



**DALLAS SCHOOL DISTRICT NO. 2**

**Dallas, Oregon**

**Annual Financial Report**

**June 30, 2023**

**DALLAS SCHOOL DISTRICT NO 2**

111 SW Ash St.  
Dallas, Oregon 97338  
(503) 623 - 5594

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SHARRELL FORD Payroll Specialist  
111 SW Ash Street, Dallas, OR 97338

TINA ANDERSON AP/AR Specialist  
111 SW Ash Street, Dallas, OR 97338

TAMI MONTAGUE Director of Fiscal Services  
111 SW Ash Street, Dallas, OR 97338

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Subject to change  
when SBITAs  
added

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
DALLAS SCHOOL DISTRICT NO. 2  
111 SW Ash Street, Dallas, OR 97338

### **Report on the Audit of the Financial Statements**

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Dallas School District No. 2 as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Dallas School District No. 2's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Dallas School District No. 2 as of June 30, 2023, and the respective changes in financial position in accordance with accounting principles generally accepted in the United States of America.

#### **Basis of Opinions**

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Dallas School District No. 2 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Change in Accounting Principle**

As discussed in Notes to the Basic Financial Statements, in the fiscal year ended June 30, 2023 the District adopted new accounting guidance, GASB No. 96, Subscription-Based Information Technology Arrangements. Our opinions are not modified with respect to this matter.

#### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Dallas School District No. 2's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Dallas School District No. 2's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Dallas School District No. 2's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1-9, the schedules of revenues, expenditures, and changes in fund balances – budget and actuals on pages 58-59, and the pension and OPEB schedules on pages 60-64 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 management's discussion and analysis and the pension and OPEB schedules in accordance with the auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedules of revenues, expenditures and changes in fund balances – budget and actuals described above on pages 58-59 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. The schedules of revenues, expenditures and changes in fund balances – budget and actuals 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 and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of revenues, expenditures and changes in fund balances – budget and actuals are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Dallas School District No. 2's basic financial statements. The supplementary information on pages 66-67 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Dallas School District No. 2.

The supplementary information on pages 66-67 is the responsibility of management and was 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 other 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, other supplementary data is fairly stated in all material respects in relation to the financial statements taken as a whole.

## Other Information

The introductory and statistical sections listed in the table of contents, and the other information 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.

The schedule of expenditures of federal awards, as listed in the Table of Contents, is presented for purposes of additional analysis as required by the Oregon Department of Education and Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

## Reports on Other Legal and Regulatory Requirements

In accordance with the *Minimum Standards for Audits of Oregon Municipal Corporations*, we have issued our report dated **December XX, 2023**, on our consideration of the Dallas School District No. 2's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on the District's compliance.



Steve Tuchscherer, CPA  
Umpqua Valley Financial, LLC  
Roseburg, Oregon  
**December XX, 2023**

**MANAGEMENT'S**  
**DISCUSSION**  
**AND ANALYSIS**

**DALLAS SCHOOL DISTRICT NO. 2****Management's Discussion and Analysis (MD&A)****For the Fiscal Year Ended June 30, 2023****Unaudited**

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The discussion and analysis of Dallas School District No. 2's financial performance provides an overview of the District's financial activities for the fiscal year that ended June 30, 2023. This discussion and analysis intend to look at the District's financial performance as a whole. Readers should also review the basic financial statements and notes to better understand the District's financial performance.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for the fiscal year that ended June 30, 2023, are as follows:

- The financial condition of the District has improved by \$3,457,149, leading to a significant decrease of 65.96% compared to the previous year. In the current fiscal year, the District has incurred expenses worth \$50,678,642, which is \$4,126,373 higher than the previous fiscal year.
- In the current fiscal year, the District's governmental activities generated \$54,135,791 in revenue, with general revenues accounting for \$41,315,709 or 76.3%. Charges for services, grants, and contributions accounted for program-specific revenues of 12,820,082 or 23.7%.
- The total assets of governmental activities increased by \$14,950,392, with current and other assets experiencing an increase of \$12,227,985. Capital assets, on the other hand, witnessed an increase of \$2,836,627.
- Total liabilities decreased by \$3,550,856 during the fiscal year. However, other liabilities increased by \$2,959,027. The decrease in long-term liabilities of \$6,509,883 offset the increase, resulting in a total of \$69,996,169 in total liabilities.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

Management's Discussion and Analysis introduce the District's basic financial statements. The basic financial statements include: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes additional supplementary information to supplement the basic financial statements.

*Government-wide Financial Statements*

The first of the government-wide statements is the *Statement of Net Position*. This is the District-wide statement of financial position presenting information that includes all of the District's assets and liabilities. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall economic health of the District would extend to other non-financial factors such as the condition of school buildings and other facilities and changes in the district's enrollment, which dictates the majority of revenue to be collected through the State Funding Formula.

**DALLAS SCHOOL DISTRICT NO. 2****Management's Discussion and Analysis (MD&A)****For the Fiscal Year Ended June 30, 2023****Unaudited**

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The second government-wide statement is the *Statement of Activities* which reports how the District's net position changed during the current fiscal year. All current-year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the *Statement of Activities* is to show the financial reliance of the distinct activities or functions of the District that are primarily supported by intergovernmental revenues, principally state basic school support and property tax revenues. The governmental activities of the District include instruction, instructional support services, operation and maintenance of plants, student transportation, and non-instructional support services.

*Fund Financial Statements*

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, Fund Financial Statements focus on the District's most significant funds rather than the District as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of individual budgets versus actual statements and combining statements in a later section of this report.

*Governmental funds*, focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. Unlike government-wide financial statements, these statements report short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the fiscal year.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to government-wide statements to assist in understanding the differences between these two perspectives.

*Fiduciary funds* such as private-purpose trust funds for scholarships are reported in the fiduciary fund financial statements but are excluded from government-wide reporting. Fiduciary fund financial statements report net position and changes in net position on a cash basis.

*Notes to the Financial Statements*

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

*Other Information*

In addition to the basic financial statements and accompanying notes, this report also presents as required supplementary information budgetary comparison statements for the General Fund, the Debt Service Fund, and the Capital Improvement Fund. The required supplementary information immediately follows the notes to the financial statements. Other supplementary data includes combining statements, individual fund statements and schedules, and other schedules. These statements and schedules immediately follow the required supplementary information in this report.

**DALLAS SCHOOL DISTRICT NO. 2****Management's Discussion and Analysis (MD&A)****For the Fiscal Year Ended June 30, 2023****Unaudited****FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

Recall that the Statement of Net Position provides the perspective of the District as a whole. Net position may serve over time as a useful indicator of a government's financial position.

The District's net position at fiscal year-end was \$8,699,970. This is a \$3,459,044 increase from last year's net position, representing a 66% increase from the previous year.

The following table provides a summary of the District's net position. Comparative information from the previous year is provided.

**Summary of Net Position**

	Governmental Activities		Percentage Change
	June 30, 2023	June 30, 2022	
<b>Assets</b>			
Current and Other Assets	\$ 21,015,305	\$ 8,764,760	139.8%
Total Assets	21,015,305	8,764,760	139.8%
<b>Deferred Outflow of Resources</b>	41,686,086	55,626,898	-25.1%
<b>Liabilities</b>			
Long-Term Liabilities	60,481,432	66,991,315	-9.7%
Other Liabilities	9,484,737	6,525,710	45.3%
Total Liabilities	69,966,169	73,517,025	-4.8%
<b>Deferred Inflow of Resources</b>	21,701,342	20,599,950	5.3%
<b>Net Position</b>			
Net Investment in Capital Assets	36,774,831	32,402,533	13.5%
Unrestricted	(41,820,043)	(30,116,628)	38.9%
Total Net Position	\$ 8,699,970	\$ 5,240,926	66.0%

**DALLAS SCHOOL DISTRICT NO. 2****Management's Discussion and Analysis (MD&A)****For the Fiscal Year Ended June 30, 2023****Unaudited**

The following table shows the changes in net position. Prior-year information is provided for comparative analysis of government-wide revenue and expense information.

<b>Changes in Net Position</b>			
	<b>Governmental Activities</b>		
	<u>2022-23</u>	<u>2021-22</u>	<u>Percentage Change</u>
<b>Revenues</b>			
Program Revenues			
Charges for Services	\$ 1,250,851	\$ 87,919	1322.7%
Operating Grants and Contributions	9,887,701	10,947,794	-9.7%
Capital Grants and Contributions	1,681,530	-	N/A
General Revenues			
Property Taxes	12,494,300	11,692,641	6.9%
State Basic School Support	26,599,676	26,059,923	2.1%
Federal Forest Fees	222	3,493	-93.6%
Other	2,221,511	5,061,502	-56.1%
Total Revenues	<u>54,135,791</u>	<u>53,853,272</u>	0.5%
<b>Program Expenses</b>			
Instruction	31,010,178	29,627,795	4.7%
Support Services	17,090,183	15,091,690	13.2%
Community Services	1,637,257	1,125,391	45.5%
Interest on Long-Term Debt	939,130	707,393	32.8%
Total Program Expenses	<u>50,676,747</u>	<u>46,552,269</u>	8.9%
<b>Change in Net Position</b>	<u>\$ 3,459,044</u>	<u>\$ 7,301,003</u>	

**DALLAS SCHOOL DISTRICT NO. 2****Management's Discussion and Analysis (MD&A)****For the Fiscal Year Ended June 30, 2023****Unaudited**

The Statement of Activities shows the cost of program services and the charges for services, grants, and contributions offsetting those services. The following table shows, for governmental activity, the total cost of the four major functional activities of the District. The table also shows each function's net cost (total cost minus charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and District's taxpayers by each of these functions.

Prior-year information is provided below for comparative analysis.

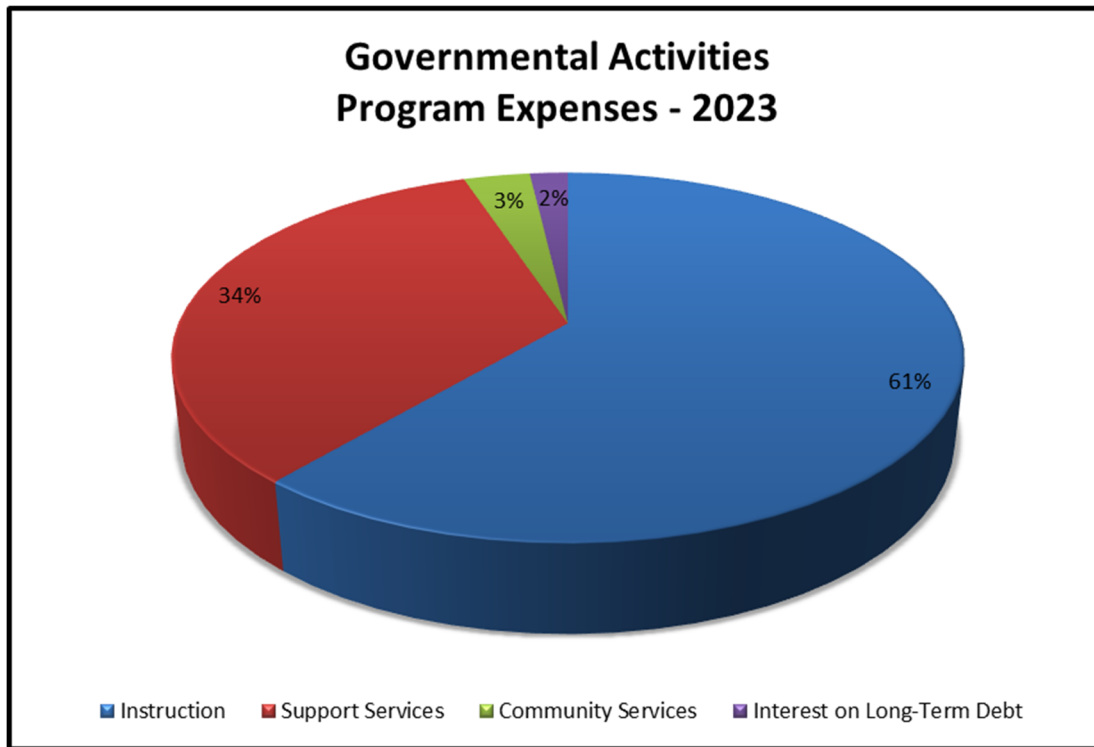
	<b>Governmental Activities</b>			
	<b>2022-23</b>		<b>2021-22</b>	
	<b>Total Cost of Services</b>	<b>Net Cost (Profit) of Services</b>	<b>Total Cost of Services</b>	<b>Net Cost (Profit) of Services</b>
Instruction	\$ 31,010,178	\$ 22,251,318	\$ 29,627,795	\$ 23,543,257
Support Services	17,090,183	14,127,344	15,091,690	11,992,304
Community Services	1,637,257	538,874	1,125,391	(726,398)
Interest on Long-Term Debt	939,130	939,130	707,393	707,393
<b>Total Program Expenses</b>	<b>\$ 50,676,747</b>	<b>\$ 37,856,665</b>	<b>\$ 46,552,269</b>	<b>\$ 35,516,556</b>

General governmental activities heavily rely on general revenues. For the current year, 76.3% of general government activities are supported by general revenues such as property taxes and state basic school support. The remaining 23.7% of governmental activities are funded by program revenues such as charges for services, operating grants, and contributions.

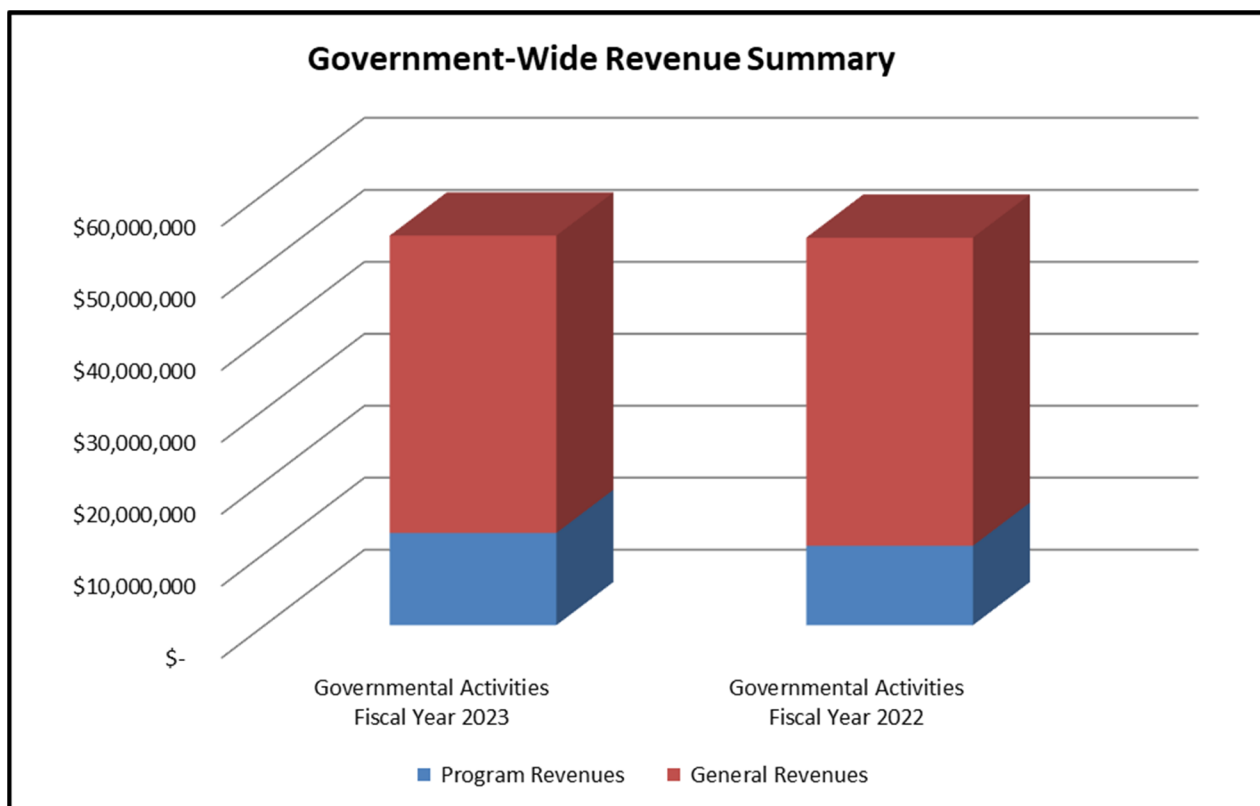
**DALLAS SCHOOL DISTRICT NO. 2**

**Management’s Discussion and Analysis (MD&A)  
For the Fiscal Year Ended June 30, 2023  
Unaudited**

This graph represents the cost of the District’s Program expenses by governmental activities.



The following chart analyzes the revenue between governmental activities from the prior fiscal year to the current.



## **FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

### *Governmental Funds*

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the District's governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$16,778,024. The fund balance consists of restricted, committed, assigned, and unassigned amounts. Of the current fund balances, \$13,745,182 is restricted, \$469,140 is committed and \$2,549,862 is unassigned and available for spending at the District's discretion.

The District's primary operating fund is the General Fund. The fund started the fiscal year with a balance of \$2,636,442, which decreased by \$86,580, ending with a balance of \$2,549,862 representing a 3.4% decrease.

## **BUDGETARY HIGHLIGHTS**

Over the year, the District made only minor changes to its various funds' budgets.

The General Fund revenue for the fiscal year was budgeted at \$41,784,806, but the actual amount collected was \$39,703,881, resulting in the actual revenue being less than budgeted by \$2,080,925. However, the General Fund expenditures budget was under-spent by \$3,319,219, which resulted in an ending fund balance of \$2,549,862.

Regarding the Special Revenue, the District had anticipated the receipt of federal and state grants and other fees and charges that were not earned and received during the fiscal year, which resulted in the actual revenues being less than the budgeted revenues by \$673,107. However, the actual expenditures were \$665,897 under-budgeted expenditures, due to the District's budgeting for potential grant spending that did not occur during the fiscal year, thus equalizing the ending fund balance.

The Debt Service Fund #300 had an ending fund balance increase of \$159,570, primarily due to the unanticipated tax revenue of \$287,381. Additionally, the actual expenditures were \$1,329 under the budgeted expenditures.

Lastly, the Capital Construction Bond Projects Fund #400 had an ending fund balance increase of \$12,073,208. This increase was primarily attributed to the long-term debt financing sources of \$14,168,173, and actual expenditures being \$29,911,316 under the budgeted expenditures, mainly due to the actual contingency expenditure being \$0

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### *Capital Assets*

As of June 30, 2023, the District had invested \$58,238,795 in capital assets, including school buildings, athletic facilities, land, vehicles, computers, and other equipment and furnishings before accumulated depreciation. This amount represents a net increase prior to the depreciation of \$4,252,211 from last year due to additions of \$6,304,409 and deletions of \$2,052,198. Total depreciation expense for the year was \$1,432,099.

Additional information on the District's capital assets can be found in the Capital Asset Note in the notes to the basic financial statements section of this report.

**CAPITAL ASSETS AND DEBT ADMINISTRATION (Cont.):***Long-Term Debt*

On June 30, 2023, the District's long-term debt outstanding amounted to \$50,751,000, indicating a staggering increase of \$8,702,000 or 17.1% from the previous year. In the current fiscal year, the District paid \$5,496,839 toward its long-term debt. Out of this payment, \$4,063,000 was allocated for principal repayment, while \$1,433,839 was devoted to interest repayment. The District's fiscal responsibility and adherence to debt repayment obligations are salient indicators of its financial prudence and stability.

Additional information on the District's long-term debt can be found in the Long-Term Debt Note in the notes to the basic financial statements section of this report.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The proposed budget for the academic years 2023-2024 of the Dallas School District highlights the district's enduring commitment to providing quality education to all students while also maintaining fiscal responsibility to the community. The budget has been prepared with a focus on maintaining critical staffing levels by aligning available resources with the most pressing student needs.

