



DALLAS SCHOOL DISTRICT NO. 2

Dallas, Oregon

Annual Financial Report

June 30, 2024

DALLAS SCHOOL DISTRICT NO 2

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

DISTRICT OFFICIALS

LU ANN MEYER 489 Mill St, Dallas, OR 97338	Position #1
ZACHARY STEELE 281 NW Card Ave, Dallas, OR 97338	Position #2
JON WOODS 522 SE Mifflin St, Dallas, OR 97338	Position #3
ROB OGILVIE 533 SE Mifflin St, Dallas, OR 97338	Position #4
EDWARD DRESSELL 1215 SE Barberry, Dallas, OR 97338	Position #5

ADMINISTRATION

STEVE SPENCER 111 SW Ash St, Dallas, OR 97338	Superintendent
TRISTA GIRT 111 SW Ash St, Dallas, OR 97338	Financial Analyst
SHARRELL FORD 111 SW Ash St, Dallas, OR 97338	Payroll Specialist
TINA ANDERSON 111 SW Ash St, Dallas, OR 97338	AP/AR Specialist
TAMI MONTAGUE 111 SW Ash St, Dallas, OR 97338	Director of Fiscal Services

DALLAS SCHOOL DISTRICT NO. 2

AUDIT REPORT

June 30, 2024

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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, 2024, 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, 2024, 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 concerning 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, the schedules of revenues, expenditures, and changes in fund balances – budget and actuals, the pension and OPEB schedules are 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 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 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 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

Management is responsible for the other information included in the annual report. The other information comprises the additional schedules listed in the Other Information section of the Table of Contents but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion of any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basis financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it our report.

The schedule of expenditures of federal awards, as listed in the Table of Contents, is presented for purposes of additional analysis as required by 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 not a required part of the basic financial statements.

Reports on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2024, on our consideration of the Dallas School District No. 2's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of these reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. The reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Dallas School District No. 2's internal control over financial reporting and compliance.

In accordance with the *Minimum Standards for Audits of Oregon Municipal Corporations*, we have issued our report dated December 16, 2024, 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 16, 2024

MANAGEMENT'S
DISCUSSION
AND ANALYSIS

DALLAS SCHOOL DISTRICT NO. 2

Management's Discussion and Analysis (MD&A) For the Fiscal Year Ended June 30, 2024

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, 2024. 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, 2024, are as follows:

- The financial condition, as reported on the statement of net position, of the District has improved by \$4,506,713, leading to a significant increase of 52.3% compared to the previous year.
- In the current fiscal year, the District's governmental activities generated \$56,277,006 in revenue, with general revenues accounting for \$42,630,709 or 75.8%. Charges for services, grants, and contributions accounted for program-specific revenues of 13,646,297 or 24.2%.
- The total assets of governmental activities increased by \$15,988,904, with current and other assets experiencing an increase of \$8,936,723 as a result primarily due to unexpended bond proceeds. Capital assets increased by \$7,052,181 due to construction projects.
- This year saw an increase in long-term liabilities of \$5,927,271 and other liabilities by \$1,071,182, resulting in a total of \$76,982,693 in total liabilities. This reflects a total increase of 6,998,453 (10%) during the fiscal year.

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, 2024

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 and the Special Revenue 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, 2024

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 \$13,126,513. This is a \$4,506,713 increase from last year's net position, representing a 52.3% 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, 2024	July 1, 2023	
Assets			
Current and Other Assets	\$ 30,720,876	\$ 21,784,153	41.0%
Capital Assets	43,887,324	36,835,143	19.1%
Total Assets	74,608,200	58,619,296	27.3%
Deferred Outflow of Resources	35,804,047	41,686,086	-14.1%
Liabilities			
Long-Term Liabilities	66,408,703	60,481,432	9.8%
Other Liabilities	10,573,990	9,502,808	11.3%
Total Liabilities	76,982,693	69,984,240	10.0%
Deferred Inflow of Resources	20,303,041	21,701,342	-6.4%
Net Position			
Net Investment in Capital Assets	43,762,704	36,774,831	19.0%
Unrestricted	(53,491,230)	(41,900,213)	27.7%
Total Net Position	\$ 13,126,513	\$ 8,619,800	52.3%

DALLAS SCHOOL DISTRICT NO. 2

Management's Discussion and Analysis (MD&A) For the Fiscal Year Ended June 30, 2024

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

Changes in Net Position			
	Governmental Activities		
	2023-24	2022-23	Percentage Change
Revenues			
Program Revenues			
Charges for Services	\$ 1,664,322	\$ 1,250,851	33.1%
Operating Grants and Contributions	10,173,491	9,887,701	2.9%
Capital Grants and Contributions	1,808,484	1,681,530	7.5%
General Revenues			
Property Taxes	12,732,957	12,494,300	1.9%
State Basic School Support	27,670,129	26,599,676	4.0%
Federal Forest Fees	211	222	-5.0%
Other	2,227,412	2,221,511	0.3%
Total Revenues	56,277,006	54,135,791	4.0%
Program Expenses			
Instruction	30,379,298	31,090,348	-2.3%
Support Services	18,763,864	17,090,183	9.8%
Community Services	1,448,224	1,637,257	-11.5%
Interest on Long-Term Debt	1,218,908	939,130	29.8%
Total Program Expenses	51,810,294	50,756,917	2.1%
Change in Net Position	4,466,712	3,378,874	
Beginning Net Position	8,659,801	5,240,926	
Ending Net Position	\$13,126,513	\$ 8,619,800	52.3%

DALLAS SCHOOL DISTRICT NO. 2

Management's Discussion and Analysis (MD&A) For the Fiscal Year Ended June 30, 2024

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.

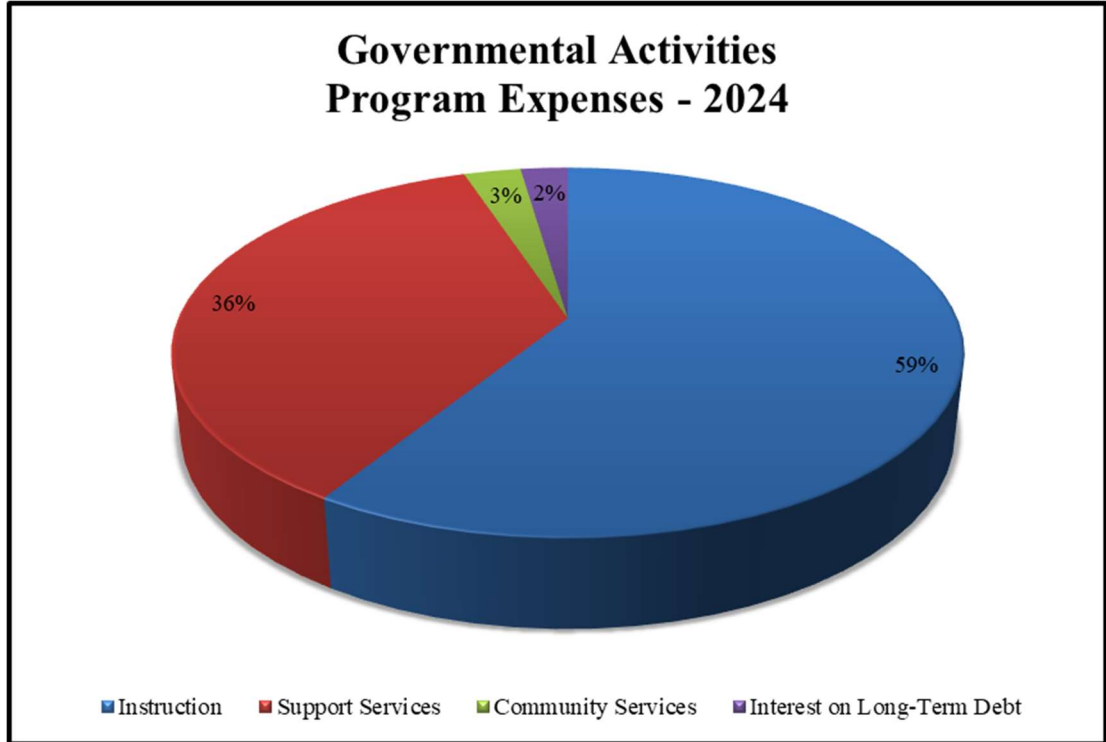
	Governmental Activities			
	2023-24		2022-23	
	Total Cost of Services	Net Cost (Profit) of Services	Total Cost of Services	Net Cost (Profit) of Services
Instruction	\$30,379,298	\$20,781,473	\$31,090,348	\$22,331,488
Support Services	18,763,864	15,686,306	17,090,183	\$14,127,344
Community Services	1,448,224	477,310	1,637,257	\$ 538,874
Interest on Long-Term Debt	1,218,908	1,218,908	939,130	\$ 939,130
Total Program Expenses	<u>\$51,810,294</u>	<u>\$38,163,997</u>	<u>\$50,756,917</u>	<u>\$37,936,835</u>

General governmental activities heavily rely on general revenues. For the current year, 75.8% of general government activities are supported by general revenues such as property taxes and state basic school support. The remaining 24.2% of governmental activities are funded by program revenues such as charges for services, operating grants, and contributions.

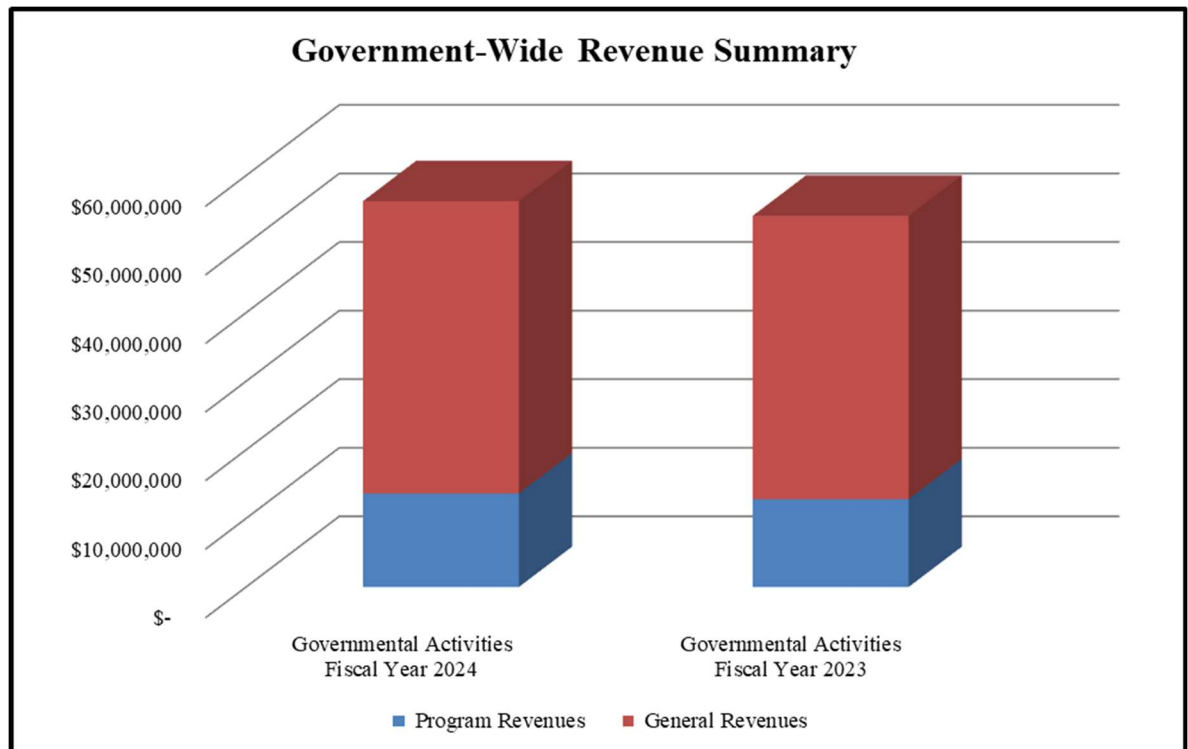
DALLAS SCHOOL DISTRICT NO. 2

Management's Discussion and Analysis (MD&A) For the Fiscal Year Ended June 30, 2024

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.



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

DALLAS SCHOOL DISTRICT NO. 2

Management's Discussion and Analysis (MD&A) For the Fiscal Year Ended June 30, 2024

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 \$25,718,045. The fund balance consists of restricted, committed, unassigned and nonspendable amounts. Of the current fund balances, \$22,855,039 is restricted, \$500,119 is committed, \$29,973 is nonspendable and \$2,353,301 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 \$2,549,864, which decreased by \$196,563, ending with a balance of \$2,353,301 representing an 8% 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 \$42,318,443, but the actual amount collected was \$41,491,682, resulting in the actual revenue being less than budgeted by \$826,761. However, the General Fund expenditures budget was under-spent by \$1,326,596, which resulted in an ending fund balance of \$2,353,301.

