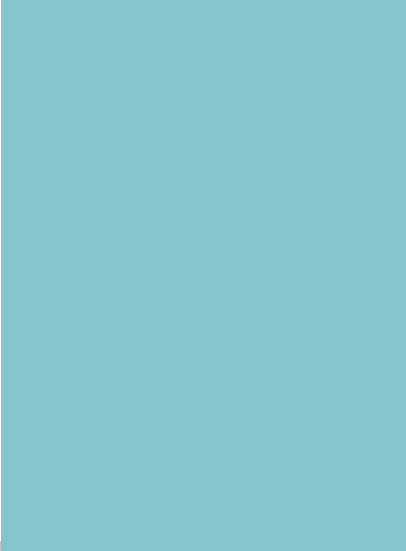




Financial Statements

Jackson County School District No. 35
Rogue River, Oregon

Includes Supplemental Information
Year Ended June 30, 2025

Board of Directors

Bruce Sund, Chairman

Heather Friend, Vice - Chairman

Jay Chick, Director

Mysti Jacob, Director

Erin Poston, Director

All Board Members receive mail at the address listed below.

Administrative Staff

Patrick Lee, Superintendent

Don Sweeney, Business Manager

Address of Jackson County School District No. 35

Administrative Offices
1898 E. Evans Creek Road
Rogue River, OR 97537

Jackson County School District No. 35

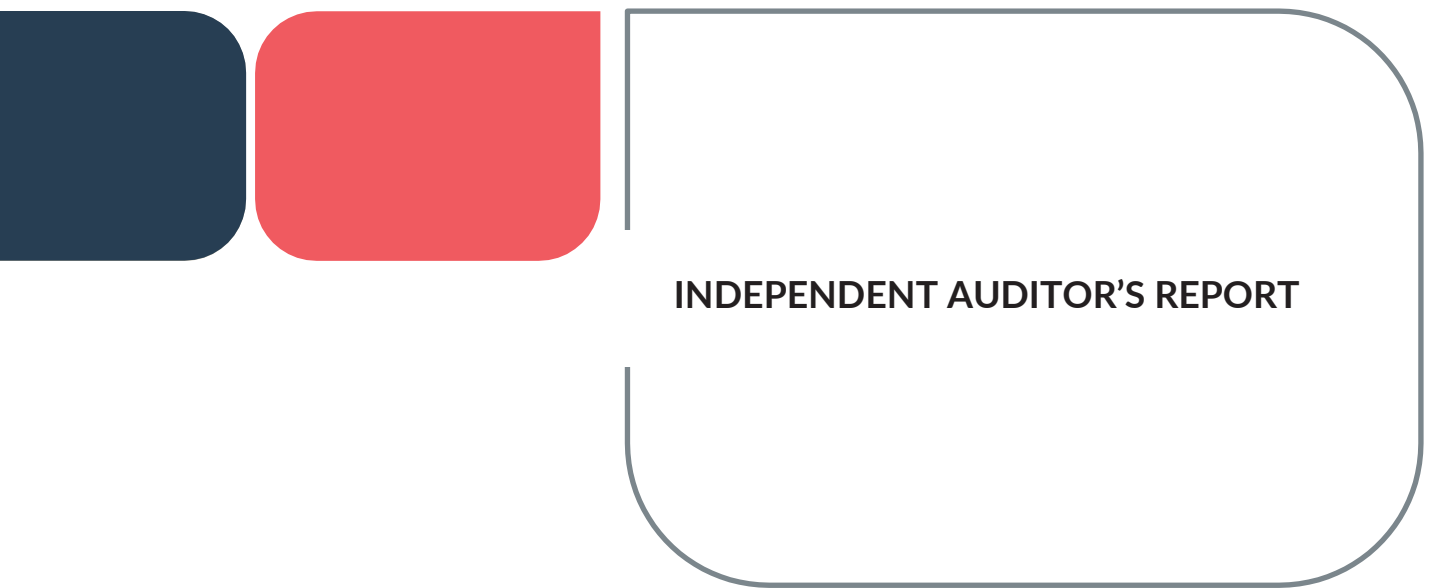
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INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Jackson County School District No. 35
Rogue River, Oregon

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the internal service fund of Jackson County School District No. 35, Oregon, (the District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the internal service fund of the District, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 the District 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.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 1 to the financial statements, the District changed its method of accounting for compensated absences due to the adoption of GASB 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the District's ability to continue as a going concern for 12 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 GAAS and *Government 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 GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, 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 District'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 the District'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, certain pension schedules, certain other post-employment benefit schedules, and the general and major special revenue governmental funds budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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, pension schedules, and other post-employment benefit schedules in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on management's discussion and analysis, certain pension schedules, and other certain post-employment benefit schedules because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The general and major special revenue governmental funds budgetary comparison information 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 information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance GAAS. In our opinion, the general and major special revenue governmental funds budgetary comparison information is 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 District's basic financial statements. The other supplementary information listed in the Table of Contents and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Other Reporting Required by the State of Oregon

In accordance with Oregon State Regulations, we have also issued our report dated December 2, 2025 on our consideration of the District's compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes (ORS) as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*. The purpose of that report is to describe the scope of our testing necessary to address the required provisions of ORS, and not to provide an opinion on compliance with such provisions.



Aria Bettinger, CPA
Sorren CPA's, PC
Medford, Oregon
December 2, 2025



MANAGEMENT'S DISCUSSION AND ANALYSIS

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

As management of Rogue River School District No. 35 (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with the basic financial statements and the accompanying notes to those financial statements. It should also be noted that all amounts included in text below are rounded for ease of reading.

FINANCIAL HIGHLIGHTS

- In the government-wide statements, the assets and deferred outflows of the District exceeded its liabilities and deferred inflows at June 30, 2025 by \$11.5 million. Of this amount, \$11.7 million represents the District's net investment in capital assets, \$43 thousand is restricted for debt service, \$78 thousand is restricted for scholarships, \$3.7 million is restricted for capital projects, \$240 thousand is restricted for the student body, \$169 thousand is restricted for food service, and \$189 thousand restricted for RHIA, leaving a negative \$4.6 million balance in unrestricted net position.
- For the fiscal year ended June 30, 2025, the District's total net position increased by \$6.2 million. In the prior year, the District's total net position increased by \$466 thousand prior to restatement.
- The District's governmental funds reported combined ending fund balance of \$7.1 million, a decrease of \$1.2 million in comparison to the prior year. Approximately 24.7 percent of this total amount, \$1.7 million, is available for spending to meet ongoing commitments and obligations of the District.
- At the end of the fiscal year, fund balance for the General Fund was \$1.7 million, down \$411 thousand from the prior year, an decrease of about 19.1 percent. Unassigned fund balance in the General Fund represented about 11.6 percent of total General Fund expenditures, down from 12.7 percent in the prior year.
- The District implemented GASB 101, Compensated Absences, during the current year. This resulted in a reduction to beginning net position of \$1,150,620.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components:

- 1) Government-wide financial statements
- 2) Fund financial statements
- 3) Notes to the basic financial statements

This report also contains supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. These statements include:

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

The Statement of Net Position. The *Statement of Net Position* presents information on all of the assets, deferred outflows, liabilities and deferred inflows of the District at year end. Net position is what remains after the liabilities and deferred inflows have been paid or otherwise satisfied. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities. The *Statement of Activities* presents information showing how the net position of the District changed over the year by tracking revenues, expenses and other transactions that increase or reduce net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

In the government-wide financial statements, the District's activities are shown in one category:

- *Governmental activities.* All of the District's basic functions are shown here, such as regular and special education, child nutrition services, transportation, administration, and facilities acquisition and construction. These activities are primarily financed through property taxes, Oregon's State School Fund and other intergovernmental revenues.

The government-wide financial statements can be found as listed in the Table of Contents of this report.

Fund financial statements

Fund financial statements. The *fund financial statements* provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and internal service funds.

Governmental funds. The *governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are reconciled to the government-wide Statements of Net Position and Activities.

The District maintains four individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General, Special Revenue, Debt Service, and Capital Projects Funds, all of which are considered to be major funds.

The basic governmental fund financial statements can be found as listed in the Table of Contents of this report.

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Internal service funds. This fund type is an accounting device used to accumulate and allocate costs internally among the District's various functions. The District maintains one internal service fund to account for claims and other risk management costs not otherwise covered through unemployment costs. Because these services predominantly benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements and internal activity has been eliminated. The basic internal service fund financial statements can be found as listed in the table of contents of this report. Individual fund data for the internal service fund is provided as Supplemental Information in this report.

Notes to the basic financial statements

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found as listed in the Table of Contents of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* displaying certain budgetary comparison schedules and benefit schedules. Required Supplementary Information can be found as listed in the Table of Contents of this report.

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The District's assets/deferred outflows exceeded liabilities/deferred inflows by \$11.5 million at June 30, 2025. At June 30, 2024 District assets/deferred outflows exceeded liabilities/deferred inflows by \$6.5 million.

	Governmental Activities (in thousands)		Increase (Decrease) From
	June 30, 2025	June 30, 2024	June 30, 2024
Assets:			
Current assets	\$ 10,012	\$ 9,769	\$ 243
Capital assets	17,608	10,766	6,842
Other assets	189	149	40
Total assets	<u>27,809</u>	<u>20,684</u>	<u>7,125</u>
Deferred outflows	<u>5,613</u>	<u>4,796</u>	<u>817</u>
Total assets and deferred outflows	<u>33,422</u>	<u>25,480</u>	<u>7,942</u>
Liabilities:			
Current liabilities	2,697	1,154	1,543
Other liabilities	12,388	11,532	856
Long-term liabilities	<u>5,652</u>	<u>5,548</u>	<u>104</u>
Total liabilities	<u>20,737</u>	<u>18,234</u>	<u>2,503</u>
Deferred inflows	<u>1,177</u>	<u>749</u>	<u>428</u>
Total liabilities and deferred inflows	<u>21,914</u>	<u>18,983</u>	<u>2,931</u>
Net position:			
Net investment in capital assets	11,695	5,218	6,477
Restricted	4,439	5,096	(657)
Unrestricted	<u>(4,626)</u>	<u>(3,817)</u>	<u>(809)</u>
Total net position	<u>\$ 11,508</u>	<u>\$ 6,497</u>	<u>\$ 5,011</u>

* prior to the restatement

As noted previously, net position may serve over time as a useful indicator of a government's financial position. Net position increased by \$5 million from the prior year, prior to the restatement.

Capital assets, which consist of the District's land, buildings and improvements, vehicles and equipment, right-of-use assets, and right-of use subscription assets represent about 53 percent of total assets/deferred outflows. The remaining assets consist mainly of cash and investments, grants and property taxes receivable, prepaid expenses and deferred outflows related to pensions and other postemployment benefits. Deferred amounts related to pensions and other postemployment benefits of \$5.6 million represent 17% of total assets and deferred outflows.

On July 27, 2023, the District issued General Obligation Bond, Series 2023, in the amount of \$4,465,000. During the year June 30, 2025, the District made a principal payment of \$445,000. See *Note 10* of the Notes to the Financial Statements for more information.

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

The District's largest liability is the net pension liability (OPERS), it represents 54 percent of the total liabilities and deferred inflows of resources. The remaining liabilities/deferred inflows are made up of short-term accounts payable, deposits payable, unearned grant revenue, accrued salaries and benefits, leases and IT subscription payables, and deferred amounts related to pensions and other postemployment benefits.

A large portion of the District's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is 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. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources (generally property taxes), since the capital assets themselves cannot be used to liquidate these liabilities.

Governmental activities. As previously stated, all District activities are governmental in nature, and during the current fiscal year, the District's net position increased by \$6.2 million. The increase can be primarily attributed to the increase in capital grants and contributions.

		Governmental Activities (in thousands)		Increase (Decrease) From
		June 30, 2025	June 30, 2024 *	June 30, 2024
Revenues:				
Program revenues:				
Charges for service	\$	138	\$ 185	\$ (47)
Operating grants and contributions		3,063	4,233	(1,170)
Capital grants and contributions		6,638	-	6,638
General revenues:				
Property taxes		4,790	4,679	111
State school fund - general support		10,238	9,710	528
Other federal, state and local sources		501	315	186
Earnings on investments		455	489	(34)
Miscellaneous		75	76	(1)
Total revenues		<u>25,898</u>	<u>19,687</u>	<u>6,211</u>
Expenses:				
Instruction		11,622	11,209	413
Support services		7,321	7,149	172
Enterprise and community services		578	593	(15)
Facilities acquisition and construction		16	109	(93)
Interest on long-term debt		198	161	37
Total expenses		<u>19,735</u>	<u>19,221</u>	<u>514</u>
Change in net position	\$	<u>6,163</u>	<u>\$ 466</u>	<u>\$ 5,697</u>

* prior to the restatement

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds. The focus of the District's governmental funds is to provide information on relatively short-term cash flow and funding for future basic services. Such information is useful in assessing the District's financing requirements. In particular, fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year.