The approved budget for the fiscal year 2023-24 reflects a slight reduction in general operating resources, which is attributed to the district's declining enrollment. The district is expected to receive federal relief funds through the Elementary and Secondary Emergency Relief Act (ESSER) until September 2024, which will help offset the reduction in available resources. To align with the declining enrollment, a reduction in Full-Time Equivalent (FTE) positions is planned, which will ensure that the district remains fiscally responsible.

Finally, the large increase in beginning fund balances is due to the issuance of voter-approved capital construction bonds in the fiscal year 2022-23. The district plans to use these funds to improve its infrastructure and provide enhanced facilities to the students. The budget for the academic years 2023-2024 of the Dallas School District has been prepared with a focus on providing quality education to all students while also being fiscally responsible to the community.

The adopted budget for the fiscal year ending June 30, 2024, by the District shows an overall decrease of \$13,344,255, approximating a 14% decrease compared to the current fiscal year. The total budget for the fiscal year ending June 30, 2024, amounts to \$82,101,386. Of the total budget, the primary budgeted appropriation of \$45,184,443 is allocated towards the General Fund. This fund accounts for all activities related to the general operation of the Dallas School District, providing instruction and support services to students in grades K-12. It is expected that the remaining operating costs of governmental activities will be similar to those of the current period.

The District will levy its maximum permanent property tax rate of \$4.5527 per \$1,000 of assessed property valuation.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives.

If you have any questions about this report or need additional information, contact the DALLAS SCHOOL DISTRICT NO. 2 at 111 SW Ash Street, Dallas, OR 97338.

**BASIC FINANCIAL**  
**STATEMENTS**

**Government-Wide**  
**Financial Statements**

**DALLAS SCHOOL DISTRICT NO 2****STATEMENT OF NET POSITION**

June 30, 2023

	<u>Governmental Activities</u>	
<b><u>ASSETS:</u></b>		
Current Assets:		
Cash and Cash Equivalents	\$ 17,660,114	
Property Taxes Receivable	403,928	
Accounts Receivable	640,752	
Due From Other Governments	1,771,010	
Inventory-Food, Supplies & Commodities	13,840	
Total Current Assets		\$ 20,489,644
Restricted Assets:		
Net OPEB Asset (RHIA)	525,661	
Total Restricted Assets		525,661
Capital Assets:		
Capital Assets, Non-Depreciable	3,667,728	
Capital Assets, Depreciable, Net	33,167,415	
Total Capital Assets		36,835,143
Subscription Assets:		
Subscription Based Information Technology Agreements - Net	264,279	
Total Subscription Assets		264,279
Right-to-Use Assets		
Leased Assets, Net	566,668	
Total Right-to-Use Assets		566,668
<b>Total Assets</b>		<b>58,681,395</b>
<b><u>DEFERRED OUTFLOW OF RESOURCES</u></b>		
Pension Related Deferrals	40,923,996	
OPEB Related Deferrals - RHIA	58,673	
OPEB Related Deferrals - OEGB	703,417	
<b>Total Deferred Outflow of Resources</b>		<b>41,686,086</b>
<b><u>LIABILITIES:</u></b>		
Accounts Payable	\$ 2,612,634	
Accrued Interest Payable	26,324	
Payroll Liabilities	667,175	
Accrued Vacation Benefits	84,734	
Bonds Payable		
Due within one year	4,260,000	
Due in more than one year	46,371,000	
Subscription Liabilities:		
Due within one year	107,860	
Due in more than one year	76,249	
GASB 87 Lease Liabilities:		
Due within one year	232,381	
Due in more than one year	279,797	
Unamortized Bond Premium	1,097,583	
Notes Payable		
Due within one year	40,000	
Due in more than one year	80,000	
Net OPEB Obligation - RHIA	-	
Net OPEB Obligation - OEGB	4,333,896	
Net Pension Liability	9,696,536	
<b>Total Liabilities</b>		<b>69,966,169</b>
<b><u>DEFERRED INFLOW OF RESOURCES</u></b>		
Pension Related Deferrals	21,127,776	
OPEB Related Deferrals - RHIA	74,031	
OPEB Related Deferrals - OEGB	499,535	
<b>Total Deferred Inflow of Resources</b>		<b>21,701,342</b>
<b><u>NET POSITION:</u></b>		
Net Investment in Capital Assets	36,774,831	
Unrestricted	(41,820,043)	
<b>Total Net Position</b>		<b>\$ 8,699,970</b>

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

**DALLAS SCHOOL DISTRICT NO 2****STATEMENT OF ACTIVITIES****For the Fiscal Year Ended June 30, 2023**

	<u>(Expenses)</u>	<u>Program Revenues</u>			<u>Governmental Activities</u>	<u>Net (Expense) Revenue and Change in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>		
<b><u>GOVERNMENTAL ACTIVITIES:</u></b>						
Instruction	\$ 31,010,178	\$ 1,247,369	\$ 7,511,491	\$ -	\$ (22,251,318)	
Support Services	17,090,183	-	1,281,309	1,681,530	(14,127,344)	
Enterprise and Community Services	1,637,257	3,482	1,094,901	-	(538,874)	
Interest on Long-Term Debt	939,130	-	-	-	(939,130)	
<b>Total Governmental Activities</b>	<b><u>\$ 50,676,747</u></b>	<b><u>\$ 1,250,851</u></b>	<b><u>\$ 9,887,701</u></b>	<b><u>\$ 1,681,530</u></b>	<b><u>\$ (37,856,665)</u></b>	

**GENERAL REVENUES:**

Local Sources:

Property Taxes, Levied for General Purposes	\$ 9,068,708
Property Taxes, Levied for Debt Service	3,425,592
Earnings on Investments	659,565
Unrestricted State and Local Revenue	317,705
Intermediate Sources	788,681
State School Fund for Education and Support Services	26,599,676
State Common School Fund	455,560
Federal Forest Fees for General Purposes	222
Subtotal - General Revenues	41,315,709
Change in Net Position	3,459,044
Net Position, July 1, 2022	5,240,926
<b>Net Position, June 30, 2023</b>	<b><u>\$ 8,699,970</u></b>

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

**BASIC FINANCIAL**  
**STATEMENTS**

**Governmental Fund**  
**Financial Statements**

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

**DALLAS SCHOOL DISTRICT NO 2****BALANCE SHEET  
GOVERNMENTAL FUNDS****For the Fiscal Year Ended June 30, 2023**

	<b>General Fund #100</b>	<b>Special Grants And Projects Fund #200</b>	<b>Capital Construction Bond Projects Fund #400</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b><u>ASSETS:</u></b>					
Cash and Cash Equivalents	\$ 2,769,070	\$ -	\$ 12,799,953	\$ 2,091,091	\$ 17,660,114
Property Taxes Receivable	292,955	-	-	110,973	403,928
Accounts Receivable	112,828	24,079	501,997	1,848	640,752
Due From Other Governments	659,459	1,087,653	-	23,898	1,771,010
Inventory-Food, Supplies & Commodities	-	-	-	13,840	13,840
<b>Total Assets</b>	<b>\$ 3,834,312</b>	<b>\$ 1,111,732</b>	<b>\$ 13,301,950</b>	<b>\$ 2,241,650</b>	<b>\$ 20,489,644</b>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</u></b>					
<b>LIABILITIES:</b>					
Accounts Payable	\$ 333,759	\$ 1,057,663	\$ 1,219,553	\$ 1,659	\$ 2,612,634
Payroll Liabilities	667,175	-	-	-	667,175
<b>Total Liabilities</b>	<b>1,000,934</b>	<b>1,057,663</b>	<b>1,219,553</b>	<b>1,659</b>	<b>3,279,809</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Unavailable Revenue - Property Taxes	283,516	54,069	-	94,226	431,811
<b>Total Deferred Inflows of Resources</b>	<b>283,516</b>	<b>54,069</b>	<b>-</b>	<b>94,226</b>	<b>431,811</b>
<b>FUND BALANCES:</b>					
Unspendable	-	-	-	13,840	13,840
Restricted for:					
Capital Construction & Building Maintenance	-	-	12,082,397	-	12,082,397
Debt Service	-	-	-	1,621,229	1,621,229
Food Service Program	-	-	-	41,556	41,556
Committed for:					
Student Body Activities	-	-	-	469,140	469,140
Unassigned	2,549,862	-	-	-	2,549,862
<b>Total Fund Balances</b>	<b>2,549,862</b>	<b>-</b>	<b>12,082,397</b>	<b>2,145,765</b>	<b>16,778,024</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 3,834,312</b>	<b>\$ 1,111,732</b>	<b>\$ 13,301,950</b>	<b>\$ 2,241,650</b>	<b>\$ 20,489,644</b>

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

**DALLAS SCHOOL DISTRICT NO 2**  
**RECONCILIATION OF THE BALANCE SHEET**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION**  
**For the Fiscal Year Ended June 30, 2023**

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**Total Fund Balances - Governmental Funds** \$ 16,778,024

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Cost of assets	\$ 36,835,143	
<b>Net Value of Capital Assets</b>		36,835,143

Subscription Assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Cost of assets	264,279	
<b>Net Value of Subscription Assets</b>		264,279

Right-to-use Assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Value of assets	566,668	
Accumulated ammorization		54,490
<b>Net Value of Right-to-Use Assets</b>		

Property taxes receivable that will not be available to pay for current-period expenditures are deferred in the governmental funds.		431,811
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Deferred inflows and outflows of pension and OPEB contributions and earnings are not reported in the governmental funds.

Deferred Pension/OPEB Contributions	41,686,086	
Deferred Earnings on Pension/OPEB Assets	(21,701,342)	
<b>Net Value of Deferrals</b>		19,984,744

Some liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.

These liabilities consist of :

Bonds Payable	50,631,000	
SBITA Payable	184,109	
Umamortized Bond Premium	1,097,583	
Notes Payable	120,000	
Net Pension Liability	9,696,536	
Net OPEB Obligations	3,808,235	
Accrued Vacation Benefits	84,734	
<b>Total</b>		<u>(65,648,521)</u>

**Net Position of Governmental Activities** **\$ 8,699,970**

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

**DALLAS SCHOOL DISTRICT NO 2****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS****For the Fiscal Year Ended June 30, 2023**

	<b>General Fund #100</b>	<b>Special Grants And Projects Fund #200</b>	<b>Capital Construction Bond Projects Fund #400</b>	<b>Other Govern- mental Funds</b>	<b>Total Govern- mental Funds</b>
<b><u>REVENUES:</u></b>					
Taxes	\$ 8,965,297	\$ -	\$ -	\$ 3,360,139	\$ 12,325,436
Earnings on Investments	169,725	-	411,789	78,051	659,565
Fees and Charges	98,098	-	-	702,148	800,246
Miscellaneous Revenue	684,950	94,972	400	1,707,939	2,488,261
Intermediate Government Aid	119,003	669,678	-	-	788,681
State Aid	27,521,049	4,562,323	1,681,530	181,414	33,946,316
Federal Aid	2,145,109	1,645,266	-	868,427	4,658,802
<b>Total Revenues</b>	<b>39,703,881</b>	<b>6,972,239</b>	<b>2,093,719</b>	<b>6,898,118</b>	<b>55,667,957</b>
<b><u>EXPENDITURES:</u></b>					
Current:					
Instruction	24,970,395	5,318,814	-	561,924	30,851,133
Support Services	14,312,079	1,509,574	-	-	15,821,653
Enterprise and Community Services	-	6,452	-	1,318,170	1,324,622
Facilities Acquisition and Construction	920	-	4,188,684	-	4,189,604
Debt Service	-	-	-	5,496,860	5,496,860
<b>Total Expenditures</b>	<b>39,745,587</b>	<b>6,899,449</b>	<b>4,188,684</b>	<b>7,376,954</b>	<b>58,210,674</b>
Excess (Deficiency) of Revenues Over Expenditures	(41,706)	72,790	(2,094,965)	(478,836)	(2,542,717)
<b><u>OTHER FINANCING SOURCES (USES):</u></b>					
Interfund Transfers In	72,790	-	-	117,664	190,454
Interfund Transfers Out	(117,664)	(72,790)	-	-	(190,454)
Long Term Debt Financing Sources	-	-	14,168,173	-	14,168,173
<b>Total Other Financing Sources (Uses)</b>	<b>(44,874)</b>	<b>(72,790)</b>	<b>14,168,173</b>	<b>117,664</b>	<b>14,168,173</b>
Net Change in Fund Balance	(86,580)	-	12,073,208	(361,172)	11,625,456
Beginning Fund Balance	2,636,442	-	9,189	2,506,937	5,152,568
<b>Ending Fund Balance</b>	<b>\$ 2,549,862</b>	<b>\$ -</b>	<b>\$ 12,082,397</b>	<b>\$ 2,145,765</b>	<b>\$ 16,778,024</b>

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

**DALLAS SCHOOL DISTRICT NO 2**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2023**

**Net Changes in Fund Balances - Total Governmental Funds** \$ 11,625,456

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

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense.

Expenditures for capitalized assets	\$ 4,268,721	
Less current year depreciation	<u>(1,432,099)</u>	
		2,836,622

Governmental funds report subscription payments as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives as amortization expense.

Net change in subscription assets and subscription liabilities 80,170

Changes in the inventory balance from the prior year to the current year are an adjustment to expense for the Statement of Activities. That change is reflected as a change in fund balance reserve for the fund financial statements. That difference in accounting is reconciled here.

Some property tax revenues will not be collected for several months after the District's fiscal year end and are therefore not considered "available" revenues in the governmental funds, instead these funds are shown as deferred revenue.

Deferred revenues increased by this amount this year. 168,863

Governmental funds report lease payments as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives as amortization expense.

Net change in right-to-use assets and lease liabilities 21,298

Proceeds from loans are reported in the governmental funds as a source of financing.

The loan proceeds are not revenues in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position.

Bond at Face Value	(12,765,000)	
Premium from Bond Issuance	<u>(1,412,158)</u>	
		(14,177,158)

Repayment of principal on long term debt and leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Retirement of principal is as follows:

Bonds	<u>4,063,000</u>	
		4,063,000

Amortization of Bond Premium is not a governmental fund reduction of interest expense, but is a reduction in interest expense for the Statement of Activities

515,558

Government funds report pension contributions as expenditures. However, in the Statement of Activities, pension expense and changes in deferred inflows and outflows related to the net pension asset/(liability) are recorded based upon an actuarial valuation of such activity.

This is the net change in pension related items. (1,687,780)

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

The activities consist of:

Net increase/(decrease) in accrued interest expense	(20,849)	
Increase/(decrease) in accrued OPEB	52,528	
Increase/(decrease) in accrued vacation benefits	<u>(18,664)</u>	
		13,015

**Change in Net Position of Governmental Activities**

**\$ 3,459,044**

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

**BASIC FINANCIAL**  
**STATEMENTS**

**Notes to the Basic**  
**Financial Statements**

**DALLAS SCHOOL DISTRICT NO. 2**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The Dallas School District No. 2 was organized under the provisions of Oregon Statutes pursuant to ORS Chapter 332 to operate elementary and secondary schools. The District is governed by a separately elected Board of Directors who approve of the administrative officials. The daily functioning of the District is under the supervision of the Superintendent. As required by generally accepted accounting principles, all activities of the District have been included in the basic financial statements.

The basic financial statements of Dallas School District No. 2 have been prepared in conformity with accounting principles generally accepted in the United States of America 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 District's accounting policies are described below.

**Reporting Entity**

In determining the financial reporting entity, the Dallas School District No. 2 complies with Governmental Accounting Standards Board Statement 14 as amended, "The Financial Reporting Entity." The criteria for including organizations as component units within the District's reporting entity, include whether 1) the organization is legally separate (can sue and be sued in their name); 2) the District holds the corporate powers of the organization; 3) the District appoints a voting majority of the organization's board; 4) the District can impose its will on the organization; 5) the organization has the potential to impose a financial benefit/burden on the District; and 6) there is fiscal dependency by the organization on the District. Based on the aforementioned criteria, Dallas School District No. 2 has no component units.

**Basis of Presentation**

*Government-wide Statements:* The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District with most of the inter-fund activities removed to minimize the double counting of internal activities. Governmental activities include programs supported primarily by taxes, state school support payments, grants, and other intergovernmental revenues. The District has no business-type activities that rely, to a significant extent, on fees and charges for support. The District also reports no fiduciary activities.

The statement of activities demonstrates the degree to which direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a program of function and, therefore, are identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

**DALLAS SCHOOL DISTRICT NO. 2**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):**

Basis of Presentation (Cont.)

*Fund Financial Statements:* During the fiscal year, the District segregates transactions related to school district functions or activities in separate funds to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds.

The fund financial statements provide reports on the financial condition and results of operations for governmental activities. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

General Fund - The General Fund is the main operating fund of the District. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund. This fund accounts for all general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund. General Fund expenditures are categorized by "Instruction" which is the direct teaching of students or the interaction between teacher and students. "Support Services" covers all the support activities for students, teachers, and facilities. Major activities in support services are transportation, maintenance of facilities (i.e., heating, phones, electricity, cleaning,) administration, counseling for students, and technology support.

Special Revenue Fund – The Special Revenue Fund accounts for the revenues and expenditures of local, state, and federal grants, student body activities, food service and other special programs.

Debt Service Fund – Revenues accounted for in the Debt Service Fund are from local property taxes levied to make general obligation bond payments, which are also accounted for in this fund according to the bond repayment schedule.

Capital Projects Fund – Accounting for this fund is for the use of capital improvements.

**DALLAS SCHOOL DISTRICT NO. 2**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):**

**Measurement Focus/Basis of Accounting**

Measurement focus refers to what is being measured; the basis of accounting refers to when transactions are recognized in the financial records and reported on the financial statements. The basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized when the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt which are reported when due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

The revenues susceptible to accrual are property taxes, charges for services, interest income, and intergovernmental revenues. All other governmental fund revenues are recognized when received, as they are deemed immaterial. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when the revenue recognition is met or when the District has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**Budgeting**

The District budgets all funds as required by state law. The District budgets for all funds on a modified accrual basis. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total expenditures are controlled by annual appropriations at the following organizational levels: instruction, support services, community services, facilities acquisition and construction, and other expenditures. Appropriations lapse as of the fiscal year-end. A detailed budget document is required that contains more detailed information for the above-mentioned expenditure categories.

Unexpected additional resources may be added to the budget with a supplemental budget and appropriations resolution. A supplemental budget may require hearings before the public, publications in newspapers, and approval by the District Board of Directors. Original and supplemental budgets may be modified using appropriations transfers between the levels of control. Such transfers require approval by the District Board of Directors.

**DALLAS SCHOOL DISTRICT NO. 2**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):**

**Cash and Investments**

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand, checking, savings and money market accounts, and any short-term, highly liquid investments with initial maturity dates of three months or less.

The District has adopted an investment policy requiring compliance with Oregon statutes, which authorizes the District to invest in obligations of the United States, the agencies and instrumentalities of the United States and the State of Oregon, and numerous other investment instruments.

The District's investments may consist of time certificates of deposit, banker's acceptances, commercial paper, U.S. Government Agency securities, and the State of Oregon Treasurer's Local Government Investment Pool (LGIP). The District's investments are reported at fair value at year-end. Changes in the fair value of investments are recorded as investment earnings. The LGIP is stated at cost, which approximates fair value. The fair value of the LGIP is the same as the District's value in the pool shares.

The Oregon State Treasury administers the LGIP. It is an open-ended, non-load diversified portfolio offered to any agency, political subdivision, or public corporation of the State that by law is made the custodian of, or has control of, any fund. LGIP is included in the Oregon Short-Term Fund (OSTF) which was established by the State Treasurer. In seeking to best serve local governments of Oregon, the Oregon legislature established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury on the management and investment options of the LGIP.

**Receivables**

Amounts due from individuals, organizations or other governmental units are recorded as receivables at year-end. These amounts include charges for services rendered, or for goods and material provided by the District. All receivables are expected to be collected. Accordingly, receivables are reported at the gross amount without an allowance for uncollectible accounts.