Regarding the Special Revenue Fund, 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 \$583,194. However, the actual expenditures were \$576,489 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.

Lastly, the Capital Construction Bond Projects Fund #400 had an ending fund balance increase of \$14,566,241. This increase was primarily attributed to the long-term debt financing sources of \$16,709,222, and actual expenditures being \$3,083,052 under the budgeted expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2024, the District had invested \$66,818,131 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 \$1,527,155 from last year due to additions of \$9,215,716 and deletions of \$636,380. Total depreciation expense for the year was \$1,527,155.

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.

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

DALLAS SCHOOL DISTRICT NO. 2

Management's Discussion and Analysis (MD&A) For the Fiscal Year Ended June 30, 2024

CAPITAL ASSETS AND DEBT ADMINISTRATION (Cont.):

Long-Term Debt

On June 30, 2024, the District's long-term debt outstanding amounted to \$61,646,000, indicating an increase of \$10,935,000 or 17.7% from the previous year. In the current fiscal year, the District paid \$5,740,068 toward its long-term debt. Out of this payment, \$4,300,000 was allocated for principal repayment, while \$1,440,068 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 2024-2025 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 2024-25 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.

The adopted budget for the fiscal year ending June 30, 2025, by the District shows an overall decrease of \$4,152,772 approximating a 5.1% 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 \$43,061,000 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

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

DALLAS SCHOOL DISTRICT NO 2**STATEMENT OF NET POSITION****June 30, 2024**

		Governmental Activities
<u>ASSETS:</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 26,992,268	
Property Taxes Receivable	477,221	
Accounts Receivable	218,594	
Due From Other Governments	1,806,938	
Loans Receivable	6,200	
Inventory-Food, Supplies & Commodities	29,973	
Total Current Assets		\$ 29,531,194
Restricted Assets:		
Net OPEB Asset (RHIA)	550,561	
Total Restricted Assets		550,561
Capital Assets:		
Capital Assets, Non-Depreciable	9,811,447	
Capital Assets, Depreciable, Net	34,075,876	
Total Capital Assets		43,887,324
Subscription Assets:		
Subscription Based Information Technology Agreements - Net	60,524	
Total Subscription Assets		60,524
Right-to-Use Assets		
Leased Assets, Net	578,597	
Total Right-to-Use Assets		578,597
Total Assets		74,608,200
<u>DEFERRED OUTFLOW OF RESOURCES</u>		
Pension Related Deferrals	34,640,177	
OPEB Related Deferrals - RHIA	2,329	
OPEB Related Deferrals - OEBB and Early Ret Program	1,161,541	
Total Deferred Outflow of Resources		35,804,047
<u>LIABILITIES:</u>		
Accounts Payable	\$ 1,125,526	
Accrued Interest Payable	75,500	
Payroll Liabilities	1,882,450	
Advances from Grantors	443,057	
Accrued Vacation Benefits	78,379	
Bonds Payable		
Due within one year	3,992,000	
Due in more than one year	57,614,000	
Subscription Liabilities:		
Due within one year	75,195	
Due in more than one year	1,054	
GASB 87 Lease Liabilities:		
Due within one year	287,782	
Due in more than one year	271,578	
Unamortized Bond Premium	2,301,469	
Notes Payable		
Due within one year	40,000	
Net OPEB Obligation - OEBB and Early Retirement Program	4,295,592	
Net Pension Liability	4,499,111	
Total Liabilities		76,982,693
<u>DEFERRED INFLOW OF RESOURCES</u>		
Pension Related Deferrals	19,440,511	
OPEB Related Deferrals - RHIA	24,724	
OPEB Related Deferrals - OEBB and Early Retirement Program	837,806	
Total Deferred Inflow of Resources		20,303,041
<u>NET POSITION:</u>		
Net Investment in Capital Assets	43,762,704	
Restricted for:		
Other Purposes	22,855,039	
Unrestricted	(53,491,230)	
Total Net Position		\$ 13,126,513

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, 2024

		Program Revenues			Net (Expense) Revenue and Change in Net Position
	(Expenses)	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<u>GOVERNMENTAL ACTIVITIES:</u>					
Instruction	\$ 30,379,298	\$ 1,660,786	\$ 7,937,039	\$ -	\$ (20,781,473)
Support Services	18,763,864	-	1,269,074	1,808,484	(15,686,306)
Enterprise and Community Services	1,448,224	3,536	967,378	-	(477,310)
Interest on Long-Term Debt	1,218,908	-	-	-	(1,218,908)
Total Governmental Activities	\$ 51,810,294	\$ 1,664,322	\$ 10,173,491	\$ 1,808,484	\$ (38,163,997)
<u>GENERAL REVENUES:</u>					
Local Sources:					
Property Taxes, Levied for General Purposes					\$ 9,370,770
Property Taxes, Levied for Debt Service					3,362,187
Earnings on Investments					1,001,737
Unrestricted State and Local Revenue					207,398
Intermediate Sources					556,719
State School Fund for Education and Support Services					27,670,129
State Common School Fund					461,558
Federal Forest Fees for General Purposes					211
Subtotal - General Revenues					42,630,709
Change in Net Position					4,466,712
Net Position, July 1, 2023 - Restated					8,659,801
Net Position, June 30, 2024					\$ 13,126,513

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, 2024**

	General Fund #100	Special Grants And Projects Fund #200	Capital Construction Bond Projects Fund #400	Other Governmental Funds	Total Governmental Funds
<u>ASSETS:</u>					
Cash and Cash Equivalents	\$ 2,793,298	\$ -	\$ 21,791,834	\$ 2,407,136	\$ 26,992,268
Property Taxes Receivable	349,684	-	-	127,537	477,221
Accounts Receivable	208,963	7,807	-	1,824	218,594
Due From Other Funds	604,791	-	-	-	604,791
Due From Other Governments	804,417	800,466	-	202,055	1,806,938
Deposits	6,200	-	-	-	6,200
Inventory-Food, Supplies & Commodities	-	-	-	29,973	29,973
Total Assets	\$ 4,767,353	\$ 808,273	\$ 21,791,834	\$ 2,768,525	\$ 30,135,985
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</u>					
LIABILITIES:					
Accounts Payable	\$ 241,142	\$ 18,211	\$ 865,593	\$ 580	\$ 1,125,526
Payroll Liabilities	1,882,450	-	-	-	1,882,450
Due to Other Funds	-	381,105	-	223,686	604,791
Advances from Grantors	34,100	408,957	-	-	443,057
Total Liabilities	2,157,692	808,273	865,593	224,266	4,055,824
DEFERRED INFLOWS OF RESOURCES:					
Unavailable Revenue - Property Taxes	256,360	-	-	105,756	362,116
Total Deferred Inflows of Resources	256,360	-	-	105,756	362,116
FUND BALANCES:					
Unspendable	-	-	-	29,973	29,973
Restricted for:					
Capital Construction & Building Maintenance	-	-	20,926,241	-	20,926,241
Debt Service	-	-	-	1,928,798	1,928,798
Committed for:					
Student Body Activities	-	-	-	500,119	500,119
Assigned for:					
Unassigned	2,353,301	-	-	(20,387)	2,332,914
Total Fund Balances	2,353,301	-	20,926,241	2,438,503	25,718,045
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 4,767,353	\$ 808,273	\$ 21,791,834	\$ 2,768,525	\$ 30,135,985

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, 2024

Total Fund Balances - Governmental Funds		\$ 25,718,045
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	\$ 66,818,131	
Accumulated depreciation	<u>(22,930,807)</u>	
Net Value of Capital Assets		43,887,324
Subscription Assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Cost of assets	60,524	
Net Value of Subscription Assets		60,524
Value of assets	<u>578,597</u>	
Property taxes receivable that will not be available to pay for current-period expenditures are deferred in the governmental funds.		
		362,116
Deferred inflows and outflows of pension and OPEB contributions and earnings are not reported in the governmental funds.		
Deferred Pension/OPEB Contributions	35,804,047	
Deferred Earnings on Pension/OPEB Assets	<u>(20,303,041)</u>	
Net Value of Deferrals		15,501,006
Some liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
These liabilities consist of :		
Accrued Interest Payable	75,500	
Bonds Payable	61,606,000	
SBITA Payable	76,249	
Unamortized Bond Premium	2,301,469	
Notes Payable	40,000	
Net Pension Liability	4,499,108	
Net OPEB Obligations	3,745,031	
Accrued Vacation Benefits	<u>78,379</u>	
Total		<u>(72,421,736)</u>
Net Position of Governmental Activities		<u>\$ 13,126,516</u>

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, 2024**

	General Fund #100	Special Grants And Projects Fund #200	Capital Construction Bond Projects	Other Govern- mental Funds	Total Governmental Funds
<u>REVENUES:</u>					
Taxes	\$ 9,515,487	\$ -	\$ -	\$ 3,341,842	\$ 12,857,329
Earnings on Investments	361,582	-	484,586	155,569	1,001,737
Fees and Charges	70,887	-	-	1,195,666	1,266,553
Miscellaneous Revenue	486,865	117,256	-	2,393,559	2,997,680
Intermediate Government Aid	56,719	500,000	-	-	556,719
State Aid	28,548,002	4,345,729	1,808,484	213,596	34,915,811
Federal Aid	2,452,140	1,762,764	-	928,182	5,143,086
Total Revenues	41,491,682	6,725,749	2,293,070	8,228,414	58,738,915
<u>EXPENDITURES:</u>					
Current:					
Instruction	26,287,450	5,109,858	-	1,161,151	32,558,459
Support Services	14,885,194	1,501,776	-	-	16,386,970
Enterprise and Community Services	-	4,820	-	1,192,071	1,196,891
Capital Outlay:					
Instruction	516	-	-	-	516
Support Services	506,716	-	-	-	506,716
Facilities Acquisition and Construction	-	-	10,158,448	-	10,158,448
Debt Service	-	-	-	5,700,117	5,700,117
Total Expenditures	41,679,876	6,616,454	10,158,448	8,053,339	66,508,117
Excess (Deficiency) of Revenues					
Over Expenditures	(188,194)	109,295	(7,865,378)	175,075	(7,769,202)
<u>OTHER FINANCING SOURCES (USES):</u>					
Interfund Transfers In	109,295	-	-	117,664	226,959
Interfund Transfers Out	(117,664)	(109,295)	-	-	(226,959)
Long Term Debt Financing Sources	-	-	16,709,222	-	16,709,222
Total Other Financing Sources (Uses)	(8,369)	(109,295)	16,709,222	117,664	16,709,222
Net Change in Fund Balance	(196,563)	-	8,843,844	292,739	8,940,020
Beginning Fund Balance	2,549,864	-	12,082,397	2,145,764	16,778,025
Ending Fund Balance	\$ 2,353,301	\$ -	\$ 20,926,241	\$ 2,438,503	\$ 25,718,045

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,
For the Fiscal Year Ended June 30, 2024

Net Changes in Fund Balances - Total Governmental Funds	\$ 8,940,021
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	\$ 8,579,336
Less current year depreciation	<u>(1,527,155)</u>
	7,052,181
Governmental funds report right to use lease payments as expenditures. However, in the Statement of Activities right to use lease payments are separated into interest expense related to the right to use liability and as a reduction in the right to use liability. The cost of the right to use assets are allocated over their estimated useful lives as amortization expense.	
Payments allocated to the reduction of right to use liability	237,809
Current year amortization expense	<u>(273,062)</u>
	(35,253)
Governmental funds report subscription (SBITA) payments as expenditures. However, in the Statement of Activities subscription payments are separated into interest expense related to the subscription liability and as a reduction in the subscription liability. The cost of the subscription assets are allocated over their estimated useful lives as amortization expense.	
Payments allocated to the reduction of subscription liability	125,931
Current year amortization expense	<u>(141,656)</u>
	(15,725)
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.	(69,695)
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	(15,235,000)
Premium from Bond Issuance	<u>(1,474,222)</u>
	(16,709,222)
Prepaid expenses were originally reported in the governmental funds as an expenditure. In the Statement of Activities the amount to be charged each year as an expense over the estimated expense incurred to pay the obligation	
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	
Amount of current year amortization - Bond Premium 2023	<u>270,336</u>
	270,336
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:	
Notes and Contracts Payable	40,000
Bonds	<u>4,260,000</u>
	4,300,000
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.	600,874
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	(49,176)
Increase/(decrease) in accrued OPEB	176,020
Increase/(decrease) in accrued vacation benefits	<u>6,355</u>
	133,199
Change in Net Position of Governmental Activities	<u>\$ 4,466,716</u>

