



DALLAS SCHOOL DISTRICT NO. 2

Dallas, Oregon

Annual Financial Report

June 30, 2025

DALLAS SCHOOL DISTRICT NO 2

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

DISTRICT OFFICIALS

LU ANN MEYER Position #1
489 Mill St, Dallas, OR 97338

ZACHARY STEELE Position #2
281 NW Card Ave, Dallas, OR 97338

JON WOODS Position #3
522 SE Mifflin St, Dallas, OR 97338

ROB OGILVIE Position #4
533 SE Mifflin St, Dallas, OR 97338

EDWARD DRESSELL Position #5
1215 SE Barberry, Dallas, OR 97338

TYLER FERRARI Position #1
1732 SE Jonathan Ave, Dallas, OR 97338
Elected in May 2025

DEENA LOUGHARY Position #3
13725 Orchard Knob Rd, Dallas, OR 97338
Elected in May 2025

ADMINISTRATION

STEVE SPENCER Superintendent
111 SW Ash St, Dallas, OR 97338

RACHEL ALPERT Asst. Superintendent
111 SW Ash St, Dallas, OR 97338

TRISTA GIRT Financial Analyst
111 SW Ash St, Dallas, OR 97338

SHARRELL FORD Payroll & Benefits Manager
111 SW Ash St, Dallas, OR 97338

TAMI LARSON Director of Fiscal Services
111 SW Ash St, Dallas, OR 97338

CASEY TROWBRIDGE Business Office Accounting Clerk
111 SW Ash St, Dallas, OR 97338

DALLAS SCHOOL DISTRICT NO. 2

AUDIT REPORT

June 30, 2025

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AUDIT REPORT

June 30, 2025

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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, 2025, 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, 2025, 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.

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 11, 2025, 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 11, 2025, 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.



Ashraf Lakhani Farishta, CPA
Umpqua Valley Financial, LLC
Roseburg, Oregon
December 11, 2025

MANAGEMENT'S
DISCUSSION
AND ANALYSIS

DALLAS SCHOOL DISTRICT NO. 2

Management's Discussion and Analysis (MD&A) For the Fiscal Year Ended June 30, 2025

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, 2025. 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, 2025, are as follows:

- In the government-wide statements, the assets and deferred outflow of District resources exceeded its liabilities and deferred inflows of resources at June 30, 2025, by \$15,454,234. Of this amount, \$32,354,376 represents the District's net investment in capital assets, \$21,071,880 is restricted for special programs, and a deficit of (\$37,972,022) is unrestricted.
- The District's net position began the fiscal year at \$13,126,513 and increased by \$2,327,721, ending the year at \$15,454,234, 17.7% higher than the prior year.
- The District's governmental funds reported a combining ending fund balances of \$25,053,901. This represents a decrease of (\$664,141) from the prior year; a 2.6% decrease in the District's financial position as compared to the prior year.
- The General Fund had a fund balance of \$3,391,278. This represents an increase of \$1,037,978 or 44% increase in the District's financial position as compared to the prior year.
- The total liabilities of the governmental funds at year-end were \$83,559,833, primarily due to long-term liabilities of \$73,704,482.

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, 2025

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.

Proprietary Funds provide the same type of information as the government-wide financial statements, only in more detail. The District maintains one proprietary fund, which is an internal service fund. Internal service funds serve as an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses the Internal Service Fund to account for its unemployment insurance and account for unemployment claims. Because these services predominantly benefit governmental functions rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

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, 2025

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

As noted earlier, net position provides the perspective of the District as a whole and may serve over time as a useful indicator of a government's financial position. In the case of the District, its assets exceeded its liabilities at June 30, 2025, by \$15,454,234.

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		
	June 30, 2025	June 30, 2024	Percentage Change
Assets			
Current and Other Assets	\$ 30,090,684	\$ 30,720,876	-2.1%
Capital Assets	46,807,461	43,887,324	6.7%
Total Assets	76,898,145	74,608,200	3.1%
Deferred Outflow of Resources	36,706,427	35,804,047	2.5%
Liabilities			
Long-Term Liabilities	75,874,932	66,408,703	14.3%
Other Liabilities	7,684,901	10,573,990	-27.3%
Total Liabilities	83,559,833	76,982,693	8.5%
Deferred Inflow of Resources	14,590,505	20,303,041	-28.1%
Net Position			
Net Investment in Capital Assets	32,354,376	43,762,704	-26.1%
Restricted	21,071,880	22,855,039	-7.8%
Unrestricted	(37,972,022)	(53,491,230)	29.0%
Total Net Position	\$ 15,454,234	\$ 13,126,513	17.7%

Capital assets, which consist of the District's land, buildings, building improvements, and equipment, net of accumulated depreciation, represent about 60.1 percent of total assets. The remaining 39.9 percent of total assets solely consists of cash and cash equivalents.

A portion of the District's net position reflects its investment in capital assets (e.g., land, buildings, and equipment), deducting any related debt used to acquire those assets still outstanding. The District uses these capital assets to provide services to students and other District residents; consequently, these assets are not available for future spending.

The District's primary liabilities are bonds payable and net pension liabilities of \$79,793,469 as of June 30, 2025.

DALLAS SCHOOL DISTRICT NO. 2

Management's Discussion and Analysis (MD&A) For the Fiscal Year Ended June 30, 2025

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		Percentage Change
	2024-25	2023-24	
Revenues			
Program Revenues			
Charges for Services	\$ 1,341,840	\$ 1,664,322	-19.4%
Operating Grants and Contributions	9,272,113	10,173,491	-8.9%
Capital Grants and Contributions	1,435,429	1,808,484	-20.6%
General Revenues			
Property Taxes	13,789,896	12,732,957	8.3%
State Basic School Support	28,425,474	27,670,129	2.7%
Federal Forest Fees	21	211	-90.0%
Other	2,625,038	2,227,412	17.9%
Total Revenues	<u>56,889,811</u>	<u>56,277,006</u>	1.1%
Program Expenses			
Instruction	32,837,807	30,379,298	8.1%
Support Services	18,476,197	18,763,864	-1.5%
Community Services	1,695,395	1,448,224	17.1%
Interest on Long-Term Debt	1,553,596	1,218,908	27.5%
Total Program Expenses	<u>54,562,995</u>	<u>51,810,294</u>	5.3%
Special Item: Gain (Loss) on disposition of assets	908	-	
Change in Net Position	2,327,724	4,466,712	
Beginning Net Position	13,126,510	8,659,801	
Ending Net Position	<u>\$ 15,454,234</u>	<u>\$ 13,126,513</u>	17.7%

During the current fiscal year, the District's net position in governmental activities increased by \$2,327,721, reflecting overall financial growth. Total revenues rose primarily due to higher property tax collections, which reached \$13,789,896, and continued strong state basic school support totaling \$28,425,474. Additionally, earnings on investments improved significantly, increasing from approximately \$1.0 million in FY23-24 to \$1.5 million in FY24-25. Grant revenues declined overall, driven by the conclusion of federal ESSER funding, which decreased from approximately \$2.2 million in FY23-24 to \$100,000 in FY24-25. However, this reduction was partially offset by increases in Title I, IDEA, and NSLP programs, each contributing approximately \$150,000 more compared to the prior year.

Current year expenditures totaled \$54,562,995, an increase of \$2,752,701 compared to the prior year. The largest portion of this increase relates to 17.1 % increase in spending on Community Services related to the food service fund, and a 27.5% increase in spending on long-term debt interest due to the new bond issue. For Instruction, the 8.1% additional costs are mainly attributable to annual salary and benefits adjustments.

DALLAS SCHOOL DISTRICT NO. 2

Management's Discussion and Analysis (MD&A) For the Fiscal Year Ended June 30, 2025

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

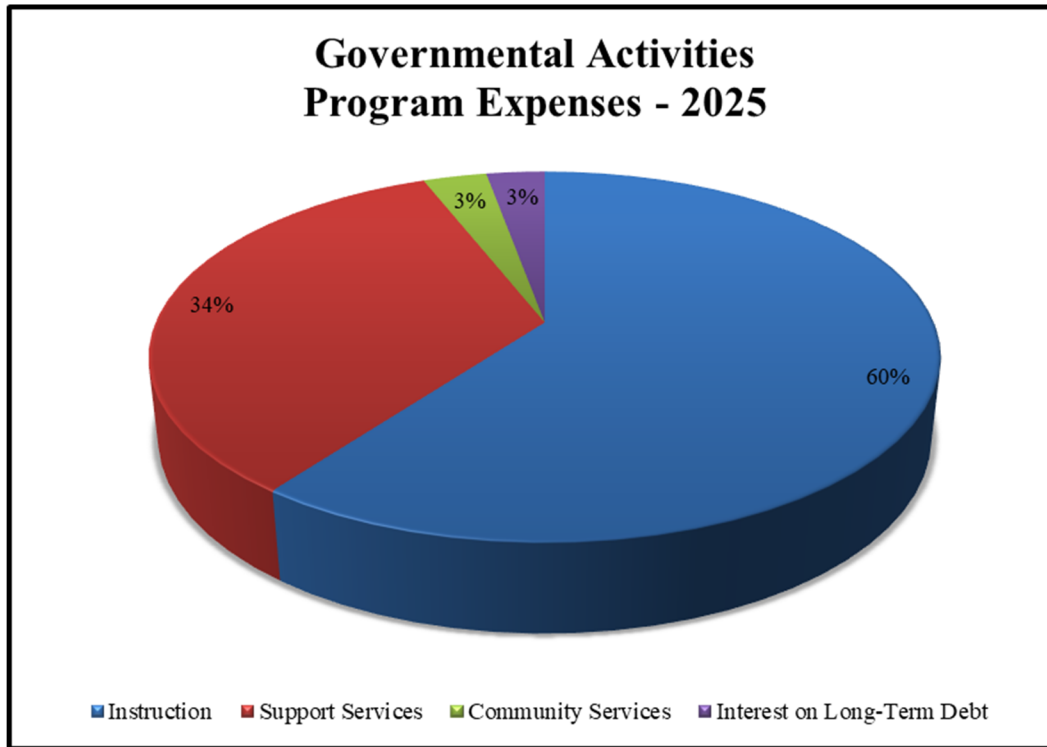
	2024-25		2023-24	
	Total Cost of Services	Net Cost (Profit) of Services	Total Cost of Services	Net Cost (Profit) of Services
Instruction	\$ 32,837,807	\$ 25,016,404	\$ 30,379,298	\$ 20,781,473
Support Services	18,476,197	15,433,278	18,763,864	\$ 15,686,306
Community Services	1,695,395	510,335	1,448,224	\$ 477,310
Interest on Long-Term Debt	<u>1,553,596</u>	<u>1,553,596</u>	<u>1,218,908</u>	<u>\$ 1,218,908</u>
Total Program Expenses	<u>\$ 54,562,995</u>	<u>\$ 42,513,613</u>	<u>\$ 51,810,294</u>	<u>\$ 38,163,997</u>

General governmental activities heavily rely on general revenues. For the current year, 78.8% of general government activities are supported by general revenues such as property taxes and state basic school support. The remaining 21.2% of governmental activities are funded by program revenues such as charges for services, operating grants, and contributions.

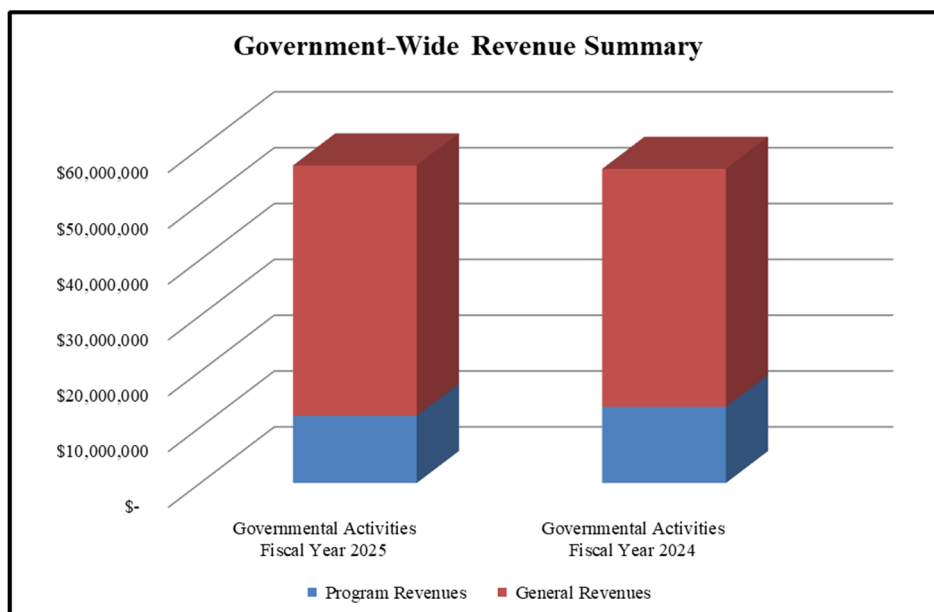
DALLAS SCHOOL DISTRICT NO. 2

Management's Discussion and Analysis (MD&A) For the Fiscal Year Ended June 30, 2025

This graph illustrates the expenses of the District's programs by governmental activities. Instruction has the highest expenses, totaling \$32,837,807, compared to Support Services which account for \$18,476,197. The remaining amount is made up of \$1,695,395 and interest on Long-term Debt, \$1,553,596.