Receivables are also recognized for property taxes and intergovernmental grants. Property taxes receivable consist of uncollected taxes levied and payable at the end of the fiscal year. All taxes are considered collectible. Consequently, no allowance for uncollectible taxes has been established. In the governmental fund financial statements, property taxes not collected within sixty days of the end of the fiscal year are reported as a deferred inflow or resources.

Intergovernmental grant reimbursement and entitlement amounts for which all eligibility requirements imposed by the provider have been met, but which were not received by the fiscal year end, are reported as accounts receivable.

**DALLAS SCHOOL DISTRICT NO. 2**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):**

Inventory

Food and supply inventories in the Food Service Fund are valued at cost determined by the FIFO method. Commodities inventory in the Food Service Fund is valued at estimated fair market value. Inventory is treated as being expended when used rather than when purchased. Inventories of non-food service supplies are not considered significant. The District records the cost of non-food service supplies as expenses and expenditures when purchased rather than when used.

Restricted Assets and Liabilities

Assets with use restricted to future bond payments and the related liability are segregated in the statements of net position.

Capital Assets

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost, or estimated cost when original cost is not available. Donated capital assets are valued at their estimated fair market value on the date received. Maintenance and repairs of capital assets are not capitalized but rather are charged to expenditures in the governmental funds. The District does not possess any infrastructure. The capitalization threshold used by the District as recommended by the State of Oregon is \$5,000.

In the government-wide financial statements, all reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method over the estimated useful lives as follows:

<u>Asset Class</u>	<u>Estimated Years of Useful Lives</u>
Buildings	20-50
Building Improvements	20-50
Land Improvements	15-25
Vehicles	10
Equipment	5-10

In the governmental fund financial statements, fixed assets are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized, and related depreciation is not reported in the fund's financial statements.

Compensated Absences and Accrued Liabilities:

The liability for accrued vacation benefits reported in the government-wide statements consists of unpaid, accumulated annual vacation. The early retirement liability has been calculated using the accrual method for benefit amounts due to former employees who currently are receiving early-termination benefits. Early retirement benefits are available to a limited number of employees each year.

All payables and accrued liabilities are reported on government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid on time and in full by current financial resources are reported as obligations of the funds.

**DALLAS SCHOOL DISTRICT NO. 2**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):**

Deferred Inflows/Outflows of Resources

In addition to assets, the statement of financial position 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 a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has only one item that qualifies for reporting in this category, deferred pension contributions.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, 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 only one type of item that qualifies for reporting in this category, deferred earnings on pension assets. In the governmental funds' balance sheet, a different category of deferred inflow of resources, delinquent property tax revenue not available, is reported. Property taxes levied and considered receivable at the end of the fiscal year, but not collected within sixty days of the end of the fiscal year are reported in this category. These amounts are recognized as an inflow of resources (revenue) in the period that the amounts become available.

Long-Term Debt

All bonds, notes, and capital lease payable are recognized in the government-wide financial statements as liabilities of the District. Amounts of the long-term debt due within the following fiscal year are included in the current liabilities section of the Statement of Net Position.

In the governmental fund financial statements, proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources. Principal and interest payments on long-term debt are recorded as debt service in the expenditure section of the statement and schedules.

Equity Classifications

*Government-wide Statements*

Equity is classified as net position, which represents the difference between assets, liabilities, and deferred accounts. Net position is displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**DALLAS SCHOOL DISTRICT NO. 2**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):**

Equity Classifications (Cont.)

*Governmental Fund Financial Statements*

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- A. Nonspendable: This classification includes amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- B. Restricted: This classification includes fund balance amounts that are constrained for specific purposes that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- C. Committed: This classification includes fund balance amounts that are constrained for specific purpose that are internally imposed by the government through resolution of the highest level of decision-making authority, the District Board, and does not lapse at year-end.
- D. Assigned: This classification includes fund balance amounts that are intended to be used for specific purposes that are neither restricted nor committed. This intent can be expressed by the District Board or through the District Board delegating this responsibility to selected staff members or through the budgetary process.
- E. Unassigned: This classification includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories, and negative fund balances of other governmental funds.

The District's policy is to use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise but reserves the right to selectively spend unassigned resources first to defer the use of the constrained fund balances.

Property Taxes

Real and personal property taxes are attached as an enforceable lien on property as of January 1. All taxes are levied as of the lien date and are payable in three installments on November 15, February 15, and May 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

Uncollected property taxes are recorded on the statement of net position. Uncollected taxes are deemed to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectable taxes has been established. All property taxes receivable is due from property owners within the District.

**DALLAS SCHOOL DISTRICT NO. 2**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):**

**Inter-Fund Transactions**

Quasi-external transactions are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers in the fund financial statements. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other inter-fund transfers are reported as operating transfers. For the Statement of Activities, all inter-fund transfers between individual governmental funds have been eliminated.

**Use of Estimates**

The preparation of 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 amount of assets and liabilities as well as disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement Fund (OPERF) and the Oregon Public Service Retirement Plan (OPSRP) and additions to/deductions from OPERF's and OPSRP'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.

**DALLAS SCHOOL DISTRICT NO. 2**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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**CASH AND INVESTMENTS:**

For a discussion of deposit and investment policies and other related information, see the Cash and Investments note under the Summary of Significant Accounting Policies.

The District follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Various restrictions on deposits and investments are imposed by state statutes. These restrictions are summarized in the Cash and Investments note under the Summary of Significant Accounting Policies.

Investments, including amounts held in pool cash and investments, are stated at fair value. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, Accounting and Financial Reporting for Certain Investments and External Investment Pools, investments with a remaining maturity of more than one year at the time of purchase are stated at fair value. Fair value is determined at the quoted market prices, if available; otherwise, the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. Investments in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value.

Deposits - All cash is deposited in compliance with Oregon statutes. The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. FDIC insurance of \$250,000 applies to the deposits in each depository. ORS 295 governs the collateralization of Oregon public funds and provides the statutory requirements for the Oregon Public Funds Collateralization Program (PFCP). Where balances continually exceed \$250,000, ORS 295 requires the depositor to verify that deposit accounts are only maintained at financial institutions on the list of qualified depositories found on the state treasurer's website.

*Custodial Credit Risk for Deposits* - Custodial credit risk for deposits exists when, in the event of a depository failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk.

As of June 30, 2023, the reported amount of the District's deposits was \$17,669,684, the bank balance was \$19,030,674. Of the bank balance, the entire amount was insured by the FDIC or covered by the collateral held in a multiple financial institutions collateral pool administered by the Oregon State Treasurer. The District also reported \$0 in petty cash.

Investments - Oregon statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, banker's acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the Local Governmental Investment Pool. The District has no credit risk policy or investment policy that would further limit its investment choices.

*Credit Risk* - Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations. As of June 30, 2023, the District's investment in the Oregon State Treasurer's Local Government Investment Pool (LGIP) was unrated.

**DALLAS SCHOOL DISTRICT NO. 2**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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**CASH AND INVESTMENTS (Cont.):**

On June 30, 2023, the District's investments in financial institutions are as follows:

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Oregon State Treasurer's Local Government Investment Pool (LGIP)	\$ 16,286,448	N/A
Total Investments	<u>\$ 16,286,448</u>	

*Concentration of Credit Risk* - An increased risk of loss occurs as more investments are acquired from one issuer. This results in a *concentration of credit risk*. The District places no limit on the amount that may be invested in any one issuer. More than 5 percent of the District's investments are in the Oregon State Treasurer's Local Government Investment Pool (LGIP). This investment is 99.9% of the District's total investments.

**DALLAS SCHOOL DISTRICT NO. 2**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

**CAPITAL ASSETS:**

The following is a summary of capital asset activity for the fiscal year ended June 30, 2023:

**Depreciable Assets Schedule**  
For the Fiscal Year Ended June 30, 2023

Governmental Activities	Beginning Balances	Additions	Deletions	Ending Balances
<b>Assets not being depreciated:</b>				
Land	\$ 121,067	\$ -	\$ -	\$ 121,067
Construction in Progress	1,393,665	4,188,684	2,035,688	3,546,661
Total assets not being depreciated	1,514,732	4,188,684	2,035,688	3,667,728
<b>Assets being depreciated:</b>				
Building and Building Improvement	46,108,938	2,088,548	-	48,197,486
Machinery and Equipment	6,362,914	27,177	16,510	6,373,581
Total Depreciable Assets	52,471,852	2,115,725	16,510	54,571,067
<b>Less: Accumulated Depreciation</b>				
Building and Building Improvement	14,016,598	1,369,625	-	15,386,223
Machinery and Equipment	5,971,465	62,475	16,510	6,017,430
Total Accumulated Depreciation	19,988,063	1,432,099	16,510	21,403,652
Net Value of Capital Assets Being Depreciated	32,483,789	683,626	-	33,167,415
Total Governmental Activities -- Net Value of Capital Assets	<u>\$ 33,998,521</u>	<u>\$ 4,872,310</u>	<u>\$ 2,035,688</u>	<u>\$ 36,835,143</u>
<b>Depreciation expense was charged to governmental functions as follows:</b>				
Instruction	\$ 251,099			
Support Services	866,985			
Enterprise and Community Services	314,016			
Total Depreciation Expense	<u>\$ 1,432,099</u>			

**DALLAS SCHOOL DISTRICT NO. 2**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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**LONG-TERM LIABILITIES OTHER THAN OPEB AND PENSIONS:**

A summary of debt transactions for the year ended June 30, 2023, is as follows:

**Bonds Payable**

**Full Faith and Credit Pension Obligation Bonds, Series 2021A**

On August 19, 2021, the District issued Full Faith and Credit Pension Obligation Bonds, Series 2021A. The bonds are held by US Bank. The original balance was \$39,575,000 and has a variable interest rate on the bonds varying from 0.182% to 2.895%. Interest payments are due on the 30th of June and December of each year with a principal payment due with the June payment.

**General Obligation Bonds, Series 2017**

On December 19, 2017, the District issued General Obligation Bonds, Series 2017. The bonds are held by US Bank. The original balance was \$7,905,950.90 and has a variable interest rate on the bonds varying from 3.00% to 4.00%. Interest payments are due on the 15th of June and December of each year with a principal payment due with the June payment.

**Full Faith and Credit Financing, Series 2019**

On September 17, 2019, the District issued Full Faith and Credit Financing, Series 2019. The bonds are held by US Bank. The original balance was \$1,249,000 and has a fixed interest rate of 2.040%. Interest payments are due on the 1st of June and December of each year with a principal payment due with the June payment.

**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.

**General Obligation Bonds, Series 2022**

On September 1, 2022, the District issued General Obligation Bonds, Series 2022. The bonds are held by US Bank. The original balance was \$14,177,157.65 including a bond premium of \$1,412,157.65 and has a fixed interest rate of 5.000%. Interest payments are due on the 15th of June and December of each year with a principal payment due with the June payment.

**DALLAS SCHOOL DISTRICT NO. 2**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

**LONG-TERM LIABILITIES OTHER THAN OPEB AND PENSIONS: (Cont.):**

The following is a schedule of Bonds and Notes Payable:

**SCHEDULE OF LONG-TERM DEBT TRANSACTIONS**

**For the Fiscal Year Ended June 30, 2023**

	Outstanding Balance July 1, 2022	New Issues	Reductions	Interest Paid	Outstanding Balance June 30, 2023	Due Within One Year
<b>Bonds Payable:</b>						
Full Faith and Credit Pension Obligation Bonds, 2017	\$ 38,585,000	\$ -	\$ 1,285,000	\$ 815,367	\$ 37,300,000	\$ 1,345,000
General Obligation Bonds, Series 2017	2,385,000	-	1,150,000	95,400	1,235,000	1,235,000
Full Faith and Credit Financing, Series 2019	959,000	-	98,000	19,564	861,000	100,000
General Obligation Bonds, Series 2022	\$ -	\$ 12,765,000	\$ 1,530,000	\$ 503,508	\$ 11,235,000	\$ 1,580,000
<b>Total Bonds Payable</b>	<u>41,929,000</u>	<u>12,765,000</u>	<u>4,063,000</u>	<u>1,433,839</u>	<u>50,631,000</u>	<u>4,260,000</u>
Bond Premium 2023	\$ -	\$ 1,412,158	\$ 314,575	\$ -	\$ 1,097,583	\$ -
Bond Premium 2017	200,983	-	200,983	-	-	-
<b>Total Bonds Payable, net of Premium</b>	<u>42,129,983</u>	<u>14,177,158</u>	<u>4,578,558</u>	<u>1,433,839</u>	<u>51,728,583</u>	<u>4,260,000</u>
Legal Settlement Obligation	120,000	-	-	-	120,000	40,000
<b>Total Notes Payable</b>	<u>\$ 42,450,966</u>	<u>\$ 15,589,315</u>	<u>\$ 5,094,116</u>	<u>\$ 1,433,839</u>	<u>\$ 52,946,165</u>	<u>\$ 4,300,000</u>
<b>Total Long-Term Debt</b>	<u>\$ 84,379,966</u>	<u>28,354,315</u>	<u>\$ 9,157,116</u>	<u>\$ 2,867,678</u>	<u>\$ 103,577,165</u>	<u>\$ 8,560,000</u>

The future debt service requirements on the above debt are as follows:

<b>Bonds Payable:</b>	Due Fiscal Year Ending June 30,	Principal	Interest	Total
	2024	\$ 4,260,000	\$ 1,440,072	\$ 5,700,072
	2025	2,687,000	1,301,670	3,988,670
	2026	2,889,000	1,229,135	4,118,135
	2027	3,097,000	1,146,787	4,243,787
	2028	3,324,000	1,053,709	4,377,709
	2029 - 2033	15,034,000	3,691,613	18,725,613
	Total	<u>\$ 50,631,000</u>	<u>\$ 12,029,029</u>	<u>\$ 62,660,029</u>

<b>Notes Payable:</b>	Due Fiscal Year Ending June 30,	Principal	Interest	Total
	2024	\$ 40,000	\$ -	\$ 40,000
	2025	40,000	-	40,000
	Total	<u>\$ 80,000</u>	<u>\$ -</u>	<u>\$ 80,000</u>

The District has no unused lines of credit.

The District has not pledged any assets as collateral for their debt.

For further details on debt service, see the 'Schedule of Long-Term Debt Transactions' in the Other Information section of this report.

**DALLAS SCHOOL DISTRICT NO. 2**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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**Leases - Right to Use**

9427-1 On 3/1/2020 the District entered into a 48 month lease as Lessee for the use of technology equipment. An initial lease liability was recorded in 2021-22 with the implementation of GASB 87 in the amount of \$537,062. This lease was combined and re-organized with 9427-2 in 2022.23 into 9427-1R. As of 6/30/2023, the value of the lease liability is \$0.

9727-2 On 06/01/2021 the District entered into a 48 month lease as Lessee for the use of technology equipment. An initial lease liability was recorded in 2021-22 with the implementation of GASB 87 in the amount of \$133,429. This lease was combined and re-organized with 9427-2 in 2022.23 into 9427-1R. As of 6/30/2023, the value of the lease liability is \$0.

9427-3 On 10/1/2021 the District entered into a 48 month lease as Lessee for the use of technology equipment. An initial lease liability was recorded in 2021-22 with the implementation of GASB 87 in the amount of \$197,196 with a correction in 2022-23 to \$211,035. As of 06/30/2023, the value of the lease liability is \$105,468. The District is required to make an annual fixed advance payment of \$41,366. The lease has an interest rate of 5.25%. The value of the right to use assets as of 06/30/2023 is \$211,035 with accumulated amortization of \$92,328. .

9427-4 On 6/1/2022 the District entered into a 48 month lease as Lessee for the use of technology equipment. An initial lease liability was recorded in 2021-22 with the implementation of GASB 87 in the amount of \$107,735 with a correction to \$115,298. As of 06/30/2023, the value of the lease liability is \$29,241. The District is required to make an annual fixed advance payment of \$30,133. The lease has an interest rate of 5.25%. The value of the right to use assets as of 06/30/2023 is \$115,298 with accumulated amortization of \$60,051.

9427-6 On 03/01/2022 the District entered into a 48 month lease as Lessee for the use of technology equipment. An initial lease liability was recorded in 2021-22 with the implementation of GASB 87 in the amount of \$35,075 with a correction in 2022-23 to \$37,536. As of 06/30/2023, the value of the lease liability is \$18,759. The District is required to make an annual fixed advance payment of \$9,810. The lease has an interest rate of 5.25%. The value of the right to use assets as of 06/30/2022 is \$37,536 with accumulated amortization of \$12,512.

9427-1R On 8/1/2022 the District entered into a 48 month lease as Lessee for the use of technology equipment and included as an addition in the 2022-23 lease schedules. It is initially recorded as a lease liability of \$272,437. As of 06/30/2023 the value of the lease liability is \$201,234. The District is required to make an annual fixed payment of \$71,203. The lease has an interest rate of 3%. The value of the right to use assets as of 06/30/2023 is \$272,437 with accumulated amortization of \$62,433.

9427-7 On 9/1/2022 the District entered into a 48 month lease as Lessee for the use of technology equipment and recorded in the 2022-23 lease schedules. The initial lease liability is valued at \$36,605. As of 06/30/2023 the value of the lease liability is \$27,038. The District is required to make an annual fixed payment of \$9,567. The lease has an interest rate of 3%. The value of the right to use assets as of 06/30/2023 is \$36,605 with accumulated amortization of \$7626.

POA - On 7/01/2020, the District entered into a 60 month lease as Lessee for the use of copy machines. An initial lease liability was recorded in 2021-2022 with the implementation of GASB 87 in the amount of \$140,561 with a correction in 2022-23 to \$172,217. As of 06/30/2023, the value of the lease liability is \$71,817. The District is required to make monthly fixed payments of \$3,087. The lease has an interest rate of 2.61%. The value of the right to use asset as of 06/30/2023 is \$172,217 with accumulated amortization of \$103,330 and is included with Copiers on the Lease Class activities table found below.

TRT - On 6/1/2019, the District entered into a 60 month lease as Lessee for the use of a maintenance shop facility. An initial lease liability was recorded in 2021-22 with the implementation of GASB 87 in the amount of \$71,491 and corrected to \$112,818 in 2022-23. As of 06/30/2023, the value of the lease liability is \$19,140. The District is required to make monthly payments starting at \$1950 then increasing over the life of the lease to \$2150. The lease has an interest

**DALLAS SCHOOL DISTRICT NO. 2**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

**Leases - Right to Use (Continued)**

rate of 2.61 %. The Buildings estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2023 is \$112,818 with accumulated amortization of \$92,135 and is included with Buildings on the Lease Class activities table found below.

PADTC - On 7/1/2020, the District entered into a 24 month lease as Lessee for the use of classroom space at the P ADTC facility. An initial lease liability was recorded in 2021-22 with the implementation of GASB 87 in the amount of \$ 81,754. In 2022-23 it was determined that since this agreement is part of an inter-governmental agreement with the Oregon Department of Education, it should not be included as a free-standing lease and is deleted from the lease schedules. As of 06/30/2023 the value of the lease liability is \$0.

Jennings Lodge - On XXXXX the District entered into a 60 month lease agreement as Lessee for the use of classroom space. An initial lease liability is recorded in 2022-23 of \$36,678. As of 06/30/2023, the value of the lease liability is \$29,478. The District is required to make an annual payment in advance of \$7500. The lease has an interest rate of 3%. The building estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2023 is \$36,678 with accumulated amortization of \$7,336 and is included with the Buildings on the Lease Class activities table found below.