BASIC FINANCIAL
STATEMENTS

Notes to the Basic
Financial Statements

DALLAS SCHOOL DISTRICT NO. 2

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2024

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, 2024

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, 2024

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, 2024

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, 2024

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, 2024

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, 2024

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, 2024

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, 2024

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, 2024, the reported amount of the District's deposits was \$2,382,291, the bank balance was \$27,312,822. 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 \$200 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, 2024, 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, 2024

CASH AND INVESTMENTS (Cont.):

On June 30, 2024, 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)	\$ 24,609,976	N/A
Total Investments	<u>\$ 24,609,976</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, 2024

CAPITAL ASSETS:

The following is a summary of capital asset activity for the fiscal year ended June 30, 2024:

Depreciable Assets Schedule
For the Fiscal Year Ended June 30, 2024

Governmental Activities	Beginning Balances	Additions	Deletions	Ending Balances
Assets not being depreciated:				
Land	\$ 121,067	\$ -	\$ -	\$ 121,067
Construction in Progress	3,546,661	6,780,099	636,380	9,690,380
Total assets not being depreciated	3,667,728	6,780,099	636,380	9,811,447
Assets being depreciated:				
Building and Building Improvement	48,197,486	2,362,648	-	50,560,134
Machinery and Equipment	6,373,581	72,969	-	6,446,550
Total Depreciable Assets	54,571,067	2,435,617	-	57,006,684
Less: Accumulated Depreciation				
Building and Building Improvement	15,386,223	1,457,383	-	16,843,606
Machinery and Equipment	6,017,430	69,772	-	6,087,201
Total Accumulated Depreciation	21,403,652	1,527,155	-	22,930,807
Net Value of Capital Assets Being Depreciated	33,167,415	908,462	-	34,075,876
Total Governmental Activities --				
Net Value of Capital Assets	<u>\$ 36,835,143</u>	<u>\$ 7,688,561</u>	<u>\$ 636,380</u>	<u>\$ 43,887,324</u>
Depreciation expense was charged to governmental functions as follows:				
Instruction	\$ 251,099			
Support Services	964,790			
Enterprise and Community Services	311,266			
Total Depreciation Expense	<u>\$ 1,527,155</u>			

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

June 30, 2024

LONG-TERM LIABILITIES OTHER THAN OPEB AND PENSIONS:

A summary of debt transactions for the year ended June 30, 2024, 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, 2024

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

The following is a schedule of Bonds and Notes Payable:

	Outstanding Balance July 1, 2023	New Issues	Reductions	Interest Paid	Outstanding Balance June 30, 2024	Due Within One Year
Bonds Payable:						
Full Faith and Credit Pension Obligation Bonds, ¹	\$ 37,300,000	\$ -	\$ 1,345,000	\$ 811,358	\$ 35,955,000	\$ 1,425,000
General Obligation Bonds, Series 2017	1,235,000	-	1,235,000	49,397	-	-
Full Faith and Credit Financing, Series 2019	861,000	-	100,000	17,564	761,000	102,000
General Obligation Bonds, Series 2022	\$ 11,235,000	\$ -	\$ 1,580,000	\$ 561,749	\$ 9,655,000	\$ 1,160,000
General Obligation Bonds, Series 2024	-	15,235,000	-	-	15,235,000	1,305,000
Total Bonds Payable	<u>50,631,000</u>	<u>15,235,000</u>	<u>4,260,000</u>	<u>1,440,068</u>	<u>61,606,000</u>	<u>3,992,000</u>
Bond Premium 2023	\$ 1,097,583	\$ -	\$ 270,336	\$ -	\$ 827,247	\$ -
Bond Premium 2024	-	1,474,222	-	-	1,474,222	-
Total Bonds Payable, net of Premium	<u>51,728,583</u>	<u>16,709,222</u>	<u>4,530,336</u>	<u>1,440,068</u>	<u>63,907,469</u>	<u>3,992,000</u>
Notes Payable:						
Legal Settlement Obligation	80,000	-	40,000	-	40,000	40,000
Total Notes Payable	<u>\$ 80,000</u>	<u>\$ -</u>	<u>\$ 40,000</u>	<u>\$ -</u>	<u>\$ 40,000</u>	<u>\$ 40,000</u>
Total Long-Term Debt	<u>\$ 50,711,000</u>	<u>15,235,000</u>	<u>\$ 4,300,000</u>	<u>\$ 1,440,068</u>	<u>\$ 61,646,000</u>	<u>\$ 4,032,000</u>

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

Bonds Payable:	Due Fiscal Year Ending June 30,	Principal	Interest	Total
	2025	\$ 3,992,000	\$ 2,052,840	\$ 6,044,840
	2026	4,309,000	1,925,635	6,234,635
	2027	4,657,000	1,772,287	6,429,287
	2028	5,024,000	1,601,209	6,625,209
	2029	4,216,000	1,412,572	5,628,572
	2030 - 2034	22,553,000	4,554,612	27,107,612
	Total	<u>\$ 61,606,000</u>	<u>\$ 14,960,377</u>	<u>\$ 76,566,377</u>

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

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

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.

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

June 30, 2024

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

Leases - Right to Use (Continued)

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 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 July 1, 2022, 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
Equipment						
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
Building						
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, 2024

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

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
Total Equipment		
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		
Total Buildings	48,618	2,401
Combined	512,178	16,444

GASB 87 2022.23

Right to Use Asset	Balance BOY	PY Corrections	Additions	Deletions	Balance EOY
Equipment					
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
					-
					-
Buildings					
TRT Investments 156 Ash	71,491	41,327			112,818
PADTC Ellendale	81,754			81,754	-
Jennings Lodge 140 Clay			36,678		36,678
Total	1,453,393	100,777	362,531	901,335	1,015,366

Accumulated Depreciation	Balance BOY	PY Corrections	Additions	Deletions	Corrected for PY
Equipment					
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
Buildings					
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
Net Right to Use Assets	967,727	-14,093			566,667

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

June 30, 2024

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

Subscription Based Information Technology Agreements

For the year ended June 30, 2024, 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.

SBITA LIABILITY

Brightly Product Package - On 7/1/2022 the District entered into a 1-year subscription agreement with Brightly for the use of technology and anticipates continuing the subscription through 6/30/24. An initial subscription liability was recorded in 2022-23 with the implementation of GASB 96 in the amount of \$32,484.97 with an assumed rate of 3%. The district is required to make an annual fixed subscription payment of \$16,242.48. As of 6/30/2023 the value of the right to use the underlying technology asset is \$32,485, with accumulated amortization of \$16,242.49 and a liability balance of \$15,999.

Frontline Education Agreement - On 7/1/2021 the District entered into 1-year subscription agreement with Frontline Education for use of technology and anticipates the continuing the subscription through 6/30/25. An initial subscription liability was recorded in 2022-23 with the implementation of GASB 96 in the amount of \$130,622 with an assumed rate of 3%. The district is required to make an annual fixed subscription payment of \$32,655. As of 06/30/2023, the value of the right to use the underlying technology asset is \$130,622, with accumulated amortization of \$65,311 and the liability balance of \$67,269.

Lease Query - On 03/24/2023 the District entered into a 1-year subscription agreement with Lease Query for the use of technology and anticipates continuing the subscription through 4/23/24. An initial subscription liability was recorded in 2022-23 with the implementation of GASB 96 in the amount of \$9,238 with an assumed rate of 3%. The district is required to make an annual fixed subscription payment of \$4,620. As of 6/30/2023 the value of the right to use the underlying technology asset is \$9,238, with accumulated amortization of \$2,311 and a liability balance of \$4,618.

Marcia Brenner Plug Ins - On 11/21/2022 the District entered into a 1-year subscription agreement with Marcia Brenner for the use of technology and anticipates continuing the subscription through 10/31/25. An initial subscription liability was recorded in 2022-23 with the implementation of GASB 96 in the amount of \$16,115 with an assumed rate of 3%. The district is required to make an annual fixed subscription payment of \$10,850. As of 6/30/2023 the value of the right to use the underlying technology asset is \$16,115, with accumulated amortization of \$3581 and a liability balance of \$5,265.

Nearpod Curriculum - On 07/01/2022 the District entered into a 1-year subscription agreement with Nearpod for the use of technology and anticipates continuing the subscription through 6/30/24. An initial subscription liability was recorded in 2022-23 with the implementation of GASB 96 in the amount of \$28,824 with an assumed rate of 3%. The district is required to make an annual fixed subscription payment of \$14,412. As of 6/30/2023 the value of the right to use the underlying technology asset is \$28,824, with accumulated amortization of \$14,412 and a liability balance of \$14,409.

Power School Unified Talen - On 06/30/2022 the District entered into a 1-year subscription agreement with Power School for the use of technology and anticipates continuing the subscription through 06/30/2025. An initial subscription liability was recorded in 2022-23 with the implementation of GASB 96 in the amount of \$34,947 with an assumed rate of 3%.

DALLAS SCHOOL DISTRICT NO. 2

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2024

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

Subscription Based Information Technology Agreements

The district is required to make an annual fixed subscription payment of \$17,470. As of 6/30/2023 the value of the right to use the underlying technology asset is \$34,947, with accumulated amortization of \$11,671 and a liability balance of \$18,071.

Renaissance - On 8/31/2022 the District entered into a 1-year subscription agreement with Renaissance for the use of technology and anticipates continuing the subscription through 8/31/2025. An initial subscription liability was recorded in 2022-23 with the implementation of GASB 96 in the amount of \$108,965 with an assumed rate of 3%. The district is required to make an annual fixed subscription payment of \$32,415. As of 6/30/2023 the value of the right to use the underlying technology asset is \$108,965, with accumulated amortization of \$45,487 and a liability balance of \$76,549.

Subscription Asset Balance - GASB 96

Gross Asset Balance	Balance Beg Year	Additions	(Deletions)	Balance End of Year
Brightly Product Package	\$ -	\$ 32,485		\$ 32,485
Frontline Education Agreement	130,622			130,622
Lease Query		9,238		9,238
Marcia Brenner Plug Ins		16,115		16,115
Nearpod Curriculum		28,824		28,824
Power School Unified Talent		34,947		34,947
Renaissance		108,965		108,965
Total	\$ 130,622	\$ 230,573	\$ -	\$ 361,195

Accumulated Ammortization

SBITA	Balance Beg Year	Additions	(Deletions)	Balance End of Year
Brightly Product Package		\$ 16,242		\$ 16,242
Frontline Education Agreement	32,655	32,655		65,311
Lease Query		2,311		2,311
Marcia Brenner Plug Ins		3,581		3,581
Nearpod Curriculum		14,412		14,412
Power School Unified Talent	32	11,638		11,671
Renaissance		45,487		45,487
Total	\$ 32,688	\$ 126,327	\$ -	\$ 159,015

Net Asset Balance	\$ 97,934	\$ 104,246	\$ -	\$ 202,180
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Future SBITA Commitments	Principal	Interest	Total
2023.24	\$ 124,805	\$ 3,860	\$ 128,665
2024.25	71,310	2,206	73,515
Thereafter	-	-	-
Total Future Obligation	\$ 196,115	\$ 6,066	\$ 202,180

GASB - 96 Subscription Liability Balance

	Balance Beg Year	Additions	Payments/Deletions	Balance End of Year
Brightly Product Package	\$ -	\$ 32,485	\$ (16,486)	\$ 15,999
Frontline Education Agreement	97,946	-	(30,677)	67,269
Lease Query	-	9,238	(4,620)	4,618
Marcia Brenner Plug Ins	-	16,115	(10,850)	5,265
Nearpod Curriculum	-	28,824	(14,415)	14,409
Power School Unified Talent	17,650	17,891	(17,470)	18,071
Renaissance	-	108,965	(32,415)	76,549
Total	\$ 115,596	\$ 213,517	\$ (126,933)	\$ 202,180

DALLAS SCHOOL DISTRICT NO. 2

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2024

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. Members may select 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, (\$225,533 as of January 1, 2023). This amount is indexed annually to the Consumer Price Index (CPI).

DALLAS SCHOOL DISTRICT NO. 2

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2024

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 \$3,570/month in House Bill 2906 as of June 2023), 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 equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

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

DALLAS SCHOOL DISTRICT NO. 2

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2024

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: 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 (\$225,533 as of January 1, 2023). 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 \$3,570/month in House Bill 2906 as of June 2023), 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.