The chart compares revenue from governmental activities between the prior year and the current year, reflecting an increase in revenue of \$612,805 (1.1%).



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, 2025

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 is reflected in its governmental funds. At the end of the year, the combined fund balance of the governmental funds was \$25,053,901, which is a decrease of \$664,141 from the previous year. The fund balance is composed of unspendable, restricted, committed and unassigned amounts. Out of the current fund balances, \$50,630 is unspendable, \$21,071,880 is restricted for various programs such as capital construction, debt service and food program; \$540,113 is committed for student body activities and \$3,391,278 is unassigned and can be used by the District as needed.

The General Fund is the primary operating fund of the District. As of June 2025, fund balance was \$3,391,278. The fund balance increased by \$1,037,978 due to an overall decrease in expenditure.

The Capital Bond Projects Fund accounts for financial resources used to acquire or construct and maintain major capital facilities. As of June 30, 2025, the Capital Fund balance was \$18,933,213. The fund balance decreased by \$1,993,028 from the prior year, due to on going capital expenditures.

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 \$40,855,000, the actual amount collected was \$40,891,757. The actual revenue was more than budgeted by \$36,757 due to higher than anticipated collection of property tax, and earnings on investments. The General Fund expenditures budget was under-spent by \$2,764,127, due to a lack of contingency spending and reduced spending for instruction and support services. This resulted in an ending fund balance of \$3,391,278.

Regarding the Special Revenue Fund, the District had anticipated the receipt of federal and state grants to be slightly higher during the fiscal year, which resulted in the actual revenues being less than the budgeted revenues by \$638,479. However, the actual expenditures were \$637,329 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 was budgeted at \$2,300,000, the actual amount collected was \$2,431,458. The actual revenue was more than budgeted by \$131,458 due to higher than anticipated earnings on investments. The expenditures budget was underspent by \$10,988,514, due to a lack of contingency spending and reduced spending for facility acquisition and construction. This resulted in an ending fund balance of \$18,933,213.

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, 2025

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2025, the District had invested \$71,270,087 in capital assets, including school buildings, athletic facilities, land, vehicles, computers, and other equipment and furnishings, before accumulated depreciation. This amount represents a net increase prior to the depreciation of \$4,451,953 from last year due to additions of \$4,587,868 and deletions of \$135,915. Total depreciation expense for the year was \$1,531,815.

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.

Long-Term Debt

On June 30, 2025, the District's long-term debt outstanding amounted to \$57,703,183, indicating a decrease of \$3,912,817 or 6% from the previous year. In the current fiscal year, the District paid \$6,084,833 toward its long-term debt. Out of this payment, \$4,032,000 was allocated for principal repayment, while \$2,052,833 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 2025-26 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. In addition to federal funding uncertainties, the rising costs of personnel, services, and inflation are putting increasing pressure on the budget. The district remains committed to navigating these challenges strategically, making necessary adjustments to ensure that our focus remains on student achievement and well-being.

The adopted budget for the fiscal year ending June 30, 2026, by the District shows an overall increase of \$9,317,740 approximating an 11% increase compared to the current fiscal year. The total budget for the fiscal year ending June 30, 2025, amounts to \$87,266,354. Of the total budget, the primary budgeted appropriation of \$43,535,000 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.

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

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, 2025

	<u>Governmental Activities</u>
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 27,299,949
Property Taxes Receivable	563,830
Accounts Receivable	191,104
Due From Other Governments	697,015
Loans Receivable	6,200
Inventory-Food, Supplies & Commodities	50,630
Total Current Assets	\$ 28,808,728
Restricted Assets:	
Net OPEB Asset (RHIA)	608,846
Total Restricted Assets	608,846
Capital Assets:	
Capital Assets, Non-Depreciable	14,120,086
Capital Assets, Depreciable, Net	32,687,376
Total Capital Assets	46,807,461
Subscription Assets:	
Subscription Based Information Technology Agreements - Net	51,455
Total Subscription Assets	51,455
Right-to-Use Assets	
Leased Assets, Net	621,655
Total Right-to-Use Assets	621,655
Total Assets	<u>76,898,145</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>	
Pension Related Deferrals	35,736,129
OPEB Related Deferrals - RHIA	17,268
OPEB Related Deferrals - OEGB and Early Ret Program	953,030
Total Deferred Outflow of Resources	<u>36,706,427</u>
<u>LIABILITIES:</u>	
Accounts Payable	1,131,082
Accrued Interest Payable	97,745
Payroll Liabilities	1,660,785
Advances from Grantors	125,949
Accrued Vacation Benefits	89,183
Bonds Payable	
Due within one year	4,309,000
Due in more than one year	53,305,000
Subscription Liabilities:	
Due within one year	38,534
Due in more than one year	5,118
GASB 87 Lease Liabilities:	
Due within one year	232,623
Due in more than one year	385,345
Unamortized Bond Premium	1,779,987
Net OPEB Obligation - OEGB and Early Retirement Program	3,838,588
Net Pension Liability	16,560,894
Total Liabilities	<u>83,559,833</u>
<u>DEFERRED INFLOW OF RESOURCES</u>	
Pension Related Deferrals	13,678,051
OPEB Related Deferrals - RHIA	21,292
OPEB Related Deferrals - OEGB and Early Retirement Program	891,162
Total Deferred Inflow of Resources	<u>14,590,505</u>
<u>NET POSITION:</u>	
Net Investment in Capital Assets	32,354,376
Restricted for:	
Other Purposes	21,071,880
Unrestricted	(37,972,022)
Total Net Position	<u>\$ 15,454,234</u>

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, 2025

	(Expenses)	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
GOVERNMENTAL ACTIVITIES:					
Instruction	\$ 32,837,807	\$ 1,337,037	\$ 6,484,366	\$ -	\$ (25,016,404)
Support Services	18,476,197	-	1,607,490	1,435,429	(15,433,278)
Enterprise and Community Services	1,695,395	4,803	1,180,257	-	(510,335)
Interest on Long-Term Debt	1,553,596	-	-	-	(1,553,596)
Total Governmental Activities	\$ 54,562,995	\$ 1,341,840	\$ 9,272,113	\$ 1,435,429	\$ (42,513,613)

GENERAL REVENUES:

Local Sources:	
Property Taxes, Levied for General Purposes	\$ 9,972,812
Property Taxes, Levied for Debt Service	3,817,084
Earnings on Investments	1,512,472
Unrestricted State and Local Revenue	287,061
Intermediate Sources	357,083
State School Fund for Education and Support Services	28,425,474
State Common School Fund	468,422
Federal Forest Fees for General Purposes	21
Subtotal - General Revenues	44,840,429
Gain on Disposition of Assets	908
Change in Net Position	2,327,724
Net Position, July 1, 2024	13,126,510
Net Position, June 30, 2025	\$ 15,454,234

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, 2025

	General Fund #100	Special Grants And Projects Fund #200	Capital Construction Bond Projects	Other Governmental Funds	Total Governmental Funds
<u>ASSETS:</u>					
Cash and Cash Equivalents	\$ 4,607,585	\$ -	\$ 19,678,031	\$ 2,610,893	\$ 26,896,509
Property Taxes Receivable	413,169	-	-	150,661	563,830
Accounts Receivable	182,456	8,648	-	-	191,104
Due From Other Funds	305,552	-	-	-	305,552
Due From Other Governments	237,990	383,824	-	75,201	697,015
Deposits	6,200	-	-	-	6,200
Inventory-Food, Supplies & Commodities	-	-	-	50,630	50,630
Total Assets	\$ 5,752,952	\$ 392,472	\$ 19,678,031	\$ 2,887,385	\$ 28,710,840
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</u>					
LIABILITIES:					
Accounts Payable	\$ 350,092	\$ 35,264	\$ 744,818	\$ 908	\$ 1,131,082
Payroll Liabilities	1,660,785	-	-	-	1,660,785
Due to Other Funds	-	264,259	-	41,293	305,552
Advances from Grantors	33,000	92,949	-	-	125,949
Total Liabilities	2,043,877	392,472	744,818	42,201	3,223,368
DEFERRED INFLOWS OF RESOURCES:					
Unavailable Revenue - Property Taxes	317,797	-	-	115,774	433,571
Total Deferred Inflows of Resources	317,797	-	-	115,774	433,571
FUND BALANCES:					
Unspendable	-	-	-	50,630	50,630
Restricted for:					
Capital Construction & Building Maintenance	-	-	18,933,213	-	18,933,213
Debt Service	-	-	-	2,105,667	2,105,667
Food Service Program	-	-	-	33,000	33,000
Committed for:					
Student Body Activities	-	-	-	540,113	540,113
Assigned for:					
Unassigned	3,391,278	-	-	-	3,391,278
Total Fund Balances	3,391,278	-	18,933,213	2,729,410	25,053,901
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 5,752,952	\$ 392,472	\$ 19,678,031	\$ 2,887,385	\$ 28,710,840

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, 2025

Total Fund Balances - Governmental Funds		\$ 25,053,901
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	\$71,270,084	
Accumulated depreciation	<u>(24,462,623)</u>	
Net Value of Capital Assets		46,807,461
Subscription Assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Cost of assets	51,455	
Net Value of Subscription Assets		51,455
Value of assets	<u>621,655</u>	
Property taxes receivable that will not be available to pay for current-period expenditures are deferred in the governmental funds.		
		433,571
Deferred inflows and outflows of pension and OPEB contributions and earnings are not reported in the governmental funds.		
Deferred Pension/OPEB Contributions	36,706,427	
Deferred Earnings on Pension/OPEB Assets	<u>(14,590,505)</u>	
Net Value of Deferrals		22,115,922
The Internal Service Fund is reported as a proprietary fund rather than a governmental fund, but is included in governmental activities on the Statement of Net Position.		
		403,440
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	97,745	
Bonds Payable	57,614,000	
SBITA Payable	43,652	
Unamortized Bond Premium	1,779,987	
Net Pension Liability	16,560,894	
Net OPEB Obligations	3,229,742	
Accrued Vacation Benefits	<u>89,183</u>	
Total		<u>(79,415,203)</u>
Net Position of Governmental Activities		<u>\$ 15,454,234</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, 2025**

	General Fund #100	Special Grants And Projects Fund #200	Capital Construction Bond Projects	Other Govern- mental Funds	Total Governmental Funds
<u>REVENUES:</u>					
Taxes	\$ 9,925,265	\$ -	\$ -	\$ 3,793,176	\$ 13,718,441
Earnings on Investments	376,076	-	996,029	140,367	1,512,472
Fees and Charges	75,529	-	-	758,368	833,897
Miscellaneous Revenue	685,245	180,391	-	2,169,891	3,035,527
Intermediate Government Aid	125,681	230,888	-	514	357,083
State Aid	29,703,780	5,386,235	1,435,429	289,045	36,814,489
Federal Aid	181	1,667,525	-	1,047,312	2,715,018
Total Revenues	40,891,757	7,465,039	2,431,458	8,198,673	58,986,927
<u>EXPENDITURES:</u>					
Current:					
Instruction	25,073,344	5,566,029	-	713,571	31,352,944
Support Services	14,398,181	1,799,594	-	-	16,197,775
Enterprise and Community Services	-	4,566	-	1,318,001	1,322,567
Capital Outlay:					
Instruction	21,201	-	-	-	21,201
Support Services	289,147	-	-	-	289,147
Facilities Acquisition and Construction	-	-	4,424,486	-	4,424,486
Debt Service	-	-	-	6,043,856	6,043,856
Total Expenditures	39,781,873	7,370,189	4,424,486	8,075,428	59,651,976
Excess (Deficiency) of Revenues					
Over Expenditures	1,109,884	94,850	(1,993,028)	123,245	(665,049)
<u>OTHER FINANCING SOURCES (USES):</u>					
Interfund Transfers In	94,850	-	-	167,664	262,514
Interfund Transfers Out	(167,664)	(94,850)	-	-	(262,514)
Sale of or Compensation for Loss of Fixed Assets	908	-	-	-	908
Total Other Financing Sources (Uses)	(71,906)	(94,850)	-	167,664	908
Net Change in Fund Balance	1,037,978	-	(1,993,028)	290,909	(664,141)
Beginning Fund Balance	2,353,300	-	20,926,241	2,438,501	25,718,042
Ending Fund Balance	\$ 3,391,278	\$ -	\$ 18,933,213	\$ 2,729,410	\$ 25,053,901

