning loss, disruption in the national supply chain, and staffing shortages remains to be fully understood.

Statement of Net Position: Total assets, liabilities and net assets as of June 30, 2020 and June 30, 2021 are as follows (details on page 1):

	2020	2021	Difference	%
Assets				
Current and other assets	\$ 8,958,282	\$ 7,403,057	\$ (1,555,225)	-17.4%
Net Pension Asset (GASB 68)	14,704,408	16,308,835	1,604,427	10.9%
Capital assets (net)	32,174,351	34,048,529	1,874,178	5.8%
Total assets	55,837,041	57,760,421	1,923,380	3.4%
Liabilities				
Other liabilities	5,130,553	6,084,013	953,460	18.6%
Long-term liabilities	49,265,339	49,349,933	84,594	0.2%
Total liabilities	54,395,892	55,433,946	1,038,054	1.9%
Net Pension Related Deferrals	2,322,602	4,386,552	2,063,950	88.9%
Net Position				
Investment in capital assets, net of related debt	22,656,340	27,547,774	4,891,434	21.6%
Net assets: restricted	4,459,334	1,729,564	(2,729,770)	-61.2%
Net assets: unrestricted	(27,997,127)	(31,337,415)	(3,340,288)	11.9%
Total net position	\$ (881,453)	\$ (2,060,077)	\$ (1,178,624)	133.7%

Statement of Activities: The district's revenues and expenses for fiscal year 2020-2021, as compared to fiscal year 2019-2020 are as follows (details on page 2):

Operatings Grants	3,762,765	6,040,081	2,277,316	60.5%
General Revenues				
Property Taxes	10,671,412	11,181,305	509,893	4.8%
State Revenue Sharing	25,885,122	26,180,675	295,553	1.1%
Miscellaneous	2,031,464	1,765,403	(266,061)	-13.1%
Total Revenues	\$ 42,558,707	\$ 45,192,170	\$ 2,633,463	6.2%
Expenses				
Instruction	29,625,381	30,212,815	\$ 587,434	2.0%
Support Services	14,380,750	14,754,465	373,715	2.6%
Community Services	1,220,422	1,006,108	(214,314)	-17.6%
Facilities Acq/Construction	-	-	-	
Interest on Long-Term Debt	382,623	397,406	14,783	3.9%
Total Expenses	\$ 45,609,176	\$ 46,370,794	\$ 761,618	1.7%
Change in Net Position	(3,050,469)	(1,178,624)	1,871,845	-61.4%
Beginning Net Position	2,169,016	(881,453)	(3,050,469)	-140.6%
Ending Net Position	\$ (881,453)	\$ (2,060,077)	\$ (1,178,624)	133.7%

FUND FINANCIAL ANALYSIS

The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Unreserved fund balance measures the district's net resources available for appropriation in the next fiscal year. As of June 30, 2021, total fund balance of the governmental funds was \$4,061,013. These amounts are available to use, in accordance with applicable restrictions for district expenditures.

Summary of Ending Fund Balances for 2020 and 2021 are as follows (details on page 5):

	<u>6/30/2020</u>	<u>6/30/2020</u>
General Fund	\$ 2,273,396	\$ 2,786,533
Capital Projects Fund	3,440,789	390,621
Other Governmental Funds	329,294	320,487
Debt Service Fund	445,228	563,372
	<u>\$ 6,488,707</u>	<u>\$ 4,061,013</u>

CAPITAL ASSETS

Capital assets are those items that have an initial, individual cost of \$5,000 or more. Total capital assets were valued as follows on June 30, 2020 and June 30, 2021 (details on page 16):

	<u>6/30/2020</u>	<u>6/30/2021</u>
Land and land improvements	\$ 121,067	\$ 121,067
Buildings	42,139,011	42,583,410
Equipment	6,100,550	6,212,601
Construction in Progress	785,039	3,579,454
Accumulated Depreciation	<u>(16,971,316)</u>	<u>(18,448,003)</u>
	<u>\$ 32,174,351</u>	<u>\$ 34,048,529</u>

At June 30, 2021 the district had \$34,048,529 invested in a broad range of capital assets, including land, buildings, and equipment. \$2,794,415 was added to Construction in Progress. Ongoing projects include construction of the Career Technical Education building located at Dallas High school and a design on a seismic mitigation project at La Creole Middle School.

DEBT ADMINISTRATION

As of June 30, 2021, the district had \$6,660,755 in debt obligation outstanding. Please see auditor's Notes to the Basic Financial Statements (details on page 16) for debt maturity details.

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

OTHER LONG-TERM OBLIGATIONS

Beginning on page 18 of this document, the district's participation in the Oregon PERS plan is described and associated adjustments to assets and liabilities related to the plan are reported in the government-wide analysis reports on pages 1 through 4 as required by GASB 68. The district's liability for the present value of projected future postemployment

benefits is described beginning on page 34 under Required Supplementary Information. An actuarial study of Postemployment Benefits Other Than Pensions is completed every two years.

REQUESTS FOR INFORMATION

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

Respectfully submitted,

Tami Montague
Director of Fiscal Services

This Page Intentionally Left Blank

DALLAS SCHOOL DISTRICT

BASIC FINANCIAL STATEMENTS

This Page Intentionally Left Blank

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

STATEMENT OF NET POSITION
June 30, 2021

	Governmental Activities
ASSETS:	
Cash and Investments	\$ 5,239,188
Receivables:	
Accounts and Grants	1,796,391
Property Taxes	309,639
Supplies Inventories	51,639
Prepaid Assets	6,200
Net OPEB Asset - RHIA	506,723
Capital Assets - Nondepreciable	3,700,521
Capital Assets - Depreciable, Net of Depreciation	30,348,008
Total Assets	41,958,309
DEFERRED OUTFLOWS OF RESOURCES:	
OPEB Related Deferrals - Health Care	339,220
Pension Related Deferrals - PERS	15,404,374
OPEB Related Deferrals - RHIA	58,518
Total Deferred Outflows	15,802,112
Total Assets and Pension Related Deferrals	57,760,421
LIABILITIES:	
Current Liabilities:	
Accounts Payable	1,029,193
Accrued Salaries and Benefits	1,995,475
Unearned Revenue	63,573
Long-Term Liabilities Due within one year	2,995,772
Non Current Liabilities:	
Accrued Vacation Payable	59,685
Interest Payable	17,105
Long-Term Liabilities Due in more than one year	3,664,983
Net Pension Liability - PERS	40,761,482
OPEB - Health Care	4,846,678
Total Liabilities	55,433,946
DEFERRED INFLOWS OF RESOURCES:	
OPEB Related Deferrals - Health Care	17,797
Pension Related Deferrals - PERS	4,191,073
OPEB Related Deferrals - RHIA	177,682
Total Liabilities and Pension Related Deferrals	59,820,498
NET POSITION:	
Net Investment in Capital Assets	27,547,774
Restricted for:	
Capital Projects	390,621
Student Activity	282,879
OPEB-RHIA Asset	506,723
Food Service	(14,031)
Debt Service	563,372
Unrestricted	(31,337,415)
Total Net Position	\$ (2,060,077)

See accompanying notes to the basic financial statements.

**DALLAS SCHOOL DISTRICT
DALLAS, OREGON**

**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021**

Functions/Programs	Expense	PROGRAM REVENUES		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction	\$ 30,212,815	\$ -	\$ 3,397,888	\$ (26,814,927)
Support Services	14,754,465	24,706	1,656,963	(13,072,796)
Community Services	1,006,108	-	985,230	(20,878)
Interest on Long-Term Debt	397,406	-	-	(397,406)
Total Governmental Activities	\$ 46,370,794	\$ 24,706	\$ 6,040,081	(40,306,007)
GENERAL REVENUES:				
				8,054,586
Property Taxes, General Fund				3,126,719
Property Taxes, Debt Service				26,180,675
State Sources				950,398
Other Local Sources				693,923
Other Intermediate Sources				24,443
Other Federal Sources				96,639
Investment Earnings				
Total General Revenues				39,127,383
Changes in Net Position				(1,178,624)
Net Position - Beginning				(881,453)
Net Position - Ending				\$ (2,060,077)

See accompanying notes to the basic financial statements.

**DALLAS SCHOOL DISTRICT
DALLAS, OREGON**

**BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2021**

	GENERAL FUND	SPECIAL GRANTS AND REVENUES FUND	CAPITAL PROJECTS FUND	DEBT SERVICE GO BOND FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:						
Cash and Investments	\$ 3,869,920	-	538,112	548,277	282,879	\$ 5,239,188
Inventory	-	-	-	-	51,639	51,639
Due from Other Funds	1,135,479	-	-	-	150,000	1,285,479
Receivables						
Accounts and Grants	86,179	4,976	7,176	-	718	99,049
Property Taxes	224,566	-	-	85,073	-	309,639
Intergovernmental Accounts	428,735	1,120,653	100,818	-	47,136	1,697,342
Prepaid Expenses	6,200	-	-	-	-	6,200
Total Assets	<u>\$ 5,751,079</u>	<u>\$ 1,125,629</u>	<u>\$ 646,106</u>	<u>\$ 633,350</u>	<u>\$ 532,372</u>	<u>\$ 8,688,536</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND						
Liabilities:						
Accounts Payable	\$ 612,197	149,726	255,485	-	11,785	\$ 1,029,193
Accrued Salaries and Benefits	1,981,124	14,351	-	-	-	1,995,475
Due To Other Funds	150,000	935,379	-	-	200,100	1,285,479
Unearned Revenue	37,400	26,173	-	-	-	63,573
Total Liabilities	<u>2,780,721</u>	<u>1,125,629</u>	<u>255,485</u>	<u>-</u>	<u>211,885</u>	<u>4,373,720</u>
Deferred Inflows of Resources:						
Unavailable Revenue - Property Taxes	183,825	-	-	69,978	-	253,803
Total Deferred Inflows of Resources	<u>183,825</u>	<u>-</u>	<u>-</u>	<u>69,978</u>	<u>-</u>	<u>253,803</u>
Fund Balances (Deficit):						
Non-spendable	6,200	-	-	-	51,639	57,839
Restricted for:						
Capital Projects	-	-	390,621	-	-	390,621
Student Activity	-	-	-	-	282,879	282,879
Food Service	-	-	-	-	(14,031)	(14,031)
Debt Service	-	-	-	563,372	-	563,372
Committed for Facilities and Maintenance	194,897	-	-	-	-	194,897
Unassigned	2,585,436	-	-	-	-	2,585,436
Total Fund Balances (Deficit)	<u>2,786,533</u>	<u>-</u>	<u>390,621</u>	<u>563,372</u>	<u>320,487</u>	<u>4,061,013</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 5,751,079</u>	<u>\$ 1,125,629</u>	<u>\$ 646,106</u>	<u>\$ 633,350</u>	<u>\$ 532,372</u>	<u>\$ 8,688,536</u>

See accompanying notes to the basic financial statements.