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

June 30, 2024

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 897 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

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2024

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 for the year ended June 30, 2024, were \$6,999,298 before Side Account Amortization, and excluding amounts to fund employer specific liabilities.

Amortization of the Side Account resulted in a PERS savings to the District of \$3,578,476 for FY 2023-2024 from the required PERS contribution rate of \$6,999,298, netting to a net contribution of \$3,420,822.

The current year contribution rates in effect for PERS have been reduced while the District receives amortization of the PERS Side Account, funded with PERS retirement bonds (described in Long Term Debt). Because of this side account amortization, the adjusted PERS contribution rates in effect for the period July 1, 2023, to June 30, 2025 are reduced to: Tier1/Tier2 – 11.97% and OPSRP General Service – 9.13%.

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 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 2023-2024, approximately \$1,319,389 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%, Schools 27.54%, Cities 28.64% and Judiciary 24.56% of PERS-covered salaries.

For **Oregon PERS OPSRP Pension Program**, all OPERS employers with OPSRP Pension Program members are actuarially pooled and share the same contribution rate. The employer rates effective July 1, 2021, through June 30, 2023, are 10.33% for General Service employees, and 14.69% for Police and Fire employees of covered salaries. Each of these rates includes a component related to disability benefits for General Service and Police and Fire members.

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.

DALLAS SCHOOL DISTRICT NO. 2

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2024

PENSION PLAN (Cont.):

For **Oregon PERS Postemployment Benefit Plans**, for the fiscal year ended June 30, 2023, 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 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.

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:
www.oregon.gov/pers/Documents/Financials/ACFR/2023-ACFR.pdf

Actuarial Valuations

The employer contribution rates effective July 1, 2023, through June 30, 2025, 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 the same period of 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.

DALLAS SCHOOL DISTRICT NO. 2

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2024

PENSION PLAN (Cont.):

Actuarial Methods and Assumptions Used in Developing Total Pension Liability

Actuarial Methods and Assumptions Used in Developing Total Pension Liability:	
Valuation Date	December 31, 2021
Measurement Date	June 30, 2023
Experience Study	2020, published July 20, 2021
Actuarial assumptions:	
Actuarial cost method	Entry Age Normal
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	Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disable Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

Actuarial valuations of an ongoing plan involve estimates of 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 July 20, 2021.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2024

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 an 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, 2023

<u>Asset Class/Strategy</u>	<u>OIC Policy Range</u>	<u>OIC Target Allocation</u>	<u>Asset Class/Strategy</u>	<u>Actual Allocation²</u>
Debt Securities	22.0% - 30.0%	25.0%	Debt Securities	20.0%
Public Equity	22.5% - 32.5%	27.5%	Public Equity	23.3%
Real Estate	9.0% - 16.5%	12.5%	Real estate	13.6%
Private Equity	17.5% - 27.5%	20.0%	Private Equity	26.5%
Real Assets	2.5% - 10.0%	7.5%	Real Assets	9.1%
Diversifying Strategies	2.5% - 10.0%	7.5%	Diversifying Strategies	5.0%
Opportunity Portfolio ¹	0.0% - 5.0%	0.0%	Opportunity Portfolio	2.5%
Total		100%	Total	100%

¹ Opportunity Portfolio is an investment strategy. Up to 5% of total Fund assets may be invested in it.

² The target allocation of Debt Securities is increased by 5% and Public Equity is reduced by 2.5% from FY2022, and the allocation to Risk Parity is eliminated.

DALLAS SCHOOL DISTRICT NO. 2

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2024

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 January 2023 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.

<u>Long Term Expected Rate of Return¹</u>	Annual	20-Year	Annual	
	Target	Arithmetic	Standard	
Asset Class	Allocation	Return ²	Geometric Mean	Deviation
Global Equity	27.50%	8.57%	7.07%	17.99%
Private Equity	25.50%	12.89%	8.83%	30.00%
Core Fixed Income	25.00%	4.59%	4.50%	4.22%
Real Estate	12.25%	6.90%	5.83%	15.13%
Master Limited Partnerships	0.75%	9.41%	6.02%	27.04%
Infrastructure	1.50%	7.88%	6.51%	17.11%
Hedge Fund of Funds - Multistrategy	1.25%	6.81%	6.27%	9.04%
Hedge Fund Equity - Hedge	0.63%	7.39%	6.48%	12.04%
Hedge Fund - Macro	5.62%	5.44%	4.83%	7.49%
Assumed Inflation - Mean			2.35%	1.41%

¹Based on the Oregon Investment Council's (OIC) Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, including revisions adopted at the OIC meeting on January 25, 2023.

²The 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.

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	\$ 7,431,684	\$ 4,499,111	\$ 2,044,858

Changes Since Last Valuation

A summary of key changes implemented after the December 31, 2021, valuation, which was used in the 2023 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/pers/2020-Experience-Study.pdf)

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

June 30, 2024

PENSION PLAN (Cont.):

Changes in Actuarial Methods and Allocation Procedures

An adjustment was added to the side account amortization calculations and Pre-SLGRP liability and surplus calculations to reflect the delay between when a rate is calculated and when it takes effect.

The timing of the amortization period for Pre-SLGRP liabilities and surpluses for SLGRP employers was revised to align the biennial rate-setting cycle.

Changes in Assumptions

The merit/longevity component assumption of individual member salary increases were updated for all groups, including adding a select assumption of an additional 2% for all members for two years.

The mortality improvement projection scale applied to all groups is based on 60-year unisex average mortality improvements by age. The assumption was updated to reflect the most recent publicly available data at the time of the latest experience study.

Termination, disability and retirement rates were updated for some groups to more closely match observed and anticipated future experience.

Assumptions for unused sick leave and vacation pay were updated.

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

June 30, 2024

PENSION PLAN (Cont.):

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
Healthy Annuitant Mortality	Pub-2010 Healthy Retiree, Sex Distinct, Generational Projection with Unisex Social Security Data Scale	Pub-2010 Healthy Retiree, Sex Distinct, Generational Projection with Unisex Social Security Data Scale
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
Disabled Retiree Mortality	Pub-2010 Disabled Retiree, Sex Distinct, Generational Projection with Unisex Social Security Data Scale	Pub-2010 Disabled Retiree, Sex Distinct, Generational Projection with Unisex Social Security Data Scale
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
Non-Annuitant Mortality	Pub-2010 Employee, Sex Distinct, Generational Projection with Unisex Social Security Data Scale	Pub-2010 Employee, Sex Distinct, Generational Projection with Unisex Social Security Data Scale
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

June 30, 2024

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, 2023, 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 96, of the June 30, 2023, Oregon PERS ACFR. www.oregon.gov/pers/Documents/Financials/ACFR/2023-ACFR.pdf

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

At June 30, 2024, the employer reported a liability of \$4,499,111 for its proportionate share of the net pension liability. The net pension liability/(asset) was measured as of June 30, 2023, 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.

At June 30, 2023, the employer's proportion was 0.02402000%.

For the year ended June 30, 2024, the employer recognized pension expense of \$ 2,917,161.

DALLAS SCHOOL DISTRICT NO. 2

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2024

PENSION PLAN (Cont.):

As of June 30, 2024, 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	\$ 220,020	\$ 17,839
Changes of assumptions	399,674	2,980
Net difference between projected and actual earnings on investments	80,867	-
Changes in proportionate share	294,664	19,419,692
Differences between employer contributions and employer's proportionate share of system contributions	26,645,654	-
Total Deferred Outflows/Inflows	\$ 27,640,879	\$ 19,440,511
Post-measurement date contributions	6,999,298	N/A
Total Deferred Outflow/(Inflow) of Resources	<u>\$ 34,640,177</u>	<u>\$ 19,440,511</u>
Net Deferred Outflow/(Inflow) of Resources prior to post-measurement date contributions		<u>8,200,368</u>

Contributions of \$6,999,298 for PERS defined benefits and IAP, 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 the next fiscal year.

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	\$ 2,144,011
2nd Fiscal Year	2,415,035
3rd Fiscal Year	3,014,644
4th Fiscal Year	950,870
5th Fiscal Year	(324,192)
Total	<u>\$ 8,200,368</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, 2024

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, 2023, 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, 2024, 2023, and 2022 were \$768, \$2,963, and \$3,646 respectively, which equaled the required contributions for the year.

Actuarial Methods and Assumptions Used in Developing Total (OPEB) RHIA 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, 2023. That independently audited report was dated December 1, 2023, and can be found at: www.oregon.gov/pers/Documents/Financials/ACFR/2023-ACFR.pdf

DALLAS SCHOOL DISTRICT NO. 2

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2024

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

Actuarial Methods and Assumptions - OPEB Plans - RHIA	
	RHIA
Valuation Date	December 31, 2021
Measurement Date	June 30, 2023
Experience Study	2020, published July 20, 2021
Actuarial assumptions:	
Actuarial cost method	Entry Age Normal
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	Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disable Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2020 Experience Study which is reviewed for the four-year period ending July 20, 2021.

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, 2024

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 January 2023 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 92 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:

www.oregon.gov/pers/Documents/Financials/ACFR/2023-ACFR.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	\$ (500,461)	\$ (550,561)	\$ (593,546)

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

At June 30, 2024, the District reported a net OPEB RHIA liability/(asset) of \$(550,561) for its proportionate share of the net OPEB RHIA liability/(asset). The OPEB liability/(asset) was measured as of June 30, 2023, 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, 2021. 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, 2023, the District's proportion was 0.15035832 percent. OPEB RHIA expense/(income) recorded for the year ended June 30, 2024 was \$(16,842).

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

June 30, 2024

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

At June 30, 2024, the employer reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 13,822
Changes of assumptions	-	5,936
Net difference between projected and actual earnings on investments	1,561	-
Changes in proportionate share	-	4,966
(prior to post-measurement date contributions)	\$ 1,561	\$ 24,724
Post-measurement date contributions	768	N/A
Total Deferred Outflow/(Inflow) of Resources	<u>\$ 2,329</u>	<u>\$ 24,724</u>
Net Deferred Outflow/(Inflow) of Resources prior to post-measurement date contributions		<u>(23,163)</u>

Contributions of \$768 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:

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
1st Fiscal Year	\$ (29,125)
2nd Fiscal Year	(21,682)
3rd Fiscal Year	20,347
4th Fiscal Year	7,297
Total	<u>\$ (23,163)</u>

Changes Subsequent to the Measurement Date

We are not aware of any changes subsequent to the June 30, 2023, 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, 2024

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

OEBB 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 groups. 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, 2024

OTHER POST-EMPLOYMENT BENEFITS (OPEB) OEGB 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, 2023, 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, 2024, the District reported an estimated net OPEB OEGB and Explicit Benefit liability/(asset) for the benefits for both the Implicit Medical Benefit, and the Explicit Medical Benefit or OPEB TOL of \$4,295,592 for its proportionate share of the net OPEB TOL liability/(asset).

The OPEB OEGB liability/(asset) was measured as of June 30, 2024, and the total OPEB OEGB liability/(asset) method used to calculate the net OPEB OEGB liability/(asset) was determined by an actuarial valuation as of July 1, 2023. Consistent with GASB Statement No. 75, paragraph 59(a), The District's proportion of the net OPEB OEGB 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 OEGB 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, 2024, the District's estimated OPEB OEGB TOL expense/(income) for the year ended June 30, 2024, was \$430,825.

Actuarial Methods and Assumptions

Discount Rate	3.75%	3.75%
Other Key Actuarial Assumptions and Methods		
Valuation date	July 1, 2023	July 1, 2023
Measurement date	June 30, 2024	June 30, 2025
Inflation	2.50%	2.50%
Salary increases	3.50%	3.50%
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, 2024

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.

The 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 Oregon PERS valuation assumptions as of December 31, 2022. 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.