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, 2025

Net Changes in Fund Balances - Total Governmental Funds	\$	(664,141)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense.		
Expenditures for capitalized assets	\$ 4,451,953	
Less current year depreciation	<u>(1,531,815)</u>	2,920,138
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	292,552	
Current year amortization expense	<u>(308,102)</u>	(15,550)
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	32,597	
Current year amortization expense	<u>(9,069)</u>	23,528
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.		71,455
Gain (Loss) on disposition of capital assets is not reported in the fund financial statements.		
		908
Proceeds from Sales of Assets is not reported as income in the Statement of Activities		
		(908)
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	237,856	
Amount of current year amortization - Bond Premium 2024	<u>283,626</u>	521,482
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>3,992,000</u>	4,032,000
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.		(5,203,371)
The Internal Service Fund is reported as a proprietary fund rather than a governmental fund, but is included in governmental activities on the Statement of Net Position.		
Change in Modified Accrual Basis Fund Balance		403,440
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	(22,245)	
Increase/(decrease) in accrued OPEB	271,793	
Increase/(decrease) in accrued vacation benefits	<u>(10,805)</u>	238,743
Change in Net Position of Governmental Activities	\$	<u>2,327,724</u>

BASIC FINANCIAL
STATEMENTS

Proprietary Fund
Financial Statements

DALLAS SCHOOL DISTRICT NO 2

**STATEMENT OF NET POSITION
PROPRIETARY FUND**

June 30, 2025

	Governmental Activities
	Service Funds
	Unemployment Reserve Fund
<u>ASSETS:</u>	
Cash and Cash Equivalents	\$ 403,440
Total Assets	\$ 403,440
<u>NET POSITION:</u>	
Unrestricted	\$ 403,440
Total Net Position	\$ 403,440

DALLAS SCHOOL DISTRICT NO 2

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - PROPRIETARY FUND

For the Fiscal Year Ended June 30, 2025

	Governmental Activities Internal Service Funds Unemployment Reserve Fund
<u>OPERATING REVENUES</u>	
Miscellaneous Revenues	\$ 541,829
Total Revenue	541,829
<u>OPERATING EXPENSES</u>	
Personnel Services	138,389
Total Operating Expenses	138,389
Operating Income (Loss)	403,440
Change in Net Position	403,440
Net Position, July 1, 2024	-
Net Position, June 30, 2025	\$ 403,440

DALLAS SCHOOL DISTRICT NO 2

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2025

	Governmental Activities
	Internal Service Funds
	Unemployment Compensation Fund
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	
Internal activity - received from other funds	\$ 541,829
Cash paid for unemployment claims	(138,389)
Net Cash Provided (Used) by Operating Activities	403,440
Cash and Cash Equivalents at July 1, 2024	-
Cash and Cash Equivalents at June 30, 2025	\$ 403,440
<u>Reconciliation of Income (Loss) From Operations</u>	
<u>to net cash provided (used) by operating activities:</u>	
Income (loss) from operations	\$ 403,440
Net cash provided (used) by operating activities	\$ 403,440

BASIC FINANCIAL
STATEMENTS

Notes to the Basic
Financial Statements

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

June 30, 2025

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, 2025

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

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

Proprietary Funds

The District reports the following proprietary fund:

Internal Service Funds – Internal Service funds are used to account for the district activities that are similar to business operations in the private sector. The District's internal service fund is the Unemployment Insurance Reserve Fund and is used to save and account for unemployment claims.

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

June 30, 2025

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, 2025

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

Cash and Investments

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, 2025

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 and sick leave that are expected to be liquidated with expendable available financial resources are reported in the government-wide statements consists of unpaid, accumulated annual leave. 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, 2025

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, 2025

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, 2025

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, 2025

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, 2025, the reported amount of the District's deposits was \$2,749,111, the bank balance was \$3,899,397. 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.

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, 2025, 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, 2025

CASH AND INVESTMENTS (Cont.):

On June 30, 2025, the District's investments in financial institutions are as follows:

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Federal Agency Notes	\$ 1,447	N/A
Oregon State Treasurer's Local Government Investment Pool (LGIP)	\$ 24,549,391	N/A
Total Investments	<u>\$ 24,550,838</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, 2025

CAPITAL ASSETS:

The following is a summary of capital asset activity for the fiscal year ended June 30, 2025:

Governmental Activities	Beginning Balances	Additions	Deletions	Ending Balances
Assets not being depreciated:				
Land	\$ 121,067	\$ -	\$ -	\$ 121,067
Construction in Progress	9,690,380	4,444,553	135,915	13,999,019
Total assets not being depreciated	9,811,447	4,444,553	135,915	14,120,086
Assets being depreciated:				
Building and Building Improvement	50,560,134	135,915	-	50,696,049
Machinery and Equipment	6,446,550	7,400	-	6,453,949
Total Depreciable Assets	57,006,684	143,315	-	57,149,998
Less: Accumulated Depreciation				
Building and Building Improvement	16,843,606	1,462,069	-	18,305,675
Machinery and Equipment	6,087,201	69,747	-	6,156,948
Total Accumulated Depreciation	22,930,807	1,531,815	-	24,462,623
Net Value of Capital Assets Being Depreciated	34,075,876	(1,388,501)	-	32,687,376
Total Governmental Activities --				
Net Value of Capital Assets	<u>\$ 43,887,324</u>	<u>\$ 3,056,053</u>	<u>\$ 135,915</u>	<u>\$ 46,807,461</u>
Depreciation expense was charged to governmental functions as follows:				
Instruction	\$ 256,536			
Support Services	964,264			
Enterprise and Community Services	311,016			
Total Depreciation Expense	<u>\$ 1,531,815</u>			

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

June 30, 2025

LONG-TERM LIABILITIES OTHER THAN OPEB AND PENSIONS:

A summary of debt transactions for the year ended June 30, 2025, 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.

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.

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

June 30, 2025

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

The following is a schedule of Bonds and Notes Payable:

	Outstanding Balance July 1, 2024	Additions	Reductions	Interest Paid	Outstanding Balance June 30, 2025	Due Within One Year
Bonds Payable:						
Full Faith and Credit Pension Obligation Bonds, Series 2021A	\$ 35,955,000	\$ -	\$ 1,425,000	\$ 803,396	\$ 34,530,000	\$ 1,515,000
Full Faith and Credit Financing, Series 2019	761,000	-	102,000	15,524	659,000	104,000
General Obligation Bonds, Series 2022	\$ 9,655,000	\$ -	\$ 1,160,000	\$ 482,745	\$ 8,495,000	\$ 1,270,000
General Obligation Bonds, Series 2024	15,235,000	-	1,305,000	751,169	13,930,000	1,420,000
Total Bonds Payable	61,606,000	-	3,992,000	2,052,833	57,614,000	4,309,000
Bond Premium 2022	\$ 827,247	\$ -	\$ 237,856	\$ -	\$ 589,391	\$ -
Bond Premium 2024	-	1,474,222	283,626	-	1,190,596	-
Total Bonds Payable, net of Premium	62,433,247	1,474,222	4,513,482	2,052,833	59,393,987	4,309,000
Notes Payable:						
Legal Settlement Obligation	40,000	-	40,000	-	-	-
Total Notes Payable	\$ 40,000	\$ -	\$ 40,000	\$ -	\$ -	\$ -
Compensated Absences	78,379	10,805 *	-	-	89,183	-
Total Long-Term Debt	\$ 61,724,379	\$ 10,805	\$ 4,032,000	\$ 2,052,833	\$ 57,703,183	\$ 4,309,000

* The change in the compensated absences liability is presented as a net change.

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

Bonds Payable:	Due Fiscal Year Ending June 30,	Principal	Interest	Total
	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	4,543,000	1,264,990	5,807,990
	2031 - 2035	20,660,000	3,755,871	24,415,871
	Total	\$ 57,614,000	\$ 12,907,537	\$ 70,521,537

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, 2025

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

Leases - Right to Use

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 06/30/2025, the value of the lease liability is \$0 and will not be renewed.

9427-5 In on 5/1/2022 the District entered into a 60 month lease as Lessee for the use of technology equipment. An initial lease liability is added in 2023-24 with an initial lease liability of \$329,266 as a prior year adjustment. As of 6/30/2025 the value of the lease liability was \$43,117. The District is required to make an annual fixed advance payment of \$43,116. The lease has an interest rate of 3%. The value of the right to use assets as of 6/30/2025 was \$329,266 with accumulated amortization of \$286,150.

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 06/30/2025, the value of the lease liability is \$0 and will not be renewed.

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 06/30/2025 the value of the lease liability is \$71,203. 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 06/30/2025 is \$272,437 with accumulated amortization of \$198,652.

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 06/30/2025 the value of the lease liability is \$9567. 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 06/30/2025 is \$36,605 with accumulated amortization of \$25,929.

POA 2020 - 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 06/30/2025, the value of the lease liability is \$0 and is deleted from the schedule below.

POA 2024 - On April 1, 2025, the District entered into a 63 month lease as Lessee for the use of printers and copy machines. An initial lease liability of \$398,466 was issued in 2024-2025. As of 06/30/2025 the value of the lease liability is \$359,775. The District is required to make annual lease payments in the amount of \$75,898. The lease has an implied interest rate of 3%. The value of the right to use assets as of 6/30/2025 is \$398,466 with accumulated depreciation of \$38,691.

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

June 30, 2025

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

Leases - Right to Use

TRT 2024 - On 6/1/2024, the District entered into a 60 month lease as Lessee for the use of a maintenance shop facility. An initial lease liability of \$168,831 was recorded in 2023-24. As of 06/30/2025, the value of the lease liability is \$134,302. The District is required to make monthly payments starting at \$2650 then increasing over the life of the lease to \$2982. 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 06/30/2025 is \$168,831 with accumulated amortization of \$34,530 and is included with Buildings on the Lease Class activities table found below.

Jennings Lodge - On 7/01/2022 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 06/30/2025, the value of the lease liability was \$15,773. The District opted to end the lease as of 06/30/2025. The lease had 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 06/30/2025 is \$0 and is included with the Buildings on the Lease Class activities table found below as a reduction.

Lease Liability	Outstanding 7/1/2024	PY Corrections	Issued	Matured & Redeemed	Outstanding 7/1/2025	Due w/in 1 Yr
Equipment						
Pacific Office Automation	36,448			36,448	0	0
Pacific Office Automation 2025	0		398,466	38,691	359,775	75,898
Insight 9427-3	53,522	-40,703		12,818	0	0
Insight 9427-4	30,133			30,133	0	0
Insight 9427-5	86,234			43,116	43,119	43,119
Insight 9427-6	9,521	290		9,810	0	0
Insight 9427 R12	136,152	6,254		71,203	71,203	71,203
Insight 9727-7	18,293	841		9,567	9,567	9,567
Building						
TRT Investments 156 Ash 2024	166,181			31,880	134,302	32,836
Jennings Lodge - 140 Clay St Cancelled	22,875		-15,773	7,102	0	0
	559,358	-33,318	382,694	290,768	617,966	232,623

Principal & Int Requirements to Maturity

FY Ending June 30 2025	Principal Payments	Interest Payments
2026	199,787	5,994
2027	75,898	2,277
2028	75,898	2,277
Thereafter	132,081	3,962
Total Equipment	483,664	14,510
FY Ending June 30 2025	Principal Payments	Interest Payments
2026	32,836	690
2027	33,821	710
2028	34,836	732
Thereafter	32,809	689
Total Buildings	134,301	2,821
Combined	617,965	17,331

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

June 30, 2025

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

Leases - Right to Use

Right to Use Asset	Balance BOY	PY Corrections	Additions	Deletions	Balance EOY
Equipment					
Pacific Office Automation	172,217			172,217	0
Pacific Office Automation 2025			398,466		398,466
Insight 9427-3	211,035			211,035	0
Insight 9427-4	115,298			115,298	0
Insight 9427-5	329,266				329,266
Insight 9427-6	37,536			37,536	0
Insight 9427-1R	272,437				272,437
Insight 9427-7	36,605				36,605
Buildings					
TRT Investments 156 Ash 2024	168,831				168,831
Jennings Lodge 140 Clay	36,678			36,678	0
Total	1,379,903	-	398,466	572,764	1,205,605

Accumulated Amortization	Balance BOY	PY Corrections	Additions	Deletions	Balance EOY
Equipment					
Pacific Office Automation	137,773		34,443	172,217	0
Pacific Office Automation 2025	0		38,691		38,691
Insight 9427-3	145,087	26,379	39,569	211,035	0
Insight 9427-4	88,876		26,423	115,298	0
Insight 9427-5	243,033		43,117		286,150
Insight 9427-6	21,896	6,256	9,384	37,536	0
Insight 9427-1R	130,543		68,109		198,652
Insight 9427-7	16,777		9,151		25,929
Buildings					
TRT Investments 156 Ash 2024	2,650		31,880		34,530
Jennings Lodge - 140 Clay	14,671		7,336	22,007	0
Total	801,306	32,635	308,102	558,093	583,950

Equipment					
Pacific Office Automation	34,444			34,443	0
Pacific Office Automation 2025	0		398,466	38,691	359,775
Insight 9427-3	65,948	-26,379		39,569	0
Insight 9427-4	26,422			26,423	0
Insight 9427-5	86,233			43,117	43,117
Insight 9427-6	15,640	-6,256		9,384	0
Insight 9427-1R	141,894			68,109	73,785
Insight 9427-7	19,828			9,151	10,676
Buildings					
TRT Investments 156 Ash 2024	166,181			31,880	134,302
Jennings Lodge - 140 Clay	22,007		-14,671	7,336	0
Net Right to Use Assets	578,597	-32,635	383,795	308,102	621,655

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

June 30, 2025

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

Subscription Based Information Technology Agreements

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%. This subscription is not expected to be renewed in subsequent years. It is removed from the schedule below.