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2021

TOTAL FUND BALANCES-GOVERNMENTAL FUNDS		\$ 4,061,013
Capital assets are not financial resources and therefore are not reported in the governmental funds.		
Cost	\$52,496,532	
Accumulated Depreciation	<u>(18,448,003)</u>	34,048,529
The Net Pension Asset is the difference between the total pension liability and the assets set aside to pay benefits earned to past and current employees and beneficiaries.		
Net Pension Liability - PERS		(40,761,482)
Net OPEB Asset - RHIA		506,723
OPEB Liability - Health Care		(4,846,678)
Deferred Inflows and Outflows of resources related to the pension plan include differences between expected and actual experience, changes of assumptions, differences between projected and actual earnings, and contributions subsequent to the measurement date.		
Net Pension Related Deferrals		
Deferred Inflows - PERS	(4,191,073)	
Deferred Inflows - OPEB RHIA	(177,682)	
Deferred Inflows - OPEB Health Care	(17,797)	
Deferred Outflows - PERS	15,404,374	
Deferred Outflows - OPEB RHIA	58,518	
Deferred Outflows - OPEB Health Care	<u>339,220</u>	11,415,560
Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.		
Long term Liabilities:		
Accrued Vacation Payable	(59,685)	
Bond Interest Payable	(17,105)	
Legal Settlement Obligation	(160,000)	
Loans Payable	(1,055,000)	
Bond Premium	(301,475)	
General Obligation Bonds Payable	<u>(\$5,144,280)</u>	(6,737,545)
A portion of the District's property taxes are collected after year-end but are not available soon enough to pay for the current year's operations, and therefore are not reported as revenue in the governmental funds.		
Unavailable Revenue Related To Property Taxes.		<u>253,803</u>
TOTAL NET POSITION		<u>\$ (2,060,077)</u>

See accompanying notes to the basic financial statements.

**DALLAS SCHOOL DISTRICT
DALLAS, OREGON**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021**

	GENERAL FUND	SPECIAL GRANTS AND REVENUES FUND	CAPITAL PROJECTS	DEBT SERVICE GO BOND FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:						
Local Sources	\$ 8,815,584	\$ 67,414	\$ 19,315	\$ 3,114,874	\$ 172,206	\$ 12,189,393
Intermediate Sources	325,749	368,174	-	-	-	693,923
State Sources	26,180,675	2,487,587	107,994	-	22,529	28,798,785
Federal Sources	1,167,799	1,527,198	-	-	749,922	3,444,919
Total Revenues	36,489,807	4,450,373	127,309	3,114,874	944,657	45,127,020
EXPENDITURES:						
Current:						
Instruction	23,545,294	3,376,643	-	-	200,275	27,122,212
Support Services	12,236,836	1,008,330	-	-	-	13,245,166
Community Services	-	-	-	-	903,189	903,189
Facilities Acquisition	-	-	3,177,477	-	-	3,177,477
Capital Outlay	-	-	-	-	-	-
Debt Service	-	-	-	2,996,730	117,440	3,114,170
Total Expenditures	35,782,130	4,384,973	3,177,477	2,996,730	1,220,904	47,562,214
Revenues Over (Under) Expenditures	707,677	65,400	(3,050,168)	118,144	(276,247)	(2,435,194)
OTHER FINANCING SOURCES (USES)						
Debt Proceeds	-	-	-	-	-	-
Transfer In	65,400	-	-	-	267,440	332,840
Transfer Out	(267,440)	(65,400)	-	-	-	(332,840)
Total Other Financing Sources (Uses)	(194,540)	(65,400)	-	-	267,440	7,500
Net Change in Fund Balance	513,137	-	(3,050,168)	118,144	(8,807)	(2,427,694)
Beginning Fund Balance	2,273,396	-	3,440,789	445,228	329,294	6,488,707
Ending Fund Balance	\$ 2,786,533	\$ -	\$ 390,621	\$ 563,372	\$ 320,487	\$ 4,061,013

See accompanying notes to the basic financial statements.

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities and Changes in Net Position
For the Year Ended June 30, 2021

TOTAL NET CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS	\$	(2,427,694)
--	-----------	--------------------

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

Expenditures for capital assets, Net	\$ 3,350,865	
Less current year depreciation, Net	<u>(1,476,687)</u>	1,874,178

The PERS Pension Expense and RHIA Pension Income represent the changes in Net Pension Liability and Net Pension Asset, respectively, from year to year due to changes in total pension liability and changes in total pension asset and the fair value of pension plan net position available to pay pension benefits.

PERS Expense	(3,771,785)	
RHIA Income	<u>148,138</u>	(3,623,647)

Compensated absences are recognized as expenditure in the governmental funds when they are paid. In the Statement of Activities, these liabilities are recognized as an expenditure when earned. (3,849)

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

Bonds Payments	2,622,764	
Loan Payments	94,000	
Legal Settlement Obligation	40,000	
Premium	<u>100,492</u>	2,857,256

Change in net OPEB liability (Health Care) 87,482

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. 125

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. 57,525

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>(1,178,624)</u>
--	-----------	---------------------------

See accompanying notes to the basic financial statements.

DALLAS SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

This Page Intentionally Left Blank

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. The Financial Reporting Entity

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

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

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

B. Government-wide and Fund Financial Statements

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

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

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

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

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOVERNMENTAL FUND TYPES

Governmental funds are used to account for general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are “measurable and available”). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period which is 60 days. Property tax revenue and proceeds from sale of property are not considered available and, therefore, are not recognized until received. Expenditures are recorded when the liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, interfund transactions, and compensated absences, claims and judgments, and pension and OPEB expenses, which are not recognized as expenditures because they will be liquidated with future expendable financial resources.

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

Financial operations are accounted for in the following major funds:

General Fund

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

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

Facilities Maintenance and Repair Fund

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

Special Grants and Revenues Fund

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

Debt Service GO Bond Fund

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

Capital Projects Fund

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

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Governmental Funds

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

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

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

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

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

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

D. Assets, Liabilities, and Net Position

Cash and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of ninety days or less from the date of acquisition. At June 30, 2021, short-term investments consist of the local government investment pool. Investments are stated at cost, which approximates market. The local government investment pool operates in accordance with appropriate state laws and regulations.

Property Taxes

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

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

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants

Unreimbursed expenditures due from grantor agencies are reflected in the basic financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenditures are incurred. Cash received from grantor agencies in excess of related grant expenditures is recorded as a liability in the balance sheet and statement of net position.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the government-wide basic financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

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

Compensated Absences

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

Long Term Obligations

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

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

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources

In addition to assets, the basic financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. At June 30, 2021, there were deferred outflows representing PERS pension related deferrals, OPEB-Health Care related deferrals and OPEB-RHIA related deferrals in the Statement of Net Position.

In addition to liabilities, the basic financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two types of items which qualify for reporting in this category. The first, unavailable revenue, is in the governmental funds balance sheet for property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. At June 30, 2021, there also were deferred inflows representing PERS pension related deferrals, OPEB-Health Care related deferrals and OPEB-RHIA related deferrals in the Statement of Net Position.

Retirement Plans

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

Net Position

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

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

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

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

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance

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

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

There are no assigned fund balances at June 30, 2021.

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

Use of Estimates

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

Fair Value Inputs and Methodologies and Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based upon the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Level 1 – unadjusted price quotations in active markets/exchanges for identical assets or liabilities that each Fund has the ability to access

Level 2 – other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market–corroborated inputs)

Level 3 – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund’s own assumptions used in determining the fair value of investments)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

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

LEVEL OF CONTROL

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

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

Budget amounts shown in the budgetary basic financial statements reflect the final budget. Expenditures of the various funds were within authorized appropriations except for the General Fund – Instruction, which was overexpended by \$230,509 at June 30, 2021.

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

3. BUDGETARY BASIS OF ACCOUNTING

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

4. CASH AND INVESTMENTS

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

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

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

Cash and Investments (recorded at cost) consisted of:

Deposits with Financial Institutions:	
Demand Deposits	\$ 741,302
Investments	4,497,886
Total Cash and investments	<u>\$ 5,239,188</u>

DEPOSITS

Deposits with financial institutions include bank demand deposits. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the treasury. The total bank balance per the bank statements as of June 30, 2021 was \$1,727,378 of which \$716,037 is covered by federal depository insurance and the remainder was collateralized by the Oregon Public Funds Collateralization Program (PFCP).

Credit Risk – Deposits

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

INVESTMENTS

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments.

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

4. CASH AND INVESTMENTS – (CONTINUED)

The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund's compliance with all portfolio guidelines can be found in their annual report when issued. The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. We intend to measure these investments at book value since it approximates fair value. The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value measurement in the Oregon Short Term Fund's audited financial report. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. The audited financial reports of the Oregon Short Term Fund can be found here:

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

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

At year-end, investment balances were as follows:

Investment Type	Investment Maturities (In Months)			
	Fair Value	Less Than 3	3-18	18-59
State Treasurer's Local Government Investment Pool	\$ 4,497,886	\$ 4,497,886	\$ -	\$ -
Total	<u>\$ 4,497,886</u>	<u>\$ 4,497,886</u>	<u>\$ -</u>	<u>\$ -</u>

Interest Rate Risk- Investments

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

Credit Risk – Investments

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

Concentration of Credit Risk

At June 30, 2021, 100% of total investments were in the State Treasurer's Investment Pool. State statutes do not limit the percentage of investments in this instrument.

5. RECEIVABLES

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

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 was as follows:

	Balance July 1, 2020	Adjustments	Additions	Deletions	Balance June 30, 2021
Governmental Activities:					
Capital Assets Not being Depreciated:					
Land	\$ 121,067	\$ -	\$ -	\$ -	\$ 121,067
Construction in Progress	785,039	(324,546)	3,118,961	-	3,579,454
Total Capital Assets Not Being Depreciated	906,106	(324,546)	3,118,961	-	3,700,521
Capital Assets Being Depreciated:					
Buildings and Improvements	42,139,011	324,546	119,853	-	42,583,410
Machinery and Equipment	6,100,550	-	112,051	-	6,212,601
Total Capital Assets Being Depreciated	48,239,561	324,546	231,904	-	48,796,011
Accumulated Depreciation:					
Buildings and Improvements	11,118,270	-	1,424,993	-	12,543,263
Machinery and Equipment	5,853,046	-	51,694	-	5,904,740
Total Accumulated Depreciation	16,971,316	-	1,476,687	-	18,448,003
Governmental Activities					
Capital Assets, Net	<u>\$ 32,174,351</u>				<u>\$ 34,048,529</u>

Adjustments are due to the completion of construction projects for buildings and improvements in the fiscal year. Depreciation expense was charged to functions/programs of the primary government for governmental activities as follows:

Governmental Activities	
Instruction	\$ 690,797
Support Services	415,076
Community Services	370,814
Total Depreciation Expense	
Governmental Activities	<u>\$ 1,476,687</u>

7. LONG-TERM OBLIGATIONS

The following are changes in long-term obligations during the year ended June 30, 2021:

	Interest Rates	Original Issue	Outstanding July 1, 2020	Issued	Matured and Redeemed	Outstanding June 30, 2021	Due within one year
Bonds Payable:							
2017 Bond	3 - 4%	\$ 7,303,000	\$ 5,175,000		\$ (1,320,000)	\$ 3,855,000	\$ 1,470,000
2015 Bond	1.01 - 2.27%	9,696,340	2,592,044	-	(1,302,764)	1,289,280	1,289,280
			7,767,044	-	(2,622,764)	5,144,280	2,759,280
Direct Borrowing:							
Full Faith & Credit Series 2019	2.04%	1,249,000	1,149,000	-	(94,000)	1,055,000	96,000
Other:							
Legal Settlement Obligation	0%	240,000	200,000	-	(40,000)	160,000	40,000
Premium Related to Bond							
Premium		-	401,967	-	(100,492)	301,475	100,492
Total Long term obligations			<u>\$ 9,518,011</u>	<u>\$ -</u>	<u>\$ (2,857,256)</u>	<u>\$ 6,660,755</u>	<u>\$ 2,995,772</u>

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. LONG-TERM OBLIGATIONS – (CONTINUED)

General Obligation Bonds

General obligation bonds were issued to provide funds for the acquisition and construction of major capital facilities. The General obligation bonds pledge the full faith and credit of the District. The bonds were issued in 2017 and 2015 with interest plus principal payments due each year.