At June 30, 2025, the District's governmental funds reported combined ending fund balances of \$7.06 million, a decrease of \$1.2 million in comparison with the prior year. About \$1.7 million (24.7 percent) of the ending fund balance constitutes amounts which are available for spending at the District's discretion. About 54 percent of combined ending fund balance is restricted for capital projects (\$3.7 million).

General Fund. The General Fund is the chief operating fund of the District. As of June 30, 2025, fund balance was \$1.7 million. The fund balance decreased by approximately \$411 thousand during the current fiscal year. As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Unassigned fund balance of \$1.7 million represents about 11.6 percent of total General Fund expenditures.

Special Revenue Fund. The Special Revenue Fund had a total fund balance of \$1.75 million, of which none is unassigned. The net increase in fund balance during the current year was \$46 thousand. The Committed fund balance of \$543 thousand represents amounts reserved for capital improvements and pension reserve. The Assigned fund balance of \$538 thousand represents amounts held for school improvement. The remaining \$662 thousand is legally restricted for specific purposes and \$3 thousand is non-spendable.

Debt Service Fund. The Debt Service Fund had a total fund balance of \$22 thousand, all of which is restricted for the payment of debt service. The net decrease in fund balance during the current year was \$6 thousand.

Capital Projects Fund. The Capital Projects Fund had a total fund balance of \$3.5 million, all of which is restricted. The fund was established during the 2018 fiscal year in connection with the issuance of general obligation debt.

CURRENT ECONOMIC FACTORS

Enrollment continues to be a challenge for the district, which currently serves 804 students. This represents a decline from 836 students last year, with 28 of those losses occurring at South Valley Academy. The decline at South Valley is primarily due to neighboring districts launching new hybrid school options that compete directly with South Valley Academy. While this creates challenges in attracting out-of-district students, South Valley continues to serve an important role in student retention within the district. If current enrollment trends persist, staffing adjustments at South Valley Academy may be necessary.

The district is also facing potential funding headwinds at both the state and federal levels. The State of Oregon has issued warnings that revenues are coming in below projections reversing a long-standing trend of revenue exceeding estimates over the past decade. While this possibility was anticipated, and the district has established reserves to help offset potential reductions, any significant decrease in state funding could still impact operations.

Potential reductions in federal funding pose a more direct concern, as these funds are tied to specific programs and staffing. Any cuts would likely necessitate reductions in personnel supported by federal grants.

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

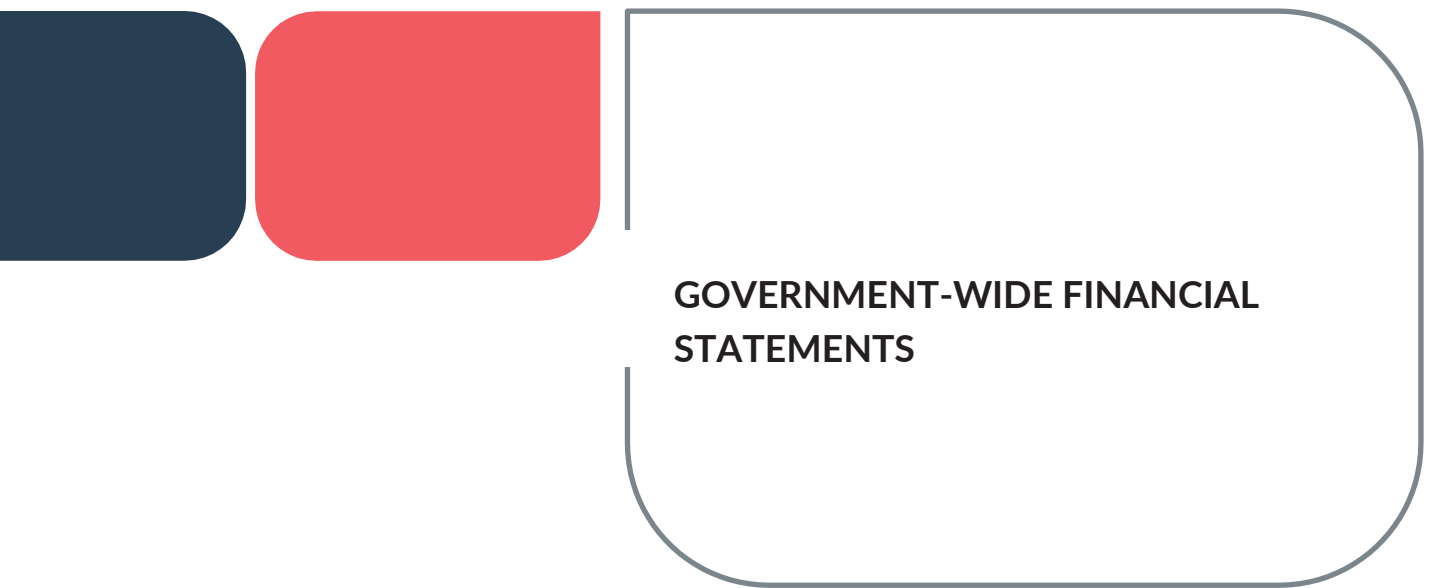
Despite these challenges, the district has already begun implementing staffing and structural adjustments to ensure long-term fiscal stability and to mitigate the impact of declining enrollment and potential funding reductions.

REQUESTS FOR INFORMATION

This financial report is designed to present the user (citizens, taxpayers, investors, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the District's Business Manager at 1898 E. Evans Creek Road, Rogue River, Oregon 97537.



BASIC FINANCIAL STATEMENTS



**GOVERNMENT-WIDE FINANCIAL
STATEMENTS**

JACKSON COUNTY SCHOOL DISTRICT NO. 35
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities
ASSETS:	
Cash, cash equivalents and investments	\$ 3,460,558
Receivables	4,333,950
Prepaid expenses	4,228
Restricted cash and investments for capital projects	2,213,114
Capital assets, net	17,608,452
Other post-employment asset (RHIA)	189,033
TOTAL ASSETS	27,809,335
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred outflows related to pensions (OPERS)	5,514,535
Deferred outflows related to pensions (early retirement stipend pension plan)	6,688
Deferred outflows related to other post-employment benefits (single-employer defined health care plan)	86,872
Deferred outflows related to other post-employment benefits (RHIA)	5,338
TOTAL DEFERRED OUTFLOWS OF RESOURCES	5,613,433
TOTAL ASSETS AND DEFERRED OUTFLOWS	33,422,768
LIABILITIES:	
Accounts payable	1,321,563
Accrued salaries and benefits	1,086,526
Deposits payable	500
Other post-employment benefit obligation (single-employer defined benefit health care plan)	
Due within one year	69,389
Due in more than one year	460,618
Early retirement stipend pension plan obligation	
Due within one year	6,688
Due in more than one year	28,502
Subscription liability	
Due within one year	37,522
Due in more than one year	78,301
Lease liability	
Due within one year	275,089
Due in more than one year	836,263
Bonds payable	
Due within one year	495,000
Due in more than one year	3,090,000
Compensated absences	
Due within one year	287,447
Due in more than one year	839,950
Net pension liability (OPERS)	11,823,962
TOTAL LIABILITIES	20,737,320
DEFERRED INFLOWS OF RESOURCES:	
Deferred inflows related to pensions (OPERS)	1,073,497
Deferred inflows related to other post-employment benefits (single-employer defined benefit health care plan)	85,466
Deferred inflows related to other post-employment benefits (RHIA)	17,872
TOTAL DEFERRED INFLOWS OF RESOURCES	1,176,835
TOTAL LIABILITIES AND DEFERRED INFLOWS	21,914,155
NET POSITION:	
Net investment in capital assets	11,694,768
Restricted for debt service	42,694
Restricted for scholarships	77,668
Restricted for capital projects	3,721,948
Restricted for student body	239,832
Restricted for food service	168,798
Restricted for RHIA	189,033
Unrestricted	(4,626,128)
TOTAL NET POSITION	\$ 11,508,613

See notes to basic financial statements

JACKSON COUNTY SCHOOL DISTRICT NO. 35
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Instruction	\$ 11,622,388	\$ 84,038	\$ 1,743,727	\$ -
Supporting services	7,321,201	34,099	878,486	-
Enterprise and community services	578,162	20,159	440,365	-
Facilities and acquisition	15,718	-	-	6,637,600
Interest on long-term debt	198,058	-	-	-
Total governmental activities	\$ 19,735,527	\$ 138,296	\$ 3,062,578	\$ 6,637,600
General revenues:				
Property taxes levied for general purposes				4,209,947
Property taxes levied for debt service				580,088
Construction excise tax				22,173
State school fund - general support				10,238,168
County and intermediate sources- general support				287,480
Common school fund				188,213
Federal forest fees				2,766
Earnings on investments				455,151
Miscellaneous				75,449
Total general revenues				16,059,435
CHANGE IN NET POSITION				6,162,382
NET POSITION - JULY 1, 2024, as restated				5,346,231
NET POSITION - JUNE 30, 2025				\$ 11,508,613



FUND FINANCIAL STATEMENTS

JACKSON COUNTY SCHOOL DISTRICT NO. 35
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
ASSETS:					
Equity in pooled cash, cash equivalents and investments	\$ 2,806,740	\$ 362,039	\$ 17,271	\$ -	\$ 3,186,050
Property taxes receivable	184,512	-	25,423	-	209,935
Receivables	76,032	2,041,003	-	2,006,980	4,124,015
Prepaid expenses	1,280	2,948	-	-	4,228
Restricted cash and investments	-	-	-	2,213,114	2,213,114
TOTAL ASSETS	\$ 3,068,564	\$ 2,405,990	\$ 42,694	\$ 4,220,094	\$ 9,737,342
LIABILITIES:					
Accounts payable	\$ 87,520	\$ 534,521	\$ -	\$ 673,426	\$ 1,295,467
Accrued salaries and benefits	1,086,526	-	-	-	1,086,526
Deposits payable	500	-	-	-	500
TOTAL LIABILITIES	1,174,546	534,521	-	673,426	2,382,493
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - grants	-	125,940	-	-	125,940
Unavailable revenue - property taxes	149,941	-	20,660	-	170,601
TOTAL DEFERRED INFLOWS OF RESOURCES	149,941	125,940	20,660	-	296,541
Non-spendable	1,280	2,948	-	-	4,228
Restricted:					
Debt service	-	-	22,034	-	22,034
Scholarships	-	77,668	-	-	77,668
Student body	-	239,832	-	-	239,832
Capital projects	-	175,280	-	3,546,668	3,721,948
Food service	-	168,798	-	-	168,798
Committed:					
PERS reserve	-	526,190	-	-	526,190
Capital outlay	-	17,162	-	-	17,162
Assigned	-	537,651	-	-	537,651
Unassigned	1,742,797	-	-	-	1,742,797
Total fund balances	1,744,077	1,745,529	22,034	3,546,668	7,058,308
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 3,068,564	\$ 2,405,990	\$ 42,694	\$ 4,220,094	\$ 9,737,342

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
YEAR ENDED JUNE 30, 2025**

TOTAL FUND BALANCES		\$ 7,058,308
Capital assets are not financial resources and therefore are not reported in the governmental funds.		
Cost	\$ 29,471,804	
Accumulated depreciation and amortization	<u>(11,863,352)</u>	17,608,452
A portion of the District's property taxes are collected after year-end but are not available soon enough to pay for the current year's operations, and therefore are not reported as revenue in the governmental funds.		170,601
The combined net position of the internal service fund is not part of the governmental fund balance, but it is controlled by the District, and therefore included on the government-wide Statement of Net Position.		248,412
The asset associated with the District's other post-employment benefit (RHIA) is not recorded in the governmental funds as it is not available currently.		189,033
The net deferred outflow/(inflow) associated with the District's pension and other post-employment benefits is not recorded in the governmental funds as it is not available nor payable currently.		4,436,598
The grant revenue associated with the District's retainage payable is not recognized in the governmental funds as it is not available nor receivable currently.		125,940
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest in long-term debt is not accrued in the governmental funds, but rather recognized as an expenditure when due.		
These liabilities consist of:		
Long-term debt obligations	\$ (3,585,000)	
Lease liability	(1,111,352)	
Subscription liability	(115,823)	
Compensated absences	(1,127,397)	
Net pension liability	(11,823,962)	
Other post-employment benefits	(530,007)	
Early retirement benefits (stipend)	<u>(35,190)</u>	<u>(18,328,731)</u>
TOTAL NET POSITION		<u><u>\$ 11,508,613</u></u>