Frontline Education Agreement - On 7/1/2021 the District entered into a 1-year subscription agreement with Frontline Education for use of technology and anticipates 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 added one year to the subscription for \$9891 and is required to make an annual fixed subscription payment of \$9891. As of 06/30/2025, the value of the right to use the underlying technology asset is \$140,513, with accumulated amortization of \$132,615 and the liability balance of \$9891.

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%. This subscription is not expected to be renewed in subsequent years and is removed from the schedule below.

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%. This subscription was extended for two additional years for \$16,115 for a total subscription right to use asset of \$32,230 and accumulated depreciation of \$14,378.

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%. This subscription is not expected to be renewed in subsequent years and is removed from the schedule below.

PowerSchool Unified Talent - 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%. The district added an additional year for \$43,056. The district is required to make an annual fixed subscription payment of \$23,071. As of 6/30/2025 the value of the right to use the underlying technology asset is \$78,003, with accumulated amortization of \$43,295 and a liability balance of \$23,071, with a net asset balance of \$34,708.

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

June 30, 2025

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

Subscription Based Information Technology Agreements (Cont.)

Renaissance - On 8/31/2022 the District entered into a 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%. As of 6/30/2025 the value of the right to use the underlying technology asset is \$0 and is removed from the schedule below.

Subscription Asset Balance - GASB 96

Gross Asset Balance	BALANCE BEGINNING BALANCE	ADDITIONS	REDUCTIONS	BALANCE END OF YEAR
Brightly	\$32,485		\$32,485	\$0
Frontline	130,622	9,891		140,513
Lease Query	9,238		9,238	-
Marcia Brenner	16,115	16,115		32,230
NearPod	28,824		28,824	-
PowerSchool	34,947	43,056		78,003
Renaissance	108,965	-	108,965	
	\$361,196	\$69,063	\$179,512	\$250,747

Accumulated Amortization	BALANCE BEGINNING BALANCE	ADDITIONS	REDUCTIONS	BALANCE END OF YEAR
Brightly	\$32,485		\$32,485	\$0
Frontline	97,966	34,649		132,615
LeaseQuery	9,238	-	9,238	-
Marcia Brenner	8,953	5,425		14,378
Nearpod	28,824		28,824	-
PowerSchool	23,309	19,986		43,295
Renaissance	99,896	-	99,896	-
	\$300,672	\$60,060	\$170,443	\$190,288

Requirements to Maturity

	Principal Payments	Interest Payments	Total
2025.26	\$38,534	\$3	\$38,537
Thereafter	5,115	0	5,115
	\$43,649	\$3	\$43,652

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

June 30, 2025

PENSION PLAN:

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

Cost-sharing Multiple-employer Defined Benefit Pension Plan - The Oregon Public Employees Retirement System (PERS)

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.

Organization

OPERS administers a cost-sharing, multiple-employer defined benefit pension plan (Plan) for units of state government, political subdivisions (including community colleges and school districts), and public universities. The Plan contains multiple actuarial pools. Plan assets may be used to pay the benefits of the employees of any employer that provides pensions through the Plan. As of June 30, 2024, there were 904 participating employers and more than 415,000 active, inactive, and retired members and beneficiaries.

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 Oregon Public Employees Retirement Board (OPERB) to administer and manage the System. All members of the Board are appointed by the governor and confirmed by the State Senate. Oregon PERS produces an independently audited comprehensive annual financial report (ACFR) for the funds administered by OPERB. The OPERS ACFR can be found at:

<https://www.oregon.gov/pers/Documents/Financials/ACFR/2024-ACFR.pdf>

Plan Membership

The 1995 Legislature enacted Chapter 654, Section 3, Oregon Laws 1995, which has been codified into ORS 238.435. This legislation created a second tier of benefits for those who established membership on or after January 1, 1996. The second tier does not have the Tier One assumed earnings rate guarantee and has a higher normal retirement age of 60, compared to age 58 for Tier One.

As of June 30, 2024, Tier One was comprised of 7,928 active plan members, 127,957 retired plan members or their beneficiaries currently receiving benefits, and 6,927 inactive plan members entitled to but not yet receiving benefits for a total of 142,812 members. For Tier Two, as of June 30, 2024, there were 23,549 active plan members, 24,248 retired plan members or their beneficiaries currently receiving benefits, and 12,332 inactive plan members entitled to but not yet receiving benefits for a total of 60,129.

The 2003 Legislature enacted House Bill 2021, codified as ORS 238A, which created the Oregon Public Service Retirement Plan (OPSRP). OPSRP consists of the Pension Program and the Individual Account Program. Membership for the OPSRP Pension Program includes public employees hired on or after August 29, 2003. OPSRP is part of PERS and is administered by the Board. The PERS Board is directed to adopt any rules necessary to administer OPSRP, and such rules are to be considered part of the plan for IRS purposes.

As of June 30, 2024, there were 163,367 active OPSRP Pension plan members, 13,931 retired plan members or their beneficiaries currently receiving benefits, 10,596 inactive plan members entitled to but not yet receiving benefits, and 24,658 inactive plan members not eligible for refund or retirement for a total of 212,552 OPSRP Pension Program members.

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

June 30, 2025

PENSION PLAN (Cont.):

Plan Benefits

1. OPERS Pension (Chapter 238) – Tier One/Tier Two

a. Pension Benefits

The PERS retirement allowance is payable monthly for life. Members may select from 13 retirement benefit options that are actuarially equivalent to the base benefit.

These options include survivorship benefits and lump-sum refunds. The basic benefit is most commonly based on years of service and final average salary. A percentage (2.0% for Police and Fire employees, 1.67% for General Service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results. Monthly payments must be a minimum of \$200 per month or the member will receive a lump-sum payment of the actuarial equivalent of benefits to which they are entitled.

Under Senate Bill (SB) 1049, passed during the 2019 legislative session, the salary included in the determination of final average salary is limited for all members beginning in 2021. The limit was equal to \$232,976 as of January 1, 2024, and it is indexed with inflation every year.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if they have contributions in each of five calendar years or have 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 plans are closed to new members hired on or after August 29, 2003.

b. Death Benefits

Upon the death of a nonretired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary receives 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 a PERS employer at the time of death.
- The member died within 120 days after termination of PERS-covered employment.
- The member died as a result of an injury sustained while employed in a PERS-covered job.
- The member was on an official leave of absence from a PERS-covered job at the time of death.

A member's beneficiary may choose a monthly payment for life instead of the lump-sum or a combination of lumpsum and monthly payments, if eligible. The monthly payment must be a minimum of \$200 per month for deaths that occur after July 30, 2003.

In 2019 the Legislature introduced an Optional Spouse Death Benefit (OSDB) that may provide a higher survivor benefit than the standard pre-retirement death benefit described above. To be eligible for the OSDB, the member must have died before retiring, named their spouse or other person who is constitutionally required to be treated in the same manner as the spouse as their pre-retirement beneficiary, and met the following conditions:

- Member's date of death must be on or after January 1, 2020.
- Member's account must be eligible for the employer-matching death benefit (as described above).
- Member must have a surviving spouse.
- The surviving spouse must be the member's sole beneficiary as determined by a valid Tier One/Tier Two Preretirement Beneficiary Designation form on file with PERS.

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

June 30, 2025

PENSION PLAN (Cont.):

As of January 1, 2024, the Legislature modified the rules such that, in order to be eligible for the Optional Spouse Death Benefit, a surviving spouse must make a written election no later than 60 days after the date of the estimate that PERS provides to a member's spouse. For members who die before their earliest retirement date, the OSDB is the actuarial equivalent of 50% of the service retirement that would have been paid to the member, calculated as if the member became inactive on their date of death and retired at their earliest retirement date. For members who die after their earliest retirement date but before normal retirement age, the OSDB is the actuarial equivalent of the service retirement that would have been paid to the member calculated as if they retired on the first day of the month following their death. For members who die after their normal retirement age, the OSDB is the actuarial equivalent of the benefit that would have been paid to the member, calculated as if the member retired on the first day of the month following their date of death.

The surviving spouse or other person may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached the age of their federally required minimum distribution.

c. Disability Benefits

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

d. Benefit Changes After Retirement

Members may choose to continue participation in their variable account after retiring and may experience annual benefit fluctuations caused by changes in the fair value of the underlying global equity investments of that account. Under ORS 238.360, monthly benefits are adjusted annually through cost-of-living adjustments (COLA), starting with the monthly benefits received or entitled to be received on August 1. The COLA is capped at 2.0%.

2. OPSRP Pension Program

a. Pension Benefits

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

General Service: 1.5% 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.

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of final average salary is limited for all members beginning in 2020. The limit was equal to \$232,976 as of January 1, 2024 and is indexed with inflation every year.

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

b. Death Benefits

Upon the death of a nonretired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse receives for life 50% of the pension that would otherwise have been paid to the deceased member. The surviving spouse or other person may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached the age of their federally required minimum distribution.

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

June 30, 2025

PENSION PLAN (Cont.):

c. 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 from a job-related injury may receive a disability benefit of 45% of the member's salary determined as of the last full month of employment before the disability occurred. Disability benefits continue until the member is no longer disabled or otherwise no longer qualifies for benefits, reaches normal retirement age, or dies.

d. Benefit Changes After Retirement

Under ORS 238A.210, monthly benefits are adjusted annually through cost-of-living adjustments (COLA), starting with the monthly benefits received or entitled to be received on August 1. The COLA is capped at 2.0%.

3. Individual Account Program (IAP)

a. 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.

Employers have the option to make employer contributions for a member under ORS 238A.340. Contributions for these accounts are deposited into a separate employer-funded account. The member becomes vested in this optional employer-funded account 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. The accounts fall under Internal Revenue Code Section 414(k).

Upon retirement, a member of the IAP may receive the amounts in his or her employee account, rollover account, and vested employer-funded account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, or 20-year period or an anticipated life-span option. Installment amounts vary with market returns as the account remains invested while in distribution. When chosen, the distribution option must result in a \$200 minimum distribution amount, or the frequency of the installments will be adjusted to reach that minimum.

b. Death Benefits

Upon the death of a nonretired 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.

c. Recordkeeping

PERS 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 904 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, 2025

PENSION PLAN (Cont.):

A surviving spouse or dependent of a deceased PERS 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 PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

For the fiscal year ended June 30, 2024, PERS employers contributed 0.04% of PERS-covered salaries for Tier One and Tier Two members to fund the normal cost portion of RHIA benefits. A (0.04)% unfunded actuarial liability (UAL) rate was assigned for the RHIA program as it was funded over 100% as of December 31, 2021. Consequently, PERS employers had an effective contribution rate of 0.00% for the RHIA program. 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, 2021, actuarial valuation.

Contributions

Description of Funding and Contributions for PERS Benefit Plans

OPERS' funding policy provides for periodic member and employer contributions at rates established by the PERS Board, subject to limits set in statute. The rates established for member and employer contributions were approved based on the recommendations of the System's third-party actuary.

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.

The Member Reserve represents accumulated member contributions and earnings allocations made prior to January 1, 2004, and subsequent earnings allocations less refunds and amounts transferred to reserves for retirements and disabilities (ORS 238.515). The IAP member accounts represent member contributions made on or after January 1, 2004, plus earnings allocations less disbursements for refunds, death benefits, and retirements.