Future maturities of bonds payable are as follows:

Fiscal Year Ending June 30	<u>Bonds</u>	
	Principal	Interest
2022	2,759,280	374,620
2023	1,150,000	95,400
2024	1,235,000	49,400
Total	<u>\$ 5,144,280</u>	<u>\$ 519,420</u>

Full Faith and Credit Obligation

Full Faith and Credit obligation was issued to finance the redevelopment of the Dallas High School track, including demolition of the existing track, development of a new track and related equipment and site improvements. The loan pledges the full faith and credit of the District. The loan was issued in September 2019 with interest plus principal payments due each year.

Future maturities of loans payable are as follows:

Fiscal Year Ending June 30	<u>Full Faith and Credit</u>	
	Principal	Interest
2022	96,000	21,522
2023	98,000	19,564
2024	100,000	17,564
2025	102,000	15,524
2026	104,000	13,444
2027-31	555,000	34,376
	<u>\$ 1,055,000</u>	<u>\$ 121,994</u>

Legal Settlement Obligation

The District was determined by the Administrative Law Judge (ALJ) to have been in violation of state and federal law in litigation settled in a previous year. The District proposed and Complainant accepted a settlement of \$240,000 paid out in yearly installments of \$40,000 beginning October 2019, with the final payment ending on October 30, 2024.

Future maturities of the settlement payable are as follows:

Fiscal Year Ending June 30	<u>Settlement Payable</u>
	Principal
2022	40,000
2023	40,000
2024	40,000
2025	40,000
	<u>\$ 160,000</u>

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. LONG-TERM OBLIGATIONS – (CONTINUED)

There are no significant default clauses noted in any of the long-term obligation agreements that would impact the financial statements or require disclosure under GASB 88.

8. DEFINED BENEFIT PENSION PLAN

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

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2020-CAFR.pdf>

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

- a. **PERS Pension (Chapter 238).** The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.
 - i. **Pension Benefits.** The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, and 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefits results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier 1 general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier 2 members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.
 - ii. **Death Benefits.** Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following contributions are met:
 - member was employed by PERS employer at the time of death,
 - member died within 120 days after termination of PERS covered employment,
 - member died as a result of injury sustained while employed in a PERS-covered job, or
 - member was on an official leave of absence from a PERS-covered job at the time of death.
 - iii. **Disability Benefits.** A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. DEFINED BENEFIT PENSION PLAN – (CONTINUED)

- iv. **Benefit Changes After Retirement.** Members may choose to continue participation in their variable account after retiring and may experience annual benefit fluctuations due to changes in the fair value of the underlying global equity investments of that account. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes (COLA). The COLA is capped at 2.0 percent.
- b. **OPSRP Pension Program (OPSRP DB).** The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.
- i. **Pension Benefits.** This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:
- Police and fire:* 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.
- General service:* 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.
- A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.
- ii. **Death Benefits.** Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member. The surviving spouse may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached 70½ years.
- iii. **Disability Benefits.** A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

Contributions – PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2017 actuarial valuation, which became effective July 1, 2019. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Effective January 1, 2020, Senate Bill 1049 requires employees to pay contributions on re-employed PERS retirees' salaries as if they were an active member, excluding IAP (6%) contributions. Employer contributions for the year ended June 30, 2021 were \$5,235,975, excluding amounts to fund employer specific liabilities. In addition, approximately \$1,057,485 in employee contributions were paid or picked up by the District in 2020-2021.

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. DEFINED BENEFIT PENSION PLAN – (CONTINUED)

Pension Asset or Liability – At June 30, 2021, the District reported a net pension liability of \$40,761,482 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated December 31, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of the measurement date of June 30, 2020 and 2019, the District's proportion was .19 percent and .22 percent, respectively. Pension expense for the year ended June 30, 2021 was \$3,771,785.

The rates in effect for the year ended June 30, 2021 were:

- (1) Tier 1/Tier 2 – 32.03%
- (2) OPSRP general services – 26.58%

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 1,793,998	\$ -
Changes in assumptions	2,187,540	76,647
Net difference between projected and actual earnings on pension plan investments	4,793,021	4,114,426
Net changes in proportionate share	246,568	-
Differences between District contributions and proportionate share of contributions	1,147,272	-
Subtotal - Amortized Deferrals (below)	10,168,399	4,191,073
District contributions subsequent to measurement date	5,235,975	-
Deferred outflow (inflow) of resources	<u>\$ 15,404,374</u>	<u>\$ 4,191,073</u>

The amount of contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2022.

Subtotal amounts related to pension as deferred outflows of resources, \$10,168,399, and deferred inflows of resources, (\$4,191,073), net to \$5,977,326 and will be recognized in pension expense as follows:

Year ending June 30,	Amount
2022	\$ 1,326,796
2023	2,027,380
2024	1,813,500
2025	989,010
2026	(179,360)
Thereafter	-
Total	<u>\$ 5,977,326</u>

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated March 12, 2021. Oregon PERS produces an independently audited CAFR which can be found at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2020-CAFR.pdf>

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. DEFINED BENEFIT PENSION PLAN – (CONTINUED)

Actuarial Valuations – The employer contribution rates effective July 1, 2019 through June 30, 2021, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount for the amortization unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an actuarially determined amount for funding a disability benefit component, and (c) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

Actuarial Methods and Assumptions:

Valuation date	December 31, 2018
Experience Study Report	2018, Published July 24, 2019
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Asset valuation method	Market value of assets
Inflation rate	2.50 percent
Investment rate of return	7.20 percent
Discount rate	7.20 percent
Projected salary increase	3.50 percent
Cost of Living Adjustment	Blend of 2% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision, blend based on service
Mortality	Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2018 Experience Study which is reviewed for the four-year period ending December 31, 2018.

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. DEFINED BENEFIT PENSION PLAN – (CONTINUED)

Assumed Asset Allocation:

Asset Class/Strategy	Low Range	High Range	OIC Target
Debt Securities	15.0%	25.0%	20.0%
Public Equity	27.5%	37.5%	32.5%
Real Estate	9.5%	15.5%	12.5%
Private Equity	14.0%	21.0%	17.5%
Alternative Investments	7.5%	17.5%	15.0%
Opportunity Portfolio	0.0%	3.0%	0.0%
Risk Parity	0.0%	2.5%	2.5%
Total			100.0%

(Source: June 30, 2020 PERS CAFR; p. 102)

Long-Term Expected Rate of Return - To develop an analytical basis for the selection of the long-term expected rate of return assumption, in May 2019 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation	Compound Annual (Geometric) Return
Core Fixed Income	9.60%	4.07%
Short-Term Bonds	9.60%	3.68%
Bank/Leveraged Loans	3.60%	5.19%
High Yield Bonds	1.20%	5.74%
Large/Mid Cap US Equities	16.17%	6.30%
Small Cap US Equities	1.35%	6.68%
Micro Cap US Equities	1.35%	6.79%
Developed Foreign Equities	13.48%	6.97%
Emerging Market Equities	4.24%	7.69%
Non-US Small Cap Equities	1.93%	7.25%
Private Equity	17.50%	8.33%
Real Estate (Property)	10.00%	5.55%
Real Estate (REITS)	2.50%	6.69%
Hedge Fund of Funds - Diversified	1.50%	4.06%
Hedge Fund - Event-driven	0.38%	5.59%
Timber	1.13%	5.61%
Farmland	1.13%	6.12%
Infrastructure	2.25%	6.67%
Commodities	1.13%	3.79%
Assumed Inflation - Mean		2.50%

(Source: June 30, 2020 PERS CAFR; p. 74)

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. DEFINED BENEFIT PENSION PLAN – (CONTINUED)

Discount Rate – The discount rate used to measure the total pension liability as of the measurement dates of June 30, 2020 and 2019 was 7.20 percent for both years for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from the plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate – The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.20 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percent lower (6.20 percent) or one percent higher (8.20 percent) than the current rate.

	<u>1% Decrease</u> <u>(6.20%)</u>	<u>Discount Rate</u> <u>(7.20%)</u>	<u>1% Increase</u> <u>(8.20%)</u>
District's proportionate share of the net pension liability	\$ 60,527,435	\$ 40,761,482	\$ 24,186,815

Changes Subsequent to the Measurement Date

As described above, GASB 67 and GASB 68 require the Total Pension Liability to be determined based on the benefit terms in effect at the Measurement Date. Any changes to benefit terms that occurs after that date are reflected in amounts reported for the subsequent Measurement Date. However, Paragraph 80f of GASB 68 requires employers to briefly describe any changes between the Measurement Date and the employer's reporting date that are expected to have a significant effect on the employer's share of the collective Net Pension Liability, along with an estimate of the resulting change, if available. There are no changes subsequent to the June 30, 2020 Measurement Date that meet this requirement.

OPSRP Individual Account Program (OPSRP IAP)

Plan Description:

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

Pension Benefits:

Participants in OPERS defined benefit pension plans also participate in their defined contribution plan. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. DEFINED BENEFIT PENSION PLAN – (CONTINUED)

Upon retirement, a member of the OPSRP IAP may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

Death Benefits:

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

Contributions:

Employees of the District pay six (6) percent of their covered payroll. Effective July 1, 2020, currently employed Tier 1/Tier 2 and OPSERP members earning \$2,500 or more per month will have a portion of their 6 percent monthly IAP contributions redirected to an Employee Pension Stability Account. The Employee Pension Stability Account will be used to pay part of the member's future benefit. Of the 6 percent monthly IAP contribution, Tier 1/Tier 2 will have 2.5 percent redirected to the Employee Pension Stability Account and OPSERP will have 0.75 percent redirected to the Employee Pension Stability Account, with the remaining going to the member's existing IAP account. Members may voluntarily choose to make additional after-tax contributions into their IAP account to make a full 6 percent contribution to the IAP. The District did not make any optional contributions to member IAP accounts for the year ended June 30, 2021.

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

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

9. OTHER POST-EMPLOYMENT BENEFIT PLAN - RHIA

Plan Description:

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

Funding Policy:

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

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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

A surviving spouse or dependent of a deceased OPERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from OPERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating employers are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the District currently contributes 0.06% of annual covered OPERF payroll and 0.00% of OPSRP payroll under a contractual requirement in effect until June 30, 2021. Consistent with GASB Statement 75, the OPERS Board of Trustees sets the employer contribution rates as a measure of the proportionate relationship of the employer to all employers consistent with the manner in which contributions to the OPEB plan are determined. The basis for the employer's portion is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the plan with the total actual contributions made in the fiscal year of all employers. The District's contributions to RHIA are included in PERS contributions for all reporting years and equaled the required contributions each year.

At June 30, 2021, the District reported a net OPEB liability/(asset) of (\$506,723) for its proportionate share of the net OPEB liability/(asset). The OPEB liability/(asset) was measured as of June 30, 2020, and the total OPEB liability/(asset) used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of December 31, 2018. Consistent with GASB Statement No. 75, paragraph 59(a), the District's proportion of the net OPEB liability/(asset) is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers. As of the measurement dates of June 30, 2020 and 2019, the District's proportion was .25 percent and .15 percent, respectively. OPEB income for the year ended June 30, 2021 was \$148,138.