Lease Liability	Outstanding 7/1/2022	PY Corrections	Issued	Matured & Redeemed	Outstanding 7/1/2023	Due w/i 1 year
<b>Equipment</b>						
Pacific Office Automation	104,035	2,111		34,329	71,817	35,369
Scrubbers	-	16,811		6,809	10,002	7,016
Insight 9427-1	360,842			360,842	-	-
Insight 9427-2	94,920			94,920	-	-
Insight 9427-3	151,234	4,647		50,413	105,468	51,946
Insight 9427-4	105,224	(47,602)		28,381	29,241	29,241
Insight 9427-6	30,987	(3,261)		8,967	18,759	9,238
Insight 9427 R12			272,437	71,203	201,234	65,082
Insight 9727-7			36,605	9,567	27,038	8,745
<b>Building</b>						
TRT Investments 156 Ash	46,942	(2,856)		24,946	19,140	19,140
PADTC Ellendale	40,343			40,343	-	-
Jennings Lodge - 140 Clay St	-		36,678	7,200	29,478	6,603
	934,527	(30,150)	345,720	737,919	512,178	232,380

**DALLAS SCHOOL DISTRICT NO. 2**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2023

**Leases - Right to Use (Continued)**

**Principal & Int Requirements to Maturity**

FY Ending June 30 2023	Principal Payments	Interest Payments
2024	206,637	10,070
2025	178,537	3,737
2026	78,386	236
2027		
Thereafter		
	463,560	14,043
<b>Total Equipment</b>		
FY Ending June 30	Principal Payments	Interest Payments
2024	25,744	1,671
2025	7,102	480
2026	7,620	249
2027	8,152	1
Thereafter		
	48,618	2,401
<b>Total Buildings</b>		
Combined	512,178	16,444

**GASB 87 2022.23**

Right to Use Asset	Balance BOY	PY Corrections	Additions	Deletions	Balance EOY
<b>Equipment</b>					
Pacific Office Automation	140,561	31,656			172,217
Scrubbers		3,931	16,811		20,742
Insight 9427-1	679,628			679,628	-
Insight 9427-2	139,953	-		139,953	-
Insight 9427-3	197,196	13,839			211,035
Insight 9427-4	107,735	7,563			115,298
Insight 9427-6	35,075	2,461			37,536
Insight 9427-1R			272,437		272,437
Insight 9427-7			36,605		36,605
					-
					-
<b>Buildings</b>					
TRT Investments 156 Ash	71,491	41,327			112,818
PADTC Ellendale	81,754			81,754	-
Jennings Lodge 140 Clay			36,678		36,678
<b>Total</b>	1,453,393	100,777	362,531	901,335	1,015,366

Accumulated Depreciation	Balance BOY	PY Corrections	Additions	Deletions	Corrected for PY
<b>Equipment</b>					
Pacific Office Automation	35,140	33,747	34,443		103,330
Scrubbers		4,033	6,914		10,947
Insight 9427-1	297,337		0	297,337	0
Insight 9427-2	40,820		0	40,820	0
Insight 9427-3	41,082	833	50,413		92,328
Insight 9427-4	2,245	29,425	28,381		60,051
Insight 9427-6	3,654	-109	8,967		12,512
Insight 9427-1R			62,433		62,433
Insight 9427-7			7,626		7,626
					0
					0
<b>Buildings</b>					
TRT Investments 156 Ash	24,511	46,941	20,683		92,135
PADTC Ellendale	40,877		40,343	81,220	0
Jennings Lodge - 140 Clay			7,336		7,336
	485,666	114,870	267,540	419,377	448,699
<b>Net Right to Use Assets</b>	967,727	-14,093			566,667

**DALLAS SCHOOL DISTRICT NO. 2**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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**Subscription Based Information Technology Agreements**

For the year ended June 30, 2023, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset. For additional information, refer to the disclosures below.

Need Note Disclosures and schedules related to SBITA's

**DALLAS SCHOOL DISTRICT NO. 2**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

**PENSION PLAN:**

DALLAS SCHOOL DISTRICT NO. 2 offers various retirement plans to qualified employees as described below.

Name of Pension Plan

DALLAS SCHOOL DISTRICT NO. 2 participates with other state agencies in the Oregon Public Employees Retirement System (OPERS) which is a cost-sharing multiple-employer defined benefit pension plan.

Description of Benefit Terms

*Plan Benefits*

OPERS is administered in accordance with Oregon Revised Statutes (ORS) Chapter 238, Chapter 238A, and Internal Revenue Code Section 401(a). The Oregon Legislature has delegated authority to the Public Employees Retirement Board (PERS Board) to administer and manage the System.

**1. Tier One/Tier Two Retirement Benefit (Chapter 238).** OPERS is a defined benefit pension plan that provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and their beneficiaries. Benefits are established by state statute. This defined benefit pension plan portion of OPERS is closed to new members hired on or after August 29, 2003.

*Pension Benefits*

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

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

During the 2019 Legislative session, Senate Bill 1049 was approved and signed into law by the governor. Under Senate Bill 1049, several components of the bill have significantly impacted the System, and the bill continues to be implemented.

1. Employer Programs Project (effective July 1, 2019): established the Employer Incentive Fund (EIF) Program, which allows eligible employers to receive matching funds if they apply and make a qualifying deposit into a side account.
2. Salary Limit Project: A new limitation on subject final average salary used for PERS benefit calculations and contributions is used to determine member IAP contributions, employer contributions to fund the pension program, and the Final Average Salary (FAS) used in calculating retirement benefits under formula methods was added, (\$210,582 as of January 1, 2022). This amount is indexed annually to the Consumer Price Index (CPI).

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**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

**PENSION PLAN (Cont.):**

3. Work After Retirement Project (effective January 1, 2020): The 1,039-hour Work After Retirement limit for all PERS retirees is removed for calendar years 2020 through 2024. If a member retires on or after normal retirement age, starting in 2020, they can work for a PERS-covered employer and continue receiving their pension benefit (without accruing any new benefits) with no hour limitations. If a member retires earlier than normal retirement age, starting in 2020, they can work for a PERS-covered employer and continue receiving their pension benefit (without accruing any new benefits) with no hour limitations if the date of their employment is more than six months after their retirement date.
4. Member Redirect Project (effective July 1, 2020): For all currently employed Tier One/Tier Two and OPSRP members earning \$2,500/month or more, (adjusted to \$3,333/month in House Bill 2906 effective June 2021), a portion of their 6 percent monthly IAP contributions will be redirected to an “Employee Pension Stability Account.” The Employee Pension Stability Account will be used to pay for part of the member’s future pension benefit.
  - Tier One/Tier Two members: 2.5 percent of each member’s IAP contribution amount, currently contributed to the IAP, (whether paid by the member or employer) will start going into an Employee Pension Stability Account (EPSA). The remainder will continue to go 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.
5. Member Choice Project (effective January 1, 2021): IAP accounts are currently invested in Target-Date Funds based on a member’s birth year. Beginning in 2021, members may choose to invest their IAP balance in a fund that is more reflective of their risk tolerance than the default based on their age.
6. Additionally, the Legislature directed the PERS Board to enact a one-time re-amortization of Tier 1/Tier 2 UAL over 22 years. This means that, effective with the December 31, 2019 rate-setting valuation, the entire unamortized Tier 1/Tier 2 UAL for each rate pool and independent employer will be re-amortized over a 22 year period as a level percentage of projected future payroll.

*Death Benefits*

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

- the member was employed by an OPERS employer at the time of death,
- the member died within 120 days after termination of OPERS-covered employment,
- the member died as a result of injury sustained while employed in an OPERS-covered job, or
- the member was on an official leave of absence from an OPERS-covered job at the time of death.

*Disability Benefits*

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including OPERS judge members) for disability benefits regardless of the length of OPERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

*Benefit Changes After Retirement*

Members may choose to continue participation in a variable account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

Under ORS 238.360, monthly benefits are adjusted annually through cost-of-living changes (COLA). The COLA is capped at 2.0 percent.

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**PENSION PLAN (Cont.):**

**2. OPSRP Defined Benefit Pension Program (OPSRP DB).** The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003.

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

During the 2019 Legislative session, Senate Bill 1049 was approved and signed into law by the governor. Under Senate Bill 1049, several components of the bill have significantly impacted the System, and the bill continues to be implemented.

1. Employer Programs Project (effective July 1, 2019): established the Employer Incentive Fund (EIF) Program, which allows eligible employers to receive matching funds if they apply and make a qualifying deposit into a side account.
2. Salary Limit Project (effective January 1, 2020): A new \$195,000 limitation on subject salary used for PERS benefit calculations and contributions is used to determine member IAP contributions, employer contributions to fund the pension program, and the Final Average Salary (FAS) used in calculating retirement benefits under formula methods. This amount will be indexed annually to the Consumer Price Index (CPI).
3. Work After Retirement Project (effective January 1, 2020): The 1,039-hour Work After Retirement limit for all PERS retirees is removed for calendar years 2020 through 2024. If a member retires on or after normal retirement age, starting in 2020, they can work for a PERS-covered employer and continue receiving their pension benefit (without accruing any new benefits) with no hour limitations. If a member retires earlier than normal retirement age, starting in 2020, they can work for a PERS-covered employer and continue receiving their pension benefit (without accruing any new benefits) with no hour limitations if the date of their employment is more than six months after their retirement date.
4. Member Redirect Project (effective July 1, 2020): For all currently employed Tier One/Tier Two and OPSRP members earning \$3,333/month in House Bill 2906 as of June 2021), a portion of their 6 percent monthly IAP contributions will be redirected to an "Employee Pension Stability Account." The Employee Pension Stability Account will be used to pay for part of the member's future pension benefit.
  - OPSRP members: 0.75 percent of each member's contribution, currently contributed to the IAP, (whether paid by the member or employer) will start going into their EPSA. The remaining 5.25 percent of the members contribution will continue to go 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.

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**PENSION PLAN (Cont.):**

5. Member Choice Project (effective January 1, 2021): IAP accounts are currently invested in Target-Date Funds based on a member's birth year. Beginning in 2021, members may choose to invest their IAP balance in a fund that is more reflective of their risk tolerance than the default based on their age.

*Death Benefits*

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

*Disability Benefits*

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

**3. Individual Account Program (IAP).**

*Benefit Terms*

The IAP is an individual account-based program under the PERS tax-qualified governmental plan as defined under ORS 238A.400.

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

Upon retirement, a member of the Individual Account Program (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.

*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.

*Recordkeeping*

OPERS contracts with VOYA Financial to maintain IAP participant records.

**4. Postemployment Healthcare Benefits.**

ORS 238.420 established the Retirement Health Insurance Account (RHIA) and authorizes a payment of up to \$60 from RHIA toward the monthly cost of health insurance for eligible PERS members. RHIA is a cost-sharing, multiple-employer OPEB plan for 898 participating employers. The plan was closed to new entrants hired on or after August 29, 2003.

To be eligible to receive this monthly payment toward the premium costs, the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan.

**DALLAS SCHOOL DISTRICT NO. 2**  
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**June 30, 2023**

**PENSION PLAN (Cont.):**

Description of Funding and Contributions for PERS Benefit Plans

OPERS' funding policy provides for periodic member and employer contributions at rates established by the Public Employees Retirement Board, subject to limits set in statute. Contributions for employers are recognized on the accrual basis of accounting. Employer contributions to OPERS are calculated based on creditable compensation for active members reported by employers. The rates established for member and employer contributions were approved based on the recommendations of the System's third-party actuary. The contribution rate for every employer has at least two major components; Normal Cost Rate and Unfunded Actuarial Liability (UAL) Rate.

The District's employer contributions to PERS for the year ended June 30, 2023 were \$5,430,963, excluding amounts to fund employer specific liabilities. The current year contribution rates in effect for PERS have been reduced while the District receives amortization of the PERS Side Account funded by retirement bonds (described in Long Term Debt).

Amortization of the Side Account resulted in a PERS current year rate savings to the District of \$3,500,450 for FY 2022-2023 from the required PERS contribution rate of \$5,430,963, netting to a net contribution of \$1,930,513. The PERS contribution rates in effect for the period July 1, 2021 to June 30, 2023 were: Tier1/Tier2 – 26.83%, and OPSRP General Service – 23.72%. Because of the PERS Side Account amortization, future PERS rate will be calculated individually, and at a lower rate going forward.

*Member Contributions*

Beginning January 1, 2004, all member contributions, except for contributions by judge members, were placed in the OPSRP Individual Account Program (IAP). Prior to that date, all member contributions were credited to the Defined Benefit Pension Plan. Member contributions are set by statute at 6.0 percent of salary and are remitted by participating employers. The contributions are either deducted from member salaries or paid by the employers on the members' behalf.

During FY 2022-2023, approximately \$1,287,505 in employee IAP contributions were paid or picked up by the District.

*Employer 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. This funding policy applies to the PERS Defined Benefit Plan and OPEB (Other Post Employment Benefit) Plans. Employer contribution rates during the period were based on the December 31, 2019, actuarial valuation, which became effective July 1, 2021. The state of Oregon and certain schools, community colleges, and political subdivisions have made supplemental unfunded actuarial liability payments, and their rates have been reduced. Effective January 1, 2020, Senate Bill 1049 required employers to pay contributions on re-employed PERS retirees' salary as if they were an active member, excluding IAP (6%) contributions. Re-employed retirees do not accrue additional benefits while they work after retirement.

For **Oregon PERS Defined Benefit Plans**, Effective July 1, 2021, the contribution rate for State Agencies was 20.36%, the State and Local Government Rate Pool 28.08%, School Districts 27.54%, and judiciary 24.56% of PERS-covered salaries.

For **Oregon PERS OPSRP Benefit Plans**, all PERS employers with OPSRP Pension Program members are actuarially pooled and share the same contribution rate.

Members of OPSRP are required to contribute 6.0% of their salary covered under the plan which is invested in the IAP. For employees in Tier One / Tier two, the Employer makes this contribution on behalf of its members.

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**PENSION PLAN (Cont.):**

For **Oregon PERS Postemployment Benefit Plans**, for the fiscal year ended June 30, 2023, PERS employers contributed 5.0% of PERS-covered salaries for Tier One and Tier Two members to fund the normal cost portion of RHIA benefits. No UAL rate was assigned for the RHIA program as it was funded at over 100% as of December 31, 2019. These rates were based on the December 31, 2019, actuarial valuation.

Employer contributions are advance-funded on an actuarially determined basis. There is no inflation assumption for RHIA postemployment benefits because the payment amount is set by statute and is not adjusted for increases in healthcare costs.

ORS 238.415 established the Retiree Health Insurance Premium Account (RHIPA) and requires the Board on or before January 1 of each year to calculate the average difference between the health insurance premiums paid by retired state employees under contracts entered into by the Board and health insurance premiums paid by active state employees.

For **OPSRP Pension Program**, all OPERS employers with OPSRP Pension Program members are actuarially pooled and share the same contribution rate. Each of these rates includes a component related to disability benefits for General Service and Police and Fire members.

**Pension Plan CAFR/ ACFR**

Oregon PERS produces an independently audited ACFR which can be found at:  
[2022-Annual-Comprehensive-Financial-Report.pdf \(oregon.gov\)](https://www.oregon.gov/ORSR/ACFR/2022-Annual-Comprehensive-Financial-Report.pdf)

**Actuarial Valuations**

The employer contribution rates effective July 1, 2021, through June 30, 2023, were set using the Entry Age Normal actuarial cost method.

For the Tier One/Tier Two component of the OPERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years by ongoing Board policy. However, upon passage of Senate Bill 1049, the Legislature directed the PERS Board to enact a one-time re-amortization of Tier 1/Tier 2 UAL over 22 years. This means that, effective with the December 31, 2019 rate-setting valuation, the entire unamortized Tier 1/Tier 2 UAL for each rate pool and independent employer will be re-amortized over a 22 year period as a level percentage of projected future payroll.

For the OPSRP Pension Program component of the OPERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an 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.

For the Postemployment Healthcare component, the RHIA plan fiduciary net position balance represents the program's accumulation of employer contributions and investment earnings less premium subsidies and administrative expenses. No UAL rate was assigned for the RHIA program as it was funded over 100% as of December 31, 2019. Typically, PERS employers contribute an actuarially determined percent of all PERS-covered salaries to amortize the unfunded actuarial accrued liability over a fixed period with new unfunded actuarial accrued liabilities being amortized over 10 years.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

**PENSION PLAN (Cont.):**

Actuarial Methods and Assumptions Used in Developing Total Pension Liability

<b>Actuarial Methods and Assumptions Used in Developing Total Pension Liability:</b>	
Valuation Date	December 31, 2020
Measurement Date	June 30, 2022
Experience Study	2020, published July 24, 2021
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Inflation rate	2.40 percent
Long-term expected rate of return	6.90 percent
Discount rate	6.90 percent
Projected salary increases	3.40 percent
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service.
Mortality	<p><b>Healthy retirees and beneficiaries:</b>  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.</p> <p><b>Active members:</b>  Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><b>Disabled retirees:</b>  Pub-2010 Disable Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2020 Experience Study which reviewed experience for the four-year period ending on December 31, 2020.

*Discount Rate*

The discount rate used to measure the total pension liability was 6.90 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

**DALLAS SCHOOL DISTRICT NO. 2**  
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**PENSION PLAN (Cont.):**

*Depletion Date Projection*

GASB 67 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 67 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 67 (paragraph 43) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for OPERS:

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

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

*OIC Target and Actual Investment Allocation as of June 30, 2022*

<u>Asset Class/Strategy</u>	<u>OIC Policy Range</u>	<u>OIC Target Allocation</u>	<u>Asset Class/Strategy</u>	<u>Actual Allocation<sup>2</sup></u>
Debt Securities	15.0% - 25.0%	20.0%	Debt Securities	19.8%
Public Equity	25.0% - 35.0%	30.0%	Public Equity	21.2%
Real Estate	7.5% - 17.5%	12.5%	Real estate	13.6%
Private Equity	15.0% - 27.5%	20.0%	Private Equity	28.0%
Risk Parity	0.0% - 3.5%	2.5%	Risk Parity	2.0%
Real Assets	2.5% - 10.0%	7.5%	Real Assets	7.9%
Diversifying Strategies	2.5% - 10.0%	7.5%	Diversifying Strategies	4.9%
Opportunity Portfolio <sup>1</sup>	0.0% - 5.0%	0.0%	Opportunity Portfolio	2.6%
Total		<u>100%</u>	Total	<u>100%</u>

<sup>1</sup>Opportunity Portfolio is an investment strategy and it may be invested up to 5% of total plan net position.

<sup>2</sup>Based on the actual investment value at 6/30/2022.

<sup>3</sup>In October 2021 the Alternatives Portfolio was split into Real Assets and Diversifying Strategies.

**DALLAS SCHOOL DISTRICT NO. 2**  
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**PENSION PLAN (Cont.):**

*Long-Term Expected Rate of Return*

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 the Oregon PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. 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. 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.

<b><u>Long Term Expected Rate of Return<sup>1</sup></u></b>	Annual Arithmetic Return <sup>2</sup>	20-Year Annualized Geometric Mean	Annual Standard Deviation
<u>Asset Class</u>	<u>Target Allocation</u>		
Global Equity	30.62%	7.11%	17.05%
Private Equity	25.50%	11.35%	30.00%
Core Fixed Income	23.75%	2.80%	3.85%
Real Estate	12.25%	6.29%	12.00%
Master Limited Partnerships	0.75%	7.65%	21.30%
Infrastructure	1.50%	7.24%	15.00%
Commodities	0.63%	4.68%	18.85%
Hedge Fund of Funds - Multistrategy	1.25%	5.42%	8.45%
Hedge Fund Equity - Hedge	0.63%	5.85%	11.05%
Hedge Fund - Macro	5.62%	5.33%	7.90%
US Cash <sup>3</sup>	-2.50%	1.77%	1.20%
<b>Assumed Inflation - Mean</b>		<b>2.40%</b>	<b>1.65%</b>

<sup>1</sup>Based on the Oregon Investment Council's (OIC) Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund as most recently revised on June 2, 2021.

<sup>2</sup>The arithmetic mean is a component that goes into calculating the geometric mean. Expected rates of return are presented using the geometric mean, which the Board uses in setting the discount rate.

<sup>3</sup>Negative allocation to cash represents levered exposure from allocation to Risk Parity strategy.