JACKSON COUNTY SCHOOL DISTRICT NO. 35
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
REVENUES					
Construction excise taxes	\$ -	\$ 22,173	\$ -	\$ -	\$ 22,173
Property taxes	4,179,186	-	576,423	-	4,755,609
Basic school support	10,233,984	4,184	-	-	10,238,168
Intergovernmental	569,835	5,322,461	-	4,000,000	9,892,296
Charges for services	2,898	135,398	-	-	138,296
Donations	21,672	143,188	-	-	164,860
Interest on investments	211,766	43,150	13,960	186,275	455,151
Miscellaneous	35,829	35,160	-	-	70,989
TOTAL REVENUES	15,255,170	5,705,714	590,383	4,186,275	25,737,542
EXPENDITURES					
Current					
Instruction	8,625,113	2,259,837	-	-	10,884,950
Support services	5,991,165	909,255	-	-	6,900,420
Enterprise and community services	-	551,000	-	-	551,000
Facilities and acquisition	-	2,652,921	-	4,993,760	7,646,681
Debt service	382,661	-	596,525	-	979,186
TOTAL EXPENDITURES	14,998,939	6,373,013	596,525	4,993,760	26,962,237
Excess (Deficiency) of Revenues Over Expenditures	256,231	(667,299)	(6,142)	(807,485)	(1,224,695)
OTHER FINANCING SOURCES (USES):					
Issuance of leases	8,898	-	-	-	8,898
Issuance of SBITAS	36,575	-	-	-	36,575
Interfund transfers	(713,000)	713,000	-	-	-
TOTAL OTHER FINANCING SOURCES	(667,527)	713,000	-	-	45,473
NET CHANGE IN FUND BALANCE	(411,296)	45,701	(6,142)	(807,485)	(1,179,222)
FUND BALANCE, JULY 1, 2024	2,155,373	1,699,828	28,176	4,354,153	8,237,530
FUND BALANCE, JUNE 30, 2025	\$ 1,744,077	\$ 1,745,529	\$ 22,034	\$ 3,546,668	\$ 7,058,308

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

NET CHANGE IN FUND BALANCE \$ (1,179,222)

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

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

Expenditures for capital assets	\$ 7,713,416	
Less: Current year depreciation and amortization	<u>(870,541)</u>	
		6,842,875

Government funds defer grant revenue related to retainage expenses recognized at year end that are not available to be claimed until the expense is paid in the following year. However, in the Statement of Activities, the revenue is recognized as the retainage expense is considered an allowable cost for grant reimbursement.

125,940

Long-term debt, lease and subscription proceeds are reported as other financing sources in governmental funds. In the Statement of Net Position, however, issuing long-term debt, leases and subscriptions increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position.

Lease proceeds	\$ (8,898)	
Subscription proceeds	(36,575)	
Debt principal paid	445,000	
Leases principal paid	295,218	
Subscription principal paid	<u>40,893</u>	
		735,638

Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the Statement of Activities property taxes are recognized as revenue when levied.

34,426

The change in net position from the activity in the internal service fund is not included in the governmental fund financial statements, but is included in the government-wide Statement of Activities as the District has control of the funds.

6,419

The change in net position as a result of the change in compensated absences payable does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds.

23,223

Government funds report pension and OPEB contributions as expenditures. In the Statement of Activities, the cost of pension and OPEB benefits earned (actuarially determined) net of employee contributions is reported as pension and OPEB expense.

(426,917)

CHANGE IN NET POSITION \$ 6,162,382

JACKSON COUNTY SCHOOL DISTRICT NO. 35
STATEMENT OF NET POSITION
INTERNAL SERVICE FUND
JUNE 30, 2025

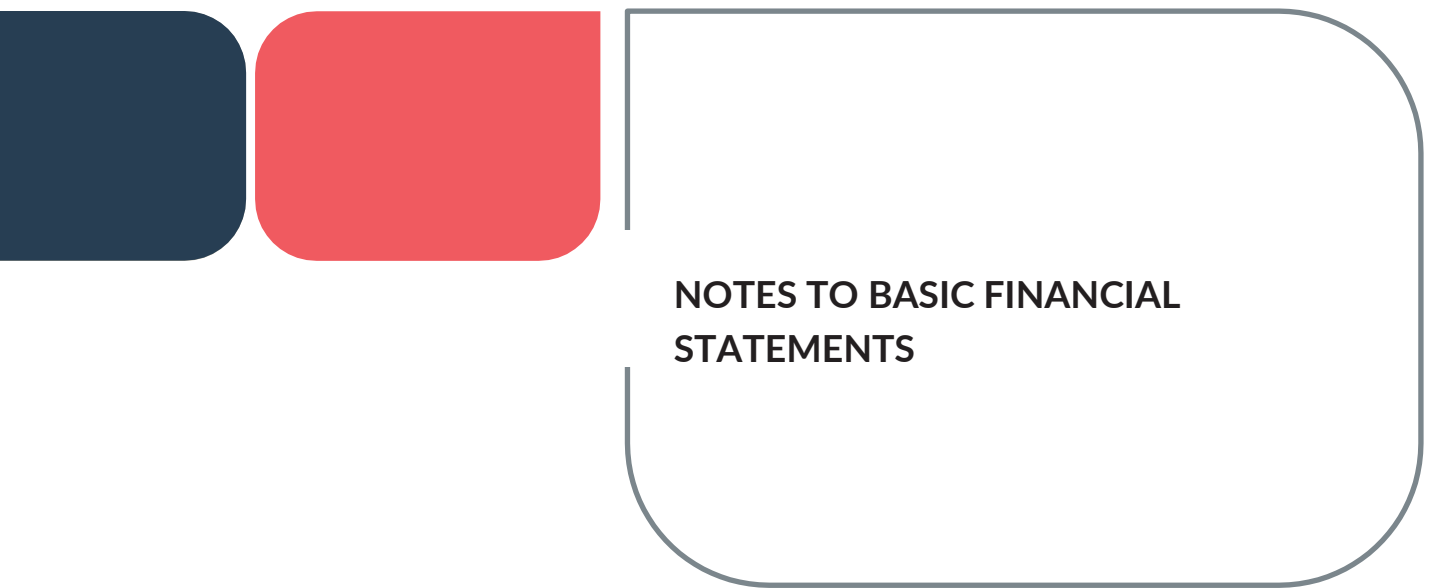
	<u>Internal Service Fund</u>
ASSETS:	
Equity in pooled cash, cash equivalents and investments	<u>\$ 274,508</u>
TOTAL ASSETS	<u><u>\$ 274,508</u></u>
LIABILITIES:	
Accounts payable	<u>\$ 26,096</u>
TOTAL LIABILITIES	<u>26,096</u>
NET POSITION:	
Fund Balances:	
Unrestricted	<u>248,412</u>
TOTAL NET POSITION	<u><u>\$ 248,412</u></u>

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUND
YEAR ENDED JUNE 30, 2025**

	<u>Internal Service Fund</u>
OPERATING REVENUES:	
Charges for services (interfund)	\$ 46,128
TOTAL OPERATING REVENUES	<u>46,128</u>
OPERATING EXPENDITURES	
Current:	
Support services	<u>39,709</u>
TOTAL OPERATING EXPENDITURES	<u>39,709</u>
CHANGE IN NET POSITION	6,419
NET POSITION, July 1, 2024	<u>241,993</u>
NET POSITION, June 30, 2025	<u><u>\$ 248,412</u></u>

JACKSON COUNTY SCHOOL DISTRICT NO. 35
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND
YEAR ENDED JUNE 30, 2025

	<u>Internal Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash from interfund services provided	\$ 46,128
Cash paid for services	<u>(27,873)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>18,255</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	18,255
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>256,253</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 274,508</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH	
PROVIDED BY OPERATING INCOME	
Operating income (loss)	\$ 6,419
Adjustments to reconcile operating income (loss) to net cash provided by operating activities	
Change in assets and liabilities:	
Accounts payable	<u>11,836</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ 18,255</u></u>



**NOTES TO BASIC FINANCIAL
STATEMENTS**

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

Note 1 - Summary of Significant Accounting Policies

The financial statements of Jackson County School District No. 35 (the District), Oregon have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting standards. The more significant of the District's accounting policies are described below.

The Reporting Entity

Jackson County School District No. 35, Rogue River, Oregon, was organized under provisions of Oregon Statutes pursuant to ORS Chapter 332 for the purpose of operating elementary and secondary schools. The District is governed by a separately elected five-member Board of Education (Board) who approves 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 District qualifies as a primary government since it has a separately elected governing body, is a legally separate entity, and is fiscally independent. There are various other governmental agencies and special service districts, which provide service within the District's boundaries. However, the District is not financially accountable for any of these entities, and therefore, none of them are considered component units or included in these basic financial statements.

The more significant of the District's accounting policies are described below.

Basis of Presentation

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District. These statements include the governmental financial activities of the overall District. Eliminations have been made to minimize the double counting of internal activities. Governmental activities are financed primarily through property taxes, intergovernmental revenues, and charges for services.

The Statement of Activities presents a comparison between direct expenses and program revenues for each of its functions/programs. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to that function. Eliminations have been made to minimize the double counting of internal activities in the Statement of Activities. Program revenues include: (1) charges to students or others for tuition, fees, rentals, material, supplies or services provided, (2) operating grants and contributions and (3) capital grants and contributions. Revenues that are not classified as program revenues, including property taxes and state support, are presented as general revenues.

Separate financial statements are presented for governmental funds and internal service funds.

Net Position is reported as restricted when constraints placed on asset use are either externally restricted, imposed by creditors (such as through grantors, contributors or laws) or through constitutional provisions or enabling resolutions.

Fund Financial Statements

The fund financial statements provide information about the District's funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All the District's governmental funds are categorized as major funds.

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

Note 1 - Summary of Significant Accounting Policies (continued)

Fund Financial Statements (continued)

The District reports the following as major governmental funds:

General Fund - The General Fund is the District's primary operating fund and accounts for all revenues and expenditures except those required to be accounted for in another fund. Principal revenue sources are state school funds and property taxes.

Special Revenue Fund - This Special Revenue Fund accounts for revenues and expenditures of grants restricted for specific educational purposes. Principal revenue sources are federal and state grants.

Debt Service Fund - This Debt Service Fund provides for the payment of principal and interest on general obligation bonded debt. Principal revenue source is property taxes.

Capital Project Fund - The Capital Project Fund accounts for activities related to the acquisition, construction, equipping and furnishing of facilities. Principal revenue sources are proceeds from the sale of bonds, interest earnings, and capital grant funds.

Additionally, the District reports the following proprietary fund:

Internal Service Fund - This fund is used to report activities that provide supplies and services on a cost reimbursement basis for the District's other programs and activities. The District currently has one internal service fund - the Unemployment Fund. Internal activity is eliminated on the government-wide financial statements.

Measurement Focus and Basis of Accounting

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis of accounting, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, and there are both restricted and unrestricted net position available to finance the program, it is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Property taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and claims and judgments, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt and leases are reported as other financing sources.

The Internal Service Fund is reported using the economic resources measurement focus and the accrual basis of accounting

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

Note 1 - Summary of Significant Accounting Policies (continued)

Cash, Cash Equivalents and Investments

The District's cash and cash equivalents consist of cash on hand and demand deposits.

The District's investments, authorized under state statute, consist of the State of Oregon Treasurer's Local Government Investment Pool (LGIP) and certificates of deposit. Changes in the fair value of investments are recorded as investment earnings.

The LGIP is stated at amortized cost which approximates fair value. Fair value of the LGIP is the same as the District's value in the pool shares. The Oregon State Treasury administers the LGIP. It is an open-ended no-load diversified portfolio offered to any agency, political subdivision or public corporation of the State that by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon legislature established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment options of the LGIP. The investments are regulated by the Oregon Short Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895).

Property Taxes Receivable

Ad valorem property taxes are levied on all taxable property as of January 1 preceding the beginning of the fiscal year. Property taxes become a lien on July 1 for personal property and real property. Property taxes are levied on July 1. Collection dates are November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

Uncollected property taxes are recorded on the Statement of Net Position. Uncollected taxes are deemed to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established.