Starting July 1, 2020, Senate Bill 1049 (2019) required a portion of member contributions to their IAP accounts to be redirected to the Defined Benefit fund. In 2024, if the member earns more than \$3,688 per month, 0.75% (if OPSRP member) or 2.5% (if Tier One/Tier Two member) of the member's contributions that were previously contributed to the member's IAP now fund the member's Employee Pension Stability Accounts (EPSA). The EPSA accounts will be used to fund the cost of future pension benefits without changing those benefits, which means reduced contributions to the member's IAP account. Members may elect to make voluntary IAP contributions equal to the amount redirected.

a. Employee Pension Stability Accounts (EPSA)

EPSA was created by the Oregon Legislature through Senate Bill 1049 (2019) to address the increasing cost of funding pension benefits. EPSA's function is to help pay for part of an applicable member's lifetime monthly pension benefit when they retire.

EPSA rules apply to most PERS members, but the EPSA redirect is only triggered when the member's gross pay in a month exceeds the monthly salary threshold, which is tied to the annual Consumer Price Index (All Urban Consumers, West Region). EPSA accounts are credited with investment earnings and losses annually and have no guaranteed rate of return.

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

June 30, 2025

PENSION PLAN (Cont.):

b. Target-Date Funds

The Oregon Investment Council, responsible for all PERS fund investments, approved the transition to a target-date fund (TDF) investment methodology for all IAP accounts beginning January 1, 2018. This change in investment methodology reflects an investment best practice that will better protect participants from potential losses as they approach and enter retirement by gradually reducing investment risk as participants age.

Effective January 1, 2021, Senate Bill 1049 (2019) allowed members to elect investment of their IAP account in a TDF other than the default TDF based on their year of birth. PERS now provides members the opportunity to make elections once a year during the month of September, with the change effective the following calendar year.

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 plans. Employer contribution rates during fiscal year 2024 were based on the December 31, 2021, actuarial valuation, which became effective July 1, 2023. The state of Oregon and certain schools, community colleges, public universities, and political subdivisions have made supplemental unfunded actuarial liability payments, and their rates have been reduced.

a. PERS Defined Benefit Plan (ORS 238)

Effective July 1, 2023, the contribution rate for state agencies was 28.88%, the State and Local Government Rate Pool was 29.03%, the School Districts Pool was 28.58%, and the judiciary was 29.01% of PERS-covered salaries. Political subdivisions that have not joined the State and Local Government Rate Pool had an average pension contribution rate of 29.81%.

b. OPSRP Pension Program (ORS 238A)

All PERS-participating employers with OPSRP Pension Program members are actuarially pooled and share the same contribution rate. The OPSRP Pension Program employer rates effective July 1, 2023, through June 30, 2025, are 11.58% of covered salaries for General Service employees and 16.37% of covered salaries for Police and Fire employees. These rates increased from 10.33% of covered salaries for General Service and 14.69% of covered salaries for Police and Fire employees for the period July 1, 2021, through June 30, 2023. Each of these rates includes a component related to disability benefits for General Service and Police and Fire members.

Effective January 1, 2021, Senate Bill 1049 (2019) requires employers to pay contributions on reemployed PERS retirees' salaries as if they were active members, excluding IAP (6%) contributions. Reemployed retirees do not accrue additional benefits while they work after retirement.

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

June 30, 2025

PENSION PLAN (Cont.):

District Employer Contributions

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 required contributions for the year ended June 30, 2025 were \$6,203,583 for Defined Benefits and IAP excluding amounts to fund employer specific liabilities.

Amortization of the PERS Side Account resulted in a PERS savings to the District of \$2,764,079 for FY 2024-2025 from the required PERS Defined Benefits contribution above, netting to a net contribution of \$2,190,955.

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 the side account amortization, the adjusted PERS contribution rates in effect for the period July 1, 2023 to June 30, 2025 were: Tier1/Tier2 – 11.97 % and OPSRP General Service – 9.13%.

District 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 2024-2025 approximately \$1,301,907 in employee IAP contributions were paid or picked up by the district.

Pension Plan ACFR

Oregon PERS produces an independently audited ACFR which can be found at:
<https://www.oregon.gov/pers/Documents/Financials/ACFR/2024-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, 2022 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.

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

June 30, 2025

PENSION PLAN (Cont.):

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, 2021. 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.

Actuarial Methods and Assumptions Used in Developing Total Pension Liability

Actuarial Methods and Assumptions Used in Developing Total Pension Liability:	
Valuation Date	December 31, 2022
Measurement Date	June 30, 2024
Experience Study	2022, published July 20, 2023
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 <i>Moro</i> decision; blend based on service.
Mortality	<p>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.</p> <p>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.</p> <p>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.</p>

Actuarial valuation calculations are based on the benefits provided under the terms of the plan in effect at the time of each valuation and the pattern of cost-sharing between the employer and plan members. The December 31, 2022, system-wide actuarial valuation was used to develop the GASB 67 financial reporting results for the Defined Benefit Pension Plan as of June 30, 2024, using standard roll-forward procedures.

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, 2025

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, 2024

<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	20.0% - 30.0%	25.0%	Debt Securities	19.1%
Public Equity	22.5% - 32.5%	27.5%	Public Equity	23.0%
Real Estate	7.5% - 17.5%	12.5%	Real estate	13.2%
Private Equity	15.0% - 27.5%	20.0%	Private Equity	26.9%
Real Assets	2.5% - 10.0%	7.5%	Real Assets	10.1%
Diversifying Strategies	2.5% - 10.0%	7.5%	Diversifying Strategies	5.0%
Opportunity Portfolio ¹	0.0% - 5.0%	0.0%	Opportunity Portfolio	2.7%
Total		<u>100%</u>	Total	<u>100%</u>

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

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

June 30, 2025

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
<u>Asset Class</u>	Target	Annualized	Standard
	Allocation	Geometric Mean	Deviation
Global Equity	27.50%	7.07%	17.99%
Private Equity	25.50%	8.83%	30.00%
Core Fixed Income	25.00%	4.50%	4.22%
Real Estate	12.25%	5.83%	15.13%
Master Limited Partnerships	0.75%	6.02%	27.04%
Infrastructure	1.50%	6.51%	17.11%
Hedge Fund of Funds - Multistrategy	1.25%	6.27%	9.04%
Hedge Fund Equity - Hedge	0.63%	6.48%	12.04%
Hedge Fund - Macro	5.62%	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	\$ 26,124,138	\$ 16,560,894	\$ 8,551,210

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

June 30, 2025

PENSION PLAN (Cont.):

Changes Since Last Valuation

A summary of key changes implemented after the December 31, 2024 valuation, which was used in the 2024 PERS ACFR. Changes are described briefly below. Additional detail and a comprehensive list of changes in methods and assumptions can be found in the 2024 Experience Study for the System, which was published on July 22, 2025, which can be found at: https://www.oregon.gov/pers/Documents/Financials/Actuarial/2025/2024_Exp_Study.pdf

Changes in Actuarial Methods and Allocation Procedures

As of June 30, 2024, PERS fully finished and closed the Employer Programs, Salary Limit, Member Choice, Technical Debt, and Work After Retirement projects. House Bill 2296 (2023) extended the sunset of the work after retirement provisions until 2034. The Member Redirect project has an expected completion date of June 2025. PERS received funding for these projects for the 2023-25 biennium.

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

- Adjust mortality assumptions to use the new “Pub-2016” base tables, matched to observed PERS-specific experience.
- Increase the individual member salary increase assumption’s merit/longevity component for one member category based on observations of the last 12 years of experience. The individual member salary increase assumption consists of the sum of inflation, real wage growth, and merit/longevity components, with the latter varying by member. We also recommend maintaining an assumed additional 2% annual increase specifically for calendar year 2025 above the long-term assumptions, which was first adopted in the 2022 Experience Study to reflect significant bargained increases already known at that time.
- Adjust retirement rates for certain member categories and service bands to more closely align with recent and expected future experience.
- Lower assumed rates of ordinary (non-duty) disability incidence to more closely match recent experience.
- Adjust the Tier One/Tier Two unused sick leave assumption for one member category to reflect recently observed experience.
- Decrease the likelihood of program participation for non-disabled and disabled retirees in the RHIA retiree healthcare program.

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

June 30, 2025

PENSION PLAN (Cont.):

Mortality Rates

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

Assumption	Used for December 31, 2022 and 2023 Valuations	Recommended December 31, 2024 and 2025 Valuations
Healthy Annuitant Mortality	Pub-2010 Healthy Retiree, Sex Distinct, Generational Projection with Unisex Social Security Data Scale	Pub-2016 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-2016 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	Blended 20% Public Safety, 80% Non-Safety, no set back
Other General Service male	Non-Safety, set forward 24 months	120% of Non-Safety, no set back
Police & Fire female	Blended 50% Public Safety, 50% Non-Safety, no set back	Blended 20% Public Safety, 80% Non-Safety, no set back
Other General Service female	Non-Safety, set forward 12 months	120% of Non-Safety, no set back
Non-Annuitant Mortality	Pub-2010 Employee, Sex Distinct, Generational Projection with Unisex Social Security Data Scale	Pub-2016 Employee, Sex Distinct, Generational Projection with Unisex Social Security Data Scale
School District male	125% of Employee table with same job category and set back as Non-Disabled Retiree assumption	120% of Employee table with same job category and set back as Non-Disabled Retiree assumption
Other General Service male	115% of Employee table with same job category and set back as Non-Disabled Retiree assumption	120% of Employee table with same job category and set back as Non-Disabled Retiree assumption
Police & Fire male	125% of Employee table with same job category and set back as Non-Disabled Retiree assumption	120% of Employee table with same job category and set back as Non-Disabled Retiree assumption
School District female	100% of Employee table with same job category and set back as Non-Disabled Retiree assumption	120% of Employee table with same job category and set back as Non-Disabled Retiree assumption
Other General Service female	125% of Employee table with same job category and set back as Non-Disabled Retiree assumption	120% of Employee table with same job category and set back as Non-Disabled Retiree assumption
Police & Fire female	100% of Employee table with same job category and set back as Non-Disabled Retiree assumption	120% of Employee table with same job category and set back as Non-Disabled Retiree assumption

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

June 30, 2025

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, 2025, 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, 2024 Oregon PERS ACFR. <https://www.oregon.gov/pers/Documents/Financials/ACFR/2024-ACFR.pdf>

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

At June 30, 2025, the employer reported a liability of \$16,560,894 for its proportionate share of the net pension liability. The net pension liability/(asset) was measured as of June 30, 2024, 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, 2024, the employer's proportion was 0.07450719%.

For the year ended June 30, 2025, the employer recognized pension expense of \$6,526,941.

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

June 30, 2025

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	\$ 981,080	\$ 39,525
Changes of assumptions	1,665,038	2,133
Net difference between projected and actual earnings on investments	1,052,080	-
Changes in proportionate share	6,676,067	13,636,393
Differences between employer contributions and employer's proportionate share of system contributions	19,158,281	-
(prior to post-measurement date contributions)	\$ 29,532,546	\$ 13,678,051
Post-measurement date contributions	6,203,583	N/A
Total Deferred Outflow/(Inflow) of Resources	\$ 35,736,129	\$ 13,678,051
Net Deferred Outflow/(Inflow) of Resources prior to post-measurement date contributions		\$ 15,854,495

Contributions of \$6,203,583 less amortization of the District's Side Account for PERS defined benefits and IAP for employees, were made subsequent to the measurement date, but prior to the end of the District's reporting period. These contributions, which are reported as deferred outflows of resources related to pensions, will be included as a reduction of the net pension liability in next fiscal year.

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	\$ 4,220,119
2nd Fiscal Year	6,037,529
3rd Fiscal Year	3,317,199
4th Fiscal Year	1,709,825
5th Fiscal Year	569,823
Total	\$ 15,854,495

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, 2025

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/Documents/Financials/ACFR/2024-ACFR.pdf>

Funding Policy

For the fiscal year ended June 30, 2024, PERS Employers had an effective contribution rate of 0.00% for the RHIA program. The unfunded actuarial liability (UAL) rate was assigned for the RHIA program as it was funded over 100% as of December 31, 2021. Consequently, 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, 2021, actuarial valuation.

Contributions

The District's contributions to OPERS' RHIA for the years ended June 30, 2025, 2024, and 2023 were \$77, \$768, and \$2,963, 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, 2024. That independently audited report was dated November 27, 2024 and can be found at: <https://www.oregon.gov/pers/Documents/Financials/ACFR/2024-ACFR.pdf>

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

June 30, 2025

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

Actuarial Methods and Assumptions - OPEB Plans - RHIA	
	RHIA
Valuation Date	December 31, 2022
Measurement Date	June 30, 2024
Experience Study	2022, published July 20, 2023
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: 25.0% Disabled retirees: 15%
Healthcare cost trend rate	Not applicable
Mortality	<p>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.</p> <p>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.</p> <p>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.</p>

Actuarial valuation calculations are based on the benefits provided under the terms of the plan in effect at the time of each valuation and the pattern of cost-sharing between the employer and plan members. The December 31, 2022, system-wide actuarial valuation was used to develop the GASB 67 financial reporting results for the Defined Benefit Pension Plan as of June 30, 2024, using standard roll-forward procedures.