**Sensitivity Analysis**

The following presents the employer's proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate:

	1% Decrease	Discount Rate	1% Increase
	5.90%	6.90%	7.90%
Employer's proportionate share of the net pension liability	\$ 17,195,968	\$ 9,696,536	\$ 3,419,858

**Changes Since Last Valuation**

A summary of key changes implemented after the December 31, 2020 valuation, which was used in the 2021 PERS ACFR. Changes are described briefly below. Additional detail and a comprehensive list of changes in methods and assumptions can be found in the 2020 Experience Study for the System, which was published on July 20, 2021, which can be found at: [2020-Experience-Study.pdf \(oregon.gov\)](https://www.oregon.gov/PSERS/Pages/2020-Experience-Study.pdf).

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**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

**PENSION PLAN (Cont.):**

**Changes in Actuarial Methods and Allocation Procedures**

There were no changes in actuarial methods and allocation procedures since the December 31, 2020 actuarial valuation.

**Changes in Assumptions**

The changes in assumptions since the December 31, 2020 actuarial valuation, were limited to non-annuitant Police and Fire Mortality, as shown below.

**Mortality Rates**

A summary of the current assumed mortality rates and recommended changes is shown below:

Assumption	Recommended December 31, 2020 and 2021 Valuations	Recommended December 31, 2022 and 2023 Valuations
<b>Healthy Annuitant Mortality</b>	<b>Pub-2010 Healthy Retiree, Sex Distinct, Generational Projection with Unisex Social Security Data Scale</b>	<b>Pub-2010 Healthy Retiree, Sex Distinct, Generational Projection with Unisex Social Security Data Scale</b>
School District male	Blend 80% Teachers and 20% General Employees, no set back	No change
Other General Service male (and male beneficiary)	General Employees, set back 12 months	No change
Police & Fire male	Public Safety, no set back	No change
School District female	Teachers, no set back	No change
Other female (and female beneficiary)	General Employees, no set back	No change
Police & Fire female	Public Safety, set back 12 months	No change
<b>Disabled Retiree Mortality</b>	<b>Pub-2010 Disabled Retiree, Sex Distinct, Generational Projection with Unisex Social Security Data Scale</b>	<b>Pub-2010 Disabled Retiree, Sex Distinct, Generational Projection with Unisex Social Security Data Scale</b>
Police & Fire male	Blended 50% Public Safety, 50% Non-Safety, no set back	No change
Other General Service male	Non-Safety, set forward 24 months	No change
Police & Fire female	Blended 50% Public Safety, 50% Non-Safety, no set back	No change
Other General Service female	Non-Safety, set forward 12 months	No change
<b>Non-Annuitant Mortality</b>	<b>Pub-2010 Employee, Sex Distinct, Generational Projection with Unisex Social Security Data Scale</b>	<b>Pub-2010 Employee, Sex Distinct, Generational Projection with Unisex Social Security Data Scale</b>
School District male	125% of same table and set back as Non-Disabled Annuitant assumption	No change
Other General Service male	115% of same table and set back as Non-Disabled Annuitant assumption	No change
Police & Fire male	100% of same table and set back as Non-Disabled Annuitant assumption	125% of same table and set back as Non-Disabled Annuitant assumption
School District female	100% of same table and set back as Non-Disabled Annuitant assumption	No change
Other General Service female	125% of same table and set back as Non-Disabled Annuitant assumption	No change
Police & Fire female	100% of same table and set back as Non-Disabled Annuitant assumption	No change

**DALLAS SCHOOL DISTRICT NO. 2**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**PENSION PLAN (Cont.):**

Changes Subsequent to the Measurement Date

There were no changes subsequent to the measurement date, that we are aware of.

*Deferred Items*

Deferred items are calculated at the system-wide level and are allocated to employers based on their proportionate share. For the measurement period ending June 30, 2022, employers will report the following deferred items:

- A difference between expected and actual experience, which is being amortized over the remaining service lives of all plan participants, including retirees. One year of this amortization is included in the employer's total pension expense for the measurement period.

Employer Contributions

OPERS includes accrued contributions when due pursuant to legal requirements, as of June 30 in its Statement of Changes in Fiduciary Net Position.

Beginning with fiscal year 2016, OPERS will be able to report cash contributions and UAL side account amortization by employer, and will publish this information on the OPERS Website. Prior to fiscal year 2016, contributions to the OPSRP Defined Benefit plan were not accounted for by employer, as all employers were pooled for actuarial purposes.

Elements of Changes in Net Position

This information can be found in the Schedule of Changes in Net Pension Liability found on page 76, of the June 30, 2022 Oregon PERS ACFR. [2022-Annual-Comprehensive-Financial-Report.pdf \(oregon.gov\)](#).

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

At June 30, 2023, the employer reported a liability of \$4,200,716 for its proportionate share of the net pension liability. The net pension liability/(asset) was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on a projection of the employer's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

**DALLAS SCHOOL DISTRICT NO. 2**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

**PENSION PLAN (Cont.):**

At June 30, 2022, the employer's proportion was 0.06332636%.

For the year ended June 30, 2023, the employer recognized pension expense of \$9,696,536. As of June 30, 2023, the employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 470,689	\$ 60,469
Changes of assumptions	1,521,439	13,900
Net difference between projected and actual earnings on investments	-	1,733,553
Changes in proportionate share	488,074	19,319,854
Differences between employer contributions and employer's proportionate share of system contributions	<u>33,012,831</u>	<u>-</u>
Total Deferred Outflows/Inflows	\$35,493,033	\$ 21,127,776
Post-measurement date contributions	5,430,963	N/A
Total Deferred Outflow/(Inflow) of Resources	<u>\$40,923,996</u>	<u>\$ 21,127,776</u>
Net Deferred Outflow/(Inflow) of Resources prior to post-measurement date contributions		<u>14,365,257</u>

Contributions of \$5,430,963, for PERS defined benefits, were made subsequent to the measurement date, but prior to the end of the District's reporting period. These contributions, which are reported as deferred outflows of resources related to pensions, will be included as a reduction of the net pension liability in next fiscal year.

Amortization of the Side Account resulted in a PERS rate savings to the District of \$3,500,450 for FY 2022-2023 from the required PERS contribution rate of \$5,430,963, resulting in a net cash contribution of \$1,930,513.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense/(income) as follows:

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
1st Fiscal Year	\$ 3,092,413
2nd Fiscal Year	2,745,528
3rd Fiscal Year	2,668,937
4th Fiscal Year	4,216,654
5th Fiscal Year	1,641,725
Thereafter	-
Total	<u>\$ 14,365,257</u>

**Net Pension Liability**

Net pension liabilities are calculated at the system-wide level and are allocated to employers based on their proportionate share. UAL Side Accounts are included as assets in this calculation. The rate setting actuarial valuation will continue to allocate the UAL Side Account, transitional or pre-SLGRP liabilities or surpluses as adjustments to the respective employers.

**DALLAS SCHOOL DISTRICT NO. 2**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2023

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**OTHER POST-EMPLOYMENT BENEFITS (OPEB) RHIA:**

*Oregon Public Employees Retirement Systems' (OPERS) Retiree Health Insurance Account (RHIA)*

Plan Description

The District contributes to the Oregon Public Employees Retirement Systems' (OPERS) Retiree Health Insurance Account (RHIA), a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the Oregon Public Employees Retirement Board (OPERB). The plan, which was established under Oregon Revised Statutes 238.420, provides a payment of up to \$60 per month towards the costs of health insurance for eligible OPERS retirees. RHIA post-employment benefits are set by state statute. The plan was closed to new entrants hired on or after August 29, 2003.

To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in OPERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in OPERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in an OPERS-sponsored health plan. A surviving spouse or dependent of a deceased OPERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from OPERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Employer contributions are advance-funded on an actuarially determined basis. There is no inflation assumption for RHIA postemployment benefits because the payment amount is set by statute and is not adjusted for increases in healthcare costs.

A comprehensive annual financial report of the funds administered by the OPERB may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, OR 97281-3700, by calling (503) 598-7377, or by accessing the OPERS web site at <https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>.

Funding Policy

Participating employers are contractually required to contribute at a rate assessed bi-annually by the OPERB. For the fiscal year ended June 30, 2022, PERS employers contributed 0.05% of PERS-covered salaries for Tier One and Tier Two members to fund the normal cost portion of RHIA benefits. No unfunded actuarial liability (UAL) rate was assigned for the RHIA program as it was funded over 100% as of December 31, 2019. Typically, PERS employers contribute an actuarially determined percent of all PERS-covered salaries to amortize the unfunded actuarial accrued liability over a fixed period with new unfunded actuarial accrued liabilities being amortized over 10 years. These rates were based on the December 31, 2019, actuarial valuation.

Contributions

The District's contributions to OPERS' RHIA for the years ended June 30, 2023, 2022, and 2021 were \$2,963, \$3,646, and \$3,920 respectively, which equaled the required contributions for the year.

Actuarial Methods and Assumptions Used in Developing Total Pension Liability

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, 2021. That independently audited report was dated February 25, 2022 and can be found at:

<https://sos.oregon.gov/audits/Documents/2022-09.pdf>

**DALLAS SCHOOL DISTRICT NO. 2**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2023

**OTHER POST-EMPLOYMENT BENEFITS (OPEB) RHIA (Cont.):**

Actuarial Methods and Assumptions - OPEB Plans - RHIA	
	RHIA
Valuation Date	December 31, 2020
Measurement Date	June 30, 2022
Experience Study	2020, published July 20, 2021
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Inflation rate	2.40 percent
Long-term expected rate of return	6.90 percent
Discount rate	6.90 percent
Projected salary increases	3.40 percent
Retiree healthcare participation	Healthy retirees: 27.5% Disabled retirees: 15%
Healthcare cost trend rate	Not applicable
Mortality	<p><b>Healthy retirees and beneficiaries:</b>  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.</p> <p><b>Active members:</b>  Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><b>Disabled retirees:</b>  Pub-2010 Disable Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

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 2020 Experience Study which is reviewed for the four-year period ending December 31, 2022.

Discount Rate

The discount rate used to measure the total OPEB liability was 6.90 percent. 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.

**DALLAS SCHOOL DISTRICT NO. 2**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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**OTHER POST-EMPLOYMENT BENEFITS (OPEB) RHIA (Cont.):**

**Long-Term Expected Rate of Return**

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 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. Table 31 on page 74 shows Milliman’s assumptions for each of the asset classes in which the plans were 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 on page 74. 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. For more information on the Plan’s portfolio, assumed asset allocation, and the long-term expected rate of return for each major class, calculated using both arithmetic and geometric means, see Pension Plan note disclosure above or the PERS’ audited financial statements at:

<https://sos.oregon.gov/audits/Documents/2022-09.pdf>

**Sensitivity Analysis**

The following presents the employer’s proportionate share of the net OPEB liability/(asset) calculated using the discount rate of 6.90 percent, as well as what the employer’s proportionate share of the OPEB liability/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate:

	1% Decrease	Discount Rate	1% Increase
	5.90%	6.90%	7.90%
Employer's proportionate share of the net OPEB liability	\$ (473,769)	\$ (525,661)	\$ (570,145)

**OPEB Liabilities/(Assets), OPEB Expense, and Deferred Outflows and Inflows of Resources Related to OPEB**

At June 30, 2023, the District reported a net OPEB RHIA liability/(asset) of \$(525,661) for its proportionate share of the net OPEB RHIA liability/(asset). The OPEB liability/(asset) was measured as of June 30, 2022, and the total OPEB RHIA liability/(asset) used to calculate the net OPEB RHIA liability/(asset) was determined by an actuarial valuation as of December 31, 2020. Consistent with GASB Statement No. 75, paragraph 59(a), The District’s proportion of the net OPEB RHIA 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 date of June 30, 2022, the District’s proportion was 0.14793382 percent. OPEB RHIA expense/(income) recorded for the year ended June 30, 2023 was \$(53,018).

**DALLAS SCHOOL DISTRICT NO. 2**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

**OTHER POST-EMPLOYMENT BENEFITS (OPEB) RHIA (Cont.):**

At June 30, 2022, the employer reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 14,245
Changes of assumptions	4,116	17,522
Net difference between projected and actual earnings on investments	-	40,088
Changes in proportionate share	<u>51,594</u>	<u>2,176</u>
Total Deferred Outflows/Inflows	\$ 55,710	\$ 74,031
Post-measurement date contributions	2,963	N/A
Total Deferred Outflow/(Inflow) of Resources	<u>\$ 58,673</u>	<u>\$ 74,031</u>
Net Deferred Outflow/(Inflow) of Resources prior to post-measurement date contributions		<u>(18,321)</u>

Contributions of \$2,963 for RHIA OPEB were made subsequent to the measurement date, but prior to the end of the District's reporting period. These contributions, which are reported as deferred outflows of resources related to OPEB, will be included as a reduction of the net OPEB liability in the next fiscal year.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in pension expense/(income) as follows:

<u>Employer subsequent fiscal years</u>	<u>Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)</u>
1st Fiscal Year	\$ 19,267
2nd Fiscal Year	(25,130)
3rd Fiscal Year	(25,298)
4th Fiscal Year	12,840
5th Fiscal Year	-
Thereafter	-
Total	<u>\$ (18,321)</u>

**Changes Subsequent to the Measurement Date**

We are not aware of any changes subsequent to the June 30, 2022 Measurement Date that meet this requirement and thus require a brief description under the GASB standard.

**DALLAS SCHOOL DISTRICT NO. 2**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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**OTHER POST-EMPLOYMENT BENEFITS (OPEB) OEGB and EXPLICIT MEDICAL BENEFIT:**

*OEGB Health Insurance Subsidy and Explicit Medical Benefit*

Plan Description

Implicit Medical Benefit

The District operates a single employer retiree benefit plan through the Oregon Educators Benefit Board that provides post-employment health, dental vision and life insurance benefits to eligible employees and their spouses. The District is required by Oregon Revised Statutes 243.303 to provide retirees and their dependents with group health insurance from the date of retirement to age 65 at the same rate provided to current employees. Premiums for retirees are tiered and based upon the premium rates available to active employees. The retiree is responsible for any portion of the premiums not paid by the Employer. In some cases, the premium itself for retirees, does not represent the full cost of medical coverage (as retirees can be expected to generate higher medical claims and therefore higher premiums than the active population). Providing the same rate to retirees as provided to current employees, raises the medical premium rates for the entire employee group. This additional cost is called the “implicit subsidy” and is required to be valued under GASB 75. This “plan” is not a stand-alone plan, and therefore, does not issue its own financial statements.

Explicit Medical Benefit

In addition to the Implicit Subsidy Medical Benefit, described above, Dallas School District No. 2 offers a stand alone Explicit Subsidy Medical Benefit for certain retirees. Benefits include payments by the District towards the cost of the medical benefits provided in the Implicit Medical Benefit. Eligibility for benefit and duration of the benefit varies by employee group. The retiree must be receiving benefits from Oregon PERS, under Oregon PERS eligibility requirements.

Eligibility for Explicit Medical Benefit.

Eligible Class of Employee

Administrative employees:

Identified by the District by name.

Classified and Confidential employees:

Policy A - Hired before July 1, 1989 with 10 years of service at retirement.

Policy B - Hired between July 1, 1989 and June 30, 2004 with 15 years of service at retirement.

Licensed employees:

Policy A - Hired between September 1, 1972 and August 31, 1988 with 10 years of service at retirement.

Policy B - Hired between September 1, 1988 and September 1, 1998 with 15 years of service at retirement.

Dependent Eligibility

Qualified spouses, domestic partners, and children may qualify for coverage.

Benefit Duration

All employees under Policy A receive one year of coverage for every two years of service with the District, not to exceed age 65.

All employees under Policy B or as an Administrative employee receive seven years of coverage, not to exceed age 65.

Retirees Contributions

Covered retirees pay any premium amount in excess of a negotiated cap that may vary in amount.

**DALLAS SCHOOL DISTRICT NO. 2**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

**OTHER POST-EMPLOYMENT BENEFITS (OPEB) OEBB and EXPLICIT MEDICAL BENEFIT (Cont.):**

**Funding Policy**

For the Implicit Medical Benefits, when the District has retirees participating in their health insurance plan, it will, when applicable, collect insurance premiums from all retirees each month and deposit them. The District will then pay healthcare insurance premiums for all retirees at the applicable rate for each family classification.

For the Explicit Medical Benefits, for those retirees who are eligible for the benefit, the District contributes a portion of the insurance premiums in amounts determined by the employee group and dates of service to the District.

The District engaged an actuary to perform an evaluation for the GASB 75 benefits both Implicit Medical Benefit as well as Explicit Medical Benefit as of July 1, 2021 using entry age normal Actuarial Cost Method. The assumptions are generally based upon those used for valuing pension benefits under Oregon PERS, and were developed in consultation with Independent Actuaries, Inc. The Total OPEB Liability (OPEB TOL) was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date:

At June 30, 2023, the District reported a an estimated net OPEB OEBB and Explicit Benefit liability/(asset) for the benefits for both the Implicit Medical Benefit, and the Explicit Medical Benefit or OPEB TOL of \$4,333,896 for its proportionate share of the net OPEB TOL liability/(asset).

The OPEB OEBB liability/(asset) was measured as of June 30, 2023, and the total OPEB OEBB liability/(asset) method used to calculate the net OPEB OEBB liability/(asset) was determined by an actuarial valuation as of July 1, 2021. Consistent with GASB Statement No. 75, paragraph 59(a), The District's proportion of the net OPEB OEBB 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.

The stand alone Explicit Benefit program liability was projected based on the census data, benefit provisions, and actuarial assumptions described in the OPEB OEBB report. For purposes of GASB 75 accounting, the amount from the implicit rate subsidy is considered to be the employer's "contribution".

Based on the measurement date of June 30, 2023, the District's estimated OPEB OEBB TOL expense/(income) for the year ended June 30, 2023 was \$403,456.

**Actuarial Methods and Assumptions**

<b>Discount Rate</b>	3.50%	3.50%
<b>Other Key Actuarial Assumptions and Methods</b>		
Valuation date	July 1, 2021	July 1, 2021
Measurement date	June 30, 2022	June 30, 2023
Inflation	2.00%	2.00%
Salary increases	3.00%	3.00%
Withdrawal, retirement, and mortality rates	12/31/2020 Oregon PERS valuation PUB 2010 Retiree Tables, Teachers and General Employees, sex distinct, projected generationally.	12/31/2020 Oregon PERS valuation PUB 2010 Retiree Tables, Teachers and General Employees, sex distinct, projected generationally.
Election and Lapse Rates	100% of those currently enrolled and 75% of those currently enrolled are assumed to remain enrolled in retirement. 70% of future retirees are assumed to cover a spouse as well.	100% of those currently enrolled and 75% of those currently enrolled are assumed to remain enrolled in retirement. 70% of future retirees are assumed to cover a spouse as well.
Actuarial cost method	Entry Age Normal	Entry Age Normal

**DALLAS SCHOOL DISTRICT NO. 2**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

**OTHER POST-EMPLOYMENT BENEFITS (OPEB) OEBB and EXPLICIT MEDICAL BENEFIT (Cont.):**

In order to apply the entry age normal actuarial cost method, Projected Benefit Payments are determined for each active employee and retiree. These Projected Benefit Payments are the net benefits estimated to be payable in all future years. The net benefits for a particular year are the difference between the total cost of benefits and the portion of the benefits paid by the retirees in that year. The Present Value of Benefits is then allocated over the service of each active employee from their date of hire to their expected retirement age, as a level percent of the employee’s pay, as required under GASB 75. This level percent multiplied by expected pay is referred to as the Service Cost and is the portion of the Present Value of Benefits attributable to an employee’s service in a given year. The Service Cost equals \$0 for retirees. For purposes of projecting benefits prior to the valuation date as required by the actuarial cost method, we assumed a health cost trend equal to the ultimate health cost trend rate. The Total OPEB Liability is the portion of the Present Value of Benefits that is attributable to employee service prior to the valuation date. For retirees, the Total OPEB Liability equals the Present Value of Benefits.