Accounts and Other Receivables

Accounts receivable and other receivables consist primarily of charges for services, claims for reimbursement of costs under various federal and state grant programs and refunds of prior year expenditures. Due to the nature of the receivables and the likelihood of collection, no provision for uncollected receivables has been made.

Grants

Unreimbursed grant expenditures due from grantor agencies are reflected in the basic financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenditures are incurred. Grant monies received prior to the occurrence of qualifying expenditures are recorded as unearned revenue.

Leases

Leases are recognized in accordance with GASB Statement No. 87, Leases.

A lessee is required to recognize a lease payable and an intangible right-to-use lease asset. A lease payable is recognized at the net present value of future lease payments, and is adjusted over time by interest and payments. Future lease payments used to calculate the lease liability include only fixed payments. The right-to-use asset is initially recorded at the amount of the lease liability plus prepayments less any lease incentives received prior to lease commencement, and is subsequently amortized over the life of the lease.

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

Note 1 - Summary of Significant Accounting Policies (continued)

Leases (continued)

The District has chosen not to implement GASB 87 for the budgetary basis of accounting. For both the budgetary basis of accounting and for leases that do not meet the criteria for valuation under GASB 87, the District will report inflows of cash for lessor leases and outflows of cash for lessee leases.

Subscription-based IT Arrangements

The District has several noncancellable subscription-based information technology arrangements. The District recognizes a subscription liability and an intangible right-to-use subscription asset in the government-wide financial statements. The District recognizes subscription liabilities with an initial, annual value of \$5,000 or more.

At the commencement of a subscription, the District initially measures the subscription liability at the present value of payments expected to be made during the SBITA term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to subscriptions include how the District determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) subscription term, and (3) subscription payments. The District uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for SBITAs. The subscription term includes the noncancellable period of the subscription plus any options the District is reasonably certain it will exercise. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price (if applicable) that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its subscription and will remeasure the subscription asset and subscription liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

The District has chosen not to implement GASB 96 for the budgetary basis of accounting. For both the budgetary basis of accounting and for SBITAs that do not meet the criteria for valuation under GASB 96, the District will report outflows of cash for subscription payments.

Capital Assets

Capital assets are recorded at original or estimated original cost. Donated capital assets are recorded at their estimated fair market value on the date donated. The District defines capital assets as assets with an initial cost of more than \$5,000 and an estimated life in excess of one year. Interest incurred during construction is not capitalized. Maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	-	10 to 40 years
Vehicles and equipment	-	5 to 10 years
Right-of-use assets	-	Depends on life of the lease or subscription

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

Note 1 - Summary of Significant Accounting Policies (continued)

Self-Insurance

The Internal Service Fund (Unemployment Fund) addresses the various types of risk faced by the District. The District provides currently for potential losses to be incurred from pending claims.

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 System (OPERS) and additions to/deductions from OPERS's fiduciary net position have been determined on the same basis as they are reported by OPERS. 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.

Post-Employment Stipend Benefits

Eligible employees who elect early retirement are entitled to stipend payments. Such costs are recorded as expenses in the General Fund and funded as stipend benefits become due.

Post-Employment Health Care Benefits

Eligible employees who elect early retirement are entitled to payment of group medical insurance premiums. In the Government-wide financial statements, the District reports its liability for other post-employment benefits consistent with established generally accepted accounting principles and to reflect an actuarially determined liability for the present value of projected future benefits for retired and active employees. Such costs are recorded as expenses in the Governmental Funds and funded as premiums become due.

Additionally, certain District employees are participants in the State of Oregon Public Employees Retirement System (OPERS) – Retirement Health Insurance Account (RHIA). Contributions to OPERS RHIA are made on a current basis as required by the plan and are charged as expenses.

Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused sick pay benefits. Eligibility for annual sick leave accruals begin immediately on the date of hire. There is no waiting period for using sick leave. Accrued sick time is accrued based on the portion more likely than not to be used during the course of employment and expensed when used on a first in first out basis. If an employee is terminated, all accrued but unused sick time is not paid upon termination.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net 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.

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

Note 1 - Summary of Significant Accounting Policies (continued)

Deferred Outflows/Inflows of Resources (continued)

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition on net position that applies to a future period and so will not be recognized as an inflow of resources (of revenue) until that time.

Additionally, the District has two types of deferred inflows which arise only under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental fund's balance sheet.

Long-term Debt

The District reports long-term debt of governmental activities at face value in the Statement of Net Position. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable premium or discount. Bond issuance costs are expensed in the period incurred.

In the fund financial statements, government fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued, premiums and discounts received on debt issuances, and deferred charges are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Net Position/Fund Balance

In the government-wide financial statements, equity is classified as net position and displayed in three components:

Net investment in capital assets – Consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

Restricted net position – Consists of net position with constraints placed on the use by either (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position (deficit) – Consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

Note 1 - Summary of Significant Accounting Policies (continued)

Net Position/Fund Balance (continued)

It is the District's policy to first use restricted net position prior to the use of unrestricted net position when an expenditure is incurred for purposes for which both restricted and unrestricted net position are available.

In the fund financial statements, governmental fund balance is classified in the following categories:

Non-Spendable – Includes items not immediately converted to cash, such as prepaid items and inventory.

Restricted – Includes items that are restricted by external creditors, grantors or contributors, or restricted by legal constitutional provisions.

Committed – Includes items committed by the District's Board of Directors, by formal board action.

Assigned – Includes items assigned for specific uses, authorized by the District's Superintendent and/or Business Manager.

Unassigned – This is the residual classification used for those balances not assigned to another category.

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

The District has established a policy to maintain a minimum of 10% of the General Fund's annual operating expenditures in fund balance at year end. The District believes a reserve of this level is prudent to maintain a high bond rating, to provide for unexpected emergencies, and to protect the District from the effects of fluctuations in state and federal funding.

Budget

A budget is prepared and legally adopted for each governmental fund type on the modified accrual basis of accounting. This budgetary basis of accounting is different than accounting principles generally accepted in the United States of America (GAAP). The major differences between the budgetary and GAAP basis of accounting are that capital outlay and other long-term assets, and debt principal and other long-term liabilities, are included as budgeted expenditures in the governmental fund types. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations.

Appropriations are established at the major function level (instruction, support services, enterprise and community services, facilities acquisition and construction, debt service, contingency and transfers) for each fund. The detail budget document, however, is required to contain more specific, detailed information for the aforementioned expenditure categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. Appropriations lapse at the end of each fiscal year.

Supplemental budgets less than 10% of a fund's original budget may be adopted by the Board at a regular meeting. A supplemental budget greater than 10% of a fund's original budget requires hearings before the public, publication in newspapers and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers within a fund between the levels of control (major function levels) with Board approval.

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

Note 1 - Summary of Significant Accounting Policies (continued)

Budget (continued)

The Board may authorize some transfers of appropriation authority by passing a resolution or ordinance. A transfer of appropriation authority is a decrease of one existing appropriation and a corresponding increase of another existing appropriation, with no net change in the total amount of all appropriations. However, a resolution may not be used to authorize the creation of a new appropriation category that does not already exist without approving a supplemental budget.

During the fiscal year ended June 30, 2025, the District was in compliance with the Local Budget Law.

Use of Estimates

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

Adoption of New GASB Pronouncements

During the year ended June 30, 2025, the District implemented the following GASB Pronouncements:

GASB Statement No. 101, *Compensated Absences*. Issued in June 2022, this Statement updates recognition and measurement guidelines for compensated absences. The implementation of this statement is reflected in accrued compensated absences in the Statement of Net Position and Note 6 – *Compensated Absences*.

GASB Statement No. 102, *Certain Risk Disclosures*. This standard requires governments to disclose essential information about risks related to vulnerabilities due to certain concentrations or constraints. There is no effect on the District's financial statements as a result of this Statement.

Future Adoption of GASB Pronouncements

The following GASB pronouncements have been issued, but are not effective as of June 30, 2025:

GASB Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. This Statement will be effective for the District for fiscal year ending June 30, 2026.

GASB Statement No. 104, *Capital Assets Held for Sale*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. This Statement also requires additional disclosures for assets held for sale. This Statement will be effective for the District for fiscal year ending June 30, 2026.

The District will implement new GASB pronouncements no later than the required effective date. The District is currently evaluating whether or not the above listed new GASB pronouncements will have a significant impact to the District's financial statements.

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

Note 1 - Summary of Significant Accounting Policies (continued)

Restatement of Beginning Net Position

As required by the adoption of GASB 101, *Compensated Absences*, leave which is attributable to services already rendered, accumulates, and is more likely than not to be used should be accrued as a compensated absence. The implementation of this statement resulted in the following changes in net position as of July 1, 2024:

<u>Net Position</u>	<u>Net Position at June 30, 2024 (as previously reported)</u>	<u>Restatement</u>	<u>Net Position at June 30, 2024 (as restated)</u>
Governmental Activities	\$ 6,496,851	\$ (1,150,620)	\$ 5,346,231

Note 2 - Cash and Investments

Cash and investments are comprised of the following at June 30, 2025:

Petty cash	\$ 1,522
Carrying amount of demand deposits	334,473
Certificates of deposit	62,455
Carrying amount of investments	<u>5,275,222</u>
Total cash and investments	<u><u>\$ 5,673,672</u></u>

Cash and investments are shown on the basic financial statements as:

Balance Sheet - Governmental Funds:	
Equity in pooled cash, cash equivalents and investments	\$ 3,186,050
Restricted cash and investments for capital projects	<u>2,213,114</u>
	5,399,164
Statement of Net Position Internal Service Fund:	
Equity in pooled cash, cash equivalents and investments	<u>274,508</u>
Total cash, cash equivalents, and investments	<u><u>\$ 5,673,672</u></u>

Deposits

The Governmental Accounting Standards Boards has adopted accounting principles generally accepted in the United States of America (GAAP), which include standards to categorize deposits to give an indication of the level of custodial credit risk assumed by the District at June 30, 2025. If bank deposits at year end are not entirely insured or collateralized with securities held by the District or by its agent in the District's name, the District must disclose the custodial credit risk that exists. Deposits with financial institutions are comprised of bank demand deposits and certificates of deposit. For the year ended June 30, 2025, the bank balances were \$686,186. All deposits are held in the name of the District. At June 30, 2025, the District had \$436,186 in deposits that were not covered by FDIC insurance. However, the balance is covered by the State of Oregon shared liability structure for participating bank depositories in Oregon.

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

Note 2 - Cash and Investment (continued)

Deposits (continued)

Effective July 1, 2008, House Bill 2901 created a shared liability structure for participating bank depositories in Oregon. Barring any exceptions, a qualifying bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of the quarter-end public fund deposits if they are adequately capitalized, or 110% of the quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public bank depositories is available to repay the deposits of public funds of governmental entities.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk.

Investments

The District has invested funds in the State Treasurer's Oregon Short-term Fund Local Government Investment Pool during fiscal year 2025. Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board. Investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool.

In addition, the Oregon State Treasury LGIP distributes investment income on an amortized cost basis and participants' equity in the pool is determined by the amount of participant deposits, adjusted for withdrawals and distributed income. Accordingly, the adjustment to fair value would not represent an expendable increase in the District's cash position.

Investments in the Oregon State Treasury LGIP are made under the provisions of ORS 294.180. These funds are held in the District's name and are not subject to collateralization requirements of ORS 295.015. Investments are stated at amortized cost, which approximated fair value.

State of Oregon statutes restrict the types of investments in which the District may invest. Authorized investments include obligations of the United States Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, time certificates of deposit, certain commercial paper, and the State of Oregon Treasurer's Local Government Investment Pool. As of June 30, 2025, and for the year then ended, the District was in compliance with the aforementioned State of Oregon statutes.

Credit Risk

State Statutes authorize the District to invest primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, banker's acceptances, certain commercial papers, and the State Treasurer's Investment Pool, among others. The District has no formal investment policy that further restricts its investment choices.

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

Note 2 - Cash and Investment (continued)

Concentration of Credit Risk

The District is required to provide information about the concentration of credit risk associated with its investments in one issuer that represents 5 percent or more of the total investments, excluding investments in external investment pools or those issued and explicitly guaranteed by the U.S. Government. The District has no such investments.

Interest Rate Risk

The District has no formal investment policy that explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates.

Disclosures about Fair Value of Assets

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 - Unadjusted inputs using quoted prices in active markets for identical investments.

Level 2 - Other significant observable inputs other than level 1 prices, including, but are not limited to, quoted prices for similar investments, inputs other than quoted prices that are observable for investments (such as interest rates, prepayment speeds, credit risk, etc.) or other market corroborated inputs.