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, 2025

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:

<https://www.oregon.gov/pers/Documents/Financials/ACFR/2024-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	\$ (563,606)	\$ (608,846)	\$ (647,798)

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

At June 30, 2025, the District reported a net OPEB RHIA liability/(asset) of \$(608,846) for its proportionate share of the net OPEB RHIA liability/(asset). The OPEB liability/(asset) was measured as of June 30, 2024, 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, 2024, the District’s proportion was 0.15073852 percent. OPEB RHIA expense/(income) recorded for the year ended June 30, 2025 was \$(77,014).

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

June 30, 2025

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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 11,908
Changes of assumptions	-	7,701
Net difference between projected and actual earnings on investments	17,191	-
Changes in proportionate share	-	1,683
(prior to post-measurement date contributions)	\$ 17,191	\$ 21,292
Post-measurement date contributions	77	N/A
Total Deferred Outflow/(Inflow) of Resources	\$ 17,268	\$ 21,292
Net Deferred Outflow/(Inflow) of Resources prior to post-measurement date contributions		\$ (4,101)

Contributions of \$77 were made subsequent to the measurement date, but prior to the end of the District's reporting period. These contributions, which are reported as deferred outflows of resources related to OPEB, will be included as a reduction of the net OPEB liability in the next fiscal year.

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

<u>Employer subsequent fiscal years</u>	<u>Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)</u>
1st Fiscal Year	\$ (36,131)
2nd Fiscal Year	20,745
3rd Fiscal Year	9,300
4th Fiscal Year	1,985
Total	\$ (4,101)

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, 2025

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, 2025

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. On July 10, 2025, a supplement to the actuarial valuation reflected an updated measurement date of June 30 2025, with an adjusted discount rate from 4.0% to 5.25%:

At June 30, 2025, 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 \$3,838,588 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 \$338,958.

Actuarial Methods and Assumptions

Discount Rate	4.00%	5.25%
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	Oregon PERS valuation PUB 2010 Retiree Tables, Teachers and General Employees, sex distinct, projected generationally.	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, 2025

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.

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

June 30, 2025

	1% Decrease	Discount Rate	1% Increase
	4.25%	5.25%	6.25%
Total OPEB liability from Implicit Rate Subsidy	\$ 4,020,182	\$ 3,838,588	\$ 3,666,548
	1% Decrease	Trend Rate	1% Increase
Total OPEB liability from Implicit Rate Subsidy	\$ 3,549,412	\$ 3,838,588	\$ 4,166,503

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

Participation

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

As of Valuation Date July 1, 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) OEGB Liability

	Increase (Decrease)
Changes in Total OPEB Liability June 30, 2024 to June 30, 2025	Total OPEB Liability
Balance per actuarial as of Prior Year	\$ 4,295,592
Changes for the year:	
Service Cost	138,843
Interest	166,696
Effect of changes to benefit terms	-
Effect of economic/ demographic gains or losses	-
Changes in assumptions or other inputs	(228,448)
Benefit payments	(534,095)
Net OPEB Liability per actuarial at June 30, 2025	\$ 3,838,588

Components of (OPEB) OEGB Expense

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

June 30, 2025

OPEB Expense	<u>July 1, 2024 to June 30, 2025</u>
Service cost	\$ 138,843
Interest on total OPEB liability	166,696
Recognition of Deferred (Inflows)/Outflows of Resources	
Recognition of economic/demographic (gains) or losses	182,724
Recognition of assumption changes	<u>(149,305)</u>
OPEB Expense	<u>\$ 338,958</u>

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

Schedule of Deferred Inflows and Outflows of Resources

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 930,801	\$ 3,557
Changes of assumptions or inputs	<u>22,229</u>	<u>887,605</u>
Total Deferred Outflows/Inflows (prior to post-measurement date contributions)	<u>\$ 953,030</u>	<u>\$ 891,162</u>
Net Deferred Outflow/(Inflow) of Resources prior to post-measurement date contributions		<u>\$ 61,868</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:

<u>Employer subsequent fiscal years</u>	<u>Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)</u>
1st Fiscal Year	\$ 33,424
2nd Fiscal Year	14,752
3rd Fiscal Year	14,752
4th Fiscal Year	14,757
5th Fiscal Year	2,780
Thereafter	<u>(18,597)</u>
Total	<u>\$ 61,868</u>

Changes Subsequent to the Measurement Date

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

June 30, 2025

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.

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 MANAGEMENT:

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 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.

RISK DUE TO CONCENTRATIONS AND CONSTRAINTS:

The District is subject to a concentration risk related to its reliance on state funding for operational and instructional expenditures. For the fiscal year ended June 30, 2025, approximately 70.1% of the District's total governmental fund revenues were derived from state apportionments and grants.

This concentration represents a lack of diversity in the District's revenue sources and makes the District vulnerable to the risk of a substantial impact should there be significant changes in state funding levels. The State of Oregon has in

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

June 30, 2025

the past experienced budgetary pressures due to declining tax revenues and increasing costs in other areas of the state budget, which could affect future funding allocations to school districts.

The District monitors state funding and evaluates potential mitigation strategies, including expenditure reviews and the identification of potential areas for budget reductions, to mitigate the potential impact of reduced state funding.

A concentration is a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. At June 30, 2025, the District had approximately 312 employees funded under governmental activities of the District. Of this total, 136 are certified staff under the Dallas Education Association Collective Bargaining Agreement (132 of which were active members represented by the union contract which expires in June 2026), 155 were classified staff under the Dallas Chapter of the Oregon School Employees Association Collective Bargaining Agreement (101 of which were active members of the union which contract expired June 2025). There are 21 other staff which are considered non-represented and are not represented by a collective bargaining agreement and include administrative staff, supervisory staff, and confidential staff.

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

June 30, 2025

INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:

Interfund transfers for the year ended June 30, 2025, were as follows:

Fund	Transfers Out	Transfers In
General Fund #100	\$ 167,664	\$ 94,850
Special Grants And Projects Fund #200	94,850	-
Debt Service -General Obligation Bonds Fund #301	-	117,664
Food Service Fund #203	-	50,000
Total	\$ 262,514	\$ 262,514

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.

OVER-EXPENDITURE OF APPROPRIATIONS

Fund / Category	Appropriation	Expenditure	Variance
Food Service Fund #203/ Enterprise and Community Services	\$ 1,255,000	\$ 1,318,001	\$ 63,001

SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 11, 2025, the date on which the financial statements were available to be issued.

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, 2025

	<u>Budgeted Amounts</u>		Variance with Original Budget-- over (under) Final Budget	Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>			
<u>REVENUES:</u>					
Taxes	\$ 9,551,289	\$ 9,551,289	\$ -	\$ 9,925,265	\$ 373,976
Tuition Charges	700	700	-	-	(700)
Earnings on Investments	305,000	305,000	-	376,076	71,076
Fees and Charges	95,500	95,500	-	75,529	(19,971)
Miscellaneous Revenue	695,000	695,000	-	685,245	(9,755)
Intermediate Government Aid	90,000	90,000	-	125,681	35,681
State Aid	29,903,961	29,903,961	-	29,703,780	(200,181)
Federal Aid	213,550	213,550	-	181	(213,369)
Total Revenues	<u>40,855,000</u>	<u>40,855,000</u>	<u>-</u>	<u>40,891,757</u>	<u>36,757</u>
<u>EXPENDITURES:</u>					
Instruction	25,336,381	25,336,381	-	25,094,545	(241,836)
Support Services	15,249,619	15,249,619	-	14,687,328	(562,291)
Contingency	1,960,000	1,960,000	-	-	(1,960,000)
Total Expenditures	<u>42,546,000</u>	<u>42,546,000</u>	<u>-</u>	<u>39,781,873</u>	<u>(2,764,127)</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,691,000)	(1,691,000)	-	1,109,884	2,800,884
<u>OTHER FINANCING SOURCES (USES):</u>					
Interfund Transfers In	96,000	96,000	-	94,850	(1,150)
Interfund Transfers Out	(168,000)	(168,000)	-	(167,664)	336
Sale of or Compensation for Loss of Fixed Assets	-	-	-	908	908
Total Other Financing Sources (Uses)	<u>(72,000)</u>	<u>(72,000)</u>	<u>-</u>	<u>(71,906)</u>	<u>94</u>
Net Change in Fund Balance	(1,763,000)	(1,763,000)	-	1,037,978	2,800,978
Beginning Fund Balance	2,650,000	2,650,000	-	2,353,300	(296,700)
Ending Fund Balance	<u>\$ 887,000</u>	<u>\$ 887,000</u>	<u>\$ -</u>	<u>\$ 3,391,278</u>	<u>\$ 2,504,278</u>

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, 2025

	<u>Budgeted Amounts</u>		Variance with Original Budget-- over (under) Final Budget	Actual Amounts (Budgetary Basis (See Note 1)	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>			
<u>REVENUES:</u>					
Miscellaneous Revenue	\$ 131,000	\$ 131,000	\$ -	\$ 180,391	\$ 49,391
Intermediate Government Aid	670,000	670,000	-	230,888	(439,112)
State Aid	5,306,454	5,306,454	-	5,386,235	79,781
Federal Aid	1,996,064	1,996,064	-	1,667,525	(328,539)
Total Revenues	8,103,518	8,103,518	-	7,465,039	(638,479)
<u>EXPENDITURES:</u>					
Instruction	5,864,856	5,864,856	-	5,566,029	(298,827)
Support Services	2,110,162	2,110,162	-	1,799,594	(310,568)
Enterprise and Community Services	32,500	32,500	-	4,566	(27,934)
Total Expenditures	8,007,518	8,007,518	-	7,370,189	(637,329)
Excess (Deficiency) of Revenues Over Expenditures	96,000	96,000	-	94,850	(1,150)
<u>OTHER FINANCING SOURCES (USES):</u>					
Interfund Transfers Out	(96,000)	(96,000)	-	(94,850)	1,150
Total Other Financing Sources (Uses)	(96,000)	(96,000)	-	(94,850)	1,150
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
2025	June 30, 2024	0.07450719%	\$ 16,560,894	\$ 21,049,464	78.68%	79.3%
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.

DALLAS SCHOOL DISTRICT NO 2

SCHEDULE OF EMPLOYER CONTRIBUTIONS

PERS

Last 10 Fiscal Years*

<u>Year Ended June 30,</u>	<u>(a) Contractually required contribution</u>	<u>(b) Contributions in relation to the contractually required contribution</u>	<u>(a-b) Contribution deficiency (excess)</u>	<u>(c) Employer's covered payroll</u>	<u>(b/c) Contributions as a percent of covered payroll</u>
2025	\$ 6,203,583	\$ 6,203,583	\$ -	\$ 20,809,149	29.81%
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	6,800,535	6,800,535	-	18,097,573	37.58%
2021	6,030,126	6,030,126	-	14,651,591	41.16%
2020	6,007,105	6,007,105	-	17,772,956	33.80%
2019	4,859,386	4,859,386	-	16,326,825	29.76%
2018	4,787,429	4,787,429	-	16,429,352	29.14%
2017	4,029,692	4,029,692	-	15,691,571	25.68%
2016	3,799,142	3,799,142	-	14,597,154	26.03%

*This schedule is presented to illustrate the requirement to show information for 10 years.

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	(a) Employer's proportion of the net pension liability (asset)	(b) Employer's proportionate share of the net pension liability (asset)	(c) Employer's covered payroll as of Measurement Date	(b/c)	Plan fiduciary net position as a percentage of the total pension liability
					Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	
2025	June 30, 2023	0.15073852%	\$ (608,846)	\$ 21,049,464	-2.89%	220.6%
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.

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
2025	\$ 77	\$ 77	\$ -	\$ 20,809,149	0.00%
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%

*This schedule is presented to illustrate the requirement to show information for 10 years.