*Discount Rate*

The Discount Rate is a single rate of return that is applied to the Projected Benefit Payments in order to calculate the Present Value of Benefits. Under GASB 75, for plans without assets, the discount rate is equal to a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality rates were based on the Pub-2010 Health Retiree, sex distinct for members and dependents. For members only, a one-year setback is applied. Future mortality improvement is not projected as it would be immaterial to the valuation.

Demographic assumptions regarding retirement, mortality, and turnover are based on most recent Oregon PERS valuation assumptions. Election rate and lapse assumptions are based on experience implied by valuation data for this and other Oregon public employers.

Starting per capita costs are based on premium rates. The same rates are charged for actives and pre-Medicare retirees. When an employer provides benefits to both active employees and retirees through the same plan, the benefits to retirees should be segregated and measured independently for actuarial measurement purposes. The projection of future retiree benefits should be based on claims costs, or age-adjusted premiums approximating claims costs, for retirees, in accordance with actuarial standards issued by the Actuarial Standards Board. As such, premiums were estimated for pre-Medicare retirees based on average ages and assumptions on the relationship between costs and increasing age (Morbidity).

Sensitivity Analysis

The following presents the total OPEB liability of the Plan, calculated using the disclosure discount rate as well as what the Plan's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate. A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption.

The discount rate in used for the June 20, 2023 reporting date is 3.50%.

	1% Decrease 2.50%	Discount Rate 3.50%	1% Increase 4.50%
Total OPEB liability from Implicit Rate Subsidy	\$ 4,572,080	\$ 4,333,896	\$ 4,109,069
Trend Rate	1% Decrease 2.50%	Discount Rate 3.50%	1% Increase 4.50%
Total OPEB liability from Implicit Rate Subsidy	\$ 3,965,932	\$ 4,333,896	\$ 4,756,018

**DALLAS SCHOOL DISTRICT NO. 2**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

**OTHER POST-EMPLOYMENT BENEFITS (OPEB) OEGB and EXPLICIT MEDICAL BENEFIT (Cont.):**

Participation

The following table represents the number of the District's covered participants:

As of Valuation Date July 1, 2021

Participant Counts	Administrative	Class/Conf	Licensed	Total
Active Participants	12	188	172	372
Inactive Participants	<u>2</u>	<u>23</u>	<u>25</u>	<u>50</u>
Total Number of Participants	14	211	197	422

Components of (OPEB) OEGB Expense

	July 1, 2022 to June 30, 2023
OPEB Implicit and Explicit Medical Benefit Expense	<u>                    </u>
Service cost	\$ 140,273
Interest on total OPEB liability	156,514
Recognition of Deferred (Inflows)/Outflows of Resources	
Recognition of economic/demographic (gains) or losses	89,891
Recognition of assumption changes	<u>16,778</u>
OPEB Implicit and Explicit Medical Benefit Expense	<u>\$ 403,456</u>

Changes in Net (OPEB) OEGB Implicit and Explicit Medical Liability

Changes in Total OPEB Liability June 30, 2022 to June 30, 2023	Increase (Decrease) Total OPEB Liability
Balance per actuarial as of Prior Year	\$ 4,626,026
Changes for the year:	
Service Cost	140,273
Interest	156,514
Changes in assumptions or other inputs	(1)
Benefit payments	<u>(588,917)</u>
Net OPEB Liability per actuarial at June 30, 2023	<u>\$ 4,333,896</u>

**DALLAS SCHOOL DISTRICT NO. 2**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

**OTHER POST-EMPLOYMENT BENEFITS (OPEB) OEGB and EXPLICIT MEDICAL BENEFIT (Cont.):**

Schedule of Deferred Inflows and Outflows of Resources

Other amounts currently reported as deferred outflows of resources and deferred inflows of resources related to other postemployment benefits will be recognized in OPEB expense as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 560,707	\$ 10,677
Changes of assumptions or inputs	142,710	488,858
Total Deferred Outflows/Inflows (prior to post-measurement date contributions)	\$ 703,417	\$ 499,535
Net Deferred Outflow/(Inflow) of Resources prior to post-measurement date contributions		\$ 203,882

Other amounts currently reported as deferred outflows of resources and deferred inflows of resources related to other postemployment benefits will be recognized in OPEB expense as follows:

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
1st Fiscal Year	\$ 106,668
2nd Fiscal Year	30,641
3rd Fiscal Year	30,646
4th Fiscal Year	11,974
5th Fiscal Year	11,974
Thereafter	11,979
Total	\$ 203,882

**DALLAS SCHOOL DISTRICT NO. 2**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

**CONTINGENT LIABILITIES:**

Amounts received or receivable from grantor agencies are subject to review 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 District expects such amount, if any, to be immaterial. The District is not currently named as a defendant in any pending or threatened litigation.

**RISK:**

To reduce the risk of loss from liability, fire, theft, accident, medical costs, and error and omissions, the District maintains various commercial insurance policies.

The District came under the State Unemployment Act as of July 1, 1974. The District has elected to pay State Unemployment insurance to the State to pay for any claims paid to former employees. Any reimbursements are paid by the fund incurring the liability to the Employment Division of the State of Oregon. The estimated liability for unpaid claims is calculated as the present value of expected but unpaid claims based on historical experience and going concern assessments. The District's estimated liability for unpaid unemployment claims is immaterial. Therefore, no liability amount appears on the District's statement of net position or balance sheet.

Certain employees have health care coverage provided by a third-party insurance company. Premiums to the insurance company are paid by employer contributions for eligible employees.

There have been no significant reductions in coverage from the prior years and settlements have not exceeded insurance coverage in the past three years.

**INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:**

Interfund transfers for the year ended June 30, 2023, were as follows:

<u>Fund</u>	<u>Transfers Out</u>	<u>Transfers In</u>
General Fund #100	\$ 117,664	\$ 72,790
Special Revenue Fund #200	72,790	-
Debt Service Fund #300	-	117,664
Total	<u>\$ 190,454</u>	<u>\$ 190,454</u>

The transfers out of the General Fund to the other funds represent the District's election to provide general fund support to the programs and activities of those funds.

**EXPENDITURES OVER APPROPRIATIONS:**

The District had expenditures over budgeted appropriations in the following fund:

<u>Fund / Category</u>	<u>Appropriation</u>	<u>Expenditure</u>	<u>Variance</u>
Food Services Fund # 203 / Enterprise & Community Serv	\$ 1,177,100	\$ 1,318,170	\$ 141,070

**DALLAS SCHOOL DISTRICT NO. 2**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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**FUND BALANCE COMPARISON:**

The following is a comparison of the budget as of June 30, 2023. Fund balances to the amount budgeted are an estimate to be on hand July 1, 2023.

<b><u>Fund</u></b>	<b><u>Actual</u></b>	<b><u>Budgeted</u></b>
General Fund #100	\$ 2,549,862	\$ 1,500,000
Special Revenue Fund #200	-	-
Debt Service Fund #300	799,000	1,000,000
Capital Projects Fund #400	12,082,397	-

**REQUIRED**  
**SUPPLEMENTARY**  
**INFORMATION**

**DALLAS SCHOOL DISTRICT NO 2**  
**Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balance - Budget and Actual**  
**General Fund #100**  
**For the Fiscal Year Ended June 30, 2023**

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES:</u></b>				
Taxes	\$ 8,901,500	\$ 8,901,500	\$ 8,965,297	\$ 63,797
Earnings on Investments	66,000	66,000	169,725	103,725
Fees and Charges	94,000	94,000	98,098	4,098
Miscellaneous Revenue	623,000	623,000	684,950	61,950
Intermediate Government Aid	260,000	260,000	119,003	(140,997)
State Aid	27,216,756	27,216,756	27,521,049	304,293
Federal Aid	4,623,550	4,623,550	2,145,109	(2,478,441)
<b>Total Revenues</b>	<b>41,784,806</b>	<b>41,784,806</b>	<b>39,703,881</b>	<b>(2,080,925)</b>
<b><u>EXPENDITURES:</u></b>				
Instruction	25,929,025	25,929,025	24,975,572	(953,453)
Support Services	14,307,486	15,307,486	14,769,095	(538,391)
Facilities Acquisition and Construction	10,000	10,000	920	(9,080)
Contingency	2,818,295	1,818,295	-	(1,818,295)
<b>Total Expenditures</b>	<b>43,064,806</b>	<b>43,064,806</b>	<b>39,745,587</b>	<b>(3,319,219)</b>
Excess (Deficiency) of Revenues Over Expenditures	(1,280,000)	(1,280,000)	(41,706)	1,238,294
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Interfund Transfers In	80,000	80,000	72,790	(7,210)
Interfund Transfers Out	(200,000)	(200,000)	(117,664)	82,336
<b>Total Other Financing Sources (Uses)</b>	<b>(120,000)</b>	<b>(120,000)</b>	<b>(44,874)</b>	<b>75,126</b>
Net Change in Fund Balance	(1,400,000)	(1,400,000)	(86,580)	1,313,420
Beginning Fund Balance	2,900,000	2,900,000	2,636,442	(263,558)
<b>Ending Fund Balance</b>	<b>\$ 1,500,000</b>	<b>\$ 1,500,000</b>	<b>\$ 2,549,862</b>	<b>\$ 1,049,862</b>

**DALLAS SCHOOL DISTRICT NO 2**  
**Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balance - Budget and Actual**  
**Special Grants And Projects Fund #200**  
**For the Fiscal Year Ended June 30, 2023**

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES:</u></b>				
Miscellaneous Revenue	\$ 180,000	\$ 180,000	\$ 94,972	\$ (85,028)
State Aid	5,029,731	5,029,731	4,562,323	(467,408)
Federal Aid	1,715,364	1,715,364	1,645,266	(70,098)
<b>Total Revenues</b>	<b>7,645,346</b>	<b>7,645,346</b>	<b>6,972,239</b>	<b>(673,107)</b>
<b><u>EXPENDITURES:</u></b>				
Instruction	6,376,842	6,376,842	5,343,423	(1,033,419)
Support Services	1,171,775	1,171,775	1,549,574	377,799
Enterprise and Community Services	16,729	16,729	6,452	(10,277)
<b>Total Expenditures</b>	<b>7,565,346</b>	<b>7,565,346</b>	<b>6,899,449</b>	<b>(665,897)</b>
Excess (Deficiency) of Revenues Over Expenditures	80,000	80,000	72,790	(7,210)
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Interfund Transfers Out	(80,000)	(80,000)	(72,790)	7,210
<b>Total Other Financing Sources (Uses)</b>	<b>(80,000)</b>	<b>(80,000)</b>	<b>(72,790)</b>	<b>7,210</b>
Net Change in Fund Balance	-	-	-	-
Beginning Fund Balance	-	-	-	-
<b>Ending Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**DALLAS SCHOOL DISTRICT NO 2**

SCHEDULE OF PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY  
PERS  
Last 10 Fiscal Years\*

Fiscal Year Ended June 30, <sup>1</sup>	Measurement Date	(a) Employer's proportion of the net pension liability (asset)	(b) Employer's proportionate share of the net pension liability (asset)	(c) Employer's covered payroll as of Measurement Date	(b/c)	Plan fiduciary net position as a percentage of the total pension liability
					Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	
2023	June 30, 2022	0.06332636%	\$ 9,696,536	\$ 19,387,615	50.01%	84.5%
2022	June 30, 2021	0.19043861%	22,788,798	17,932,337	127.08%	87.6%
2021	June 30, 2020	0.18677845%	40,761,482	17,958,464	226.98%	75.8%
2020	June 30, 2019	0.21680841%	37,502,663	16,867,258	222.34%	80.2%
2019	June 30, 2018	0.21340826%	32,328,540	14,252,450	226.83%	82.1%
2018	June 30, 2017	0.21877476%	29,490,920	15,682,430	188.05%	83.1%
2017	June 30, 2016	0.23182264%	34,801,961	15,057,790	231.12%	80.5%
2016	June 30, 2015	0.25451453%	14,612,853	13,294,508	109.92%	91.9%

<sup>1</sup>Measurement date is one year in arrears.

\*This schedule is presented to illustrate the requirement to show information for 10 years. However the full 10-year trend will be presented for those years for which information is available

**DALLAS SCHOOL DISTRICT NO 2**

## SCHEDULE OF EMPLOYER CONTRIBUTIONS

## PERS

Last 10 Fiscal Years\*

Year Ended June 30,	(a) Contractually required contribution	(b) Contributions in relation to the contractually required contribution	(a-b) Contribution deficiency (excess)	(c) Employer's covered payroll	(b/c) Contributions as a percent of covered payroll
2023	\$ 5,430,963	\$ 5,430,963	\$ -	\$ 20,333,130	26.71%
2022	5,714,681	5,714,681	-	19,387,615	29.48%
2021	5,151,030	5,151,030	-	17,932,337	28.72%
2020	4,940,728	4,940,728	-	17,958,464	27.51%
2019	3,879,777	3,879,777	-	16,867,258	23.00%
2018	3,801,668	3,801,668	-	14,252,450	26.67%
2017	3,088,197	3,088,197	-	15,682,430	19.69%
2016	2,923,313	2,923,313	-	15,057,790	19.41%
2015	2,852,548	2,852,548	-	13,294,508	21.46%

\*This schedule is presented to illustrate the requirement to show information for 10 years. However the full 10-year trend will be presented for those years for which information is available

**DALLAS SCHOOL DISTRICT NO 2**SCHEDULE OF PROPORTIONATE SHARE OF THE  
NET OPEB LIABILITY

## OPEB RHIA

Last 10 Fiscal Years\*

Fiscal Year Ended June 30, <sup>1</sup>	Measurement Date	(a) Employer's proportion of the net pension liability (asset)	(b) Employer's proportionate share of the net pension liability (asset)	(c) Employer's covered payroll as of Measurement Date	(b/c)	Plan fiduciary net position as a percentage of the total pension liability
					Employer's share of the net pension liability (asset) as a percentage of its covered payroll	
2023	June 30, 2022	0.14793382%	\$ (525,661)	\$ 19,387,615	-2.71%	194.6%
2022	June 30, 2021	0.14650551%	(503,101)	17,932,337	-2.81%	183.9%
2021	June 30, 2020	0.24868573%	(506,723)	17,958,464	-2.82%	150.1%
2020	June 30, 2019	0.15185770%	(293,444)	16,867,258	-1.74%	144.4%
2019	June 30, 2018	0.15940735%	(177,942)	14,252,450	-1.25%	124.0%
2018	June 30, 2017	0.14869076%	(62,055)	15,682,430	-0.40%	108.9%
2017	June 30, 2016	0.15065387%	40,912	15,057,790	0.27%	94.2%

<sup>1</sup>Measurement date is one year in arrears.

\*This schedule is presented to illustrate the requirement to show information for 10 years. However the full 10-year trend will be presented for those years for which information is available

**DALLAS SCHOOL DISTRICT NO 2**

## SCHEDULE OF EMPLOYER CONTRIBUTIONS

## OPEB RHIA

Last 10 Fiscal Years\*

Year Ended June 30,	(a) Contractually required contribution	(b) Contributions in relation to the contractually required contribution	(a-b) Contribution deficiency (excess)	(c) Employer's covered payroll	(b/c) Contributions as a percent of covered payroll
2023	\$ 2,963	\$ 2,963	\$ -	\$ 20,333,130	0.01%
2022	3,646	3,646	-	19,387,615	0.02%
2021	3,920	3,920	-	17,932,337	0.02%
2020	17,759	17,759	-	17,958,464	0.10%
2019	75,264	75,264	-	16,867,258	0.45%
2018	77,186	77,186	-	14,252,450	0.54%
2017	77,239	77,239	-	15,682,430	0.49%

\*This schedule is presented to illustrate the requirement to show information for 10 years. However the full 10-year trend will be presented for those years for which information is available

**DALLAS SCHOOL DISTRICT NO 2**

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY  
AND RELATED RATIOS  
OREGON EDUCATORS BENEFIT BOARD and RELATED EXPLICIT BENEFITS  
Last 10 Fiscal Years\*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB Liability					
Service cost	\$ 140,273	\$ 195,811	\$ 189,189	\$ 163,272	\$ 157,751
Interest on total OPEB liability	156,514	118,182	124,256	186,552	192,690
Effect of changes to benefit terms	-	-	-	-	-
Effect of economic/demographic gains or losses	-	747,609	-	(24,917)	-
Effect of assumption changes or inputs	-	(651,812)	-	155,591	456,167
Benefit payments	(588,917)	(630,442)	(495,622)	(526,161)	(670,880)
Net change in total OPEB liability **	(292,130)	(220,652)	(182,177)	(45,663)	135,728
Total OPEB liability, beginning	4,626,026	4,846,678	5,028,855	5,074,518	4,938,790
Total OPEB liability, ending (a) **	<u>\$ 4,333,896</u>	<u>\$ 4,626,026</u>	<u>\$ 4,846,678</u>	<u>\$ 5,028,855</u>	<u>\$ 5,074,518</u>
Covered payroll	\$ 19,521,841	\$ 18,953,244	\$ 17,009,652	\$ 16,434,446	\$ 16,495,454
Total OPEB OEGB liability as a % of covered payroll	22.20%	24.41%	28.49%	30.60%	30.76%
Measurement Date	June 30, 2021	June 30, 2021	June 30, 2019	June 30, 2019	June 30, 2018

	<u>2018</u>	<u>2017*</u>	<u>2016*</u>	<u>2015*</u>	<u>2014*</u>
Total OPEB Liability					
Service cost	\$ 167,050	\$ -	\$ -	\$ -	\$ -
Interest on total OPEB liability	187,293	-	-	-	-
Effect of changes to benefit terms	-	-	-	-	-
Effect of economic/demographic gains or losses	-	-	-	-	-
Effect of assumption changes or inputs	-	-	-	-	-
Benefit payments	(653,028)	-	-	-	-
Net change in total OPEB liability **	(298,685)	-	-	-	-
Total OPEB liability, beginning	5,237,475	-	-	-	-
Total OPEB liability, ending (a) **	<u>\$ 4,938,790</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 15,937,637	\$ -	\$ -	\$ -	\$ -
Total OPEB OEGB liability as a % of covered payroll	30.99%	-	-	-	-
Measurement Date	June 30, 2017				

\*This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the current GASB standards, they should not be reported.

\*\*Totals may not agree due to rounding.