Level 3 - Significant inputs based on the best information available in the circumstances, to the extent observable inputs are not available.

At June 30, 2025, the District's investments had the following fair value measurements:

Investments Measured at Fair Value:	Totals at June 30, 2025	Level One	Level Two	Level Three	Amortized Cost Measurement Not Measured at Fair Value
Local Government					
Investment Pool	\$ 5,275,222	\$ -	\$ -	\$ -	\$ 5,275,222
Certificates of deposit	62,455	-	-	-	62,455
	<u>\$ 5,337,677</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,337,677</u>

At June 30, 2025, the District's investments had the following maturities:

	Investments	Investment Maturities		
		Less than 1 year	1-5 years	6-10 years
Local Government				
Investment Pool	\$ 5,275,222	\$ 5,275,222	\$ -	\$ -
Certificates of deposit	62,455	30,000	32,455	-
	<u>\$ 5,337,677</u>	<u>\$ 5,305,222</u>	<u>\$ 32,455</u>	<u>\$ -</u>

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

Note 3 - Receivables

At June 30, 2025, the District's receivables are comprised of the following:

	<u>Property Taxes</u>	<u>Grants/Other</u>	<u>Total</u>
General Fund	\$ 184,512	\$ 76,032	\$ 260,544
Special Revenue Fund	-	2,041,003	2,041,003
Debt Service Fund	25,423	-	25,423
Capital Project Fund	-	2,006,980	2,006,980
	<u>\$ 209,935</u>	<u>\$ 4,124,015</u>	<u>\$ 4,333,950</u>

Note 4 - Capital Assets

The changes in capital assets for the year ended June 30, 2025, are as follows:

	<u>Balance June 30, 2024</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance June 30, 2025</u>
Capital assets not being depreciated or amortized				
Land	\$ 286,801	\$ -	\$ -	\$ 286,801
Construction in progress	349,099	7,618,607	-	7,967,706
Total capital assets not being depreciated or amortized	<u>635,900</u>	<u>7,618,607</u>	<u>-</u>	<u>8,254,507</u>
Capital assets being depreciated or amortized				
Buildings and improvements	18,933,374	42,036	-	18,975,410
Vehicles and equipment	346,281	7,300	-	353,581
Right-of-use	1,870,807	45,473	(27,974)	1,888,306
Total capital assets being depreciated or amortized	<u>21,150,462</u>	<u>94,809</u>	<u>(27,974)</u>	<u>21,217,297</u>
Less accumulated depreciation or amortization for				
Buildings and improvements	(10,545,519)	(474,554)	-	(11,020,073)
Vehicles and equipment	(176,615)	(27,854)	-	(204,469)
Right-of-use	(298,651)	(368,133)	27,974	(638,810)
Total accumulated depreciation or amortization	<u>(11,020,785)</u>	<u>(870,541)</u>	<u>27,974</u>	<u>(11,863,352)</u>
Total capital assets (net)				
Land	286,801	-	-	286,801
Construction in Progress	349,099	7,618,607	-	7,967,706
Buildings and improvements	8,387,855	(432,518)	-	7,955,337
Vehicles and Equipment	169,666	(20,554)	-	149,112
Right-of-use	1,572,156	(322,660)	-	1,249,496
Total capital assets (net)	<u>\$ 10,765,577</u>	<u>\$ 6,842,875</u>	<u>\$ -</u>	<u>\$ 17,608,452</u>

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

Note 4 - Capital Assets (continued)

Depreciation and amortization expense for the fiscal year was \$870,541 and was allocated to the various functions as follows:

Instruction	\$ 504,697
Supporting Services	339,561
Community Services	<u>26,283</u>
Total	<u><u>\$ 870,541</u></u>

Right-of-Use Assets

A lease is defined as a contract that conveys control of the right of use of another entity's nonfinancial asset as specified in a contract for a period of time in an exchange or exchange-like transaction. The District is party to a variety of lease contracts as lessee for which this right-of-use (ROU) has been recognized as an asset on the balance sheet. Further information on these transactions can be found in Note 7.

A SBITA is a contract that conveys control of the right to use another party's (a SBITA vendor's) IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The District is party to a variety of SBITA contracts as lessee for which this ROU has been recognized as an asset on the balance sheet. Further information on these transactions can be found in Note 8.

Lease and subscription right-of-use assets for the year ended June 30, 2025 consisted of the following:

	Balance June 30, 2024	Additions	Transfers/ Deletions	Balance June 30, 2025
Leased and subscription assets being amortized				
Buildings and improvements	\$ 456,903	\$ -	\$ -	\$ 456,903
Vehicles and equipment	1,158,968	8,898	(10,780)	1,157,086
Subscriptions	<u>254,936</u>	<u>36,575</u>	<u>(17,194)</u>	<u>274,317</u>
Total leased and subscription assets being amortized	<u>1,870,807</u>	<u>45,473</u>	<u>(27,974)</u>	<u>1,888,306</u>
Less accumulated amortization for:				
Buildings and improvements	(199,086)	(62,744)	-	(261,830)
Vehicles and equipment	(40,559)	(243,412)	10,780	(273,191)
Subscriptions	<u>(59,006)</u>	<u>(61,977)</u>	<u>17,194</u>	<u>(103,789)</u>
Total accumulated amortization	<u>(298,651)</u>	<u>(368,133)</u>	<u>27,974</u>	<u>(638,810)</u>
Total leased and subscription assets (net)				
Buildings and improvements	257,817	(62,744)	-	195,073
Vehicles and equipment	1,118,409	(234,514)	-	883,895
Subscriptions	<u>195,930</u>	<u>(25,402)</u>	<u>-</u>	<u>170,528</u>
Total leased and subscription assets (net)	<u><u>\$ 1,572,156</u></u>	<u><u>\$ (322,660)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,249,496</u></u>

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

Note 5 - Interfund Transfers

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

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 713,000
Special Revenue Fund	<u>713,000</u>	<u>-</u>
Total Transfers	<u>\$ 713,000</u>	<u>\$ 713,000</u>

The District made transfers from the General Fund to the Special Revenue Fund to fund school sports programs, curriculum purchases, furniture and replacement vehicles purchases, teacher's tuition reimbursement, and repairs and maintenance.

Note 6 – Compensated Absences

The changes in accrued compensated absences for the year ended June 30, 2025, are as follows:

	Balance June 30, 2024 <u>(as restated)</u>	<u>Change</u>	Balance June 30, 2025	Due Within <u>One Year</u>
Compensated absences	<u>\$ 1,150,620</u>	<u>\$(23,223)</u>	<u>\$ 1,127,397</u>	<u>\$287,447</u>

Note 7 - Leases Payable

The District is the lessee under various non-cancellable lease agreements related to buildings, student transportation, copiers and postage machines. Of these, all are qualified leases under GASB Statement No. 87 with periods covering various ranges and the latest expiring on November 30, 2029, including extension options which are expected to be exercised. Monthly payments for the current year range from \$106 to \$18,667, with an interest rate of 1.97% to 3.76%.

During the year ended June 30, 2025, lease principal and interest payments of \$295,218 and \$43,046 were made, respectively. Future minimum lease payments for these leases are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 275,089	\$ 34,222	\$ 309,311
2027	264,489	25,047	289,536
2028	279,305	15,574	294,879
2029	291,662	5,574	297,236
2030	<u>807</u>	<u>8</u>	<u>815</u>
	<u>\$ 1,111,352</u>	<u>\$ 80,425</u>	<u>\$ 1,191,777</u>

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

Note 7 - Leases Payable (continued)

The changes in lease liability for the year ended June 30, 2025 consisted of the following:

	Balance at June 30, 2024	Additions	Principal Payments	Balance at June 30, 2025
Lease liability	\$ 1,397,672	\$ 8,898	\$ (295,218)	\$ 1,111,352

Variable payments related to lease agreements that are qualified leases under GASB 87 are not included in the measurement of the lease liability. During the year ended June 30, 2025, the District paid \$1,108,008 in variable payments related to the qualified lease for student transportation services and \$16,664 for copiers.

Note 8 - Subscription-Based Information Technology Arrangements (SBITA)

The District is the lessee under two non-cancellable lease agreements related to software licenses. The agreements are qualified as subscription-based information technology agreements under GASB Statement No. 96 covering a period of July 1, 2022 through June 30, 2028. Principal and interest payments made for the current year were \$40,893 and \$3,486, respectively, with an interest rate of 3.26% and 3.76%.

Changes in subscription liability in the Statement of Net Position for the year ended June 30, 2025 are as follows:

	Balance at June 30, 2024	Additions	Principal Payments	Balance at June 30, 2025
Subscription liability	\$ 120,141	\$ 36,575	\$ (40,893)	\$ 115,823

The future principal and interest subscription liability payments are as follows:

Year ending June 30,	Principal	Interest	Total
2026	\$ 37,522	\$ 2,834	\$ 40,356
2027	38,596	2,158	40,754
2028	39,705	1,460	41,165
	<u>\$ 115,823</u>	<u>\$ 6,452</u>	<u>\$ 122,275</u>

Variable payments related to subscription-based information technology arrangements that are qualified subscriptions under GASB 96 are not included in the measurement of the subscription liability. During the year ended June 30, 2025, the District paid \$11,484 in variable payments for subscription-based information technology arrangements.

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

Note 9 - Unavailable/Unearned Revenues

Governmental funds report deferred inflows of resources in connection with receivables that are not considered to be available to liquidate liabilities of the current period. Amounts received in advance of the period in which services are performed are recorded in unearned revenue. At June 30, 2025, the various components of unavailable and unearned revenue included in the governmental funds' Balance Sheet consists of the following:

	<u>Unavailable</u>
General Fund	
Property taxes	\$ 149,941
Special Revenue Fund	
Grants	125,940
Debt Service Fund	
Property taxes	<u>20,660</u>
Total	<u><u>\$ 296,541</u></u>

Note 10 - Long-Term Debt

On July 27, 2023, the District issued \$4,465,000 General Obligation Bond Series 2023. The purpose of the bond was to finance safety improvements, school facilities preservation, renovations, and construction. The agreement contains a provision that in an event of default, the Bank may exercise any remedy available at law, however the payments are not subject to acceleration. The Bond is a general obligation of the District. Pursuant to ORS 287A.315, the District pledges its full faith and credit and taxing power to pay the Bond. The District covenants for the benefit of the Bank that the District shall levy annually, as necessary, a direct ad valorem tax upon all of the taxable property within the District which is sufficient, after taking into consideration discounts taken and delinquencies that may occur in the payment of such taxes and other legally available amounts, to pay all Bond principal and interest when due.

Principal payments are due annually on June 15 for eight years, ending in fiscal year 2031. Interest is fixed at 3.76% and is paid semi-annually, in June and December. Principal and interest paid on the loan during the year ended June 30, 2025 totaled \$445,000 and \$151,525 respectively. Future maturities of the General Obligation Bond are as follows:

Year Ended June 30,	Principal	Interest
2026	\$ 495,000	\$ 134,796
2027	535,000	116,184
2028	575,000	96,068
2029	615,000	74,448
2029	660,000	51,324
2030 - 2031	<u>705,000</u>	<u>26,508</u>
	<u><u>\$ 3,585,000</u></u>	<u><u>\$ 499,328</u></u>

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

Note 10 - Long-Term Debt (continued)

The changes in long-term debt for the year ended June 30, 2025 are as follows:

	Outstanding July 1, 2024	Issued	Matured	Outstanding June 30, 2025	Due in One Year
<i>General Obligation Bonds</i>					
G.O. Bond Series 2023 (direct placement)	\$ 4,030,000	\$ -	\$ (445,000)	\$ 3,585,000	\$ 495,000

Note 11 - Defined Benefit Pension Plan

Tax Sheltered Annuity Plan

The District offers its employees a tax deferred annuity program established pursuant to Section 403(b) of the Internal Revenue Code (the Code). Contributions are made through salary reductions from participating employees up to the amounts specified in the Code. The District provides no matching component for employee contributions.

Early Retirement Stipend Pension Plan

Plan Description

The District provides a single-employer defined benefit early retirement supplemental plan. This plan covers all eligible Certified employees that were hired by the District prior to July 1, 1995, and retiring with at least 15 years of service with the District. Benefits for all employees continue for a maximum of 7 years and cease at age 65 or upon death of the retiree. The monthly benefit is 0.75% of the last year's teaching salary which does not include extra duty or extended day contracts. This program was established in accordance with negotiated employment contracts. The District does not issue a stand-alone report for this plan.

Funding Policy

The benefits from this program are fully paid by the District and, consequently, no contributions by employees are required.