Components of OPEB Expense/(Income):

Employer's proportionate share of collective system OPEB Expense/(Income)	\$ (81,501)
Net amortization of employer-specific deferred amounts from:	
- Changes in proportionate share (per paragraph 64 of GASB 75)	(50,821)
- Differences between employer contributions and employer's proportionate share of system contributions (per paragraph 65 of GASB 75)	-
Employer's Total OPEB Expense/(Income)	<u>\$ (132,322)</u>

Components of Deferred Outflows/Inflows of Resources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ -	\$ 51,802
Changes in assumptions	-	26,935
Net difference between projected and actual earnings on pension plan investments	56,352	-
Net changes in proportionate share	2,166	98,945
Differences between District contributions and proportionate share of contributions	-	-
Subtotal - Amortized Deferrals (below)	<u>58,518</u>	<u>177,682</u>
District contributions subsequent to measuring date	N/A	-
Deferred outflow (inflow) of resources	<u>\$ 58,518</u>	<u>\$ 177,682</u>

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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

The amount of contributions subsequent to the measurement date will be included as a reduction of the net OPEB liability/(asset) in the fiscal year ended June 30, 2022.

Subtotal amounts related to OPEB as deferred outflows of resources, \$58,518, and deferred inflows of resources, (\$177,682), net to (\$119,164) and will be recognized in OPEB expense as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2021	\$ (100,735)
2022	(57,036)
2023	20,831
2024	17,776
2025	-
Thereafter	-
Total	<u>\$ (119,164)</u>

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS Retirement Health Insurance Account Cost-Sharing Multiple-Employer Other Postemployment Benefit (OPEB) Plan Schedules of Employer Allocations and OPEB Amounts by Employer report, as of and for the Year Ended June 30, 2020. That independently audited report was dated March 12, 2021 and can be found at:

https://www.oregon.gov/pers/EMP/Documents/GASB/2020/GASB_75_FYE_6.30.2020.pdf

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2018
Experience Study Report	2018, Published July 24, 2019
Actuarial cost method	Entry Age Normal
Inflation rate	2.50 percent
Investment rate of return	7.20 percent
Discount rate	7.20 percent
Projected salary increase	3.50 percent
Retiree healthcare participation	Healthy retirees: 32%; Disabled retirees: 20%
Mortality	Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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

Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2018 Experience Study which is reviewed for the four-year period ending December 31, 2018.

Discount Rate:

The discount rate used to measure the total OPEB liability as of the measurement dates of June 30, 2020 and 2019 was 7.20 and 7.20 percent, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments for the RHIA plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in May 2019 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation	Compound Annual (Geometric) Return
Core Fixed Income	9.60%	4.07%
Short-Term Bonds	9.60%	3.68%
Bank/Leveraged Loans	3.60%	5.19%
High Yield Bonds	1.20%	5.74%
Large/Mid Cap US Equities	16.17%	6.30%
Small Cap US Equities	1.35%	6.68%
Micro Cap US Equities	1.35%	6.79%
Developed Foreign Equities	13.48%	6.91%
Emerging Market Equities	4.24%	7.69%
Non-US Small Cap Equities	1.93%	7.25%
Private Equity	17.50%	8.33%
Real Estate (Property)	10.00%	5.55%
Real Estate (REITS)	2.50%	6.69%
Hedge Fund of Funds - Diversified	1.50%	4.06%
Hedge Fund - Event-driven	38.00%	5.59%
Timber	1.13%	5.61%
Farmland	1.13%	6.12%
Infrastructure	2.25%	6.67%
Commodities	1.13%	3.79%
Assumed Inflation - Mean		2.50%

(Source: June 30, 2020 PERS CAFR; p. 74)

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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

Sensitivity of the District's proportionate share of the net OPEB liability/(asset) to changes in the discount rate – The following presents the District's proportionate share of the net OPEB liability/(asset) calculated using the discount rate of 7.20 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percent lower (6.20 percent) or one percent higher (8.20 percent) than the current rate.

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
District's proportionate share of the net OPEB liability (asset)	\$ (409,093)	\$ (506,723)	\$ (590,200)

Changes Subsequent to the Measurement Date

There are no changes subsequent to the June 30, 2020 Measurement Date that meet this requirement and thus would require a brief description under the GASB standard.

10. OTHER POST EMPLOYMENT BENEFITS

Plan Description

The District administers a single-employer defined benefit healthcare plan per the requirements of collective bargaining agreements. The plan provides postretirement healthcare benefits for eligible retirees and their dependents through the District's group health insurance plans. The plan covers both active and retired participants. As of the actuarial valuation date, there were 370 active participants and 38 retirees in the ORS allowed plan 243.303 which states, in part, that for the purposes of establishing healthcare premiums, the calculated rate must be based on the cost of all plan members, including both active employees and retirees. Because claim costs are generally higher for retiree groups than for active employees, the premium amount does not represent the full cost of coverage for retirees. The resulting additional cost, or implicit subsidy, is required to be valued under GASB Statement 75 related to Other Post-Employment Benefits (OPEB). Calculations are based on the OPEB benefits provided under the terms of the substantive 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 valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations of the OPEB plan reflect a long-term perspective.

Funding Policy

The District has not established a trust fund to finance the cost of Post-employment Health Care Benefits related to implicit rate subsidies. Premiums are paid by retirees based on the rates established for active employees. Additional costs related to an implicit subsidy are paid by the District on a pay-as-you go basis in all funds. There is no obligation on the part of the District to fund these benefits in advance.

Net Other Post-employment Benefit Liability

The net other post-employment benefit liability (NOL) was measured as of June 30, 2021, and the total other post-employment benefit liability was determined by an actuarial valuation as of July 1, 2019.

At July 1, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	38
Active employees	370
	<u>408</u>

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

10. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions

The District engaged an actuary to perform a valuation as of July 1, 2019 using the Entry age normal, level percent of salary Actuarial Cost Method.

The total other post-employment benefit liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	July 1, 2019
Actuarial Cost Method	Entry Age Normal, level percent of salary
Investment return assumption (Interest discount)	2.50% per year, based on all years discounted at municipal bond rate (based on Bond Buyer 20-Bond General Obligation Index as of the date of this report)
Plan participation	100% assumed will elect coverage at retirement if eligible for District paid insurance; 75% assumed if only eligible for self-pay insurance
Medical premium annual trend rate	5.0% in 2020 and fluctuating between 6.0% and 4.5% thereafter
Dental premiums annual trend rate	2.5%, increasing by 0.5% each year
Vision premiums annual trend rate	4% increase in all future years
Inflation rate	2.5% per year
Annual salary rate increase	3.5% per year
Health care premium	
Beginning in 2018 a 40% excise tax will be imposed under the affordable care act on employers if the aggregate value of medical coverage exceeds a threshold limit. This excise tax is not included in the calculations because it is believed to be immaterial in regard to the OPEB plan.	

Mortality rates were based on the Pub-2010 teachers table, separate Employee/Healthy Annuitant, sex distinct, generational. Improvement scale was Unisex Social Security Data Scale (60 year average), Active employee/retiree adjustments was set back 12 months for males, no set back for females.

Turnover rates were based on percentages developed for the valuation of benefits under Oregon PERS and vary by years of service.

Disability rates were based on percentages developed for the valuation of benefits under Oregon PERS and vary by employee age.

Retirement rates were based on percentages developed for the valuation of benefits under Oregon PERS and vary by age and years of service. Of the active employees potentially eligible to receive District-paid health benefits, 100% of those currently enrolled and 75% of those currently waiving coverage are assumed to be enrolled at retirement and 70% of those retirees are assumed to cover a spouse, as well. Of the active employees not eligible to receive District-paid health benefits, 75% of those currently enrolled are assumed to remain enrolled in retirement. Current and future retirees are assumed to remain enrolled in the plans in which they are currently enrolled. There was an assumption of no impact of dependent children on the implicit subsidy.

The discount rate used to measure the total pension and total other post-employment benefit liabilities was 2.50%, based on all years discounted at the municipal bond rate.

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

10. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Changes in the Net Other Post-employment Benefit Liability

Changes of assumptions: Interest Discount, the investment return assumption was decreased from 3.75% to 2.50%. Demographic assumptions were revised to match (as closely as possible) those developed in the most recent experience study for Oregon PERS.

	Total OPEB Liability
Total OPEB Liability Balance 6/30/2020	<u>\$ 5,028,855</u>
Changes for the Year:	
Service Cost	189,189
Interest	124,256
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of Assumptions or other input	-
Benefit payments	<u>(495,622)</u>
Net Change in total OPEB Liability	<u>(182,177)</u>
Total OPEB Liability Balance 6/30/2021	<u><u>\$ 4,846,678</u></u>

Sensitivity of the Net Other Post-employment Benefit Liability to changes in the discount and trend rates

The following presents the net other post-employment benefit liability (NOL) of the District, calculated using the discount rate of 2.50 percent, as well as what the District's NOL would be if it was calculated using a discount rate that is 1-percentage-point lower (1.50 percent) or 1-percentage-point higher (3.50 percent) than the current rate:

	1% Lower 1.50%	Current Discount Rate 2.50%	1% Higher 3.50%
Total OPEB Liability	<u>\$ 5,116,288</u>	<u>\$ 4,846,678</u>	<u>\$ 4,588,909</u>

The following presents the net other post-employment benefit liability (NOL) of the District, calculated using the trend rate of 5.0 percent graded up to 6 percent, as well as what the District's NOL would be if it was calculated using a trend rate that is 1-percentage-point lower (4.0 percent graded up to 5%) or 1- percentage-point higher (6.0 percent graded up to 7.0%) than the current rate:

	1% Lower	Current Healthcare Trend Rates	1% Higher
Total OPEB Liability	<u>\$ 4,409,198</u>	<u>\$ 4,846,678</u>	<u>\$ 5,347,579</u>

Other Post-employment benefits Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Other Post-employment Benefits

For the year ended June 30, 2021, the District recognized Other Post-employment Benefit income of \$87,482.

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

10. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

At June 30, 2021, the District reported deferred outflows and deferred inflows of resources, related to Other Postemployment benefits from the following sources:

Deferral Source	Deferred outflow of resources	Deferred inflows of resources
Differences between expected & actual experience	\$ -	\$ 17,797
Changes of assumptions or other inputs	339,220	-
Totals	<u>\$ 339,220</u>	<u>\$ 17,797</u>

The amount of contributions subsequent to the measurement date will be included as a reduction of the net OPEB liability in the fiscal year ending June 30, 2021. Subtotal amounts reported as deferred outflows \$339,220, and deferred inflows of resources (\$17,797), related to Other Post-employment benefits net to \$321,423, and will be recognized in Other Post-employment benefit income as follows:

Year ended June 30:

2022	\$ 94,695
2023	94,695
2024	94,694
2025	18,667
2026	18,672
Thereafter	-
Total	<u>\$ 321,423</u>

11. PROPERTY TAX LIMITATION

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

The limitation provides that property taxes for school operations are limited to \$5.00 for each \$1,000 of property market value. This limitation does not apply to taxes levied for principal and interest on general obligation bonded debt. The result of this initiative has been that school districts have become more dependent upon state funding and less dependent upon property tax revenues as their major source of operating revenue. The State voters passed ballot measure 50 in May, 1997 to further reduce property taxes by replacing the previous constitutional limits on tax bases with a rate and value limit.