	1% Decrease	Discount Rate	1% Increase
	3.00%	4.00%	5.00%
Total OPEB liability from Implicit Rate Subsidy	\$ 4,497,894	\$ 4,295,592	\$ 4,102,536

	1% Decrease	Trend Rate	1% Increase
Total OPEB liability from Implicit Rate Subsidy	\$ 4,000,401	\$ 4,295,592	\$ 4,630,023

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

June 30, 2024

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

Participation

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

As of Valuation Date July 1, 2023				
Participant Counts	Administrative	Class/Conf	Licensed	Total
Active Participants	14	127	167	308
Inactive Participants	1	10	18	29
Total Number of Participants	15	137	185	337

Changes in Net (OPEB) OEBB Liability

Changes in Total OPEB Liability	Increase
June 30, 2023 to June 30, 2024	(Decrease)
	Total OPEB
	Liability
Balance per actuarial as of Prior Year	\$ 4,276,418
Changes for the year:	
Service Cost	138,184
Interest	154,639
Effect of changes to benefit terms	-
Effect of economic/ demographic gains or losses	742,662
Changes in assumptions or other inputs	(434,514)
Benefit payments	(581,797)
Net OPEB Liability per actuarial at June 30, 2024	\$ 4,295,592

Components of (OPEB) OEBB Expense

OPEB Expense	July 1, 2023 to
	June 30, 2024
Service cost	\$ 138,184
Interest on total OPEB liability	154,639
Recognition of Deferred (Inflows)/Outflows of Resources	
Recognition of economic/demographic (gains) or losses	182,724
Recognition of assumption changes	(44,722)
OPEB Expense	\$ 430,825

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

June 30, 2024

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

Schedule of Deferred Inflows and Outflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,117,085	\$ 7,117
Changes of assumptions or inputs	44,456	830,689
Total Deferred Outflows/Inflows (prior to post-measurement date contributions)	<u>\$ 1,161,541</u>	<u>\$ 837,806</u>
Net Deferred Outflow/(Inflow) of Resources prior to post-measurement date contributions		<u>323,735</u>

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	\$ 61,975
2nd Fiscal Year	61,980
3rd Fiscal Year	43,308
4th Fiscal Year	43,308
5th Fiscal Year	43,313
Thereafter	69,851
Total	<u>\$ 323,735</u>

Changes Subsequent to the Measurement Date

We are not aware of any changes subsequent to the June 30, 2024, 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, 2024

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, 2024, were as follows:

<u>Fund</u>	<u>Transfers Out</u>	<u>Transfers In</u>
General Fund #100	\$ 117,664	\$ 109,295
Special Revenue Fund #200	109,295	-
Debt Service Fund #300	-	117,664
Total	<u>\$ 226,959</u>	<u>\$ 226,959</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.

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, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>(Budgetary Basis)</u> <u>(See Note 1)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Over</u> <u>(Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Taxes	\$ 9,912,700	\$ 9,912,700	\$ 9,515,487	\$ (397,213)
Earnings on Investments	-	-	361,582	361,582
Fees and Charges	-	-	70,887	70,887
Miscellaneous Revenue	18,000	18,000	486,865	468,865
Intermediate Government Aid	140,171	140,171	56,719	(83,452)
State Aid	29,528,820	29,528,820	28,548,002	(980,818)
Federal Aid	2,718,752	2,718,752	2,452,140	(266,612)
Total Revenues	42,318,443	42,318,443	41,491,682	(826,761)
<u>EXPENDITURES:</u>				
Instruction	25,600,878	26,290,878	26,287,966	(2,912)
Support Services	16,228,694	15,938,694	15,391,910	(546,784)
Facilities Acquisition and Construction	10,000	10,000	-	(10,000)
Contingency	1,166,900	766,900	-	(766,900)
Total Expenditures	43,006,472	43,006,472	41,679,876	(1,326,596)
Excess (Deficiency) of Revenues Over Expenditures	(688,029)	(688,029)	(188,194)	499,835
<u>OTHER FINANCING SOURCES (USES):</u>				
Interfund Transfers In	96,000	96,000	109,295	13,295
Interfund Transfers Out	(128,000)	(128,000)	(117,664)	10,336
Total Other Financing Sources (Uses)	(32,000)	(32,000)	(8,369)	23,631
Net Change in Fund Balance	(720,029)	(720,029)	(196,563)	523,466
Beginning Fund Balance	2,770,000	2,770,000	2,549,864	(220,136)
Ending Fund Balance	\$ 2,049,971	\$ 2,049,971	\$ 2,353,301	\$ 303,330

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, 2024**

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
<u>REVENUES:</u>				
Earnings on Investments	\$ 196,000	\$ 196,000	\$ -	\$ (196,000)
Miscellaneous Revenue	-	-	117,256	117,256
Intermediate Government Aid	500,000	500,000	500,000	-
State Aid	4,745,048	4,745,048	4,345,729	(399,319)
Federal Aid	1,867,895	1,867,895	1,762,764	(105,131)
Total Revenues	7,308,943	7,308,943	6,725,749	(583,194)
<u>EXPENDITURES:</u>				
Instruction	5,747,540	5,527,540	5,109,858	(417,682)
Support Services	1,436,303	1,636,303	1,501,776	(134,527)
Enterprise and Community Services	29,100	29,100	4,820	(24,280)
Total Expenditures	7,212,943	7,192,943	6,616,454	(576,489)
Excess (Deficiency) of Revenues Over Expenditures	96,000	116,000	109,295	(6,705)
<u>OTHER FINANCING SOURCES (USES):</u>				
Interfund Transfers Out	(96,000)	(116,000)	(109,295)	6,705
Total Other Financing Sources (Uses)	(96,000)	(116,000)	(109,295)	6,705
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -

DALLAS SCHOOL DISTRICT NO 2

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

Fiscal Year Ended June 30, ¹	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) Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2024	June 30, 2023	0.02402000%	\$ 4,499,111	20,333,130	22.13%	81.7%
2023	June 30, 2022	0.06332636%	9,696,536	18,097,573	53.58%	84.5%
2022	June 30, 2021	0.19043861%	22,788,798	14,651,591	155.54%	87.6%
2021	June 30, 2020	0.18677845%	40,761,482	17,772,956	229.35%	75.8%
2020	June 30, 2019	0.21680841%	37,502,663	16,326,825	229.70%	80.2%
2019	June 30, 2018	0.21340826%	32,328,540	16,429,352	196.77%	82.1%
2018	June 30, 2017	0.21877476%	29,490,920	15,691,571	187.94%	83.1%
2017	June 30, 2016	0.23182264%	34,801,961	14,597,154	238.42%	80.5%
2016	June 30, 2015	0.25451453%	14,612,853	13,593,815	107.50%	91.9%

¹Measurement 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
2024	\$ 6,999,298	\$ 6,999,298	\$ -	\$ 21,049,464	33.25%
2023	6,650,950	6,650,950	-	20,333,130	32.71%
2022	5,714,681	5,714,681	-	18,097,573	31.58%
2021	5,151,030	5,151,030	-	14,651,591	35.16%
2020	4,940,728	4,940,728	-	17,772,956	27.80%
2019	3,879,777	3,879,777	-	16,326,825	23.76%
2018	3,801,668	3,801,668	-	16,429,352	23.14%
2017	3,088,197	3,088,197	-	15,691,571	19.68%
2016	2,923,313	2,923,313	-	14,597,154	20.03%
2015	2,852,548	2,852,548	-	13,593,815	20.98%

*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, ¹	Measurement Date	(b/c)				
		(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	Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2024	June 30, 2023	0.15035832%	\$ (550,561)	\$ 20,333,130	-2.71%	201.6%
2023	June 30, 2022	0.14793382%	(525,661)	18,097,573	-2.90%	194.6%
2022	June 30, 2021	0.14650551%	(503,101)	14,651,591	-3.43%	183.9%
2021	June 30, 2020	0.24868573%	(506,723)	17,772,956	-2.85%	150.1%
2020	June 30, 2019	0.15185770%	(293,444)	16,326,825	-1.80%	144.4%
2019	June 30, 2018	0.15940735%	(177,942)	16,429,352	-1.08%	124.0%
2018	June 30, 2017	0.14869076%	(62,055)	15,691,571	-0.40%	108.9%
2017	June 30, 2016	0.15065387%	40,912	14,597,154	0.28%	94.2%

¹Measurement 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
2024	\$ 768	\$ 768	\$ -	\$ 21,049,464	0.00%
2023	2,963	2,963	-	20,333,130	0.01%
2022	3,646	3,646	-	18,097,573	0.02%
2021	3,920	3,920	-	14,651,591	0.03%
2020	17,759	17,759	-	17,772,956	0.10%
2019	75,264	75,264	-	16,326,825	0.46%
2018	77,186	77,186	-	16,429,352	0.47%
2017	77,239	77,239	-	15,691,571	0.49%
2016	73,924	73,924	-	14,597,154	0.51%
2015	75,121	75,121	-	13,593,815	0.55%

*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 Last 10 Fiscal Years*

	2024	2023	2022	2021	2020
Total OPEB Liability					
Service cost	\$ 138,184	\$ 140,273	\$ 195,811	\$ 189,189	\$ 163,272
Interest on total OPEB liability	154,639	156,514	118,182	124,256	186,552
Effect of changes to benefit terms	-	-	-	-	-
Effect of economic/demographic gains or losses	742,662	-	747,609	-	(24,917)
Effect of assumption changes or inputs	(434,514)	(57,478)	(651,812)	-	155,591
Benefit payments	(581,797)	(588,917)	(630,442)	(495,622)	(526,161)
Net change in total OPEB liability **	19,174	(349,608)	(220,652)	(182,177)	(45,663)
Total OPEB liability, beginning	4,276,418	4,626,026	4,846,678	5,028,855	5,074,518
Total OPEB liability, ending (a) **	<u>\$ 4,295,592</u>	<u>\$ 4,276,418</u>	<u>\$ 4,626,026</u>	<u>\$ 4,846,678</u>	<u>\$ 5,028,855</u>
Covered payroll	\$ 20,333,130	\$ 18,097,573	\$ 14,651,591	\$ 17,772,956	\$ 16,326,825
Total OPEB OEGB liability as a % of covered payroll	21.13%	23.63%	31.57%	27.27%	30.80%

	2019	2018	2017*	2016*	2015*
Total OPEB Liability					
Service cost	\$ 157,751	\$ 167,050	-	-	-
Interest on total OPEB liability	192,690	187,293	-	-	-
Effect of changes to benefit terms	-	-	-	-	-
Effect of economic/demographic gains or losses	-	-	-	-	-
Effect of assumption changes or inputs	456,167	-	-	-	-
Benefit payments	(670,880)	(653,028)	-	-	-
Net change in total OPEB liability **	135,728	(298,685)	-	-	-
Total OPEB liability, beginning	4,938,790	5,237,475	-	-	-
Total OPEB liability, ending (a) **	<u>\$ 5,074,518</u>	<u>\$ 4,938,790</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 16,429,352	\$ 15,691,571	\$ 14,597,154	\$ 13,593,815	\$ -
Total OPEB OEGB liability as a % of covered payroll	30.89%	-	-	-	-

*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, 2024**

	Special Revenue Funds	Debt Service Funds	Total Non- Major Governmental Funds
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 500,119	\$ 1,907,017	\$ 2,407,136
Property Taxes Receivable	-	127,537	127,537
Accounts Receivable	1,824	-	1,824
Due From Other Governments	202,055	-	202,055
Inventory-Food, Supplies & Commodities	29,973	-	29,973
Total Assets	\$ 733,971	\$ 2,034,554	\$ 2,768,525
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</u>			
LIABILITIES:			
Accounts Payable	\$ 580	\$ -	\$ 580
Due to Other Funds	223,686	-	223,686
Total Liabilities	224,266	-	224,266
DEFERRED INFLOWS OF RESOURCES:			
Unavailable Revenue - Property Taxes	-	105,756	105,756
Total Deferred Inflows of Resources	-	105,756	105,756
FUND BALANCES:			
Unspendable	29,973	-	29,973
Restricted for:			
Debt Service	-	1,928,798	1,928,798
Committed for:			
Student Body Activities	500,119	-	500,119
Assigned for:			
Unassigned	(20,387)	-	(20,387)
Total Fund Balances	509,705	1,928,798	2,438,503
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 733,971	\$ 2,034,554	\$ 2,768,525

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, 2024**

	Special Revenue Funds	Debt Service Funds	Total Non- Major Governmental Funds
<u>REVENUES:</u>			
Taxes	\$ -	\$ 3,341,842	\$ 3,341,842
Earnings on Investments	197	155,372	155,569
Fees and Charges	1,195,666	-	1,195,666
Miscellaneous Revenue	1,345	2,392,214	2,393,559
State Aid	213,596	-	213,596
Federal Aid	927,588	594	928,182
Total Revenues	<u>2,338,392</u>	<u>5,890,022</u>	<u>8,228,414</u>
<u>EXPENDITURES:</u>			
Current:			
Instruction	1,161,151	-	1,161,151
Enterprise and Community Services	1,192,071	-	1,192,071
Debt Service	-	5,700,117	5,700,117
Total Expenditures	<u>2,353,222</u>	<u>5,700,117</u>	<u>8,053,339</u>
Excess (Deficiency) of Revenues Over Expenditures	-	189,905	175,075
<u>OTHER FINANCING SOURCES (USES):</u>			
Interfund Transfers In	-	117,664	117,664
Total Other Financing Sources (Uses)	<u>-</u>	<u>117,664</u>	<u>117,664</u>
Net Change in Fund Balance	(14,830)	307,569	292,739
Beginning Fund Balance	524,535	1,621,229	2,145,764
Ending Fund Balance	<u>\$ 509,705</u>	<u>\$ 1,928,798</u>	<u>\$ 2,438,503</u>