Employees Covered by Benefit Terms

As of the measurement date, the following employees were covered by the explicit benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	3
Active plan members	-
	<u>3</u>

Total Stipend Pension Liability

The District's total stipend pension liability of \$35,190 was measured as of June 30, 2024 and was determined by an actuarial valuation date as of July 1, 2023.

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

Note 11 - Defined Benefit Pension Plan (continued)

Actuarial Methods and Assumptions

The actuarial valuation used for the early retirement stipend pension plan is identical to the actuarial valuation details related to the single employer defined benefit health plan disclosed in *Note 12 – Postemployment Benefits Other Than Pensions (OPEB)*.

Changes in the Total Stipend Pension Liability

Total stipend pension liability at June 30, 2024	\$	47,011
Service cost		-
Interest on total pension liability		1,480
Effect of economic/demographic gains or losses		-
Changes of assumptions		(272)
Benefit payments		<u>(13,029)</u>
Total stipend pension liability at June 30, 2025	\$	<u><u>35,190</u></u>

Sensitivity of the Total Stipend Pension Liability to Changes in the Discount Rate

The following presents the total stipend pension liability of the District, as well as what the District's total pension stipend liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate:

	<u>1% Decrease (2.93%)</u>	<u>Current Discount Rate (3.93%)</u>	<u>1% Increase (4.93%)</u>
Total stipend pension liability	\$ (36,209)	\$ (35,190)	\$ (34,223)

Stipend Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

For the year ended June 30, 2025, the District recognized a decrease in stipend pension expense of \$5,480. The decrease of pension expense was treated as a decrease of payroll related expense in the Statement of Activities and allocated to Instruction, Support Services, and Enterprise and Community Services using allocation percentages of 66.7%, 33.1%, and 0.2% respectively.

At June 30, 2025, the District reported the following deferred outflows or inflows associated with its stipend pension plan:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ -	\$ -
Benefit Payments	<u>6,688</u>	<u>-</u>
Total	<u><u>\$ 6,688</u></u>	<u><u>\$ -</u></u>

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

Note 11 - Defined Benefit Pension Plan (continued)

Changes since prior valuation

Discount Rates	Updated to reflect the requirement of GASB 73 and 75 as well as economic conditions as of the measurement dates.
Expected Claims and Premiums	Updated to reflect changes in available benefits and premium levels. Expected retiree and dependent costs were updated to reflect current health cost guidelines.
Health Care Cost Trend	Health care cost trend was revised to reflect recent economic conditions, and is based on a model circulated by the Society of Actuaries.
Mortality, Retirement and Withdrawal Rates	Updated to reflect assumptions used in the Oregon PERS December 31, 2022 Actuarial Valuation.
Future Retiree Coverage	In the prior valuation, 50% of members not eligible for Employer-paid health benefits were assumed to elect coverage upon retirement and 60% of those male members who elect coverage were assumed to elect spouse coverage.

OPERS Plan

Employees are provided pensions as participants under one or more plans currently available through Oregon Public Employees Retirement System (OPERS), a cost-sharing multiple-employer defined benefit plan administered in accordance with Oregon Revised Statutes (ORS) Chapter 238, Chapter 238A, and Internal Revenue Service Code Section 401(a). The Oregon Legislature has delegated authority to the Public Employees Retirement Board (Board) to administer and manage the System.

There are currently two programs within OPERS, with eligibility determined by the date of employment. Those employed prior to August 29, 2003 are OPERS Program members, and benefits are provided based on whether a member qualifies for Tier One or Tier Two described below. Those employed on or after August 29, 2003 are Oregon Public Service Retirement Plan (OPSRP) Program members. OPSRP is a hybrid retirement plan with two components: 1) the Pension Program (defined benefit; established and maintained as a tax-qualified governmental defined benefit plan), and 2) the Individual Account Program (IAP) (defined contribution; established and maintained as a tax-qualified governmental defined contribution plan).

The 1995 Legislature enacted Chapter 654, Section 3, Oregon Laws 1995, which was codified into ORS 238.435. This legislature 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.

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 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.

Beginning January 1, 2004, OPERS active Tier One and Tier Two members became members of the Individual Account Program (IAP) or OPSRP. OPERS members retained their existing Regular or Variable (if applicable) accounts, but member contributions are now deposited into the member's IAP account. Accounts are credited with earnings and losses net of administrative expenses.

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

Note 11 - Defined Benefit Pension Plan (continued)

Tier One/Tier Two (Chapter 238)

Pension Benefits - The OPERS 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 percent for Police and Fire employees, 1.67 percent for General Service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under 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 1049, passed during the 2019 legislative session, the salary included in the determination of final average salary will be 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.

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

In 2019, the Legislature introduced an Optional Spouse Death Benefit (OSDB) which may provide a higher survivor benefit than the standard per-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.
- Surviving spouse must be member's sole beneficiary as determined by a valid Tier One/Tier Two Pre-retirement Beneficiary Designation form on file with PERS.

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

Note 11 - Defined Benefit Pension Plan (continued)

Tier One/Tier Two (Chapter 238) (continued)

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 OPERS 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.

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

Benefit Changes After Retirement – Members may choose to continue participation in 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 changes (COLA), starting with the monthly benefits received or entitled to be received on August 1. The COLA is capped at 2.0 percent.

OPSRP Pension Program (Chapter 238A)

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

Police and Fire – 1.8 percent multiplied by the number of years of service and the final average salary. Normal retirement age for a Police and Fire members is age 60 or age 53 with 25 years of retirement credit. To retire under the Police and Fire classification, the individual's last 60 months of retirement credit preceding retirement eligibility must be classified as retirement credit for service as a police officer or a firefighter. Under House Bill (HB) 2283, passed during the 2023 legislative session and effective January 1, 2024, if a member has established retirement eligibility under the Police and Fire classification as indicated above, they retain that eligibility even if they perform service thereafter as other than Police and Fire. Under HB 4045, passed during the 2024 legislative session and effective January 1, 2025, normal retirement age for Police and Fire members will be lowered to age 55 or age 53 with 25 years of retirement credit.

General Service – 1.5 percent 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.

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

Note 11 - Defined Benefit Pension Plan (continued)

OPSRP Pension Program (Chapter 238A) (continued)

Under Senate Bill 1049, passed during 2019 legislative session, the salary included in the determination of final average salary will be 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.

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 percent 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.

Disability Benefits – A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred. Disability benefits continue until the member is no longer disabled or otherwise no longer qualifies for benefits, reaches normal retirement age, or dies.

Benefit Changes After Retirement – Under ORS 238.210, monthly benefits are adjusted annually through cost-of-living adjustments (COLA), starting with the monthly benefits received or entitles to be received on August 1. The COLA is capped at 2.0 percent.

Contributions

OPERS' funding policy provides for periodic member and employer contributions at rates established by the OPERS Board, subject to limits set in statute. The rates established for member and employer contributions were approved based on the recommendation 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 or 7.0% of salary and are remitted by participating employers. The contributions are either deducted from member salaries or paid by the employers on the members' behalf.

Employer Contributions – OPERS' funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the OPERS Defined Benefit Plan and OPEB plans.

The District's employer contributions for the year ended June 30, 2025 were \$1,743,730, excluding amounts to fund employer specific liabilities. The contribution rates in effect for the period July 1, 2024 through June 30, 2025 for each pension program were: Tier1/Tier 2 – 27.87%, and OPSRP General Service – 25.03%.

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

Note 11 - Defined Benefit Pension Plan (continued)

Pension Plan Annual Comprehensive Financial Report (ACFR)

OPERS prepares their financial statements in accordance with generally accepted accounting principles in the United States of America as set forth in Governmental Accounting Standards Board (GASB) pronouncements that apply to governmental accounting for fiduciary funds and enterprise funds. The accrual basis of accounting is used for all funds. Contributions are recognized when due, pursuant to legal (or statutory) requirements. Benefits and withdrawals are recognized when they are currently due and payable in accordance with the terms of the plan. Investments are recognized at fair value, the amount that could be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

OPERS produces an independently audited ACFR which includes the OPEB plans and can be found at: https://www.oregon.gov/das/Financial/Acctng/Documents/2024_ACFR.pdf

Actuarial Valuation

The employer contribution rates effective July 1, 2023 through June 30, 2025, were set using the entry age normal actuarial cost method. Under this cost method, each active member's entry age present value of projected benefits is allocated over the member's service from the member's date of entry until their assumed date of exit, taking into consideration expected future compensation increases.

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 24, 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	<i>Healthy retirees and beneficiaries:</i> 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. <i>Active members:</i> Pub-2010 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. <i>Disabled retirees:</i> Pub-2010 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

Note 11 - Defined Benefit Pension Plan (continued)

Actuarial Methods and Assumptions Used in Developing Total Pension Liability (continued)

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2022 Experience Study, which reviewed experience for the four-year period ending on December 31, 2022.

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.

Assumed Asset Allocation

<u>Asset Class</u>	<u>Target Allocation</u>
Cash	0.0%
Debt securities	25.0%
Public equity	27.5%
Private equity	20.0%
Real estate	12.5%
Real assets	7.5%
Diversifying strategies	7.5%
Total	<u>100.0%</u>

Long-term Expected Rate of Return

In January 2023, the PERS Board sought to develop an analytical basis for selecting the long-term expected rate of return assumption. The 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; instead, they are based on a forward-looking capital market economic model.

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

Note 11 - Defined Benefit Pension Plan (continued)

Long-term Expected Rate of Return (continued)

The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at the time based on the OIC long-term target asset allocation. The OIC's description of each asset was used to map the target allocation to the asset classes shown below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>20-Year Annualized Geometric Mean</u>
Global Equity	27.50%	7.07%
Private Equity	25.50%	8.83%
Core Fixed Income	25.00%	4.50%
Real Estate	12.25%	5.83%
Master Limited Partnerships	0.75%	6.02%
Infrastructure	1.50%	6.51%
Hedge Fund of Funds - Multistrategy	1.25%	6.27%
Hedge Fund Equity - Hedge	0.63%	6.48%
Hedge Fund - Macro	5.62%	4.83%
Total	<u>100.0%</u>	

Assumed Inflation - Mean

2.35%

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

At June 30, 2025, the District reported a liability of \$11,823,692 for its proportionate share of the net pension liability. The net pension liability 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 December 31, 2022. The District's proportion of the net pension liability was based on the District's long-term contribution effort to the pension plan compared with the total projected long-term contribution effort of all participating employers, actuarially determined. At June 30, 2024 (measurement date), the District's proportion was approximately 0.05319581 percent.

For the year ended June 30, 2025, the District recognized an increase in pension expense of \$478,896. The \$478,896 was treated as an increase of payroll related expense in the Statement of Activities and allocated to Instruction, Support Services, and Enterprise and Community Services using allocation percentages of 66.7%, 33.1%, and 0.2%, respectively.

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

Note 11 - Defined Benefit Pension Plan (continued)

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

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPERS pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience:	\$ 700,460	\$ 28,220
Changes of assumptions:	1,188,785	1,523
Net difference between projected and actual earnings on investments:	751,152	-
Changes in proportionate share:	566,777	707,384
Differences between employer contributions and employer's proportionate share of system contributions:	563,631	-
Contributions subsequent to measurement date:	1,743,730	336,370
Total	<u>\$ 5,514,535</u>	<u>\$ 1,073,497</u>

The \$1,743,730 reported as deferred outflows of resources related to OPERS pension resulting from District contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2026.

Other amounts reported as deferred outflows of resources and deferred inflows of resources (prior to post-measurement date contributions) related to pensions will be recognized in pension expense or (expense reduction) as follows:

Year Ended June 30,	Deferred Outflow/(Inflow) of Resources
2026	\$ 184,518
2027	1,440,964
2028	721,223
2029	302,785
2030	47,818
Thereafter	-
Total	<u>\$ 2,697,308</u>

Sensitivity for the District's Proportionate Share of the Net Pension Liability to Changes in Discount Rate

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

District's Net Pension Asset/(Liability)	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Defined Benefit Pension	\$ (18,651,519)	\$ (11,823,962)	\$ (6,105,297)

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

Note 11 - Defined Benefit Pension Plan (continued)

Changes in Assumptions and Methods

A summary of key changes implemented since the December 31, 2022 valuation are noted below. Additional detail and list of changes can be found in the December 31, 2023 Actuarial Valuation, which can be found at:

<https://www.oregon.gov/pers/Documents/Financials/Actuarial/2024/12312023-Actuarial-Valuation.pdf>

Actuarial Method Changes

- The retirement assumptions for OPSRP Police & Fire members were revised to estimate possible changes in retirement patterns that could arise from the plan changes included in House Bills 4045.