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

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

12. RISK MANAGEMENT

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

13. COMMITMENTS AND CONTINGENCIES

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

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

The COVID-19 outbreak in the United States has caused substantial disruption to business and local governments due to mandated and voluntary suspension of operations and stay at home orders. There is considerable uncertainty around the duration of the outbreak and the long-term impact to the overall economy. The ultimate impact on the District's finances is not determinable

The District in the course of normal operations is involved in litigation. As of the financial statement issuance date there is pending litigation but any financial responsibility of the District is not determinable.

14. INTERFUND TRANSFERS & INTERFUND RECEIVABLE/PAYABLE

Amounts were comprised of the following:

	Transfers Out	Transfers In	Interfund Receivable	Interfund Payable
General Fund	\$ 267,440	\$ 65,400	\$ 1,135,479	\$ 150,000
Special Revenue Fund	65,400	-	-	935,379
Other Governmental Funds	-	267,440	150,000	200,100
	<u>\$ 332,840</u>	<u>\$ 332,840</u>	<u>\$ 1,285,479</u>	<u>\$ 1,285,479</u>

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

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

15. OPERATING LEASES

The District entered into an agreement with TRT Investments, LLC on June 1, 2019 for a 60-month lease of property at 111 SW Ash Street. Operating lease payments for the property during the year ended June 30, 2021 were \$24,600.

An equipment lease agreement with Pacific Office Automation was entered into on June 30, 2020 for 60-months, with monthly lease payments of \$3,087. On July 1, 2020, the district entered into an equipment lease agreement with Insight Investments, LLC for 48-months, with monthly lease payments of \$15,841. Operating lease payments for equipment during the year ended June 30, 2021 were \$236,050, including overage fees. Future minimum payments are as follows:

Year Ended			
June 30th	Equipment	Property	Total
2022	227,134	24,600	251,734
2023	227,134	25,800	252,934
2024	227,134	25,800	252,934
2025	37,045	-	37,045
Total	<u>\$ 718,447</u>	<u>\$ 76,200</u>	<u>\$ 794,647</u>

16. TAX ABATEMENTS

As of June 30, 2021, the District had tax abatements through various state allowed programs that impacted levied taxes. Based on the information available from the county as of the date of issuance of these basic financial statements, the amount of abatements for the year ended June 30, 2021 is deemed by management to be immaterial.

17. SUBSEQUENT EVENTS

New Long-Term Obligations: As of August 19, 2021 the District issued a Full Faith and Credit Pension Obligation Bond for the principal amount of \$37,575,000 with a 0.182% coupon rate, which increases each year, up to 2.895% in 2037 and thereafter. The first coupon date is June 30, 2022, and the final maturity date is June 30, 2040. There are no significant defaults, remedies, or acceleration clauses noted in the agreement.

This Page Intentionally Left Blank

DALLAS SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

This Page Intentionally Left Blank

**DALLAS SCHOOL DISTRICT
DALLAS, OREGON**

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
June 30, 2021**

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

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

Year Ended June 30,	Total OPEB Liability - Beginning	Service Cost	Interest	Changes of Benefit Terms	Changes of Assumptions	Differences Between Expected and Actual	Benefit Payments	Total OPEB Liability - End of Year	Estimated Covered Payroll	Total OPEB Liability as a % of Covered Payroll
2021	\$ 5,028,855	\$ 189,189	\$ 124,256	\$ -	\$ -	\$ -	\$ (495,622)	\$ 4,846,678	\$ 17,009,652	28%
2020	5,074,518	163,272	186,552	-	155,591	(24,917)	(526,161)	5,028,855	16,434,446	31%
2019	4,938,790	157,751	192,690	-	456,167	-	(670,880)	5,074,518	16,495,454	31%
2018	5,237,475	167,050	187,293	-	-	-	(653,028)	4,938,790	15,937,637	31%

The above table presents the most recent actuarial valuations for the District's post-retirement benefit.

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

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2021

PERS

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (NPL)	(c) Employer's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.19 %	\$ 40,761,482	\$ 17,958,464	227.0 %	75.8 %
2020	0.22	37,502,663	16,867,258	222.3	80.2
2019	0.21	32,328,540	14,252,450	226.8	82.1
2018	0.22	29,490,920	15,682,430	188.1	83.1
2017	0.23	34,801,961	15,057,790	231.1	80.5
2016	0.25	14,612,853	13,294,508	109.9	91.9
2015	0.25	(5,706,465)	14,230,204	(40.1)	103.6
2014	0.25	12,847,192	12,002,814	107.0	92.0

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

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

SCHEDULE OF CONTRIBUTIONS

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2021	\$ 5,235,975	\$ 5,235,975	\$ -	\$ 17,932,337	29.2 %
2020	5,256,814	5,256,814	-	17,958,464	29.3
2019	3,967,663	3,967,663	-	16,867,258	23.5
2018	3,598,480	3,598,480	-	14,252,450	25.2
2017	3,187,340	3,187,340	-	15,682,430	20.3
2016	3,028,015	3,028,015	-	15,057,790	20.1
2015	2,979,578	2,979,578	-	13,294,508	22.4
2014	2,792,926	2,792,926	-	14,230,204	19.6

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

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

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2021

OPEB - RHIA

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB ASSET/(LIABILITY) FOR RHIA

Year Ended June 30,	(a) Employer's proportion of the net OPEB asset/(liability) (NOA/(L))	(b) Employer's proportionate share of the net OPEB asset/(liability) (NOA/(L))	(c) Employer's covered payroll	(b/c) NOA/(L) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2021	0.2487 %	\$ 506,723	\$ 17,958,464	2.82 %	150.1 %
2020	0.1519	293,444	16,867,258	1.74	144.4
2019	0.1594	177,942	14,252,450	1.25	124.0
2018	0.1487	62,055	15,682,430	0.40	108.9
2017	0.1507	(40,912)	15,057,790	(0.27)	90.0

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

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

Amounts for covered payroll (c) use the prior year's data to match the measurement data used by the OPEB plan for each year.

SCHEDULE OF CONTRIBUTIONS FOR RHIA

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2021	\$ N/A	\$ N/A	\$ N/A	\$ 17,932,337	N/A %
2020	N/A	N/A	N/A	17,958,464	N/A
2019	N/A	N/A	N/A	16,867,258	N/A
2018	N/A	N/A	N/A	14,252,450	N/A
2017	N/A	N/A	N/A	15,682,430	N/A

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

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

All statutorily required contributions were made and are included within PERS contributions (see p. 36).

**DALLAS SCHOOL DISTRICT
DALLAS, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET - BUDGETARY BASIS
For the Year Ended June 30, 2021**

GENERAL FUND

	<u>BUDGET (2)</u>		<u>ACTUAL GENERAL FUND</u>	<u>FACILITY REPAIR & MAINTENANCE FUND</u>	<u>COMBINED ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>				
REVENUES:						
Local Sources	\$ 8,795,100	\$ 8,795,100	\$ 8,813,397	\$ 2,187	\$ 8,815,584	\$ 20,484
Intermediate Sources	98,000	98,000	325,749	-	325,749	227,749
State Sources	26,505,242	26,505,242	26,180,675	-	26,180,675	(324,567)
Federal Sources	652,268	652,268	1,167,799	-	1,167,799	515,531
Total Revenue	36,050,610	36,050,610	36,487,620	2,187	36,489,807	439,197
EXPENDITURES:						
Instruction	23,314,785	23,314,785 (1)	23,545,294	-	23,545,294	(230,509)
Support Services	12,818,100	12,818,100 (1)	12,191,838	44,998	12,236,836	581,264
Facilities Acquisition	41,900	41,900 (1)	-	-	-	41,900
Operating Contingencies	1,802,300	1,662,300 (1)	-	-	-	1,662,300
Total Expenditures	37,977,085	37,837,085	35,737,132	44,998	35,782,130	2,054,955
Revenues Over (Under) Expenditures	(1,926,475)	(1,786,475)	750,488	(42,811)	707,677	2,494,152
OTHER FINANCING SOURCES, (USES)						
Transfers In	80,000	80,000	-	65,400	65,400	(14,600)
Transfers Out	(127,550)	(267,550) (1)	(150,000)	(117,440)	(267,440)	110
Sale of Capital Assets	-	-	7,500	-	7,500	7,500
Total Other Financing Sources, (Uses)	(47,550)	(187,550)	(142,500)	(52,040)	(194,540)	(6,990)
Net Change in Fund Balance	(1,974,025)	(1,974,025)	607,988	(94,851)	513,137	2,487,162
Beginning Fund Balance	2,094,025	2,094,025	1,983,648	289,748	2,273,396	179,371
Ending Fund Balance	<u>\$ 120,000</u>	<u>\$ 120,000</u>	<u>\$ 2,591,636</u>	<u>\$ 194,897</u>	<u>\$ 2,786,533</u>	<u>\$ 2,666,533</u>

(1) Appropriation Level

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

**DALLAS SCHOOL DISTRICT
DALLAS, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET - BUDGETARY BASIS
For the Year Ended June 30, 2021**

SPECIAL GRANTS AND PROJECTS FUND

	<u>BUDGET</u>			<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
REVENUES:				
Local Sources	\$ 210,000	\$ 210,000	\$ 67,414	\$ (142,586)
Intermediate Sources	609,586	609,586	368,174	(241,412)
State Sources	4,175,454	4,175,454	2,487,587	(1,687,867)
Federal Sources	1,773,885	1,773,885	1,527,198	(246,687)
Total Revenue	6,768,925	6,768,925	4,450,373	(2,318,552)
EXPENDITURES:				
Instruction	5,090,913	5,090,913 (1)	3,376,643	1,714,270
Support Services	1,570,012	1,570,012 (1)	1,008,330	561,682
Community Services	28,000	28,000 (1)	-	28,000
Total Expenditures	6,688,925	6,688,925	4,384,973	2,303,952
Revenues Over (Under) Expenditures	80,000	80,000	65,400	(14,600)
OTHER FINANCING SOURCES, (USES)				
Transfers Out	(80,000)	(80,000) (1)	(65,400)	14,600
Total Other Financing Sources, (Uses)	(80,000)	(80,000)	(65,400)	14,600
Net Change in Fund Balance	-	-	-	-
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(1) Appropriation Level

This Page Intentionally Left Blank

DALLAS SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

This Page Intentionally Left Blank

**DALLAS SCHOOL DISTRICT
DALLAS, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET - BUDGETARY BASIS
For the Year Ended June 30, 2021**

DEBT SERVICE - GO BONDS FUND

	<u>BUDGET</u>			<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
REVENUES:				
Local Sources	\$ 2,856,800	\$ 2,856,800	\$ 3,114,874	\$ 258,074
Total Revenues	<u>2,856,800</u>	<u>2,856,800</u>	<u>3,114,874</u>	<u>258,074</u>
EXPENDITURES:				
Debt Service	<u>2,996,800</u>	<u>2,996,800 (1)</u>	<u>2,996,730</u>	<u>70</u>
Total Expenditures	<u>2,996,800</u>	<u>2,996,800</u>	<u>2,996,730</u>	<u>70</u>
Net Change in Fund Balance	(140,000)	(140,000)	118,144	258,004
Beginning Fund Balance	<u>240,000</u>	<u>240,000</u>	<u>445,228</u>	<u>205,228</u>
Ending Fund Balance	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 563,372</u>	<u>\$ 463,372</u>