DALLAS SCHOOL DISTRICT NO 2**COMBINING BALANCE SHEET****NON-MAJOR SPECIAL REVENUE FUNDS****June 30, 2024**

	Student Activity Fund #201	Food Service Fund #203	Totals
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 500,119	\$ -	\$ 500,119
Accounts Receivable	-	1,824	1,824
Due From Other Governments	-	202,055	202,055
Inventory-Food, Supplies & Commodities	-	29,973	29,973
Total Assets	<u>\$ 500,119</u>	<u>\$ 233,852</u>	<u>\$ 733,971</u>
<u>LIABILITIES AND FUND BALANCES:</u>			
LIABILITIES:			
Accounts Payable	\$ -	\$ 580	\$ 580
Due to Other Funds	-	223,686	223,686
Total Liabilities	<u>-</u>	<u>224,266</u>	<u>224,266</u>
FUND BALANCES:			
Unspendable	-	29,973	29,973
Committed for:			
Student Body Activities	500,119	-	500,119
Unassigned	-	(20,387)	(20,387)
Total Fund Balances	<u>500,119</u>	<u>9,586</u>	<u>509,705</u>
Total Liabilities and Fund Balances	<u>\$ 500,119</u>	<u>\$ 233,852</u>	<u>\$ 733,971</u>

DALLAS SCHOOL DISTRICT NO 2
Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances
NON-MAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2024

	<u>Student</u>	<u>Food Service</u>	<u>Totals</u>
<u>REVENUES:</u>			
Earnings on Investments	\$ -	197	\$ 197
Fees and Charges	1,192,130	3,536	1,195,666
Miscellaneous Revenue	-	1,345	1,345
State Aid	-	213,596	213,596
Federal Aid	-	927,588	927,588
Total Revenues	<u>1,192,130</u>	<u>1,146,262</u>	<u>2,338,392</u>
<u>EXPENDITURES:</u>			
Current:			
Instruction	1,161,151	-	1,161,151
Enterprise and Community Services	-	1,192,071	1,192,071
Total Expenditures	<u>1,161,151</u>	<u>1,192,071</u>	<u>2,353,222</u>
Net Change in Fund Balance	30,979	(45,809)	(14,830)
Beginning Fund Balance	469,140	55,395	524,535
Ending Fund Balance	<u>\$ 500,119</u>	<u>\$ 9,586</u>	<u>\$ 509,705</u>

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, 2024

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
<u>REVENUES:</u>				
Fees and Charges	\$ 1,050,000	\$ 1,050,000	\$ 1,192,130	\$ 142,130
Total Revenues	1,050,000	1,050,000	1,192,130	142,130
<u>EXPENDITURES:</u>				
Instruction	1,050,000	1,050,000	1,161,151	111,151
Total Expenditures	1,050,000	1,050,000	1,161,151	111,151
Net Change in Fund Balance	-	-	30,979	30,979
Beginning Fund Balance	300,000	300,000	469,140	169,140
Ending Fund Balance	\$ 300,000	\$ 300,000	\$ 500,119	\$ 200,119

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, 2024**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>(Budgetary Basis)</u> <u>(See Note 1)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Over</u> <u>(Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Earnings on Investments	\$ 1,000	\$ 1,000	\$ 197	\$ (803)
Fees and Charges	10,000	10,000	3,536	(6,464)
Miscellaneous Revenue	15,000	15,000	1,345	(13,655)
State Aid	77,000	77,000	213,596	136,596
Federal Aid	1,080,000	1,080,000	927,588	(152,412)
Total Revenues	1,183,000	1,183,000	1,146,262	(36,738)
<u>EXPENDITURES:</u>				
Enterprise and Community Services	1,279,140	1,279,140	1,192,071	(87,069)
Total Expenditures	1,279,140	1,279,140	1,192,071	(87,069)
Excess (Deficiency) of Revenues Over Expenditures	(96,140)	(96,140)	-	50,331
<u>OTHER FINANCING SOURCES (USES):</u>				
Interfund Transfers In	10,000	10,000	-	(10,000)
Total Other Financing Sources (Uses)	10,000	10,000	-	(10,000)
Net Change in Fund Balance	(86,140)	(86,140)	(45,809)	40,331
Beginning Fund Balance	200,000	200,000	55,395	(144,605)
Ending Fund Balance	\$ 113,860	\$ 113,860	\$ 9,586	\$ (104,274)

DALLAS SCHOOL DISTRICT NO 2

COMBINING BALANCE SHEET NON-MAJOR DEBT SERVICE FUNDS

June 30, 2024

	Debt Service - General Obligation Bonds Fund #301	Debt Service - Other Facilities Fund #302	Debt Service - PERS Pension Bonds Fund #310	Totals
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 830,947	\$ 200	\$ 1,075,870	\$ 1,907,017
Property Taxes Receivable	127,537	-	-	127,537
Total Assets	<u>\$ 958,484</u>	<u>\$ 200</u>	<u>\$ 1,075,870</u>	<u>\$ 2,034,554</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable Revenue - Property Taxes	105,756	-	-	\$ 105,756
Total Deferred Inflows of Resources	105,756	-	-	105,756
FUND BALANCES:				
Restricted for:				
Debt Service	852,728	200	1,075,870	\$ 1,928,798
Total Fund Balances	<u>852,728</u>	<u>200</u>	<u>1,075,870</u>	<u>1,928,798</u>
Total Deferred Inflows of Resources and Fund	<u>\$ 958,484</u>	<u>\$ 200</u>	<u>\$ 1,075,870</u>	<u>\$ 2,034,554</u>

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, 2024

	Debt Service - General Obligation Bonds Fund #301	Debt Service - Other Facilities Fund #302	Debt Service - PERS Pension Bonds Fund #310	Totals
<u>REVENUES:</u>				
Taxes	\$ 3,341,842	\$ -	\$ -	\$ 3,341,842
Earnings on Investments	114,358	-	41,014	155,372
Miscellaneous Revenue	-	-	2,392,214	2,392,214
Federal Aid	594	-	-	594
Total Revenues	3,456,794	-	2,433,228	5,890,022
<u>EXPENDITURES:</u>				
Debt Service	3,426,195	117,564	2,156,358	5,700,117
Total Expenditures	3,426,195	117,564	2,156,358	5,700,117
Excess (Deficiency) of Revenues Over Expenditures	30,599	(117,564)	276,870	189,905
<u>OTHER FINANCING SOURCES (USES):</u>				
Interfund Transfers In	-	117,664	-	117,664
Total Other Financing Sources (Uses)	-	117,664	-	117,664
Net Change in Fund Balance	30,599	100	276,870	307,569
Beginning Fund Balance	822,129	100	799,000	1,621,229
Ending Fund Balance	\$ 852,728	\$ 200	\$ 1,075,870	\$ 1,928,798

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, 2024**

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
<u>REVENUES:</u>				
Taxes	\$ 3,250,000	\$ 3,250,000	\$ 3,341,842	\$ 91,842
Earnings on Investments	45,000	45,000	114,358	69,358
Federal Aid	500	500	594	94
Total Revenues	3,295,500	3,295,500	3,456,794	161,294
<u>EXPENDITURES:</u>				
Debt Service	3,426,250	3,426,250	3,426,195	(55)
Total Expenditures	3,426,250	3,426,250	3,426,195	(55)
Net Change in Fund Balance	(130,750)	(130,750)	30,599	161,349
Beginning Fund Balance	600,000	600,000	822,129	222,129
Ending Fund Balance	\$ 469,250	\$ 469,250	\$ 852,728	\$ 383,478

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, 2024

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Total Revenues	-	-	-	-
<u>EXPENDITURES:</u>				
Debt Service	118,000	118,000	117,564	(436)
Total Expenditures	118,000	118,000	117,564	(436)
Excess (Deficiency) of Revenues Over Expenditures	(118,000)	(118,000)	(117,564)	436
<u>OTHER FINANCING SOURCES (USES):</u>				
Interfund Transfers In	118,000	118,000	117,664	(336)
Total Other Financing Sources (Uses)	118,000	118,000	117,664	(336)
Net Change in Fund Balance	-	-	100	100
Beginning Fund Balance	-	-	100	100
Ending Fund Balance	\$ -	\$ -	\$ 200	\$ 200

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, 2024**

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
<u>REVENUES:</u>				
Miscellaneous Revenue	2,250,000	2,250,000	2,392,214	142,214
Total Revenues	2,250,000	2,250,000	2,433,228	183,228
<u>EXPENDITURES:</u>				
Debt Service	2,156,458	2,156,458	2,156,358	(100)
Total Expenditures	2,156,458	2,156,458	2,156,358	(100)
Net Change in Fund Balance	93,542	93,542	276,870	183,328
Beginning Fund Balance	1,000,000	1,000,000	799,000	(201,000)
Ending Fund Balance	<u>\$ 1,093,542</u>	<u>\$ 1,093,542</u>	<u>\$ 1,075,870</u>	<u>\$ (17,672)</u>

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, 2024**

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Earnings on Investments	\$ 201,500	\$ 201,500	\$ 484,586	\$ 283,086
State Aid	6,000,000	6,000,000	1,808,484	(4,191,516)
Total Revenues	6,201,500	6,201,500	2,293,070	(3,908,430)
<u>EXPENDITURES:</u>				
Facilities Acquisition and Construction	13,241,500	13,241,500	10,158,448	(3,083,052)
Total Expenditures	13,241,500	13,241,500	10,158,448	(3,083,052)
Excess (Deficiency) of Revenues Over Expenditures	(7,040,000)	(7,040,000)	(7,865,378)	(825,378)
<u>OTHER FINANCING SOURCES (USES):</u>				
Long Term Debt Financing Sources	-	-	16,709,222	16,709,222
Total Other Financing Sources (Uses)	-	-	16,709,222	16,709,222
Net Change in Fund Balance	(7,040,000)	(7,040,000)	8,843,844	15,883,844
Beginning Fund Balance	13,400,000	13,400,000	12,082,397	(1,317,603)
Ending Fund Balance	\$ 6,360,000	\$ 6,360,000	\$ 20,926,241	\$ 14,566,241

OTHER
INFORMATION

Additional
Supporting Schedules

DALLAS SCHOOL DISTRICT NO 2
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 30, 2024

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, 2023	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2024	Due Within One Year
Principal	\$ 37,300,000	\$ -	\$ 1,345,000	\$ 35,955,000	\$ 1,425,000
Interest	-	811,358	811,358	-	803,396
Total	<u>\$ 37,300,000</u>	<u>\$ 811,358</u>	<u>\$ 2,156,358</u>	<u>\$ 35,955,000</u>	<u>\$ 2,228,396</u>

Future Requirements:

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	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>\$ 35,955,000</u>	<u>\$ 8,565,615</u>	<u>\$ 44,520,615</u>	

DALLAS SCHOOL DISTRICT NO 2
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 30, 2024

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, 2023	New Issues and Interest Matured	Principal and Interest Retired	Due Within One Year
Principal	\$ 1,235,000	\$ -	\$ 1,235,000	\$ -
Interest	-	49,397	49,397	-
Total	<u>\$ 1,235,000</u>	<u>\$ 49,397</u>	<u>\$ 1,284,397</u>	<u>\$ -</u>

DALLAS SCHOOL DISTRICT NO 2
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 30, 2024

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, 2023	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2024	Due Within One Year
Principal	\$ 861,000	\$ -	\$ 100,000	\$ 761,000	\$ 102,000
Interest	-	17,564	17,564	-	15,524
Total	<u>\$ 861,000</u>	<u>\$ 17,564</u>	<u>\$ 117,564</u>	<u>\$ 761,000</u>	<u>\$ 117,524</u>

Future Requirements:

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2025	\$ 102,000	\$ 15,524	\$ 117,524	2.04%
	2026	104,000	13,444	117,444	2.04%
	2027	107,000	11,322	118,322	2.04%
	2028	109,000	9,139	118,139	2.04%
	2029	111,000	6,916	117,916	2.04%
	2030	113,000	4,651	117,651	2.04%
	2031	115,000	2,346	117,346	2.04%
Total		<u>\$ 761,000</u>	<u>\$ 63,342</u>	<u>\$ 824,342</u>	

DALLAS SCHOOL DISTRICT NO 2
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 30, 2024

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 propped 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, 2023	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2024	Due Within One Year
Principal	\$ 80,000	\$ -	\$ 40,000	\$ 40,000	\$ 40,000
Total	<u>\$ 80,000</u>	<u>\$ -</u>	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ 40,000</u>

Future Requirements:

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

DALLAS SCHOOL DISTRICT NO 2
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 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 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, 2023	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2024	Due Within One Year
Principal	\$ 11,235,000	\$ -	\$ 1,580,000	\$ 9,655,000	\$ 1,160,000
Interest	-	561,749	561,749	-	482,750
Total	<u>\$ 11,235,000</u>	<u>\$ 561,749</u>	<u>\$ 2,141,749</u>	<u>\$ 9,655,000</u>	<u>\$ 1,642,750</u>

Future Requirements:

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	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>\$ 9,655,000</u>	<u>\$ 1,960,000</u>	<u>\$ 11,615,000</u>	

DALLAS SCHOOL DISTRICT NO 2
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 30, 2024

General Obligation Bonds, Series 2024

On June 20, 2024, the District successfully issued General Obligation Bonds, Series 2024, amounting to a principal sum of \$15,235,000, inclusive of a bond premium totaling \$1,474,222.15. This brought the gross sale proceeds of the Bonds to \$16,709,222.15. The primary application of the proceeds is to fund the capital expenditures of District facilities and cover the expenses associated with the issuance of the Bonds. The Bonds will bear a 5% interest, with the first interest payment due on December 15, 2024, and subsequent semiannual payments on June 15 and December 15 of each year until the Bonds mature. The District's Paying Agent, initially U.S. Bank Trust Company, National Association, will be responsible for disbursing the principal and interest on the Bonds to DTC.