Plan Changes

House Bill 4035 from the 2024 legislative session lowered the normal retirement age for OPSRP Police & Fire from age 60 to 55, effective January 1, 2025. Members still qualify for earlier unreduced retirement if age 53 with 25 or more years of service. This plan change is reflected in the December 31, 2023 actuarial valuation.

House Bill 4045 also made the following changes which are not reflected in the December 31, 2023 actuarial valuation:

- Effective January 1, 2025, forensic scientists and elected District Attorneys are now included in the "Police & Fire" definition of membership.
- Effective January 1, 2030, a new hazardous position member classification was created for OPSRP members with benefit levels and retirement eligibilities that fall in between existing classifications for General Service and Police & Fire members. The hazardous position membership classification is statutorily limited to emergency telecommunicators employees at Oregon State Hospital with direct patient contract.

Defined Contribution Plan - Individual Account Program (IAP)

Benefit Terms – The IAP is an individual account-based program under the PERS tax-qualified governmental plan as defined under ORS 238A.400. An IAP member becomes vested on the date the employee account is established. 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 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. Each distribution option has a \$200 minimum distribution limit.

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.

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

Note 11 - Defined Benefit Pension Plan (continued)

Defined Contribution Plan - Individual Account Program (IAP) (continued)

Contributions –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 a member earns more than \$3,688 per month, 0.75 percent (if OPSRP member) or 2.5 percent (if Tier One/Tier Two member) of the member's contributions that were previously contributed to the member's IAP now fund the new Employee Pension Stability Accounts (EPSA). The EPSA accounts will be used to help 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.

EPSA rules apply to most OPERS members, but the EPSA redirect is only triggered when the member's gross pay in a month exceeds the monthly salary threshold, tied to the annual Consumer Price Index (All Urban Consumers, West Region).

During 2025, the District, as an employee benefit, paid the employee portion of the contribution. Employer contributions for the year ended June 30, 2025 were \$384,719, of which \$341,868 were deposited into the individual members' accounts.

Note 12 - Post-Employment Benefits Other Than Pensions (OPEB)

The District has two separate other post-employment benefits (OPEB) plans. The District provides a single employer defined benefit health care plan to staff that were hired before July 1, 2005 and the District contributes to the State of Oregon's PERS cost-sharing multiple employer defined benefit plan.

Single-Employer Defined Benefit Health Care Plan

Plan Description

The District maintains a single-employer defined benefit OPEB plan that provides explicit and implicit post-employment health benefits to eligible retirees and their dependents.

For implicit medical benefits, the District's post-retirement healthcare plan was established in accordance with Oregon Revised Statutes (ORS) 243.03, which requires that all eligible retirees and their dependents under age 65 are allowed to receive the same health care coverage as active employees. Employees must retire from active service while eligible for a pension benefit payable immediately under Oregon PERS. The implicit subsidy is measured as the expected health care cost per retiree and dependent, less the gross premiums charged for that coverage. The subsidy is only measured for retirees and spouses younger than age 65, at which point such retirees and spouses typically become eligible for Medicare.

Generally, for explicit medical benefits, the program covers retirees under the following eligibility criteria: Confidential and Administrative Employees hired before September 1, 1998 retiring with at least 8 years of service, Certified Employees hired before April 1, 1999 and retiring with at least 15 years of service, and full-time Classified Employees hired before July 1, 2005 and retiring with at least 20 years of service. The coverage is paid for seven years or until Medicare eligibility, whichever comes first. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Administrative and Confidential employees, as well as Certified Employees hired prior to July 1, 1995 receive 100% coverage for District-paid family medical, dental, and vision insurance. Certified Employees hired between July 1, 1995 and April 1, 1999, are subject to the District contribution cap of \$571 for employee or \$1,984 for family benefits for the fiscal year ended June 30, 2025. These caps are expected to inflate in future years. Classified Employees received a monthly benefit of \$225 toward payment of health care premiums.

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

Note 12 - Post-Employment Benefits Other Than Pensions (OPEB) (continued)

Plan Description (continued)

For confidential employees hired prior to September 1, 1998, and retiring with at least 8 years of service, the District will pay for term life insurance coverage in the amount the retiree was receiving prior to retirement (generally \$50,000). These benefits continue for a maximum of 7 years and will cease at age 65.

Funding Policy

The benefits from the single-employer defined benefit OPEB plan are paid by the District based on bargaining agreement language and contributions by employees are also required. The plan is not accounted for in a pension trust fund; therefore, designated funds are not legally restricted to pay future benefits. The benefits from the healthcare plan established in accordance with ORS 243.303 are paid by the retired employees on a self-pay basis and the required contribution is based on projected pay-as-you go financing requirements. There is no obligation on the part of the District to fund these benefits in advance. The District did not establish an irrevocable trust (or equivalent arrangement) to account for the plan.

The explicit benefit for the single-employer defined benefit OPEB plan was ceased to all employees hired subsequent to July 1, 2005. As a result, the total plan members receiving the explicit benefit will decrease over time. At June 30, 2025, the following employees were covered by the explicit benefit terms:

Employees Covered by Benefit Terms

Active plan members	120
Inactive employees or beneficiaries currently receiving benefit payments	7
Spouses entitled to but not yet receiving benefit payments	<u>-</u>
	<u><u>127</u></u>

Total OPEB Liability

The districts total OPEB liability of \$530,007 was measured as of June 30, 2024, and was determined by an actuarial valuation date as of July 1, 2023.

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

Note 12 - Post-Employment Benefits Other Than Pensions (OPEB) (continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Input	Assumption
Actuarial Cost Method	Entry age normal, level percent of salary
Interest Rate Utilized for Discounting	3.93% for year ended 2023. Amounts reflect 20-year GO Bond Index
General Inflation	Between 3.25% and 5.50% annually
Salary Scale	2.40% per year
Health Care Cost Trend	3.40% per year
Dental and Vision Trend	Maximum stipend amounts were not assumed to increase in future years.
Annual Premium Increase Rate	Life insurance coverage amounts were not assumed to increase in future years.
Mortality Rates	PUB-2010 Teacher Employee and Healthy Retiree tables
Withdrawal	Based upon OPERS assumption, annual rates are based on gender and duration of employment.
Retirement	Based upon OPERS assumption, annual rates are based on age, Tier / OPSRP, and duration of service.
Excluded Employees	Part-time employees not eligible to participate in OPERS or not eligible for health care benefits were generally excluded from valuation.
Past PERS Service	PERS service as of the valuation date was generally estimated based upon information provided by the District.
Future PERS Service	Projected PERS service for retirement eligibility is generally assumed to accrue at a rate of 1.0 per year until retirement.
Future Retiree Coverage	100% of active members eligible for District-paid health coverage are assumed to elect coverage upon retirement until age 65. 80% of these members are also assumed to elect spouse coverage.
Lapse Rate	Stipend Benefits were assumed to be paid as cash, and therefore subject to an additional 7.65% FICA tax.
Spouse Age	Retirees for whom the District will never pay any portion of the health care premiums are assumed to have a 5% probability of lapsing (dropping) coverage per year. Female spouses are assumed to be two years younger than male spouses. Male spouses were assumed to be two years older than their female spouses.

Changes in the Total OPEB Liability

Total OPEB Liability at June 30, 2024	\$ 572,335
Changes for the year:	
Service cost	50,166
Interest	20,880
Effect on economic/demographic gains or losses	-
Assumptions or other input	(11,585)
Benefit payments	(101,789)
Total OPEB Liability at June 30, 2025	<u>\$ 530,007</u>

Changes since prior valuation

Actuarial Assumptions and Other Inputs – The changes in assumptions used for the total OPEB liability in the actuarial valuation are identical to the changes in assumptions related to the stipend pension liability disclosed in Note 11 – Defined Benefit Pension Plan.

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

For the year ended June 30, 2025, the District recognized a decrease of OPEB expense of \$14,339. The reduction of OPEB expense was treated as reduction of payroll related expense in the Statement of Activities and allocated to Instruction, Support Services, and Enterprise and Community Services using allocation percentages of 66.7%, 33.1%, and 0.2% respectively.

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

Note 12 - Post-Employment Benefits Other Than Pensions (OPEB) (continued)

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

As of June 30, 2025, the District 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>
Difference between expected and actual experience	\$ -	\$ 48,813
Changes of assumptions or other input	22,583	36,653
Benefit payments	64,289	-
Total	<u>\$ 86,872</u>	<u>\$ 85,466</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources (prior to post-measurement contributions) related to OPEB will be recognized in OPEB expense or (expense reduction) as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflow/(Inflow) of Resources</u>
2026	\$ (19,664)
2027	(7,174)
2028	(10,843)
2029	(10,677)
2030	(8,617)
Thereafter	(5,908)
Total	<u>\$ (62,883)</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate:

	<u>1% Decrease (2.93%)</u>	<u>Current Discount Rate (3.93%)</u>	<u>1% Increase (4.93%)</u>
Total OPEB Liability	\$ (568,676)	\$ (530,007)	\$ (496,393)

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

Note 12 - Post-Employment Benefits Other Than Pensions (OPEB) (continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ (487,465)	\$ (530,007)	\$ (581,580)

Retirement Health Insurance Account (RHIA)

Plan Description

As a member of Oregon Public Employees Retirement System (OPERS), the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other post-employment benefit plan administered by OPERS. ORS 238.420 established the RHIA and authorizes a payment of up to \$60 from RHIA toward the monthly cost of health insurance for eligible OPERS members. 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 OPERS-sponsored health plan.

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 OPERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Contributions

Employer Contributions – OPERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the OPERS Defined Benefit Plan and OPEB plans. The contribution rates in effect for the period July 1, 2024 through June 30, 2025 for the OPEB program were: Tier1/Tier 2 – 0%, and OPSRP general service – 0%. The District contributed \$1 for the year ended June 30, 2025.

Actuarial Valuation

The actuarial valuation used for RHIA is identical to the actuarial valuation details related to the OPERS Plan disclosed in *Note 11 Defined Benefit Pension Plan* except for the table listed below:

Actuarial assumptions:

Retiree healthcare participation	Healthy retirees: 25%; Disabled retirees: 15.0%
Healthcare cost trend rate	Not applicable
Cost-of-living adjustments (COLA)	Not applicable

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

Note 12 - Post-Employment Benefits Other Than Pensions (OPEB) (continued)

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

At June 30, 2025, the District reported \$189,033 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2024, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2022. The District's proportion of the net OPEB asset was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2023 (measurement date) the District's proportion was approximately 0.04680100 percent.

For the year ended June 30, 2025, the District recognized a reduction of OPEB expense related to RHIA of \$32,160. The \$32,160 was treated as a reduction of payroll related expense in the Statement of Activities and allocated to Instruction, Support Services, and Enterprise and Community Services using allocation percentages of 66.7%, 33.1%, and 0.2%, respectively.

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 3,697
Changes of assumptions	-	2,391
Net difference between projected and actual earning on investments	5,337	-
Changes in proportionate share	-	11,784
Differences between employer contributions and employers proportionate share of system contributions	-	-
Contributions subsequent to measurement date	1	-
Total	<u>\$ 5,338</u>	<u>\$ 17,872</u>

The \$1 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to measurement date will be recognized as an increase to the net OPEB asset in the year ended June 30, 2026.

Other amounts reported as deferred outflows of resources and deferred inflows of resources (prior to post-measurement date contributions) related to RHIA OPEB will be recognized in pension expense or (expense reduction) as follows:

Year Ended June 30,	Deferred Outflow/(Inflow) of Resources
2026	\$ (21,462)
2027	5,424
2028	2,888
2029	615
Total	<u>\$ (12,535)</u>

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

Note 12 - Post-Employment Benefits Other Than Pensions (OPEB) (continued)

Sensitivity of District's Proportionate Share of the Net OPEB Asset to Changes in Discount Rate

The following presents the District's proportionate share of the net OPEB asset calculated using the discount rate of 6.90 percent, as well as what the District's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is one percent lower (5.90 percent) or one percent higher (7.90 percent) than the current rate:

District's Net OPEB Asset/(Liability)	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Retirement Health Insurance Account	\$ 174,987	\$ 189,033	\$ 201,127

Sensitivity of District's Proportionate Share of the Net OPEB Asset to Changes in Healthcare Cost Trend Rate

The RHIA OPEB is unaffected by healthcare cost trends due to the benefit being limited to \$60 monthly payments toward Medicare companion insurance premiums.