(1) Appropriation Level

**DALLAS SCHOOL DISTRICT
DALLAS, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET - BUDGETARY BASIS
For the Year Ended June 30, 2021**

CAPITAL PROJECTS FUND

	<u>BUDGET</u>			<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
REVENUES:				
Local Sources	\$ 40,000	40,000	\$ 19,315	\$ (20,685)
State Sources	500,000	500,000	107,994	(392,006)
Total Revenues	<u>540,000</u>	<u>540,000</u>	<u>127,309</u>	<u>(412,691)</u>
EXPENDITURES:				
Construction	<u>4,140,000</u>	<u>4,140,000</u> (1)	<u>3,177,477</u>	<u>962,523</u>
Total Expenditures	<u>4,140,000</u>	<u>4,140,000</u>	<u>3,177,477</u>	<u>962,523</u>
Net Change in Fund Balance	(3,600,000)	(3,600,000)	(3,050,168)	549,832
Beginning Fund Balance	<u>3,600,000</u>	<u>3,600,000</u>	<u>3,440,789</u>	<u>(159,211)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 390,621</u>	<u>\$ 390,621</u>

(1) Appropriation Level

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS

June 30, 2021

	STUDENT ACTIVITY	FOOD SERVICE	FULL FAITH AND CREDIT	TOTAL OTHER GOVERNMENTAL FUNDS
ASSETS:				
Cash and Investments	\$ 282,879	\$ -	\$ -	\$ 282,879
Inventory	-	51,639	-	51,639
Due From other Funds	-	150,000	-	150,000
Receivables:				
Accounts and Grants	-	718	-	718
Intergovernmental Accounts	-	47,136	-	47,136
Total Assets	<u>282,879</u>	<u>249,493</u>	<u>-</u>	<u>532,372</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Due to Other Funds	-	200,100	-	200,100
Accounts Payable	-	11,785	-	11,785
Total Liabilities	<u>-</u>	<u>211,885</u>	<u>-</u>	<u>211,885</u>
Fund Balances:				
Nonspendable	-	51,639	-	51,639
Restricted	282,879	(14,031)	-	268,848
Total Fund Balances	<u>282,879</u>	<u>37,608</u>	<u>-</u>	<u>320,487</u>
Total Liabilities and Fund Balances	<u>\$ 282,879</u>	<u>\$ 249,493</u>	<u>\$ -</u>	<u>\$ 532,372</u>

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGETARY (NON-GAAP) BASIS
ALL OTHER GOVERNMENTAL
For the Year Ended June 30, 2021

	STUDENT ACTIVITY	FOOD SERVICE	FULL FAITH AND CREDIT	TOTAL OTHER GOVERNMENTAL FUNDS
REVENUES:				
Local Sources	\$ 168,743	\$ 3,463	\$ -	\$ 172,206
State Sources	-	22,529	-	22,529
Federal Sources	-	749,922	-	749,922
Total Revenues	<u>168,743</u>	<u>775,914</u>	<u>-</u>	<u>944,657</u>
EXPENDITURES:				
Instruction	200,275	-	-	200,275
Community Services	-	903,189	-	903,189
Debt Service	-	-	117,440	117,440
Total Expenditures	<u>200,275</u>	<u>903,189</u>	<u>117,440</u>	<u>1,220,904</u>
OTHER FINANCING SOURCES:				
Transfers In	-	150,000	117,440	267,440
Total Other Financing Sources	<u>-</u>	<u>150,000</u>	<u>117,440</u>	<u>267,440</u>
Net Change in Fund Balance	(31,532)	22,725	-	(8,807)
Beginning Fund Balance	<u>314,411</u>	<u>14,883</u>	<u>-</u>	<u>329,294</u>
Ending Fund Balance	<u>\$ 282,879</u>	<u>\$ 37,608</u>	<u>\$ -</u>	<u>\$ 320,487</u>

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET - BUDGETARY BASIS
For the Year Ended June 30, 2021

STUDENT ACTIVITY FUND

	<u>BUDGET</u>			<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
REVENUES:				
Local Sources	\$ 850,000	\$ 850,000	\$ 168,743	\$ (681,257)
Total Revenue	<u>850,000</u>	<u>850,000</u>	<u>168,743</u>	<u>(681,257)</u>
EXPENDITURES:				
Instruction	<u>1,050,000</u>	<u>1,050,000</u> (1)	<u>200,275</u>	<u>849,725</u>
Total Expenditures	<u>1,050,000</u>	<u>1,050,000</u>	<u>200,275</u>	<u>849,725</u>
Net Change in Fund Balance	(200,000)	(200,000)	(31,532)	168,468
Beginning Fund Balance	<u>300,000</u>	<u>300,000</u>	<u>314,411</u>	<u>14,411</u>
Ending Fund Balance	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 282,879</u>	<u>\$ 182,879</u>

(1) Appropriation Level

**DALLAS SCHOOL DISTRICT
DALLAS, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET - BUDGETARY BASIS
For the Year Ended June 30, 2021**

FOOD SERVICE FUND

	<u>BUDGET</u>			<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
REVENUES:				
Local Sources:	\$ 215,100	\$ 215,100	\$ 3,463	\$ (211,637)
State Sources	46,820	46,820	22,529 (2)	(24,291)
Federal Sources	810,000	810,000	749,922	(60,078)
Total Revenue	<u>1,071,920</u>	<u>1,071,920</u>	<u>775,914</u>	<u>(296,006)</u>
EXPENDITURES:				
Community Services	<u>1,081,920</u>	<u>1,221,920 (1)</u>	<u>903,189</u>	<u>318,731</u>
Total Expenditures	<u>1,081,920</u>	<u>1,221,920</u>	<u>903,189</u>	<u>318,731</u>
OTHER FINANCING SOURCES, (USES)				
Transfers In	<u>10,000</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>
Total Other Financing Sources, (Uses)	<u>10,000</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>
Net Change in Fund Balance	-	-	22,725	22,725
Beginning Fund Balance	<u>10,000</u>	<u>10,000</u>	<u>14,883</u>	<u>4,883</u>
Ending Fund Balance	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 37,608</u>	<u>\$ 27,608</u>

(1) Appropriation Level

(2) This amount includes the state revenue match of \$9,331 for National School Lunch Program support.

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET - BUDGETARY BASIS
For the Year Ended June 30, 2021

DEBT SERVICE - FULL FAITH AND CREDIT

	<u>BUDGET</u>			<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
REVENUES:				
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:				
Debt Service	<u>117,550</u>	<u>117,550 (1)</u>	<u>117,440</u>	<u>110</u>
Total Expenditures	<u>117,550</u>	<u>117,550</u>	<u>117,440</u>	<u>110</u>
OTHER FINANCING SOURCES, (USES)				
Transfers In	<u>117,550</u>	<u>117,550</u>	<u>117,440</u>	<u>(110)</u>
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources, (Uses)	<u>117,550</u>	<u>117,550</u>	<u>117,440</u>	<u>(110)</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Beginning Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(1) Appropriation Level

**DALLAS SCHOOL DISTRICT
DALLAS, OREGON**

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES OF TAXES UNCOLLECTED

For the Year Ended June 30, 2021

<u>TAX YEAR</u>	<u>ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/20</u>	<u>DEDUCT DISCOUNTS</u>	<u>ADJUSTMENTS TO ROLLS</u>	<u>INTEREST</u>	<u>CASH COLLECTIONS BY COUNTY TREASURER</u>	<u>BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/21</u>
<u>GENERAL FUND:</u>						
Current:						
2020-21	\$ 8,294,023	\$ 224,397	\$ (10,717)	\$ 3,385	\$ 7,939,802	\$ 122,492
Prior Years:						
2019-20	131,123	(46)	(6,862)	5,251	75,672	53,886
2018-19	61,708	(27)	(5,813)	5,914	34,088	27,748
2017-18	37,570	(2)	(10,360)	6,669	24,710	9,171
2016-17	11,749	-	(3,387)	2,884	8,556	2,690
Prior Years:	11,744	-	(2,775)	696	1,086	8,579
Total Prior	253,894	(75)	(29,197)	21,414	144,112	102,074
Total General Fund	<u>\$ 8,547,917</u>	<u>\$ 224,322</u>	<u>\$ (39,914)</u>	<u>\$ 24,799</u>	<u>\$ 8,083,914</u>	<u>\$ 224,566</u>
RECONCILIATION TO REVENUE:						<u>GENERAL FUND</u>
Cash Collections by County Treasurer Above						\$ 8,083,914
Accrued at 6/30/20						(109,379)
Accrued at 6/30/21						40,741
Changes from Prior year Unavailable Revenue, see page 6						39,310
Total Revenue						<u>\$ 8,054,586</u>

**DALLAS SCHOOL DISTRICT
DALLAS, OREGON**

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES OF TAXES UNCOLLECTED

For the Year Ended June 30, 2021

<u>TAX YEAR</u>	<u>ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/20</u>	<u>DEDUCT DISCOUNTS</u>	<u>ADJUSTMENTS TO ROLLS</u>	<u>INTEREST</u>	<u>CASH COLLECTIONS BY COUNTY TREASURER</u>	<u>BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/21</u>
<u>DEBT SERVICE FUND:</u>						
Current:						
2020-21	\$ 3,217,900	\$ 87,061	\$ (4,158)	\$ 1,313	\$ 3,080,470	\$ 47,524
Prior Years:						
2019-20	50,161	(18)	(2,626)	2,009	28,948	20,614
2018-19	24,003	(9)	(5,805)	1,925	11,098	9,034
2017-18	12,149	(1)	(923)	2,752	10,195	3,784
2016-17	3,919	-	(956)	1,022	3,032	953
Prior Years:	2,265	-	1,042	257	400	3,164
Total Prior	92,497	(28)	(9,268)	7,965	53,673	37,549
Total Debt Svc Fund	<u>\$ 3,310,397</u>	<u>\$ 87,033</u>	<u>\$ (13,426)</u>	<u>\$ 9,278</u>	<u>\$ 3,134,143</u>	<u>\$ 85,073</u>

RECONCILIATION TO REVENUE:	<u>DEBT SERVICE FUND</u>
Cash Collections by County Treasurer Above	\$ 3,134,143
Accrued at 6/30/20	(40,734)
Accrued at 6/30/21	15,095
Changes from Prior year Unavailable Revenue, see page 6	18,215
Total Revenue	<u>\$ 3,126,719</u>

This Page Intentionally Left Blank

DALLAS SCHOOL DISTRICT

OTHER INFORMATION

This Page Intentionally Left Blank

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

SUPPLEMENTAL INFORMATION
As Required by The Oregon Department of Education
For the Year Ended June 30, 2021

A. Energy bills for heating, fuel, water and sewage - all funds:		<u>Objects 325, 326 and 327</u>
	Function 2540	\$ 372,636
	Function 2550	-

B. Replacement of equipment - General Fund:		
All General Fund expenditures in Object 542:		<u>Object 542</u>
		\$ 14,784

These functions are Excluded:

1113, 1122 & 1132	Co-curricular activities	Construction
1140	Pre-kindergarten	Pupil transportation
1300	Continuing education	Food service
1400	Summer school	Community services