Current Year Activity:

	Outstanding Balance July 1, 2023	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2024	Due Within One Year
Principal	\$ -	\$ 15,235,000	\$ -	\$ 15,235,000	\$ 1,305,000
Interest	-	-	-	-	751,170
Total	<u>\$ -</u>	<u>\$ 15,235,000</u>	<u>\$ -</u>	<u>\$ 15,235,000</u>	<u>\$ 2,056,170</u>

Future Requirements:

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2025	\$ 1,305,000	\$ 751,170	\$ 2,056,170	5.00%
	2026	1,420,000	696,500	2,116,500	5.00%
	2027	1,560,000	625,500	2,185,500	5.00%
	2028	1,700,000	547,500	2,247,500	5.00%
	2029	650,000	462,500	1,112,500	5.00%
	2030	720,000	430,000	1,150,000	0.00%
	2031	1,770,000	394,000	2,164,000	0.00%
	2032	2,935,000	305,500	3,240,500	0.00%
	2033	3,175,000	158,750	3,333,750	0.00%
Total		<u>\$ 15,235,000</u>	<u>\$ 4,371,420</u>	<u>\$ 19,606,420</u>	

DALLAS SCHOOL DISTRICT NO 2
Oregon Department of Education Form 581-3211-C
For the Fiscal Year Ended June 30, 2024

SUPPLEMENTAL INFORMATION 2023-2024

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	\$ 429,190
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 Extra-curricular Activities
1140 Pre-Kindergarten
1300 Continuing Education
1400 Summer School

Exclude these functions:

4150 Construction
2550 Pupil Transportation
3100 Food Service
3300 Community Services

\$ 81,441

*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, 2024****Revenue from Local Sources**

	Fund 100	Fund 200	Fund 300	Fund 400
1110 Ad Valorem Taxes Levied by District	\$ 9,457,566	\$ -	\$ 3,340,688	\$ -
1130 Construction Excise Tax	54,676	-	-	-
1190 Penalties and Interest on Taxes	3,244	-	1,153	-
1500 Earnings on Investments	361,582	197	155,372	484,586
1600 Food Service	-	3,536	-	-
1700 Extracurricular Activities	70,887	1,192,130	-	-
1910 Rentals	2,755	-	-	-
1920 Contributions and Donations From Private Sources	-	298	-	-
1940 Services Provided Other Local Education Agencies	58,183	-	-	-
1960 Recovery of Prior Years' Expenditure	7,034	-	-	-
1970 Services Provided Other Funds	-	-	2,392,214	-
1980 Fees Charged to Grants	329,798	-	-	-
1990 Miscellaneous	89,095	118,302	-	-
Total Revenue from Local Sources	\$ 10,434,820	\$ 1,314,463	\$ 5,889,427	\$ 484,586

Revenue from Intermediate Sources

	Fund 100	Fund 200	Fund 300	Fund 400
2101 County School Funds	\$ 46,219	\$ -	\$ -	\$ -
2102 General ESD Revenue	10,500	500,000	-	-
Total Revenue from Intermediate Sources	\$ 56,719	\$ 500,000	\$ -	\$ -

Revenue from State Sources

	Fund 100	Fund 200	Fund 300	Fund 400
3101 State School Fund - General Support	\$ 27,670,129	\$ -	\$ -	\$ -
3102 State School Fund - School Lunch Match	-	10,495	-	-
3103 Common School Fund	461,558	-	-	-
3199 Other Unrestricted Grants-In-Aid	416,315	187,742	-	-
3299 Other Restricted Grants-In-Aid	-	4,361,088	-	1,808,484
Total Revenue from State Sources	\$ 28,548,002	\$ 4,559,325	\$ -	\$ 1,808,484

Revenue from Federal Sources

	Fund 100	Fund 200	Fund 300	Fund 400
4200 Unrestricted Revenue From the Federal Government Through the State	7,950	-	-	-
4500 Restricted Revenue From the Federal Government Through the State	\$ 2,439,393	\$ 2,612,740	\$ -	\$ -
4801 Federal Forest Fees	211	-	-	-
4899 Other Revenue in Lieu of Taxes	4,585	-	594	-
4900 Revenue for/on Behalf of the District	-	77,612	-	-
Total Revenue from Federal Sources	\$ 2,452,140	\$ 2,690,352	\$ 594	\$ -

Revenue from Other Sources

	Fund 100	Fund 200	Fund 300	Fund 400
5100 Long Term Debt Financing Sources	-	-	-	16,709,222
5200 Interfund Transfers	\$ 109,295	\$ -	\$ 117,664	\$ -
5400 Resources - Beginning Fund Balance	2,549,864	524,535	1,621,229	12,082,397
Total Revenue from Other Sources	\$ 2,659,158	\$ 524,535	\$ 1,738,893	\$ 28,791,619

Grand Total

\$ 44,150,840	\$ 9,588,674	\$ 7,628,914	\$ 31,084,689
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DALLAS SCHOOL DISTRICT NO 2
Audit Expenditure Summary-General Fund #100
For the Fiscal Year Ended June 30, 2024

FUND: General Fund #100

Instruction Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Elementary, K-5 or K-6	\$ 6,254,526	\$ 3,932,370	\$ 1,916,171	\$ 319,656	\$ 86,329	\$ -	\$ -	\$ -
1121 Middle/Junior High Programs	2,818,544	1,728,823	848,738	89,720	151,164	-	99	-
1122 Middle/Junior High School Extracurricular	10,106	7,452	2,654	-	-	-	-	-
1131 High School Programs	3,870,129	2,452,052	1,192,042	138,259	87,658	-	118	-
1132 High School Extracurricular	922,792	575,014	218,261	85,468	21,624	516	21,908	-
1210 Programs for the Talented and Gifted	18,925	12,437	4,484	-	2,004	-	-	-
1220 Restrictive Programs for Students with Disabilities	3,568,616	2,186,614	1,202,060	173,069	6,873	-	-	-
1250 Less Restrictive Programs for Students with Disabilities	2,147,884	1,164,356	659,838	311,663	12,027	-	-	-
1271 Remediation	627,842	417,925	208,236	1,681	-	-	-	-
1280 Alternative Education	5,748,963	327,261	192,858	5,224,745	4,100	-	-	-
1291 English Second Language Programs	299,299	158,615	102,763	8,507	29,414	-	-	-
1299 Other Programs	340	-	-	80	260	-	-	-
Total Instruction Expenditures	\$ 26,287,966	\$ 12,962,919	\$ 6,548,105	\$ 6,352,849	\$ 401,452	\$ 516	\$ 22,125	\$ -

Support Services Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	\$ 7,813	\$ 524	\$ 207	\$ 4,991	\$ 2,091	\$ -	\$ -	\$ -
2120 Guidance Services	732,120	479,455	239,565	4,938	8,161	-	-	-
2130 Health Services	571,537	350,321	215,032	2,853	3,331	-	-	-
2140 Psychological Services	204,523	83,565	47,528	67,829	5,600	-	-	-
2150 Speech Pathology and Audiology Services	47,274	-	-	47,274	-	-	-	-
2190 Service Direction, Student Support Services	557,770	331,755	178,397	44,622	1,881	-	1,115	-
2210 Improvement of Instruction Services	190,702	124,450	57,595	7,521	22	-	1,115	-
2220 Educational Media Services	507,422	331,426	153,981	14,512	7,503	-	-	-
2230 Assessment & Testing	74,012	584	211	73,165	53	-	-	-
2240 Instructional Staff Development	9,334	4,848	1,591	2,895	-	-	-	-
2310 Board of Education Services	255,682	-	-	71,508	186	-	183,989	-
2320 Executive Administration Services	475,005	328,206	135,734	6,304	110	-	4,650	-
2410 Office of the Principal Services	2,647,308	1,781,832	797,786	33,215	24,979	-	9,496	-
2490 Other Support Services - School Administration	87,867	53,582	32,485	-	1,800	-	-	-
2520 Fiscal Services	658,768	384,657	211,223	38,203	5,522	17,012	2,152	-
2540 Operation and Maintenance of Plant Services	3,268,689	1,194,492	741,549	751,746	157,329	241,239	182,333	-
2550 Student Transportation Services	2,510,702	29,729	14,667	2,464,947	1,359	-	-	-
2570 Internal Services	286,963	103,251	47,003	38,044	35,085	63,579	-	-
2630 Information Services	6,500	-	-	6,500	-	-	-	-
2640 Staff Services	485,148	243,075	160,628	67,251	11,554	-	2,641	-
2660 Technology Services	1,419,804	517,980	269,008	112,426	335,204	184,885	300	-
2700 Supplemental Retirement Program	386,966	-	386,966	-	-	-	-	-
Total Support Services Expenditures	\$ 15,391,910	\$ 6,343,731	\$ 3,691,156	\$ 3,860,745	\$ 601,771	\$ 506,716	\$ 387,791	\$ -

Other Uses Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5200 Transfers of Funds	117,664	-	-	-	-	-	-	117,664
Total Other Uses Expenditures	\$ 117,664	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 117,664
Grand Total	\$ 41,797,540	\$ 19,306,650	\$ 10,239,261	\$ 10,213,594	\$ 1,003,223	\$ 507,232	\$ 409,916	\$ 117,664

DALLAS SCHOOL DISTRICT NO 2
Audit Expenditure Summary-Special Revenue Fund #200
For the Fiscal Year Ended June 30, 2024

FUND: Special Revenue Fund #200

Instruction Expenditures

1111	Elementary, K-5 or K-6
1113	Elementary Extracurricular
1121	Middle/Junior High Programs
1122	Middle/Junior High School Extracurricular
1131	High School Programs
1132	High School Extracurricular
1220	Restrictive Programs for Students with Disabilities
1250	Less Restrictive Programs for Students with Disabilities
1271	Remediation
1272	Title I
1280	Alternative Education
1291	English Second Language Programs

Totals	Object 100	Object 200	Object 300	Object 400	Object 600	Object 700
\$ 770,078	\$ 443,859	\$ 258,579	\$ 16,868	\$ 50,772	\$ -	\$ -
220,900	-	-	-	220,900	-	-
112,204	61,712	12,938	34,822	2,732	-	-
78,367	-	-	-	78,367	-	-
768,781	423,751	218,643	64,120	62,053	214	-
861,884	-	-	-	861,884	-	-
1,024,904	521,361	323,158	171,451	8,934	-	-
765,152	468,982	252,339	41,568	2,263	-	-
334,593	217,282	110,437	6,873	-	-	-
744,868	468,109	182,726	94,034	-	-	-
531,200	39,252	22,248	469,701	-	-	-
58,079	29,805	28,274	-	-	-	-
\$ 6,271,009	\$ 2,674,112	\$ 1,409,342	\$ 899,436	\$ 1,287,905	\$ 214	\$ -