**SUPPLEMENTARY**  
**INFORMATION**

**DALLAS SCHOOL DISTRICT NO 2**  
**COMBINING BALANCE SHEET**  
**ALL NON-MAJOR GOVERNMENTAL FUNDS -- BY FUND TYPE**  
**June 30, 2023**

	<b>Special Revenue Funds</b>	<b>Debt Service Funds</b>	<b>Total Non- Major Governmental Funds</b>
<b><u>ASSETS:</u></b>			
Cash and Cash Equivalents	\$ 486,609	\$ 1,604,482	\$ 2,091,091
Property Taxes Receivable	-	110,973	110,973
Accounts Receivable	1,848	-	1,848
Due From Other Governments	23,898	-	23,898
Inventory-Food, Supplies & Commodities	13,840	-	13,840
<b>Total Assets</b>	<b><u>\$ 526,195</u></b>	<b><u>\$ 1,715,455</u></b>	<b><u>\$ 2,241,650</u></b>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</u></b>			
<b>LIABILITIES:</b>			
Accounts Payable	\$ 1,659	\$ -	\$ 1,659
<b>Total Liabilities</b>	<b><u>1,659</u></b>	<b><u>-</u></b>	<b><u>1,659</u></b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Unavailable Revenue - Property Taxes	-	94,226	94,226
<b>Total Deferred Inflows of Resources</b>	<b><u>-</u></b>	<b><u>94,226</u></b>	<b><u>94,226</u></b>
<b>FUND BALANCES:</b>			
Unspendable	13,840	-	13,840
Restricted for:			
Debt Service	-	1,621,229	1,621,229
Food Service Program	41,556	-	41,556
Committed for:			
Student Body Activities	469,140	-	469,140
<b>Total Fund Balances</b>	<b><u>524,536</u></b>	<b><u>1,621,229</u></b>	<b><u>2,145,765</u></b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b><u>\$ 526,195</u></b>	<b><u>\$ 1,715,455</u></b>	<b><u>\$ 2,241,650</u></b>

**DALLAS SCHOOL DISTRICT NO 2****Combining Statement of Revenues,  
Expenditures, and Changes in Fund Balances****ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE****For the Fiscal Year Ended June 30, 2023**

	<b>Special Revenue Funds</b>	<b>Debt Service Funds</b>	<b>Total Non- Major Governmental Funds</b>
<b><u>REVENUES:</u></b>			
Taxes	\$ -	\$ 3,360,139	\$ 3,360,139
Earnings on Investments	\$ 160	\$ 77,891	\$ 78,051
Fees and Charges	702,148	-	702,148
Miscellaneous Revenue	6,910	1,701,029	1,707,939
State Aid	181,414	-	181,414
Federal Aid	867,958	469	868,427
<b>Total Revenues</b>	<b><u>1,758,590</u></b>	<b><u>5,139,528</u></b>	<b><u>6,898,118</u></b>
<b><u>EXPENDITURES:</u></b>			
Current:			
Instruction	561,924	-	561,924
Enterprise and Community Services	1,318,170	-	1,318,170
Debt Service	-	5,496,860	5,496,860
<b>Total Expenditures</b>	<b><u>1,880,094</u></b>	<b><u>5,496,860</u></b>	<b><u>7,376,954</u></b>
Excess (Deficiency) of Revenues			
Over Expenditures	-	(357,332)	(478,836)
<b><u>OTHER FINANCING SOURCES (USES):</u></b>			
Interfund Transfers In	-	117,664	117,664
<b>Total Other Financing Sources (Uses)</b>	<b><u>-</u></b>	<b><u>117,664</u></b>	<b><u>117,664</u></b>
Net Change in Fund Balance	(121,504)	(239,668)	(361,172)
Beginning Fund Balance	646,040	1,860,897	2,506,937
<b>Ending Fund Balance</b>	<b><u>\$ 524,536</u></b>	<b><u>\$ 1,621,229</u></b>	<b><u>\$ 2,145,765</u></b>

**DALLAS SCHOOL DISTRICT NO 2****COMBINING BALANCE SHEET****NON-MAJOR SPECIAL REVENUE FUNDS****June 30, 2023**

	<b>Student Activity Fund #201</b>	<b>Food Service Fund #203</b>	<b>Totals</b>
<b><u>ASSETS:</u></b>			
Cash and Cash Equivalents	\$ 469,140	\$ 17,469	\$ 486,609
Accounts Receivable	-	1,848	1,848
Due From Other Governments	-	23,898	23,898
Inventory-Food, Supplies & Commodities	-	13,840	13,840
<b>Total Assets</b>	<b><u>\$ 469,140</u></b>	<b><u>\$ 57,055</u></b>	<b><u>\$ 526,195</u></b>
<b><u>LIABILITIES AND FUND BALANCES:</u></b>			
LIABILITIES:			
Accounts Payable	\$ -	\$ 1,659	\$ 1,659
<b>Total Liabilities</b>	<b><u>-</u></b>	<b><u>1,659</u></b>	<b><u>1,659</u></b>
FUND BALANCES:			
Unspendable	-	13,840	13,840
Restricted for:			
Food Service Program	-	41,556	41,556
Committed for:			
Student Body Activities	469,140	-	469,140
<b>Total Fund Balances</b>	<b><u>469,140</u></b>	<b><u>55,396</u></b>	<b><u>524,536</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 469,140</u></b>	<b><u>\$ 57,055</u></b>	<b><u>\$ 526,195</u></b>

**Combining Statement of Revenues,  
Expenditures, and Changes in Fund Balances  
NON-MAJOR SPECIAL REVENUE FUNDS  
For the Fiscal Year Ended June 30, 2023**

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	<b>Student Activity Fund #201</b>	<b>Food Service Fund #203</b>	<b>Totals</b>
<b><u>REVENUES:</u></b>			
Earnings on Investments	\$ -	160	\$ 160
Fees and Charges	698,666	3,482	702,148
Miscellaneous Revenue	-	6,910	6,910
State Aid	-	181,414	181,414
Federal Aid	-	867,958	867,958
<b>Total Revenues</b>	<b><u>698,666</u></b>	<b><u>1,059,924</u></b>	<b><u>1,758,590</u></b>
<b><u>EXPENDITURES:</u></b>			
Current:			
Instruction	561,924	-	561,924
Enterprise and Community Services	-	1,318,170	1,318,170
<b>Total Expenditures</b>	<b><u>561,924</u></b>	<b><u>1,318,170</u></b>	<b><u>1,880,094</u></b>
Net Change in Fund Balance	136,742	(258,246)	(121,504)
Beginning Fund Balance	332,398	313,642	646,040
<b>Ending Fund Balance</b>	<b><u>\$469,140</u></b>	<b><u>\$ 55,396</u></b>	<b><u>\$ 524,536</u></b>

**DALLAS SCHOOL DISTRICT NO 2**  
**Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balance - Budget and Actual**  
**Student Activity Fund #201**  
**For the Fiscal Year Ended June 30, 2023**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>	(Budgetary Basis) (See Note 1)	Over (Under)
<b><u>REVENUES:</u></b>				
Fees and Charges	\$ 850,000	\$ 850,000	\$ 698,666	\$ (151,334)
<b>Total Revenues</b>	<b>850,000</b>	<b>850,000</b>	<b>698,666</b>	<b>(151,334)</b>
<b><u>EXPENDITURES:</u></b>				
Instruction	1,050,000	1,050,000	561,924	(488,076)
<b>Total Expenditures</b>	<b>1,050,000</b>	<b>1,050,000</b>	<b>561,924</b>	<b>(488,076)</b>
Net Change in Fund Balance	(200,000)	(200,000)	136,742	336,742
Beginning Fund Balance	300,000	300,000	332,398	32,398
<b>Ending Fund Balance</b>	<b>\$ 100,000</b>	<b>\$ 100,000</b>	<b>\$ 469,140</b>	<b>\$ 369,140</b>

**DALLAS SCHOOL DISTRICT NO 2**  
**Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balance - Budget and Actual**  
**Food Service Fund #203**  
**For the Fiscal Year Ended June 30, 2023**

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		<u>(Under)</u>
<b><u>REVENUES:</u></b>				
Earnings on Investments	\$ 100	\$ 100	\$ 160	\$ 60
Fees and Charges	100,000	100,000	3,482	(96,518)
Miscellaneous Revenue	17,664	17,664	6,910	(10,754)
State Aid	47,000	47,000	181,414	134,414
Federal Aid	962,336	962,336	867,958	(94,378)
<b>Total Revenues</b>	<b><u>1,127,100</u></b>	<b><u>1,127,100</u></b>	<b><u>1,059,924</u></b>	<b><u>(67,176)</u></b>
<b><u>EXPENDITURES:</u></b>				
Enterprise and Community Services	1,177,100	1,177,100	1,318,170	141,070
<b>Total Expenditures</b>	<b><u>1,177,100</u></b>	<b><u>1,177,100</u></b>	<b><u>1,318,170</u></b>	<b><u>141,070</u></b>
Net Change in Fund Balance	(50,000)	(50,000)	(258,246)	(208,246)
Beginning Fund Balance	60,000	60,000	313,642	253,642
<b>Ending Fund Balance</b>	<b><u>\$ 10,000</u></b>	<b><u>\$ 10,000</u></b>	<b><u>\$ 55,396</u></b>	<b><u>\$ 45,396</u></b>

**DALLAS SCHOOL DISTRICT NO 2****COMBINING BALANCE SHEET****NON-MAJOR DEBT SERVICE FUNDS**

June 30, 2023

	<b>Debt Service - General Obligation Bonds Fund #301</b>	<b>Debt Service - Other Facilities Fund #302</b>	<b>Debt Service - PERS Pension Bonds Fund #310</b>	<b>Totals</b>
<b><u>ASSETS:</u></b>				
Cash and Cash Equivalents	\$ 805,382	\$ 100	\$ 799,000	\$ 1,604,482
Property Taxes Receivable	110,973	-	-	110,973
<b>Total Assets</b>	<b><u>\$ 916,355</u></b>	<b><u>\$ 100</u></b>	<b><u>\$ 799,000</u></b>	<b><u>\$ 1,715,455</u></b>
Other Current Liabilities	-	-	-	\$ -
<b>Total Liabilities</b>	-	-	-	-
DEFERRED INFLOWS OF RESOURCES:				
Unavailable Revenue - Property Taxes	94,226	-	-	\$ 94,226
<b>Total Deferred Inflows of Resources</b>	94,226	-	-	94,226
FUND BALANCES:				
Restricted for:				
Debt Service	822,129	100	799,000	\$ 1,621,229
<b>Total Fund Balances</b>	<b><u>822,129</u></b>	<b><u>100</u></b>	<b><u>799,000</u></b>	<b><u>1,621,229</u></b>
<b>Total Deferred Inflows of Resources and Fund Balances</b>	<b><u>\$ 916,355</u></b>	<b><u>\$ 100</u></b>	<b><u>\$ 799,000</u></b>	<b><u>\$ 1,715,455</u></b>

**DALLAS SCHOOL DISTRICT NO 2****Combining Statement of Revenues,  
Expenditures, and Changes in Fund Balances****NON-MAJOR DEBT SERVICE FUNDS****For the Fiscal Year Ended June 30, 2023**

	<b>Debt Service - General Obligation Bonds Fund #301</b>	<b>Debt Service - Other Facilities Fund #302</b>	<b>Debt Service - PERS Pension Bonds Fund #310</b>	<b>Totals</b>
<b><u>REVENUES:</u></b>				
Taxes	\$ 3,360,139	\$ -	\$ -	\$3,360,139
Earnings on Investments	77,891	-	-	77,891
Miscellaneous Revenue	-	-	1,701,029	1,701,029
Federal Aid	469	-	-	469
<b>Total Revenues</b>	<b>3,438,499</b>	<b>-</b>	<b>1,701,029</b>	<b>5,139,528</b>
<b><u>EXPENDITURES:</u></b>				
Debt Service	3,278,929	117,564	2,100,367	5,496,860
<b>Total Expenditures</b>	<b>3,278,929</b>	<b>117,564</b>	<b>2,100,367</b>	<b>5,496,860</b>
Excess (Deficiency) of Revenues Over Expenditures	159,570	(117,564)	(399,338)	(357,332)
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Interfund Transfers In	-	117,664	-	117,664
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>117,664</b>	<b>-</b>	<b>117,664</b>
Net Change in Fund Balance	159,570	100	(399,338)	(239,668)
Beginning Fund Balance	662,559	-	1,198,338	1,860,897
<b>Ending Fund Balance</b>	<b>\$ 822,129</b>	<b>\$ 100</b>	<b>\$ 799,000</b>	<b>\$1,621,229</b>

**DALLAS SCHOOL DISTRICT NO 2**  
**Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balance - Budget and Actual**  
**Debt Service -General Obligation Bonds Fund #301 (A Non-Major Fund)**  
**For the Fiscal Year Ended June 30, 2023**

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
<b><u>REVENUES:</u></b>				
Taxes	\$ 3,072,758	\$ 3,072,758	\$ 3,360,139	\$ 287,381
Earnings on Investments	7,500	7,500	77,891	70,391
<b>Total Revenues</b>	<b>3,080,258</b>	<b>3,080,258</b>	<b>3,438,499</b>	<b>358,241</b>
<b><u>EXPENDITURES:</u></b>				
Debt Service	3,280,258	3,280,258	3,278,929	(1,329)
<b>Total Expenditures</b>	<b>3,280,258</b>	<b>3,280,258</b>	<b>3,278,929</b>	<b>(1,329)</b>
Net Change in Fund Balance	(200,000)	(200,000)	159,570	359,570
Beginning Fund Balance	300,000	300,000	662,559	362,559
<b>Ending Fund Balance</b>	<b>\$ 100,000</b>	<b>\$ 100,000</b>	<b>\$ 822,129</b>	<b>\$ 722,129</b>

**DALLAS SCHOOL DISTRICT NO 2**  
**Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balance - Budget and Actual**  
**Debt Service - Other Facilities Fund #302 (A Non-Major Fund)**  
**For the Fiscal Year Ended June 30, 2023**

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES:</u></b>				
Taxes	\$ -	\$ -	\$ -	\$ -
<b>Total Revenues</b>	-	-	-	-
<b><u>EXPENDITURES:</u></b>				
Debt Service	117,664	117,664	117,564	(100)
<b>Total Expenditures</b>	117,664	117,664	117,564	(100)
Excess (Deficiency) of Revenues Over Expenditures	(117,664)	(117,664)	(117,564)	100
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Interfund Transfers In	117,664	117,664	117,664	-
<b>Total Other Financing Sources (Uses)</b>	117,664	117,664	117,664	-
Net Change in Fund Balance	-	-	100	100
<b>Ending Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 100</b>	<b>\$ 100</b>

**DALLAS SCHOOL DISTRICT NO 2**  
**Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balance - Budget and Actual**  
**Debt Service - PERS Pension Bonds Fund #310 (A Non-Major Fund)**  
**For the Fiscal Year Ended June 30, 2023**

	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>	(Budgetary Basis) (See Note 1)	Final Budget Over (Under)
<b><u>REVENUES:</u></b>				
Miscellaneous Revenue	\$2,600,467	\$2,600,467	\$ 1,701,029	\$ (899,438)
<b>Total Revenues</b>	2,600,467	2,600,467	1,701,029	(899,438)
<b><u>EXPENDITURES:</u></b>				
Debt Service	2,100,467	2,100,467	2,100,367	(100)
<b>Total Expenditures</b>	2,100,467	2,100,467	2,100,367	(100)
Net Change in Fund Balance	500,000	500,000	(399,338)	(899,338)
Beginning Fund Balance	500,000	500,000	1,198,338	698,338
<b>Ending Fund Balance</b>	<b><u>\$1,000,000</u></b>	<b><u>\$1,000,000</u></b>	<b><u>\$ 799,000</u></b>	<b><u>\$ (201,000)</u></b>

**DALLAS SCHOOL DISTRICT NO 2**  
**Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balance - Budget and Actual**  
**Capital Construction Bond Projects Fund #400 (A Major Fund)**  
**For the Fiscal Year Ended June 30, 2023**

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		<u>Over (Under)</u>
<b><u>REVENUES:</u></b>				
Earnings on Investments	\$ -	\$ -	\$ 411,789	\$ 411,789
Miscellaneous Revenue	-	-	400	400
State Aid	2,000,000	2,000,000	1,681,530	(318,470)
<b>Total Revenues</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>2,093,719</b>	<b>93,719</b>
<b><u>EXPENDITURES:</u></b>				
Facilities Acquisition and Construction	7,540,000	7,540,000	4,188,684	(3,351,316)
Contingency	26,560,000	26,560,000	-	(26,560,000)
<b>Total Expenditures</b>	<b>34,100,000</b>	<b>34,100,000</b>	<b>4,188,684</b>	<b>(29,911,316)</b>
Excess (Deficiency) of Revenues Over Expenditures	(32,100,000)	(32,100,000)	(2,094,965)	30,005,035
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Long Term Debt Financing Sources	32,000,000	32,000,000	14,168,173	(17,831,827)
<b>Total Other Financing Sources (Uses)</b>	<b>32,000,000</b>	<b>32,000,000</b>	<b>14,168,173</b>	<b>(17,831,827)</b>
Net Change in Fund Balance	(100,000)	(100,000)	12,073,208	12,173,208
Beginning Fund Balance	100,000	100,000	9,189	(90,811)
<b>Ending Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12,082,397</b>	<b>\$ 12,082,397</b>

**OTHER**  
**INFORMATION**

**Additional**  
**Supporting Schedules**

**DALLAS SCHOOL DISTRICT NO 2**  
**SCHEDULE OF LONG-TERM DEBT TRANSACTIONS**  
**For the Fiscal Year Ended June 30, 2023**

**Full Faith and Credit Pension Obligation Bonds, Series 2021A**

On August 19, 2021, the District issued Full Faith and Credit Pension Obligation Bonds, Series 2021A. The bonds are held by US Bank. The original balance was \$39,575,000 and has a variable interest rate on the bonds varying from 0.182% to 2.895%. Interest payments are due the 30th of June and December of each year with a principal payment due with the June payment.

**Current Year Activity:**

	Outstanding Balance July 1, 2022	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2023	Due Within One Year
Principal	\$ 38,585,000	\$ -	\$ 1,285,000	\$ 37,300,000	\$ 1,345,000
Interest	-	815,367	815,367	-	811,358
Total	<u>\$ 38,585,000</u>	<u>\$ 815,367</u>	<u>\$ 2,100,367</u>	<u>\$ 37,300,000</u>	<u>\$ 2,156,358</u>

**Future Requirements:**

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2024	\$ 1,345,000	\$ 811,358	\$ 2,156,358	0.59%
	2025	1,425,000	803,396	2,228,396	0.87%
	2026	1,515,000	790,941	2,305,941	1.10%
	2027	1,610,000	774,215	2,384,215	1.36%
	2028	1,710,000	752,319	2,462,319	1.53%
	2029	1,820,000	726,156	2,546,156	1.71%
	2030	1,940,000	695,089	2,635,089	1.81%
	2031	2,065,000	660,033	2,725,033	1.89%
	2032	2,195,000	621,067	2,816,067	2.04%
	2033	2,335,000	576,355	2,911,355	2.21%
	2034	2,485,000	524,821	3,009,821	2.36%
	2035	2,650,000	466,250	3,116,250	2.46%
	2036	2,820,000	401,139	3,221,139	2.54%
	2037	3,000,000	329,596	3,329,596	2.90%
	2038	3,200,000	242,746	3,442,746	2.90%
	2039	3,410,000	150,106	3,560,106	2.90%
Total		<u>\$ 37,300,000</u>	<u>\$ 9,376,973</u>	<u>\$ 46,676,973</u>	

**DALLAS SCHOOL DISTRICT NO 2**  
**SCHEDULE OF LONG-TERM DEBT TRANSACTIONS**  
**For the Fiscal Year Ended June 30, 2023**

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**General Obligation Bonds, Series 2017**

On December 19, 2017, the District issued General Obligation Bonds, Series 2017. The bonds are held by US Bank. The original balance was \$7,905,950.90 and has a variable interest rate on the bonds varying from 3.00% to 4.00%. Interest payments are due the 15th of June and December of each year with a principal payment due with the June payment.

**Current Year Activity:**

	Outstanding Balance July 1, 2022	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2023	Due Within One Year
Principal	\$ 2,385,000	\$ -	\$ 1,150,000	\$ 1,235,000	\$ 1,235,000
Interest	-	95,400	95,400	-	49,400
Total	<u>\$ 2,385,000</u>	<u>\$ 95,400</u>	<u>\$ 1,245,400</u>	<u>\$ 1,235,000</u>	<u>\$ 1,284,400</u>

**Future Requirements:**

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2024	\$ 1,235,000	\$ 49,400	\$ 1,284,400	4.00%
Total		<u>\$ 1,235,000</u>	<u>\$ 49,400</u>	<u>\$ 1,284,400</u>	

**DALLAS SCHOOL DISTRICT NO 2**  
**SCHEDULE OF LONG-TERM DEBT TRANSACTIONS**  
**For the Fiscal Year Ended June 30, 2023**

**Full Faith and Credit Financing, Series 2019**

On September 17, 2019, the District issued Full Faith and Credit financing, Series 2019. The bonds are held by US Bank. The original balance was \$1,249,000 and has a fixed interest rate of 2.040%. Interest payments are due the 1st of June and December of each year with a principal payment due with the June payment.