2020-21 DISTRICT AUDIT REVENUE SUMMARY
Dallas School District

Revenue from Local Sources

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
1110 Ad Valorem Taxes Levied by District	\$8,014,059		\$3,108,504				
1120 Local Option Ad Valorem Taxes Levied by District							
1130 Construction Excise Tax							
1190 Penalties and Interest on Taxes	\$1,217						
1200 Revenue from Local Govt Units Other Than Districts							
1311 Regular Day School Tuition - From Individuals							
1312 Regular Day School Tuition - Other Dist Within State							
1313 Regular Day School Tuition - Other Districts Outside							
1320 Adult/Continuing Education Tuition							
1330 Summer School Tuition							
1411 Transportation Fees - From Individuals							
1412 Transportation Fees - Other Dist Within State							
1414 Transportation Fees - Foster Students							
1420 Summer School Transportation Fees							
1500 Earnings on Investments	\$63,727	\$69	\$13,403	\$19,314			
1600 Food Service							
1700 Extracurricular Activities	\$23,606	\$168,743					
1800 Community Services Activities							
1910 Rentals	\$1,100						
1920 Contributions and Donations From Private Sources	\$50	\$1,495					
1930 Rental or Lease Payments From Private Contractors							
1940 Services Provided Other Local Education Agencies	\$228,246						
1950 Textbook Sales and Rentals							
1960 Recovery of Prior Years' Expenditure							
1970 Services Provided Other Funds							
1980 Fees Charged to Grants	\$254,904						
1990 Miscellaneous	\$228,675	\$69,313	\$ (7,033.00)				
Total Revenue from Local Sources	\$8,815,584	\$239,620	\$3,114,874	\$19,314	\$0	\$0	\$0

Revenue from Intermediate Sources

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
2101 County School Funds	\$39,614						
2102 General ESD Revenue	\$284,040	\$367,674					
2103 Excess ESD Local Revenue							
2105 Natural Gas, Oil, and Mineral Receipts							
2110 Intermediate "I" Tax							
2199 Other Intermediate Sources	\$2,095						
2200 Restricted Revenue		\$500					
2800 Revenue in Lieu of Taxes							
2900 Revenue for/on Behalf of the District							
Total Revenue from Intermediate Sources	\$325,749	\$368,174	\$0	\$0	\$0	\$0	\$0

Revenue from State Sources

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
3101 State School Fund - General Support	\$25,326,415						
3102 State School Fund - School Lunch Match		\$9,331					
3103 Common School Fund	\$334,017						
3104 State Managed County Timber							
3106 State School Fund - Accrual							
3199 Other Unrestricted Grants-in-Aid	\$520,243	\$5,134					
3204 Driver Education							
3222 State School Fund (SSF) Transportation Equipment							
3299 Other Restricted Grants-in-Aid		\$2,495,651		\$107,994			
3800 Revenue in Lieu of Taxes							
3900 Revenue for/on Behalf of the District							
Total Revenue from State Sources	\$26,180,675	\$2,510,116	\$0	\$107,994	\$0	\$0	\$0

Revenue from Federal Sources

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
4100 Unrestricted Revenue Direct From the Federal Government							
4200 Unrestricted Revenue From the Federal Government Through the State		\$24,443					
4300 Restricted Revenue From the Federal Government							
4500 Restricted Revenue From the Federal Government Through the State	\$1,164,380	\$2,176,994					
4700 Grants-In-Aid From the Federal Government Through Other Intermediate Agencies							
4801 Federal Forest Fees	\$206						
4802 Impact Aid to School Districts for Operation (PL 874)							
4899 Other Revenue in Lieu of Taxes	\$3,213						
4900 Revenue for/on Behalf of the District		\$75,683					
Total Revenue from Federal Sources	\$1,167,799	\$2,277,120	\$0	\$0	\$0	\$0	\$0

Revenue from Other Sources

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
5100 Long Term Debt Financing Sources							
5200 Interfund Transfers	\$65,400	\$150,000	\$117,440				
5300 Sale of or Compensation for Loss of Fixed Assets	\$7,500						
5400 Resources - Beginning Fund Balance	\$2,273,396	\$329,294	\$445,228	\$3,440,789			
Total Revenue from Other Sources	\$2,346,296	\$479,294	\$562,668	\$3,440,789	\$0	\$0	\$0
Grand Totals	\$38,836,103	\$5,874,324	\$3,677,542	\$3,568,098	\$0	\$0	\$0

2020-21 DISTRICT AUDIT EXPENDITURE SUMMARY
Dallas School District

Fund: 100 General Fund + 102 Facilities

Instruction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Elementary, K-5 or K-6	\$6,551,131	\$3,984,190	\$2,357,432	\$164,437	\$45,072			
1113 Elementary Extracurricular	\$0							
1121 Middle/Junior High Programs	\$2,914,733	\$1,871,887	\$1,009,235	\$25,484	\$8,127			
1122 Middle/Junior High School Extracurricular	\$9,374	\$6,686	\$2,688					
1131 High School Programs	\$3,441,598	\$2,145,943	\$1,243,572	\$37,776	\$14,307			
1132 High School Extracurricular	\$742,024	\$463,456	\$210,636	\$32,933	\$15,179	\$14,705	\$5,114	
1140 Pre-Kindergarten Programs	\$0							
1210 Programs for the Talented and Gifted	\$17,465	\$12,192	\$5,245		\$27			
1220 Restrictive Programs for Students with Disabilities	\$2,703,189	\$1,545,359	\$1,036,323	\$118,540	\$2,968			
1230 Tutoring	\$0							
1250 Less Restrictive Programs for Students with Disabilities	\$1,827,901	\$1,021,868	\$624,849	\$174,124	\$7,061			
1260 Treatment and Habilitation	\$0							
1271 Remediation	\$199,114	\$125,883	\$73,008	\$223				
1272 Title I	\$0							
1280 Alternative Education	\$4,935,198	\$304,617	\$200,917	\$4,428,043	\$1,621			
1291 English Second Language Programs	\$196,055	\$114,325	\$75,905	\$5,825				
1292 Teen Parent Program	\$0							
1293 Migrant Education	\$0							
1294 Youth Corrections Education	\$0							
1299 Other Programs	\$0							
1300 Adult/Continuing Education Programs	\$0							
1400 Summer School Programs	\$7,513	\$5,090	\$2,126	\$297				
Total Instruction Expenditures	\$23,545,294	\$11,601,495	\$6,841,936	\$4,987,682	\$94,362	\$14,705	\$5,114	\$0
Support Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	\$5,779	\$722	\$333	\$4,000	\$724			
2120 Guidance Services	\$535,729	\$318,742	\$206,733	\$4,622	\$5,632			
2130 Health Services	\$397,839	\$228,616	\$147,085	\$15,747	\$6,389			
2140 Psychological Services	\$441,998	\$63,999	\$41,577	\$333,687	\$2,736			
2150 Speech Pathology and Audiology Services	\$28,590			\$28,590				
2160 Other Student Treatment Services	\$0							
2190 Service Direction, Student Support Services	\$293,361	\$177,266	\$114,277	\$403	\$350		\$1,065	
2210 Improvement of Instruction Services	\$89,661	\$48,696	\$37,658	\$2,134	\$109		\$1,065	
2220 Educational Media Services	\$471,012	\$274,127	\$167,003	\$18,627	\$11,255			
2230 Assessment & Testing	\$94,508	\$38,190	\$36,321	\$19,997				
2240 Instructional Staff Development	\$550			\$550				
2310 Board of Education Services	\$197,244			\$107,620	\$177		\$89,447	
2320 Executive Administration Services	\$348,205	\$230,288	\$113,307	\$1,573	\$452		\$2,585	
2410 Office of the Principal Services	\$2,220,856	\$1,430,628	\$762,698	\$12,823	\$5,947		\$8,760	
2490 Other Support Services - School Administration	\$45,141	\$30,236	\$12,915	\$0	\$1,991			
2520 Fiscal Services	\$647,024	\$403,577	\$210,290	\$28,032	\$3,000		\$2,125	
2540 Operation and Maintenance of Plant Services	\$2,870,794	\$1,138,302	\$727,743	\$568,199	\$248,411	\$73,667	\$114,471	
2550 Student Transportation Services	\$1,458,188	\$22,815	\$13,758	\$1,420,148	\$1,467			
2570 Internal Services	\$178,925	\$54,995	\$41,484	\$63,129	\$19,318			
2610 Direction of Central Support Services	\$57,570						\$57,570	
2620 Planning, Evaluation, Grant Writing and Statistical Svcs	\$1,200			\$1,200				
2630 Information Services	\$0							
2640 Staff Services	\$342,645	\$163,661	\$142,613	\$29,565	\$4,282		\$2,524	
2660 Technology Services	\$1,129,723	\$365,633	\$193,112	\$379,295	\$191,363		\$320	
2670 Records Management Services	\$0							
2680 Interpretation & Translation Services	\$5,613	\$241	\$97	\$5,275				
2690 Other Support Services - Central	\$0							
2700 Supplemental Retirement Program	\$374,682		\$374,682					
Total Support Services Expenditures	\$12,236,836	\$4,990,733	\$3,343,685	\$3,045,217	\$503,603	\$73,667	\$279,931	\$0
Facilities Acquisition and Construction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	\$0							
4120 Site Acquisition and Development Services	\$0							
4150 Building Acquisition, Construction, and Improvement	\$0							
4180 Other Capital Items	\$0							
4190 Other Facilities Construction Services	\$0							
Total Facilities Acquisition and Construction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Uses Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	\$0							
5200 Transfers of Funds	\$267,440						\$267,440	
5300 Apportionment of Funds by ESD	\$0							
5400 PERS UAL Bond Lump Sum	\$0							
Total Other Uses Expenditures	\$267,440	\$0	\$0	\$0	\$0	\$0	\$267,440	\$0
Grand Total	\$36,049,570	\$16,592,228	\$10,185,621	\$8,032,898	\$597,965	\$88,372	\$552,485	\$0