DALLAS SCHOOL DISTRICT NO 2

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total OPEB Liability					
Service cost	\$ 138,843	\$ 138,184	\$ 140,273	\$ 195,811	\$ 189,189
Interest on total OPEB liability	166,696	154,639	156,514	118,182	124,256
Effect of changes to benefit terms	-	-	-	-	-
Effect of economic/demographic gains or losses	-	742,662	-	747,609	-
Effect of assumption changes or inputs	(228,448)	(434,514)	(57,478)	(651,812)	-
Benefit payments	(534,095)	(581,797)	(588,917)	(630,442)	(495,622)
Net change in total OPEB liability **	(457,004)	19,174	(349,608)	(220,652)	(182,177)
Total OPEB liability, beginning	4,295,592	4,276,418	4,626,026	4,846,678	5,028,855
Total OPEB liability, ending (a) **	<u>\$ 3,838,588</u>	<u>\$ 4,295,592</u>	<u>\$ 4,276,418</u>	<u>\$ 4,626,026</u>	<u>\$ 4,846,678</u>
Covered payroll	\$21,049,464	\$20,333,130	\$18,097,573	\$14,651,591	\$17,772,956
Total OPEB OEGB liability as a % of covered payroll	18.24%	21.13%	23.63%	31.57%	27.27%

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service cost	\$ 163,272	\$ 157,751	167,050
Interest on total OPEB liability	186,552	192,690	187,293
Effect of changes to benefit terms	-	-	-
Effect of economic/demographic gains or losses	(24,917)	-	-
Effect of assumption changes or inputs	155,591	456,167	-
Benefit payments	(526,161)	(670,880)	(653,028)
Net change in total OPEB liability **	(45,663)	135,728	(298,685)
Total OPEB liability, beginning	5,074,518	4,938,790	5,237,475
Total OPEB liability, ending (a) **	<u>\$ 5,028,855</u>	<u>\$ 5,074,518</u>	<u>\$ 4,938,790</u>
Covered payroll	\$16,326,825	\$16,429,352	\$15,691,571
Total OPEB OEGB liability as a % of covered payroll	30.80%	30.89%	31.47%

*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, 2025

	Special Revenue Funds	Debt Service Funds	Total Non- Major Governmental Funds
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 540,113	\$ 2,070,780	\$ 2,610,893
Property Taxes Receivable	-	150,661	150,661
Due From Other Governments	75,201	-	75,201
Inventory-Food, Supplies & Commodities	50,630	-	50,630
Total Assets	\$ 665,944	\$ 2,221,441	\$ 2,887,385
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</u>			
LIABILITIES:			
Accounts Payable	908	-	908
Due to Other Funds	41,293	-	41,293
Total Liabilities	42,201	-	42,201
DEFERRED INFLOWS OF RESOURCES:			
Unavailable Revenue - Property Taxes	-	115,774	115,774
Total Deferred Inflows of Resources	-	115,774	115,774
FUND BALANCES:			
Unspendable	50,630	-	50,630
Restricted for:			
Debt Service	-	2,105,667	2,105,667
Food Service Program	33,000	-	33,000
Committed for:			
Student Body Activities	540,113	-	540,113
Total Fund Balances	623,743	2,105,667	2,729,410
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 665,944	\$ 2,221,441	\$ 2,887,385

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, 2025

	Special Revenue Funds	Debt Service Funds	Total Non- Major Governmental Funds
<u>REVENUES:</u>			
Taxes	\$ -	\$ 3,793,176	\$ 3,793,176
Earnings on Investments	334	140,033	140,367
Fees and Charges	758,368	-	758,368
Miscellaneous Revenue	552	2,169,339	2,169,891
Intermediate Government Aid	-	514	514
State Aid	289,045	-	289,045
Federal Aid	1,047,312	-	1,047,312
Total Revenues	<u>2,095,611</u>	<u>6,103,062</u>	<u>8,198,673</u>
<u>EXPENDITURES:</u>			
Current:			
Instruction	713,571	-	713,571
Enterprise and Community Services	1,318,001	-	1,318,001
Debt Service	-	6,043,856	6,043,856
Total Expenditures	<u>2,031,572</u>	<u>6,043,856</u>	<u>8,075,428</u>
Excess (Deficiency) of Revenues Over Expenditures	64,039	59,206	123,245
<u>OTHER FINANCING SOURCES (USES):</u>			
Interfund Transfers In	50,000	117,664	167,664
Total Other Financing Sources (Uses)	<u>50,000</u>	<u>117,664</u>	<u>167,664</u>
Net Change in Fund Balance	114,039	176,870	290,909
Beginning Fund Balance	509,704	1,928,797	2,438,501
Ending Fund Balance	<u>\$ 623,743</u>	<u>\$ 2,105,667</u>	<u>\$ 2,729,410</u>

DALLAS SCHOOL DISTRICT NO 2

COMBINING BALANCE SHEET

NON-MAJOR SPECIAL REVENUE FUNDS

June 30, 2025

	Student Activity Fund #201	Food Service Fund #203	Totals
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 540,113	\$ -	\$ 540,113
Due From Other Governments	-	75,201	75,201
Inventory-Food, Supplies & Commodities	-	50,630	50,630
Total Assets	\$ 540,113	\$ 125,831	\$ 665,944
<u>LIABILITIES AND FUND BALANCES:</u>			
LIABILITIES:			
Accounts Payable	-	908	908
Due to Other Funds	-	41,293	41,293
Total Liabilities	-	42,201	42,201
FUND BALANCES:			
Unspendable	-	50,630	50,630
Restricted for:			
Food Service Program	-	33,000	33,000
Committed for:			
Student Body Activities	540,113	-	540,113
Total Fund Balances	540,113	83,630	623,743
Total Liabilities and Fund Balances	\$ 540,113	\$ 125,831	\$ 665,944

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, 2025

	<u>Student</u>	<u>Food</u>	<u>Totals</u>
<u>REVENUES:</u>			
Earnings on Investments	\$ -	\$ 334	\$ 334
Fees and Charges	753,565	4,803	758,368
Miscellaneous Revenue	-	552	552
State Aid	-	289,045	289,045
Federal Aid	-	1,047,312	1,047,312
Total Revenues	<u>753,565</u>	<u>1,342,046</u>	<u>2,095,611</u>
<u>EXPENDITURES:</u>			
Current:			
Instruction	713,571	-	713,571
Enterprise and Community Services	-	1,318,001	1,318,001
Total Expenditures	<u>713,571</u>	<u>1,318,001</u>	<u>2,031,572</u>
Excess (Deficiency) of Revenues Over Expenditures	39,994	24,045	64,039
<u>OTHER FINANCING SOURCES (USES):</u>			
Interfund Transfers In	-	50,000	50,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>50,000</u>	<u>50,000</u>
Net Change in Fund Balance	39,994	74,045	114,039
Beginning Fund Balance	500,119	9,585	509,704
Ending Fund Balance	<u>\$ 540,113</u>	<u>\$ 83,630</u>	<u>\$ 623,743</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, 2025

	<u>Budgeted Amounts</u>		Variance with Original Budget-- over (under)	Actual Amounts (Budgetary Basis)	Variance with Final Budget Over
	<u>Original</u>	<u>Final</u>	<u>Final Budget</u>	<u>(See Note 1)</u>	<u>(Under)</u>
<u>REVENUES:</u>					
Fees and Charges	\$ 1,050,000	\$ 1,050,000	\$ -	\$ 753,565	\$ (296,435)
Total Revenues	<u>1,050,000</u>	<u>1,050,000</u>	<u>-</u>	<u>753,565</u>	<u>(296,435)</u>
<u>EXPENDITURES:</u>					
Instruction	1,050,000	1,050,000	-	713,571	(336,429)
Total Expenditures	<u>1,050,000</u>	<u>1,050,000</u>	<u>-</u>	<u>713,571</u>	<u>(336,429)</u>
Net Change in Fund Balance	-	-	-	39,994	39,994
Beginning Fund Balance	300,000	300,000	-	500,119	200,119
Ending Fund Balance	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ -</u>	<u>\$ 540,113</u>	<u>\$ 240,113</u>

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, 2025

	<u>Budgeted Amounts</u>		Variance with Original Budget--	Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>	over (under)	(Budgetary Basis)	Over
			Final Budget	(See Note 1)	(Under)
<u>REVENUES:</u>					
Earnings on Investments	\$ 1,000	\$ 1,000	\$ -	\$ 334	\$ (666)
Fees and Charges	-	-	-	4,803	4,803
Miscellaneous Revenue	18,000	18,000	-	552	(17,448)
State Aid	52,000	52,000	-	289,045	237,045
Federal Aid	1,134,000	1,134,000	-	1,047,312	(86,688)
Total Revenues	1,205,000	1,205,000	-	1,342,046	137,046
<u>EXPENDITURES:</u>					
Enterprise and Community Services	1,255,000	1,255,000	-	1,318,001	63,001
Total Expenditures	1,255,000	1,255,000	-	1,318,001	63,001
Excess (Deficiency) of Revenues Over Expenditures	(50,000)	(50,000)	-	24,045	74,045
<u>OTHER FINANCING SOURCES (USES):</u>					
Interfund Transfers In	50,000	50,000	-	50,000	-
Total Other Financing Sources (Uses)	50,000	50,000	-	50,000	-
Net Change in Fund Balance	-	-	-	74,045	74,045
Beginning Fund Balance	20,000	20,000	-	9,585	(10,415)
Ending Fund Balance	\$ 20,000	\$ 20,000	\$ -	\$ 83,630	\$ 63,630

DALLAS SCHOOL DISTRICT NO 2

COMBINING BALANCE SHEET

NON-MAJOR DEBT SERVICE FUNDS

June 30, 2025

	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	\$1,031,521	\$ 340	\$ 1,038,919	\$ 2,070,780
Property Taxes Receivable	150,661	-	-	150,661
Total Assets	<u>\$1,182,182</u>	<u>\$ 340</u>	<u>\$ 1,038,919</u>	<u>\$ 2,221,441</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable Revenue - Property Taxes	115,774	-	-	\$ 115,774
Total Deferred Inflows of Resources	<u>115,774</u>	<u>-</u>	<u>-</u>	<u>115,774</u>
FUND BALANCES:				
Restricted for:				
Debt Service	1,066,408	340	1,038,919	\$ 2,105,667
Total Fund Balances	<u>1,066,408</u>	<u>340</u>	<u>1,038,919</u>	<u>2,105,667</u>
Total Deferred Inflows of Resources and	<u>\$1,182,182</u>	<u>\$ 340</u>	<u>\$ 1,038,919</u>	<u>\$ 2,221,441</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, 2025

	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	\$ 3,793,176	\$ -	\$ -	\$ 3,793,176
Earnings on Investments	118,926	-	21,107	140,033
Miscellaneous Revenue	-	-	2,169,339	2,169,339
Intermediate Government Aid	514	-	-	514
Total Revenues	3,912,616	-	2,190,446	6,103,062
<u>EXPENDITURES:</u>				
Debt Service	3,698,936	117,524	2,227,396	6,043,856
Total Expenditures	3,698,936	117,524	2,227,396	6,043,856
Excess (Deficiency) of Revenues Over Expenditures	213,680	(117,524)	(36,950)	59,206
<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	213,680	140	(36,950)	176,870
Beginning Fund Balance	852,728	200	1,075,869	1,928,797
Ending Fund Balance	\$ 1,066,408	\$ 340	\$ 1,038,919	\$ 2,105,667

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, 2025

	<u>Budgeted Amounts</u>		Variance with	Actual	Variance with
	<u>Original</u>	<u>Final</u>	Original Budget--	Amounts	Final Budget
			over (under)	(Budgetary Basis	Over
			Final Budget	(See Note 1)	(Under)
<u>REVENUES:</u>					
Taxes	\$3,251,000	\$3,251,000	\$ -	\$ 3,793,176	\$ 542,176
Earnings on Investments	70,000	70,000	-	118,926	48,926
Intermediate Government Aid	-	-	-	514	514
Federal Aid	500	500	-	-	(500)
Total Revenues	3,321,500	3,321,500	-	3,912,616	591,116
<u>EXPENDITURES:</u>					
Debt Service	3,699,020	3,699,020	-	3,698,936	(84)
Total Expenditures	3,699,020	3,699,020	-	3,698,936	(84)
Net Change in Fund Balance	(377,520)	(377,520)	-	213,680	591,200
Beginning Fund Balance	871,100	871,100	-	852,728	(18,372)
Ending Fund Balance	\$ 493,580	\$ 493,580	\$ -	\$ 1,066,408	\$ 572,828

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, 2025

	<u>Budgeted Amounts</u>		Variance with Original Budget-- over (under) Final Budget	Actual Amounts (Budgetary Basis (See Note 1)	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>			
<u>EXPENDITURES:</u>					
Debt Service	\$ 118,000	\$ 118,000	\$ -	\$ 117,524	\$ (476)
Total Expenditures	<u>118,000</u>	<u>118,000</u>	<u>-</u>	<u>117,524</u>	<u>(476)</u>
Excess (Deficiency) of Revenues Over Expenditures	(118,000)	(118,000)	-	(117,524)	476
<u>OTHER FINANCING SOURCES (USES):</u>					
Interfund Transfers In	118,000	118,000	-	117,664	(336)
Total Other Financing Sources (Uses)	<u>118,000</u>	<u>118,000</u>	<u>-</u>	<u>117,664</u>	<u>(336)</u>
Net Change in Fund Balance	-	-	-	140	140
Beginning Fund Balance	-	-	-	200	200
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 340</u>	<u>\$ 340</u>