Total Instruction Expenditures

Support Services Expenditures

2110	Attendance and Social Work Services
2120	Guidance Services
2140	Psychological Services
2190	Service Direction, Student Support Services
2210	Improvement of Instruction Services
2240	Instructional Staff Development
2540	Operation and Maintenance of Plant Services
2610	Direction of Central Support Services
2660	Technology Services

Totals	Object 100	Object 200	Object 300	Object 400	Object 600	Object 700
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 181,182.27	\$ 119,730.77	\$ 59,504.45	\$ 1,947.05	\$ -	\$ -	\$ -
476,740	79,867	45,638	351,236	-	-	-
291,675	146,432	87,500	19,083	38,660	-	-
174,200	111,426	38,663	14,483	9,393	235	-
49,131	21,475	7,172	19,498	986	-	-
79,746	-	-	79,401	345	-	-
177,142	-	-	-	-	177,142	-
71,960	38,388	13,688	13,580	6,304	-	-
\$ 1,501,776	\$ 517,319	\$ 252,166	\$ 499,227	\$ 55,688	\$ 177,377	\$ -

Total Support Services Expenditures

Enterprise and Community Services Expenditures

3100	Food Services
3300	Community Services

Totals	Object 100	Object 200	Object 300	Object 400	Object 600	Object 700
\$ 1,196,094	\$ 433,078	\$ 239,697	\$ 30,173	\$ 493,146	\$ -	\$ -
797	590	207	-	-	-	-
\$ 1,196,891	\$ 433,668	\$ 239,904	\$ 30,173	\$ 493,146	\$ -	\$ -

Total Enterprise and Community Services Expenditures

Other Uses Expenditures

5200	Transfers of Funds
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Totals	Object 100	Object 200	Object 300	Object 400	Object 600	Object 700
\$ 109,295	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 109,295
\$ 109,295	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 109,295

Total Other Uses Expenditures

Grand Total

\$ 9,078,971	\$ 3,625,098	\$ 1,901,412	\$ 1,428,836	\$ 1,836,740	\$ 177,591	\$ 109,295
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DALLAS SCHOOL DISTRICT NO 2

Audit Expenditure Summary-Debt Service Fund #300

For the Fiscal Year Ended June 30, 2024

FUND: Debt Service Fund #300

Other Uses Expenditures

5100 Debt Service

Total Other Uses Expenditures

Grand Total

Totals	Object 600
\$ 5,700,118	\$ 5,700,118
\$ 5,700,118	\$ 5,700,118
\$ 5,700,118	\$ 5,700,118

DALLAS SCHOOL DISTRICT NO 2

Audit Expenditure Summary-Capital Projects Fund #400

For the Fiscal Year Ended June 30, 2024

FUND: Capital Projects Fund #400

Facilities Acquisition and Construction Expenditures

4110 Service Area Direction

4150 Building Acquisition, Construction, and Improvement Services

Totals	Object 300	Object 500	Object 600
1,486,020	987,825	-	201,196
\$ 8,672,428	\$ -	\$ 8,672,228	200

Total Facilities Acquisition and Construction Expenditures

\$ 10,158,448 \$ 987,825 \$ 8,672,228 \$ 201,396

Grand Total

\$ 10,158,448	\$ 987,825	\$ 8,672,228	\$ 201,396
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REPORT ON LEGAL
AND OTHER
REGULATORY REQUIREMENTS

DALLAS SCHOOL DISTRICT NO. 2

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

As of June 30, 2024

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, 2024, and have issued our report thereon dated December 16, 2024. 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 three funds 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 16, 2024

DALLAS SCHOOL DISTRICT NO. 2

SINGLE AUDIT SECTION



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

To the Board of Directors
Dallas School District No. 2

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dallas School District No. 2, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Dallas School District No. 2's basic financial statements and have issued our report thereon dated December 16, 2024.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Dallas School District No. 2's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Dallas School District No. 2's internal control. Accordingly, we do not express an opinion on the effectiveness of Dallas School District No. 2's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink, appearing to read 'Steve Tuchscherer'.

Steve Tuchscherer, CPA
Umpqua Valley Financial, LLC
Roseburg, Oregon
December 16, 2024



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

To the Board of Directors
Dallas School District No. 2

Report on Compliance for Each Major Federal Program

We have audited Dallas School District No. 2's compliance with the types of compliance requirements described in the OMB *Circular Compliance Supplement* that could have a direct and material effect on each of Dallas School District No. 2's major federal programs for the year ended June 30, 2024. Dallas School District No. 2's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Dallas School District No. 2's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Dallas School District No. 2's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination Dallas School District No. 2's compliance.

Opinion on Each Major Federal Program

In our opinion, Dallas School District No. 2 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.



Report on Internal Control over Compliance

The management of Dallas School District No. 2 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered Dallas School District No. 2's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Dallas School District No. 2's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read 'Steve Tuchscherer', is written over a horizontal line.

Steve Tuchscherer, CPA
Umpqua Valley Financial, LLC
Roseburg, Oregon
December 16, 2024

DALLAS SCHOOL DISTRICT NO 2
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED June 30, 2024

Federal Grantor/Pass Through Grantor/ Program Title	Assistance Listing (AL) #			Federal Program Name	Cluster Name	Grant Fund	Federal Assistance Listing Number	Grant Period	Original Program or Grant Amount	(Receivable)/ Deferred Revenue June 30, 2023	Cash Received	Expenditures	(Receivable)/ Deferred Revenue June 30, 2024
	Federal Awarding Agency Prefix	AL Three-Digit Extension	Additional Award Identification										
U.S. DEPARTMENT OF EDUCATION													
Passed Through Oregon Department of Education:													
Title IA - Grants to Local Education Agencies	84	010				Fund #257	84.010	2023-24	\$ 719,551	\$ -	\$ 590,768	\$ 719,551	\$ (128,783)
Title I N&D- PADTC LTCT	84	013				Fund #283	84.013	2023-24	46,019	(2,956)	13,605	10,649	-
Total Title I									765,570	(2,956)	604,373	730,200	(128,783)
Title II-A Teacher Quality	84	367				Fund #277	84.367	2023-24	108,786	-	94,515	103,835	(9,320)
Title II-A Teacher Quality	84	367				Fund #277.1	84.367	2022-23	9,467	-	9,467	9,467	-
Total Title II-A									118,253	-	103,982	113,302	(9,320)
Title IV - Student Support and Academic Enrichment	84	424				Fund #297	84.424	2023-24	47,774	-	47,774	47,774	-
Total Title IV									47,774	-	47,774	47,774	-
Elementary & Secondary School Emergency Relief, II- ARP-HCY II	84	425D	COVID-19, 84.425D	Elementary and Secondary School Emergency Relief Fund	Educational Stabilization Fund	Fund #100/222.281	84.425D	2020-23	22,910		22,910	22,910	-
Elementary & Secondary School Emergency Relief, II LTCT	84	425	COVID-19, 84.425	Elementary and Secondary School Emergency Relief Fund	Educational Stabilization Fund	Fund #281/221	84.425	2022-24	90,000	-	-	5,379	(5,379)
Elementary & Secondary School Emergency Relief, III	84	425U	COVID-19, 84.425U	Elementary and Secondary School Emergency Relief Fund	Educational Stabilization Fund	Fund #103/222	84.425U	2020-24	5,156,206	(27,091)	1,879,086	2,416,483	(564,488)
Total Educational Stabilization Fund									5,269,116	(27,091)	1,901,996	2,444,772	(569,867)
IDEA - Special Education Grants to States(Part B Sec.611)	84	027				Fund #237	84.027	2022-24	697,133	-	561,721	697,133	(135,412)
IDEA - Special Education Grants to States(Part B Sec.611)	84	027				Fund #237.1	84.027	2021-23	582,341	(6,218)	98,826	92,608	-
IDEA - Equipment and Supplies	84	027				Fund #231	84.027	2022-23	45,311	-	15,076	15,076	-
IDEA - PADTC LTCT (Part B Sec.611)	84	027				Fund #282	84.027	2023-24	16,460	-	868	868	-
Total IDEA (Part B, Sec 611)									1,341,245	(6,218)	676,491	805,685	(135,412)
IDEA - Special Education Grants to States(Part B Sec.619)	84	173				Fund #204.1	84.173	2022-24	7,582	-	7,582	7,582	-
Total IDEA (Part B, Sec 619)									7,582	-	7,582	7,582	-
Lead Testing Reimbursement Additional Funds	66	444				Fund #287	66.444	2023-24	11,720		-	4,482	(4,482)
Foster Transportation Reimbursement	93	658				Fund #100	93.658	2023-24	7,368		-	7,950	(7,950)
Total Other Grants Passed Through Oregon Department of Education									19,088	-	-	12,432	(12,432)
Total Passed through Oregon Department of Education									\$ 7,568,628	\$ (36,265)	\$ 3,342,199	\$ 4,161,748	\$ (855,814)
Total U.S. Department of Education									\$ 7,568,628	\$ (36,265)	\$ 3,342,199	\$ 4,161,748	\$ (855,814)
DEPARTMENT OF HEALTH AND HUMAN SERVICES													
Youth Transition Programs-Voc Rehab	84	126 A				Fund #213	93.658	2023-24	\$ -	\$ -	\$ 48,360	\$ 48,360	\$ -
Total Department of Health and Human Services									\$ -	\$ -	\$ 48,360	\$ 48,360	\$ -
U.S. DEPARTMENT OF AGRICULTURE													
National School Lunch - Lunch	10	555				Fund #203	10.555	2023-24	\$ 583,161	\$ -	\$ 470,806	\$ 583,161	\$ (112,355)
National School Lunch - Breakfast	10	553				Fund #203	10.553	2023-24	216,849	-	173,286	216,849	(43,563)
National School Lunch - Commodities	10	555				Fund #203	10.555	2023-24	77,612	-	77,612	77,612	-
NLSP Supply Chain Assistance	10	555				Fund #203	10.555	2023-24	25,730	-	25,730	25,730	-
National School Lunch - Summer Program	10	559				Fund #203	10.559	2023-24	12,639	-	12,639	12,639	-
Local Foods for Schools Cooperative	10	185				Fund #203	10.185	2023-24	8,341	-	8,341	8,341	-
SNP SNAP State & Local P-EBT	10	649				Fund #203	10.649	2023-24	3,256	-	3,256	3,256	-
Total National School Lunch Program									927,588	-	771,669	927,587	(155,918)
Total U.S. Department of Agriculture									\$ 927,588	\$ -	\$ 771,669	\$ 927,587	\$ (155,918)
TOTALS									\$ 8,496,216	\$ (36,265)	\$ 4,162,228	\$ 5,137,695	\$ (1,011,732)

This schedule is prepared using the modified accrual basis of accounting.

RECONCILIATION TO REVENUE:

Cash Receipts per Schedule Above	\$ 4,162,228
Grants Receivable/Deferred Revenue Beginning of Year	(36,265)
Grants Receivable/Deferred Revenue End of Year	1,011,732
Federal Revenue Recognized per Financial Statements	\$ 5,137,695

DALLAS SCHOOL DISTRICT NO. 2

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2024

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of federal awards (the “Schedule”) includes the federal award activity of Dallas School District No. 2 under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Dallas School District No. 2, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Dallas School District No. 2.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – INDIRECT COSTS RATE

Dallas School District No. 2 has elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance, or other approved rate that is lower.

DALLAS SCHOOL DISTRICT NO. 2

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2024

Section I—Summary of Auditor’s Results

1. The auditor’s report expresses an unqualified opinion on the financial statements of Dallas School District No. 2 in accordance with GAAP.
2. No material weaknesses or significant deficiencies in internal control related to the financial statement audit were identified which are required to be reported.
3. No instances of noncompliance material to the financial statements of Dallas School District No. 2 were disclosed during the audit.
4. The auditor’s report on compliance for the major federal award program expresses an unmodified opinion.
5. The audit did not disclose any findings that are required to be reported.
6. The programs tested as a major program were the
 - Educational Stabilization Fund AL# 84.425 cluster
 - Special Education – Grants to States AL#84.027 cluster
7. The threshold for distinguishing between Type A and B programs was \$750,000.
8. The District was determined to be a low-risk auditee.

Section II—Financial Statements Findings

No findings related to the financial statements are reported in accordance with *Government Auditing Standards* for the year ended June 30, 2024.

Section III—Findings and Questioned Costs for Federal Awards.

No matters were reported relating to significant deficiencies, material weaknesses, or instances of noncompliance related to the financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of *Government Auditing Standards*.

Section IV—Summary Schedule of Prior Audit Findings

There were no findings for the fiscal year ended June 30, 2024.