2020-21 DISTRICT AUDIT EXPENDITURE SUMMARY
Dallas School District

Fund: 200 Special Revenue Funds

Instruction Expenditures								
Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	
1111 Elementary, K-5 or K-6	\$209,086	\$65,634	\$27,722	\$0	\$115,730	\$0	\$0	
1113 Elementary Extracurricular	\$22,424	\$0	\$0	\$0	\$22,424			
1121 Middle/Junior High Programs	\$58,667	\$0	\$0	\$0	\$58,667	\$0	\$0	
1122 Middle/Junior High School Extracurricular	\$23,743	\$0	\$0		\$23,743			
1131 High School Programs	\$777,329	\$290,328	\$145,923	\$23,512	\$257,326	\$55,562	\$4,679	
1132 High School Extracurricular	\$154,109	\$0	\$0	\$0	\$154,109	\$0		
1140 Pre-Kindergarten Programs	\$0							
1210 Programs for the Talented and Gifted	\$0							
1220 Restrictive Programs for Students with Disabilities	\$881,830	\$455,407	\$289,603	\$125,730	\$11,091	\$0		
1250 Less Restrictive Programs for Students with Disabilities	\$404,832	\$276,442	\$123,668	\$4,221	\$500			
1260 Treatment and Habilitation	\$0							
1271 Remediation	\$0							
1272 Title I	\$678,725	\$436,592	\$176,168	\$65,951	\$14		\$0	
1280 Alternative Education	\$113,455	\$10,174	\$2,191	\$101,090	\$0		\$0	
1291 English Second Language Programs	\$10,055	\$0	\$0	\$1,000	\$9,055			
1292 Teen Parent Program	\$0							
1293 Migrant Education	\$0							
1294 Youth Corrections Education	\$0							
1299 Other Programs	\$0							
1300 Adult/Continuing Education Programs	\$0							
1400 Summer School Programs	\$0							
Total Instruction Expenditures	\$3,576,918	\$1,554,595	\$773,018	\$357,775	\$801,792	\$85,059	\$4,679	\$0
Support Services Expenditures								
Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	
2110 Attendance and Social Work Services	\$0							
2120 Guidance Services	\$86,849	\$61,241	\$25,608	\$0	\$0		\$0	
2130 Health Services	\$24,443	\$17,267	\$7,176	\$0	\$0		\$0	
2140 Psychological Services	\$80,000	\$0	\$0	\$80,000	\$0		\$0	
2150 Speech Pathology and Audiology Services	\$0							
2160 Other Student Treatment Services	\$0							
2190 Service Direction, Student Support Services	\$186,146	\$96,636	\$88,690	\$0	\$820			
2210 Improvement of Instruction Services	\$305,764	\$181,681	\$107,545	\$14,488	\$2,049		\$0	
2220 Educational Media Services	\$0	\$0	\$0	\$0	\$0			
2230 Assessment & Testing	\$29,843	\$7,278	\$3,119	\$19,445	\$0			
2240 Instructional Staff Development	\$260	\$0	\$0	\$260	\$0		\$0	
2310 Board of Education Services	\$0							
2320 Executive Administration Services	\$0							
2410 Office of the Principal Services	\$0							
2490 Other Support Services - School Administration	\$0							
2520 Fiscal Services	\$45,223			\$42,325	\$2,898	\$0	\$0	
2540 Operation and Maintenance of Plant Services	\$0							
2550 Student Transportation Services	\$0							
2570 Internal Services	\$0							
2610 Direction of Central Support Services	\$197,334				\$197,334			
2620 Planning, Evaluation, Grant Writing and Statistical Svcs	\$0							
2630 Information Services	\$0							
2640 Staff Services	\$645				\$645			
2660 Technology Services	\$51,823			\$7,000	\$44,823			
2670 Records Management Services	\$0							
2680 Interpretation & Translation Services	\$0							
2690 Other Support Services - Central	\$0							
2700 Supplemental Retirement Program	\$0							
Total Support Services Expenditures	\$1,008,330	\$364,102	\$232,139	\$163,519	\$51,235	\$197,334	\$0	\$0
Enterprise and Community Services Expenditures								
Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	
3100 Food Services	\$903,189	\$341,169	\$261,079	\$25,355	\$273,711	\$0	\$1,875	
3200 Other Enterprise Services	\$0							
3300 Community Services	\$0							
3500 Custody and Care of Children Services	\$0							
Total Enterprise and Community Services Expenditures	\$903,189	\$341,169	\$261,079	\$25,355	\$273,711	\$0	\$1,875	\$0
Other Uses Expenditures								
Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	
5100 Debt Service	\$0							
5200 Transfers of Funds	\$65,400							\$65,400
5300 Apportionment of Funds by ESD	\$0							
5400 PERS UAL Bond Lump Sum	\$0							
Total Other Uses Expenditures	\$65,400	\$0	\$0	\$0	\$0	\$0	\$0	\$65,400
Grand Total	\$5,553,838	\$2,259,865	\$1,266,237	\$546,649	\$1,126,739	\$282,393	\$6,554	\$65,400

2020-21 DISTRICT AUDIT EXPENDITURE SUMMARY
Dallas School District

Fund: 300 Debt Service Funds

Other Uses Expenditures

5100 Debt Service

5200 Transfers of Funds

5300 Apportionment of Funds by ESD

5400 PERS UAL Bond Lump Sum

Total Other Uses Expenditures

Grand Total

Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
\$3,114,170					\$3,114,170		
\$0							
\$0							
\$0							
\$3,114,170	\$0	\$0	\$0	\$0	\$3,114,170	\$0	\$0
\$3,114,170	\$0	\$0	\$0	\$0	\$3,114,170	\$0	\$0

2020-21 DISTRICT AUDIT EXPENDITURE SUMMARY
Dallas School District

Fund: 400 Capital Projects Funds

Facilities Acquisition and Construction Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	\$28,724	\$20,412	\$8,311	\$1				
4120 Site Acquisition and Development Services	\$0							
4150 Building Acquisition, Construction, and Improvement Services	\$3,148,753			\$134,126	\$0	\$3,014,627		
4180 Other Capital Items	\$0							
4190 Other Facilities Construction Services	\$0							

Total Facilities Acquisition and Construction Expenditures

\$3,177,477 \$20,412 \$8,311 \$134,127 \$0 \$3,014,627 \$0 \$0

Other Uses Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	\$0							
5200 Transfers of Funds	\$0							
5300 Apportionment of Funds by ESD	\$0							
5400 PERS UAL Bond Lump Sum	\$0							

Total Other Uses Expenditures

\$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0

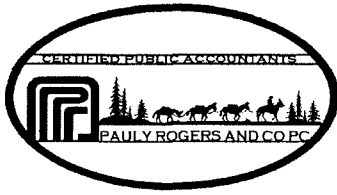
Grand Total

\$3,177,477 \$20,412 \$8,311 \$134,127 \$0 \$3,014,627 \$0 \$0

DALLAS SCHOOL DISTRICT

INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS

This Page Intentionally Left Blank



PAULY, ROGERS AND CO., P.C.
12700 SW 72nd Ave. ♦ Tigard, OR 97223
(503) 620-2632 ♦ (503) 684-7523 FAX
www.paulyrogersandcocpas.com

December 7, 2021

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the Dallas School District as of and for the year ended June 30, 2021, and have issued our report thereon dated December 7, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

Compliance

As part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of basic financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

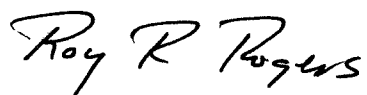
In connection with our testing nothing came to our attention that caused us to believe the Dallas School District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative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

1. Expenditures were within authorized appropriations except as noted on page 13.

OAR 162-10-0230 Internal Control

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

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

A handwritten signature in black ink that reads "Roy R Rogers". The signature is written in a cursive style with a large, stylized "R" and "R".

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

DALLAS SCHOOL DISTRICT

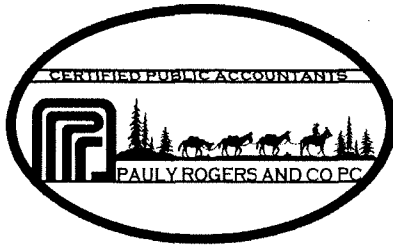
GRANT COMPLIANCE REVIEW

This Page Intentionally Left Blank

Dallas School District No. 2
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR YEAR ENDED JUNE 30, 2021

Program Title	Grant Fund	Pass Through Organization	Federal CFDA #	Pass Through Entity #	Expenditures	Pass Through To Subrecipients
U.S. DEPARTMENT OF EDUCATION						
Title I	257	Oregon Dept. of Education	84.010	58242	\$ 663,531	\$ -
					663,531	
PADTC LTCT; Title I N & D	283	Oregon Dept. of Education	84.013	12289	21,347	
IDEA, Part B, Section 611	237	Oregon Dept. of Education	84.027	60641	545,548	
	237.1	Oregon Dept. of Education	84.027	53834	17,185	
					562,733	
Extended Assessment	231	Oregon Dept. of Education	84.027	59344	549	
Pathways for Recovery and Return	205	Oregon Dept. of Education	84.027	61422	1,412	
IDEA Part B, Sec 611 Additional	234	Oregon Dept. of Education	84.027	56628	1,563	
PADTC LTCT; IDEA, Part B, 611	282	Oregon Dept. of Education	84.027	12289	1,447	
IDEA, Part B, Section 619	204	Oregon Dept. of Education	84.173	60484	2,359	
	204.1	Oregon Dept. of Education	84.173	53943	11,720	
					14,079	
Total IDEA Cluster					581,783	
Title II A Improving Teacher Quality	277	Oregon Dept. of Education	84.367	58737	97,427	
	277.1	Oregon Dept. of Education	84.367	53509	46,186	
					143,613	
Title IV Student Support and Academic Enrichment	297	Oregon Dept. of Education	84.424	58557	52,185	
ESSER I	100/219	Oregon Dept. of Education	84.425	57789	583,932	55,849
CDL	100/220	Oregon Dept. of Education	84.425	60907	147,563	16,583
ESSER II	100/221	Oregon Dept. of Education	84.425	64559	432,885	130,540
					1,164,380	202,972
Total U.S. Department of Education					2,626,839	202,972
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES						
Youth Transition Programs-Voc Rehab	213	Oregon Dept. of Human Resources	84.126A	160710	40,296	
Medicaid	240	Oregon Dept. of Human Services	93.778		24,443	
Total U.S. Department of Health & Human Services					64,739	
U.S. DEPARTMENT OF AGRICULTURE						
National School Lunch Program	203	Oregon Dept. of Education	10.555		75,834	
National School Lunch Program-Breakfast	203	Oregon Dept. of Education	10.553		3,057	
National School Lunch Summer Program	203	Oregon Dept. of Education	10.559		670,882	
Total Child Nutrition Cluster					749,773	
CACFP Food Service	203	Oregon Dept. of Education	10.558		149	
Total U.S. Department of Agriculture					749,922	

Program Title	Grant Fund	Pass Through Organization	Federal CFDA #	Pass Through Entity #	Expenditures	Pass Through To Subrecipients
U.S. DEPARTMENT OF INTERIOR						
Revenue in Lieu of Taxes	100	Polk County Treasurer	15.605		3,213	
Wildlife Restoration and Basic Hunter Education	100	Polk County Treasurer	15.611		206	
Total Fish and Wildlife Cluster					3,419	
Total U.S. Department of Interior					3,419	
TOTALS					\$ 3,444,919	\$ 202,972



PAULY, ROGERS, AND CO., P.C.
12700 SW 72nd Ave. Tigard, OR 97223
(503) 620-2632 (503) 684-7523 FAX
www.paulyrogersandcocpas.com

December 7, 2021

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dallas School District as of and for the year ended June 30, 2021 and the related notes to the basic financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated December 7, 2021.

Internal Control Over Financial Reporting

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

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

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

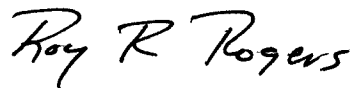
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

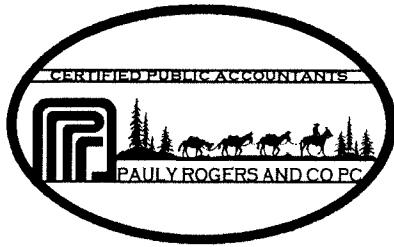
As part of obtaining reasonable assurance about whether the basic financial statements are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

Purpose of this Report

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

A handwritten signature in black ink that reads "Roy R Rogers". The signature is written in a cursive, flowing style.

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



PAULY, ROGERS, AND CO., P.C.
12700 SW 72nd Ave. Tigard, OR 97223
(503) 620-2632 (503) 684-7523 FAX
www.paulyrogersandcocpas.com

December 7, 2021

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

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Report on Compliance for Each Major Federal Program

We have audited Dallas School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2021. The major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Dallas School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.