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, 2025

	<u>Budgeted Amounts</u>		Variance with Original Budget-- over (under) Final Budget	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	\$ -	\$ -	-	\$ 21,107	\$ 21,107
Miscellaneous Revenue	<u>2,228,496</u>	<u>2,228,496</u>	<u>-</u>	<u>2,169,339</u>	<u>(59,157)</u>
Total Revenues	<u>2,228,496</u>	<u>2,228,496</u>	<u>-</u>	<u>2,190,446</u>	<u>(38,050)</u>
<u>EXPENDITURES:</u>					
Debt Service	<u>2,228,496</u>	<u>2,228,496</u>	<u>-</u>	<u>2,227,396</u>	<u>(1,100)</u>
Total Expenditures	<u>2,228,496</u>	<u>2,228,496</u>	<u>-</u>	<u>2,227,396</u>	<u>(1,100)</u>
Net Change in Fund Balance	-	-	-	(36,950)	(36,950)
Beginning Fund Balance	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>	<u>1,075,869</u>	<u>75,869</u>
Ending Fund Balance	<u>\$1,000,000</u>	<u>\$1,000,000</u>	<u>\$ -</u>	<u>\$ 1,038,919</u>	<u>\$ 38,919</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, 2025

	<u>Budgeted Amounts</u>		Variance with Original Budget--	Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>	over (under) Final Budget	(Budgetary Basis) (See Note 1)	Over (Under)
<u>REVENUES:</u>					
Earnings on Investments	\$ 300,000	\$ 300,000	\$ -	\$ 996,029	\$ 696,029
State Aid	2,000,000	2,000,000	-	1,435,429	(564,571)
Total Revenues	2,300,000	2,300,000	-	2,431,458	131,458
<u>EXPENDITURES:</u>					
Facilities Acquisition and Construction	10,380,000	10,380,000	-	4,424,486	(5,955,514)
Contingency	5,000,000	5,000,000	-	-	(5,000,000)
Total Expenditures	15,380,000	15,380,000	-	4,424,486	(10,955,514)
Net Change in Fund Balance	(13,080,000)	(13,080,000)	-	(1,993,028)	11,086,972
Beginning Fund Balance	13,080,000	13,080,000	-	20,926,241	7,846,241
Ending Fund Balance	\$ -	\$ -	\$ -	\$ 18,933,213	\$ 18,933,213

DALLAS SCHOOL DISTRICT NO 2
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
UNEMPLOYMENT RESERVE FUND #702
For the Fiscal Year Ended June 30, 2025

	<u>Budgeted Amounts</u>		Variance with Original Budget-- over (under) Final Budget	Actual Amounts (Budgetary Basis (See Note 1)	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>			
Miscellaneous Revenue	\$ 350,000	\$ 350,000	\$ -	\$ 541,829	\$ 191,829
Total Revenues	350,000	350,000	-	541,829	191,829
Support Services	700,000	700,000	-	138,389	(561,611)
Total Expenditures	700,000	700,000	-	138,389	(561,611)
Net Change in Fund Balance	(350,000)	(350,000)	-	403,440	753,440
Beginning Fund Balance	350,000	350,000	-	-	(350,000)
Ending Fund Balance	\$ -	\$ -	\$ -	\$ 403,440	\$ 403,440

OTHER
INFORMATION

Additional
Supporting Schedules

DALLAS SCHOOL DISTRICT NO 2
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 30, 2025

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, 2024	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2025	Due Within One Year
Principal	\$ 35,955,000	\$ -	\$ 1,425,000	\$ 34,530,000	\$ 1,515,000
Interest	-	803,396	803,396	-	790,941
Total	\$ 35,955,000	\$ 803,396	\$ 2,228,396	\$ 34,530,000	\$ 2,305,941

Future Requirements:

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	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		\$ 34,530,000	\$ 7,762,219	\$ 42,292,219	

DALLAS SCHOOL DISTRICT NO 2
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 30, 2025

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, 2024	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2025	Due Within One Year
Principal	\$ 761,000	\$ -	\$ 102,000	\$ 659,000	\$ 104,000
Interest	-	15,524	15,524	-	13,444
Total	\$ 761,000	\$ 15,524	\$ 117,524	\$ 659,000	\$ 117,444

Future Requirements:

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	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		\$ 659,000	\$ 47,818	\$ 706,818	

DALLAS SCHOOL DISTRICT NO 2
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 30, 2025

Legal Settlement Obligation

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

Current Year Activity:

	Outstanding Balance July 1, 2024	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2025	Due Within One Year
Principal	\$ 40,000	\$ -	\$ 40,000	\$ -	\$ -
Total	\$ 40,000	\$ -	\$ 40,000	\$ -	\$ -

DALLAS SCHOOL DISTRICT NO 2
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 30, 2025

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, 2024	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2025	Due Within One Year
Principal	\$ 9,655,000	\$ -	\$ 1,160,000	\$ 8,495,000	\$ 1,270,000
Interest	-	482,745	482,745	-	424,750
Total	<u>\$ 9,655,000</u>	<u>\$ 482,745</u>	<u>\$ 1,642,745</u>	<u>\$ 8,495,000</u>	<u>\$ 1,694,750</u>

Future Requirements:

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	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>\$ 8,495,000</u>	<u>\$ 1,477,250</u>	<u>\$ 9,972,250</u>	

DALLAS SCHOOL DISTRICT NO 2
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS

For the Fiscal Year Ended June 30, 2025

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, 2024	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2025	Due Within One Year
Principal	\$ 15,235,000	\$ -	\$ 1,305,000	\$ 13,930,000	\$ 1,420,000
Interest	-	751,169	751,169	-	696,500
Total	\$ 15,235,000	\$ 751,169	\$ 2,056,169	\$ 13,930,000	\$ 2,116,500

Future Requirements:

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	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	5.00%
	2031	1,770,000	394,000	2,164,000	5.00%
	2032	2,935,000	305,500	3,240,500	5.00%
	2033	3,175,000	158,750	3,333,750	5.00%
Total		\$ 13,930,000	\$ 3,620,250	\$ 17,550,250	

DALLAS SCHOOL DISTRICT NO 2
Oregon Department of Education Form 581-3211-C
For the Fiscal Year Ended June 30, 2025

SUPPLEMENTAL INFORMATION 2024-2025

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	\$ 436,348
	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

\$ 7,400

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

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, 2025

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, 2025, and have issued our report thereon dated December 11, 2025. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the Dallas School District No. 2's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

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

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

OAR 162-10-0230 Internal Control

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

This report is intended solely for the information and use of the Board of Directors and management of Dallas School District No. 2 and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.



Ashraf Lakhani Farishta, CPA
Umpqua Valley Financial
Roseburg, Oregon
December 11, 2025

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, 2025, 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 11, 2025.

Report on 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.

Report on 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 that reads "Ashraf Lakhani".

Ashraf Lakhani Farishta, CPA
Umpqua Valley Financial, LLC
Roseburg, Oregon
December 11, 2025



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

Opinion on 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, 2025. 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.

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, 2025.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance 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 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 qualified opinions on compliance for each major federal program. Our audit does not provide a legal determination of Dallas School District No. 2's compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Dallas School District No. 2's federal programs.



Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Dallas School District No. 2's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Dallas School District No. 2's compliance with the requirements of each major program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance 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 Dallas School District No. 2's compliance with the compliance requirements referred to above and performing such other procedures as we have considered necessary in the circumstances.
- Obtain an understanding of Dallas School District No. 2's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Dallas School District No. 2's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on Dallas School District No. 2's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Dallas School District No. 2's response was not subjected to the other auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.



Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However material weaknesses and significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 that reads 'Ashraf Lakhani'.

Ashraf Lakhani Farishta, CPA
Umpqua Valley Financial, LLC
Roseburg, Oregon
December 11, 2025

DALLAS SCHOOL DISTRICT NO 2
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED June 30, 2025

Federal Grantor/Pass Through Grantor/ Program Title	Assistance Listing (AL) #		Additional Award Identification	Federal Program Name	Cluster Name	Grant Fund	Federal Assistance Listing Number	Grant Period	Original Program or Grant Amount	(Receivable)/	Cash	Expenditures	(Receivable)/
	Federal Awarding Agency Prefix	AL Three- Digit Extension								Deferred Revenue June 30, 2024			Deferred Revenue June 30, 2025
U.S. DEPARTMENT OF EDUCATION													
Passed Through Oregon Department of Education:													
Title IA - Grants to Local Education Agencies	84	010				257	84.010	2023-24	\$ 719,551	\$ (128,783)	\$ 128,783	\$ -	\$ -
Title IA - Grants to Local Education Agencies	84	010				257	84.010	2024-25	719,857	-	716,743	716,743	-
Title I N&D- PADTC LTCT	84	013				283	84.013	2024-25	46,199	-	46,199	46,199	-
Total Title I									1,485,607	(128,783)	891,725	762,942	-
Title II-A Teacher Quality	84	367				277	84.367	2023-24	108,786	(9,320)	14,271	4,951	-
Title II-A Teacher Quality	84	367				277	84.367	2024-25	119,671	-	107,748	107,748	-
Total Title II-A									228,457	(9,320)	122,018	112,698	-
Title IV - Student Support and Academic Enrichment	84	424				297	84.424	2024-25	58,037	-	58,037	58,037	-
Total Title IV									58,037	-	58,037	58,037	-
Elementary & Secondary School Emergency Relief, II LTCT	84	425	COVID-19, 84.425	Elementary and Secondary School Emergency Relief Fund	Educational Stabilization Fund	281/221	84.425	2022-24	90,000	(5,379)	90,000	84,621	-
Elementary & Secondary School Emergency Relief, III	84	425U	COVID-19, 84.425U	Elementary and Secondary School Emergency Relief Fund	Educational Stabilization Fund	103/222	84.425U	2020-24	5,156,206	(564,488)	564,488	-	-
Total Educational Stabilization Fund									5,246,206	(569,867)	654,488	84,621	-
IDEA - Special Education Grants to States(Part B Sec.611)	84	027				237	84.027	2022-24	697,133	(135,412)	135,412	-	-
IDEA - Special Education Grants to States(Part B Sec.611)	84	027				237	84.027	2024-26	635,242	-	628,072	628,072	-
IDEA - PADTC LTCT (Part B Sec.611)	84	027				282	84.027	2023-24	17,352	-	17,352	17,352	-
Total IDEA (Part B, Sec 611)									1,349,727	(135,412)	780,835	645,424	-
IDEA - Special Education Grants to States(Part B Sec.619)	84	173				204	84.173	2024-25	6,011	-	3,802	3,802	-
Total IDEA (Part B, Sec 619)									6,011	-	3,802	3,802	-
Lead Testing Reimbursement Additional Funds	66	444				287	66.444	2023-24	11,720	(4,482)	4,482	-	-
Foster Transportation Reimbursement	93	658				100	93.658	2023-24	8,109	(7,368)	8,109	741	-
Total Other Grants Passed Through Oregon Department of Education									19,829	(11,850)	12,591	741	-
Total Passed through Oregon Department of Education									\$ 8,393,874	\$ (855,232)	\$ 2,523,497	\$ 1,668,265	\$ -
Total U.S. Department of Education									\$ 8,393,874	\$ (855,232)	\$ 2,523,497	\$ 1,668,265	\$ -
U.S. DEPARTMENT OF AGRICULTURE													
National School Lunch - Lunch	10	555				203	10.555	2023-24	\$ 583,161	\$ (112,355)	745,754	\$ 659,916	\$ (26,517)
National School Lunch - Breakfast	10	553				203	10.553	2023-24	216,849	(43,563)	253,408	218,763	(8,918)
National School Lunch - Commodities	10	555				203	10.555	2023-24	92,841	-	92,981	92,981	-
NLSP Supply Chain Assistance	10	555				203	10.555	2024-25	63,760	-	63,760	63,760	-
National School Lunch - Summer Program	10	559				203	10.559	2024-25	-	(1,612)	11,673	11,892	(1,831)
Local Foods for Schools Cooperative	10	185				203	10.185	2023-24	8,341	(8,341)	8,341	-	-
Total National School Lunch Program									964,952	(165,872)	1,175,917	1,047,313	(37,267)
Total U.S. Department of Agriculture									\$ 964,952	\$ (165,872)	\$ 1,175,917	\$ 1,047,313	\$ (37,267)
TOTALS									\$ 9,358,826	\$ (1,021,104)	\$ 3,699,414	\$ 2,715,578	\$ (37,267)

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

RECONCILIATION TO REVENUE:

Cash Receipts per Schedule Above	\$ 3,699,414
Grants Receivable/Deferred Revenue Beginning of Year	(1,021,104)
Grants Receivable/Deferred Revenue End of Year	37,267
Federal Revenue Recognized per Financial Statements	\$ 2,715,578

DALLAS SCHOOL DISTRICT NO. 2

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

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, 2025. 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, 2025

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
 - Grants to Local Education Agencies (Title I) AL# 84.010
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, 2025.

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.