**Current Year Activity:**

	Outstanding Balance July 1, 2022	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2023	Due Within One Year
Principal	\$ 959,000	\$ -	\$ 98,000	\$ 861,000	\$ 100,000
Interest	-	19,564	19,564	-	17,564
Total	<u>\$ 959,000</u>	<u>\$ 19,564</u>	<u>\$ 117,564</u>	<u>\$ 861,000</u>	<u>\$ 117,564</u>

**Future Requirements:**

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2024	\$ 100,000	\$ 17,564	\$ 117,564	0.00%
	2025	102,000	15,524	117,524	0.00%
	2026	104,000	13,444	117,444	0.00%
	2027	107,000	11,322	118,322	0.00%
	2028	109,000	9,139	118,139	0.00%
	2029	111,000	6,916	117,916	0.00%
	2030	113,000	4,651	117,651	0.00%
	2031	115,000	2,346	117,346	0.00%
Total		<u>\$ 861,000</u>	<u>\$ 80,906</u>	<u>\$ 941,906</u>	

**DALLAS SCHOOL DISTRICT NO 2**  
**SCHEDULE OF LONG-TERM DEBT TRANSACTIONS**  
**For the Fiscal Year Ended June 30, 2023**

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**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 yearly installments of \$40,000 beginning October 2019, with the final payment ending on October 30, 2024.

**Current Year Activity:**

	Outstanding Balance July 1, 2022	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2023	Due Within One Year
Principal	\$ 120,000	\$ -	\$ -	\$ 120,000	\$ 40,000
Total	<u>\$ 120,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 120,000</u>	<u>\$ 40,000</u>

**Future Requirements:**

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2024	\$ 40,000	\$ -	\$ 40,000	0.00%
	2025	40,000	-	40,000	0.00%
Total		<u>\$ 80,000</u>	<u>\$ -</u>	<u>\$ 80,000</u>	

**DALLAS SCHOOL DISTRICT NO 2**  
**SCHEDULE OF LONG-TERM DEBT TRANSACTIONS**  
**For the Fiscal Year Ended June 30, 2023**

**General Obligation Bonds, Series 2022**

On September 1, 2022, the District issued General Obligation Bonds, Series 2022. The bonds are held by US Bank. The original balance was \$14,177,157.65 including bond premium of \$1,412,157.65 and has a fixed interest rate of 5.000%. Interest payments are due the 15th of June and December of each year with a principal payment due with the June payment.

**Current Year Activity:**

	Outstanding Balance July 1, 2022	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2023	Due Within One Year
Principal	\$ -	\$ 12,765,000	\$ 1,530,000	\$ 11,235,000	\$ 1,580,000
Interest	-	503,508	503,508	-	561,750
Total	<u>\$ -</u>	<u>\$ 13,268,508</u>	<u>\$ 2,033,508</u>	<u>\$ 11,235,000</u>	<u>\$ 2,141,750</u>

**Future Requirements:**

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2024	\$ 1,580,000	\$ 561,750	\$ 2,141,750	5.00%
	2025	1,160,000	482,750	1,642,750	5.00%
	2026	1,270,000	424,750	1,694,750	5.00%
	2027	1,380,000	361,250	1,741,250	5.00%
	2028	1,505,000	292,250	1,797,250	5.00%
	2029	1,635,000	217,000	1,852,000	5.00%
	2030	1,770,000	135,250	1,905,250	5.00%
	2031	935,000	46,750	981,750	5.00%
Total		<u>\$ 11,235,000</u>	<u>\$ 2,521,750</u>	<u>\$ 13,756,750</u>	

**DALLAS SCHOOL DISTRICT NO 2**  
**Oregon Department of Education Form 581-3211-C**  
**For the Fiscal Year Ended June 30, 2023**

**SUPPLEMENTAL INFORMATION 2022-2023**

Part A is needed for computing Oregon's full allocation for ESEA, Title 1 & other Federal Funds for Education

**B. Energy Bills for Heating - All Funds:**

Please enter your expenditures for electricity & heating fuel, and water & sewage for these Functions & Objects.

	Objects 325 & 326 & *327
Function 2540	\$ 451,172
Function 2550	\$ -

**C. Replacement of Equipment - General Fund:**

Include all General Fund expenditures in Object 542, except for the following exclusions:

Exclude these functions:

- 1113,1122 & 1132
- 1140
- 1300
- 1400

- Extra-curricular Activities
- Pre-Kindergarten
- Continuing Education
- Summer School

Exclude these functions:

- 4150 Construction
- 2550 Pupil Transportation
- 3100 Food Service
- 3300 Community Services

\$ 22,000
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\*Object code 327 (water and sewage) has been added to Part A to be included in the Function 2540 and 2550 totals.

**DALLAS SCHOOL DISTRICT NO 2****Audit Revenue Summary - All Funds**

For the Fiscal Year Ended June 30, 2023

<b>Revenue from Local Sources</b>		<b>Fund 100</b>	<b>Fund 200</b>	<b>Fund 300</b>	<b>Fund 400</b>
1110	Ad Valorem Taxes Levied by District	\$ 8,961,276	\$ -	\$3,358,633	\$ -
1190	Penalties and Interest on Taxes	4,022	-	1,507	-
1312	Regular Day School Tuition - Other Dist Within State	650	-	-	-
1500	Earnings on Investments	169,725	160	77,891	411,789
1600	Food Service	-	3,482	-	-
1700	Extracurricular Activities	98,098	698,666	-	-
1910	Rentals	3,680	-	-	-
1920	Contributions and Donations From Private Sources	-	19,571	-	-
1930	Rental or Lease Payments From Private Contractors	-	-	-	-
1940	Services Provided Other Local Education Agencies	168,992	-	-	-
1960	Recovery of Prior Years' Expenditue	6,182	-	-	-
1970	Services Provided Other Funds	-	-	1,701,029	-
1980	Fees Charged to Grants	271,102	-	-	-
1990	Miscellaneous	234,995	82,311	-	400
<b>Total Revenue from Local Sources</b>		\$ 9,918,721	\$ 804,189	\$5,139,060	\$ 412,189
<b>Revenue from Intermediate Sources</b>		<b>Fund 100</b>	<b>Fund 200</b>	<b>Fund 300</b>	<b>Fund 400</b>
2101	County School Funds	\$ 43,450	\$ -	\$ -	\$ -
2102	General ESD Revenue	75,553	669,678	-	-
<b>Total Revenue from Intermediate Sources</b>		\$ 119,003	\$ 669,678	\$ -	\$ -
<b>Revenue from State Sources</b>		<b>Fund 100</b>	<b>Fund 200</b>	<b>Fund 300</b>	<b>Fund 400</b>
3101	State School Fund - General Support	\$26,599,676	\$ -	\$ -	\$ -
3102	State School Fund - School Lunch Match	-	9,902	-	-
3103	Common School Fund	455,560	-	-	-
3199	Other Unrestricted Grtants-In-Aid	465,814	171,298	-	-
3299	Other Restricted Grants-In-Aid	-	4,562,537	-	1,681,530
<b>Total Revenue from State Sources</b>		\$27,521,049	\$4,743,737	\$ -	\$ 1,681,530
<b>Revenue from Federal Sources</b>		<b>Fund 100</b>	<b>Fund 200</b>	<b>Fund 300</b>	<b>Fund 400</b>
4200	Unrestricted Revenue From the Federal Government Through the State	-	2,074	-	-
4500	Restricted Revenue From the Federal Government Through the State	\$ 2,140,677	\$2,429,983	\$ -	\$ -
4801	Federal Forest Fees	222	-	-	-
4899	Other Revenue in Lieu of Taxes	4,211	-	469	-
4900	Revenue for/on Behalf of the District	-	81,167	-	-
<b>Total Revenue from Federal Sources</b>		\$ 2,145,109	\$2,513,223	\$ 469	\$ -
<b>Revenue from Other Sources</b>		<b>Fund 100</b>	<b>Fund 200</b>	<b>Fund 300</b>	<b>Fund 400</b>
5100	Long Term Debt Financing Sources	-	-	-	14,168,173
5200	Interfund Transfers	\$ 72,790	\$ -	\$ 117,664	\$ -
5400	Resources - Beginning Fund Balance	2,636,442	646,040	1,860,896	9,189
<b>Total Revenue from Other Sources</b>		\$ 2,709,232	\$ 646,040	\$1,978,560	\$14,177,362
<b>Grand Total</b>		<b>\$42,413,115</b>	<b>\$9,376,868</b>	<b>\$7,118,089</b>	<b>\$16,271,080</b>

**DALLAS SCHOOL DISTRICT NO 2**  
**Audit Expenditure Summary-General Fund #100**  
**For the Fiscal Year Ended June 30, 2023**

**FUND: General Fund #100**

**Instruction Expenditures**

	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
1111 Elementary, K-5 or K-6	\$ 6,201,142	\$ 4,002,597	\$ 1,769,909	\$ 372,134	\$ 55,901	\$ -	\$ 600	\$ -
1113 Elementary Extracurricular	1,515	-	-	1,515	-	-	-	-
1121 Middle/Junior High Programs	2,865,813	1,881,197	852,270	95,422	35,822	-	1,103	-
1122 Middle/Junior High School Extracurricular	14,999	7,024	2,215	5,760	-	-	-	-
1131 High School Programs	3,658,974	2,401,967	1,014,814	110,752	44,638	-	86,802	-
1132 High School Extracurricular	965,543	548,010	197,731	84,326	32,765	5,177	97,534	-
1210 Programs for the Talented and Gifted	20,102	11,982	3,596	-	4,524	-	-	-
1220 Restrictive Programs for Students with Disabilities	3,137,102	1,982,262	953,729	196,791	4,320	-	-	-
1250 Less Restrictive Programs for Students with Disabilities	2,180,382	1,150,510	595,438	427,615	6,820	-	-	-
1271 Remediation	375,980	266,847	106,835	2,299	-	-	-	-
1280 Alternative Education	5,310,539	333,731	176,443	4,796,855	2,731	-	780	-
1291 English Second Language Programs	243,480	158,900	79,266	956	4,358	-	-	-
<b>Total Instruction Expenditures</b>	<b>\$ 24,975,572</b>	<b>\$ 12,745,027</b>	<b>\$ 5,752,247</b>	<b>\$ 6,094,425</b>	<b>\$ 191,878</b>	<b>\$ 5,177</b>	<b>\$ 186,818</b>	<b>\$ -</b>

**Support Services Expenditures**

	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
2110 Attendance and Social Work Services	\$ 54,767	\$ 780	\$ 264	\$ 48,621	\$ 5,101	\$ -	\$ -	\$ -
2120 Guidance Services	627,345	414,885	205,199	2,889	4,372	-	-	-
2130 Health Services	581,887	362,003	211,407	2,605	5,873	-	-	-
2140 Psychological Services	414,126	58,092	35,308	313,302	7,424	-	-	-
2150 Speech Pathology and Audiology Services	83,842	-	-	83,842	-	-	-	-
2160 Other Student Treatment Services	-	-	-	-	-	-	-	-
2190 Service Direction, Student Support Services	494,147	331,805	143,641	16,519	1,067	-	1,115	-
2210 Improvement of Instruction Services	175,167	90,345	35,848	6,155	41,703	-	1,115	-
2220 Educational Media Services	492,703	322,566	135,402	21,588	13,147	-	-	-
2230 Assessment & Testing	147,838	39,358	30,020	78,460	-	-	-	-
2240 Instructional Staff Development	24	-	-	-	24	-	-	-
2310 Board of Education Services	212,706	-	-	93,950	571	-	118,185	-
2320 Executive Administration Services	425,273	297,608	115,845	7,592	1,063	-	3,165	-
2410 Office of the Principal Services	2,309,546	1,612,726	648,512	22,797	14,509	-	11,002	-
2490 Other Support Services - School Administration	1,800	-	-	-	1,800	-	-	-
2520 Fiscal Services	631,178	376,399	190,457	53,070	8,216	-	3,036	-
2540 Operation and Maintenance of Plant Services	3,388,417	1,338,100	731,028	862,587	247,221	60,293	149,188	-
2550 Student Transportation Services	1,886,439	25,004	11,519	1,848,627	1,290	-	-	-
2570 Internal Services	267,448	82,608	45,225	36,417	39,289	63,908	-	-
2640 Staff Services	493,558	259,225	149,435	48,757	34,326	-	1,814	-
2660 Technology Services	1,661,724	557,507	254,027	406,248	110,826	332,815	300	-
2680 Interpretation and Translation Services	3,706	-	-	3,706	-	-	-	-
2700 Supplemental Retirement Program	415,455	-	415,455	-	-	-	-	-
<b>Total Support Services Expenditures</b>	<b>\$ 14,769,095</b>	<b>\$ 6,169,013</b>	<b>\$ 3,358,591</b>	<b>\$ 3,957,733</b>	<b>\$ 537,821</b>	<b>\$ 457,016</b>	<b>\$ 288,921</b>	<b>\$ -</b>

**Facilities Acquisition and Construction Expenditures**

	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
4150 Building Acquisition, Construction, and Improvement Services	920	-	-	920	-	-	-	-
<b>Total Facilities Acquisition and Construction Expenditures</b>	<b>\$ 920</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 920</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Other Uses Expenditures**

	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
5200 Transfers of Funds	117,664	-	-	-	-	-	-	117,664
<b>Total Other Uses Expenditures</b>	<b>\$ 117,664</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 117,664</b>
<b>Grand Total</b>	<b>\$ 39,863,251</b>	<b>\$ 18,914,040</b>	<b>\$ 9,110,838</b>	<b>\$ 10,053,079</b>	<b>\$ 729,699</b>	<b>\$ 462,193</b>	<b>\$ 475,739</b>	<b>\$ 117,664</b>

**DALLAS SCHOOL DISTRICT NO 2**  
**Audit Expenditure Summary-Special Revenue Fund #200**  
**For the Fiscal Year Ended June 30, 2023**

**FUND: Special Revenue Fund #200**

**Instruction Expenditures**

	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
1111 Elementary, K-5 or K-6	\$ 650,729	\$ 414,993	\$ 209,882	\$ 12,257	\$ 13,596	\$ -	\$ -	\$ -
1113 Elementary Extracurricular	107,828	-	-	-	107,828	-	-	-
1121 Middle/Junior High Programs	157,387	51,073	31,964	21,250	44,919	-	8,180	-
1122 Middle/Junior High School Extracurricular	43,066	-	-	-	43,066	-	-	-
1131 High School Programs	899,437	533,951	237,645	30,688	72,371	24,609	174	-
1132 High School Extracurricular	411,030	-	-	-	411,030	-	-	-
1220 Restrictive Programs for Students with Disabilities	1,194,116	660,854	352,654	156,862	23,746	-	-	-
1250 Less Restrictive Programs for Students with Disabilities	704,959	473,112	199,282	11,605	20,959	-	-	-
1271 Remediation	345,722	236,145	108,858	719	-	-	-	-
1272 Title I	671,384	446,452	146,458	78,474	-	-	-	-
1280 Alternative Education	391,255	36,240	19,171	335,844	-	-	-	-
1400 Summer School Programs	328,435	229,238	70,899	17,404	10,894	-	-	-
<b>Total Instruction Expenditures</b>	<b>\$ 5,905,347</b>	<b>\$ 3,082,058</b>	<b>\$ 1,376,814</b>	<b>\$ 665,104</b>	<b>\$ 748,409</b>	<b>\$ 24,609</b>	<b>\$ 8,353</b>	<b>\$ -</b>

**Support Services Expenditures**

	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
2120 Guidance Services	\$ 79,875.40	\$ 47,663.67	\$ 31,368.06	\$ 843.67	\$ -	\$ -	\$ -	\$ -
2130 Health Services	21,226.22	1,310.09	764.00	-	19,152.13	-	-	-
2140 Psychological Services	226,280	72,619	38,278	115,383	-	-	-	-
2190 Service Direction, Student Support Services	264,831	121,373	89,698	5,796	47,964	-	-	-
2210 Improvement of Instruction Services	215,035	104,480	45,526	56,992	7,901	-	137	-
2230 Assessment & Testing	777	589	188	-	-	-	-	-
2240 Instructional Staff Development	3,570	-	-	3,570	-	-	-	-
2540 Operation and Maintenance of Plant Services	92,000	-	-	52,000	-	40,000	-	-
2550 Student Transportation Services	2,614	-	-	2,614	-	-	-	-
2610 Direction of Central Support Services	273,963	-	-	275	-	-	273,689	-
2640 Staff Services	361,202	262,724	82,978	-	15,500	-	-	-
2660 Technology Services	8,200	-	-	7,000	1,200	-	-	-
<b>Total Support Services Expenditures</b>	<b>\$ 1,549,574</b>	<b>\$ 610,759</b>	<b>\$ 288,799</b>	<b>\$ 244,473</b>	<b>\$ 91,717</b>	<b>\$ 40,000</b>	<b>\$ 273,826</b>	<b>\$ -</b>

**Enterprise and Community Services Expenditures**

	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
3100 Food Services	\$ 1,321,524	\$ 483,684	\$ 271,589	\$ 35,075	\$ 528,216	\$ -	\$ 2,960	-
3300 Community Services	3,098	765	253	-	2,080	-	-	-
<b>Total Enterprise and Community Services Expenditures</b>	<b>\$ 1,324,622</b>	<b>\$ 484,449</b>	<b>\$ 271,842</b>	<b>\$ 35,075</b>	<b>\$ 530,296</b>	<b>\$ -</b>	<b>\$ 2,960</b>	<b>\$ -</b>

**Other Uses Expenditures**

	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
5200 Transfers of Funds	\$ 72,790	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 72,790
<b>Total Other Uses Expenditures</b>	<b>\$ 72,790</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 72,790</b>
<b>Grand Total</b>	<b>\$ 8,852,333</b>	<b>\$ 4,177,265</b>	<b>\$ 1,937,455</b>	<b>\$ 944,652</b>	<b>\$ 1,370,423</b>	<b>\$ 64,609</b>	<b>\$ 285,139</b>	<b>\$ 72,790</b>

**DALLAS SCHOOL DISTRICT NO 2**  
**Audit Expenditure Summary-Debt Service Fund #300**  
**For the Fiscal Year Ended June 30, 2023**

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**FUND: Debt Service Fund #300**

<b>Other Uses Expenditures</b>	<b>Totals</b>	<b>Object 600</b>
5100 Debt Service	\$ 5,496,860	\$ 5,496,860
<b>Total Other Uses Expenditures</b>	<b>\$ 5,496,860</b>	<b>\$ 5,496,860</b>
<b>Grand Total</b>	<b>\$ 5,496,860</b>	<b>\$ 5,496,860</b>

**DALLAS SCHOOL DISTRICT NO 2****Audit Expenditure Summary-Capital Projects Fund #400****For the Fiscal Year Ended June 30, 2023****FUND: Capital Projects Fund #400****Facilities Acquisition and Construction Expenditures**

4110 Service Area Direction  
 4150 Building Acquisition, Construction, and Improvement  
 Services

<b>Totals</b>	<b>Object 300</b>	<b>Object 500</b>	<b>Object 600</b>
2,196,226	2,039,347	-	156,878
\$1,992,458	\$ 6,482	\$ 1,971,743	14,233

**Total Facilities Acquisition and Construction Expenditures**

\$4,188,684 \$ 2,045,829 \$ 1,971,743 \$ 171,111

**Grand Total**

**\$4,188,684 \$ 2,045,829 \$ 1,971,743 \$ 171,111**

This information not available in this draft

**REPORT ON LEGAL**  
**AND OTHER**  
**REGULATORY REQUIREMENTS**

INDEPENDENT AUDITOR'S REPORT  
REQUIRED BY OREGON STATE REGULATIONS

As of June 30, 2023

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To the Governing Body of the Dallas School District No. 2  
Dallas, Oregon

We have audited the basic financial statements of the Dallas School District No. 2 as of and for the year ended June 30, 2023 and have issued our report thereon dated **December XX 2023**. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

**Compliance**

As part of obtaining reasonable assurance about whether the Dallas School District No. 2's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial 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 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 for:

- The District exceeded budgeted appropriations in one fund as noted in the Notes to the Financial Statements

**OAR 162-10-0230 Internal Control**

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

This report is intended solely for the information and use of the Board of Directors and management of DALLAS SCHOOL DISTRICT NO. 2 and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.



Steve Tuhscherer, CPA  
Umpqua Valley Financial  
Roseburg, Oregon  
**December XX 2023**