Changes in Assumptions and Methods

The changes in assumptions used for RHIA are identical to the changes in assumptions related to the OPERS plan disclosed in *Note 11 - Defined Benefit Pension Plan*.

Note 13 - Contingencies

Amounts received or receivable from grantor agencies are subject to compliance audits by grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

The District, in the regular course of business, may be named as a defendant in various lawsuits. The outcome of these lawsuits, if any, is not likely to have a significant impact on the District.

Note 14 - Current Vulnerability Due to Certain Concentrations

The District's operations are concentrated within Jackson County. In addition, substantially all the District's revenues for continuing operations are from federal, state, and local government agencies. In the normal course of operations, the District receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

Note 15 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. Worker's compensation insurance is also provided through a commercial carrier. There has been no significant reduction in insurance coverage from the prior year and the District has not been required to pay any settlements in excess of insurance coverage during the past three fiscal years ending June 30, 2025.

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

Note 16 - Tax Abatements

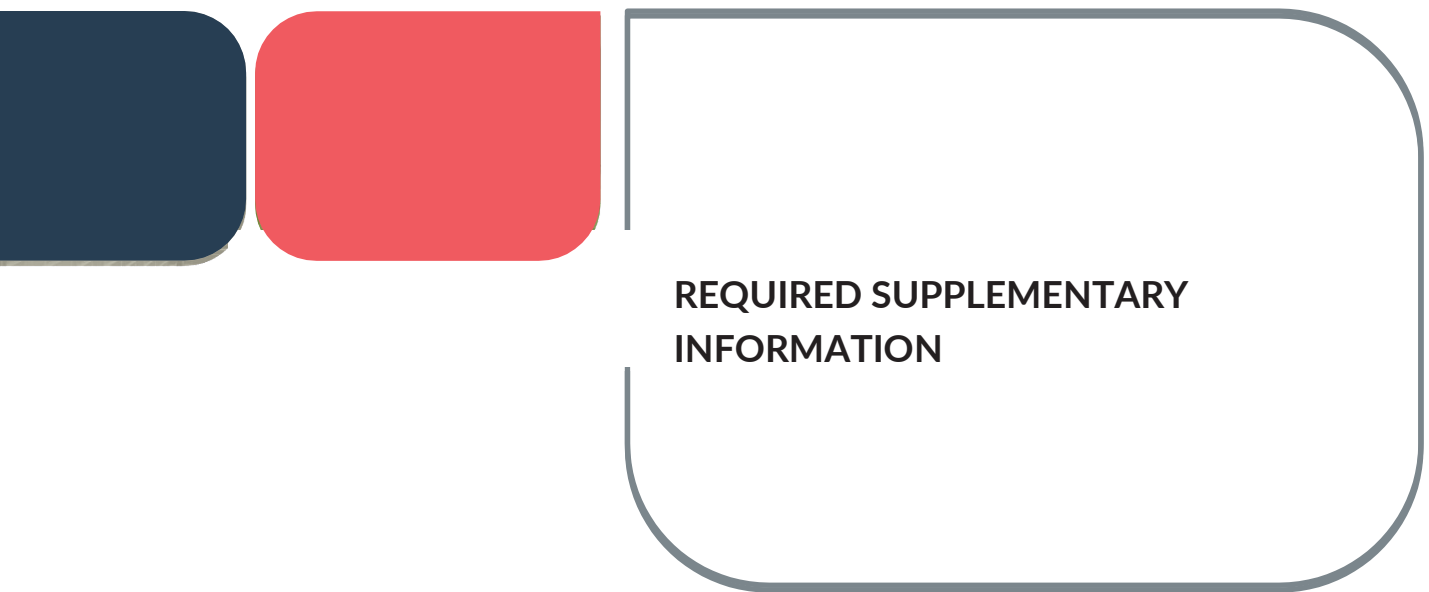
As of June 30, 2025, Jackson County provides tax abatements through one program, the Enterprise Zone, which affects the district. For the year ended June 30, 2025, taxes of \$35,271 were abated through this program.

Note 17 - Commitments

The District has obligations for project management, architecture and design, and construction for an early learning center, junior high school expansion, and elementary school expansion. The grand total of commitments is for \$10,073,573 with \$2,966,813 remaining to be paid on the contracts at June 30, 2025. The majority of these upgrades will be paid for with the Lottery Bonds and the 2023 GO Bonds.

Note 18 - Subsequent Events

Management of the District has evaluated events and transactions occurring after June 30, 2025 through the date the financial statements were available to be issued, for recognition and/or disclosure in the financial statements.



**REQUIRED SUPPLEMENTARY
INFORMATION**

JACKSON COUNTY SCHOOL DISTRICT NO. 35
SCHEDULE OF THE DISTRICTS PROPORTIONATE SHARE OF THE NET PENSION
ASSET/(LIABILITY) AND SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)
LAST 10 FISCAL YEARS ENDING JUNE 30

Jackson County School District No. 35 Proportionate Share of Net Pension Asset/(Liability) at the measurement date

	2025	2024	2023	2022	2021
District proportion of the net pension asset/(liability)	0.05319581%	0.05826372%	0.05632893%	0.05128538%	0.05228326%
District's proportion of the net pension asset/(liability)	\$ (11,823,962)	\$ (10,913,195)	\$ (8,625,089)	\$ (6,137,055)	\$ (11,410,006)
District's covered-employee payroll	\$ 7,004,456	\$ 7,002,280	\$ 6,771,017	\$ 5,104,224	\$ 4,475,590
District's proportionate share of the net pension asset/(liability) as a percentage of its covered-employee payroll	168.81%	155.85%	127.38%	120.23%	254.94%
Plan fiduciary net position as a percentage of the total pension liability	79.30%	81.70%	84.50%	87.57%	75.79%
	2020	2019	2018	2017	2016
District proportion of the net pension asset/(liability)	0.05340311%	0.05053152%	0.0505495%	0.0556241%	0.0664374%
District's proportion of the net pension asset/(liability)	\$ (9,237,459)	\$ (7,654,860)	\$ (6,814,088)	\$ (8,350,472)	\$ (3,814,478)
District's covered-employee payroll	\$ 4,475,590	\$ 4,237,304	\$ 3,975,788	\$ 3,520,668	\$ 3,318,212
District's proportionate share of the net pension asset/(liability) as a percentage of its covered-employee payroll	206.40%	180.65%	171.39%	237.18%	114.96%
Plan fiduciary net position as a percentage of the total pension liability	80.20%	82.07%	83.12%	80.53%	91.88%

Jackson County School District No. 35 Contributions

	2025	2024	2023	2022	2021
Contractually required contributions	\$ 1,743,730	\$ 1,739,006	\$ 1,616,859	\$ 1,538,619	\$ 1,497,833
Contribution in relation to the contractually required	(1,743,730)	(1,739,006)	(1,616,859)	(1,538,619)	(1,497,833)
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 6,702,100	\$ 7,004,456	\$ 7,002,280	\$ 6,771,017	\$ 5,104,224
Contributions as a percentage of covered-employee payroll	26.02%	24.83%	23.09%	22.72%	29.34%
	2020	2019	2018	2017	2016
Contractually required contributions	\$ 1,382,532	\$ 1,016,835	\$ 945,200	\$ 781,832	\$ 656,387
Contribution in relation to the contractually required	(1,382,532)	(1,016,835)	(945,200)	(781,832)	(656,387)
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 4,475,590	\$ 4,475,590	\$ 4,237,304	\$ 3,975,788	\$ 3,520,668
Contributions as a percentage of covered-employee payroll	30.89%	22.72%	22.31%	19.66%	18.64%

Notes to Schedule -

A summary of key changes implemented since the valuation are described in *Note 11* in the Notes to the Basic Financial Statements.

JACKSON COUNTY SCHOOL DISTRICT NO. 35
SCHEDULE OF CHANGES IN THE DISTRICT'S
TOTAL PENSION LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS ENDING JUNE 30 (For Years Information Available)

Total Pension Liability (Stipend):	2025	2024	2023	2022	2021
Service cost	\$ -	\$ 437	\$ 575	\$ 549	\$ 403
Interest on total pension liability	1,480	1,370	1,241	1,837	3,901
Effect of economic/demographic gains or losses	-	14,075	-	1,365	-
Effect of assumptions changes or inputs	(272)	(149)	(1,598)	111	2,514
Benefit payments	<u>(13,029)</u>	<u>(13,855)</u>	<u>(23,843)</u>	<u>(35,178)</u>	<u>(35,304)</u>
Net change in total pension liability (Stipend)	(11,821)	1,878	(23,625)	(31,316)	(28,486)
Total pension liability (stipend) - beginning	<u>47,011</u>	<u>45,133</u>	<u>68,758</u>	<u>100,074</u>	<u>128,560</u>
Total pension liability (stipend) - ending	<u>\$ 35,190</u>	<u>\$ 47,011</u>	<u>\$ 45,133</u>	<u>\$ 68,758</u>	<u>\$ 100,074</u>
Estimated covered - employee payroll	\$ 6,702,100	\$ 7,004,456	\$ 7,002,280	\$ 6,771,017	\$ 5,589,807
Total pension liability (stipend) as a percentage of estimated covered - employee payroll	0.53%	0.67%	0.64%	1.02%	1.79%
	2020	2019	2018	2017	
Service cost	\$ 1,704	\$ 1,722	\$ 2,905	\$ 2,381	
Interest on total pension liability	5,708	6,338	5,800	8,635	
Effect of economic/demographic gains or losses	(6,979)	-	5,065	-	
Effect of assumptions changes or inputs	1,182	(1,388)	(4,381)	7,021	
Benefit payments	<u>(37,316)</u>	<u>(35,148)</u>	<u>(34,243)</u>	<u>(44,300)</u>	
Net change in total pension liability (Stipend)	(35,701)	(28,476)	(24,854)	(26,263)	
Total pension liability (stipend) - beginning	<u>164,261</u>	<u>192,737</u>	<u>217,591</u>	<u>243,854</u>	
Total pension liability (stipend) - ending	<u>\$ 128,560</u>	<u>\$ 164,261</u>	<u>\$ 192,737</u>	<u>\$ 217,591</u>	
Estimated covered - employee payroll	\$ 5,104,224	\$ 4,475,590	\$ 4,237,304	\$ 3,975,788	
Total pension liability (stipend) as a percentage of estimated covered - employee payroll	2.52%	3.67%	4.55%	5.47%	

Notes to Schedule -

A summary of actuarial methods and assumptions are outlined in *Note 11* to the financial statements. No assets are accumulated in a trust to pay related benefits.

Changes in benefit terms:

None noted.

Other information:

This schedule is presented to illustrate required supplementary information for a 10 year period. The District adopted GASB 73 during fiscal 2017, as a result, only nine years of information is presented.

JACKSON COUNTY SCHOOL DISTRICT NO. 35
SCHEDULE OF THE DISTRICTS PROPORTIONATE SHARE OF THE NET OPEB - RHIA
ASSET/(LIABILITY) AND SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
OPERS RETIREMENT HEALTH INSURANCE ACCOUNT (RHIA)
LAST 10 FISCAL YEARS ENDING JUNE 30 (For Years Information is Available)

Jackson County School District No. 35 Proportionate Share of Net OPEB - RHIA Asset/(Liability) at the measurement date

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
District proportion of the net OPEB asset/(liability)	0.04680100%	0.04064475%	0.03973399%	0.04354860%
District's proportion of the net OPEB asset/(liability)	\$ 189,033	\$ 148,827	\$ 141,189	\$ 149,546
District's covered-employee payroll	\$ 7,004,456	\$ 7,002,280	\$ 6,771,017	\$ 5,589,807
District's proportionate share of the net OPEB asset/(liability) as a percentage of its covered-employee payroll	2.70%	2.13%	2.09%	2.68%
Plan fiduciary net position as a percentage of the total OPEB liability	220.60%	201.60%	194.60%	183.90%
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District proportion of the net OPEB asset/(liability)	0.04808991%	0.04071557%	0.03926122%	0.03844079%
District's proportion of the net OPEB asset/(liability)	\$ 97,988	\$ 78,677	\$ 43,826	\$ 16,043
District's covered-employee payroll	\$ 5,104,224	\$ 4,475,590	\$ 4,237,304	\$ 3,975,788
District's proportionate share of the net OPEB asset/(liability) as a percentage of its covered-employee payroll	1.92%	1.92%	1.03%	0.40%
Plan fiduciary net position as a percentage of the total OPEB liability	150.10%	144.40%	124.00%	108.88%

Jackson County School District No. 35 Contributions

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Contractually required contributions	\$ 1	\$ 87	\$ 801	\$ 979
Contribution in relation to the contractually required	(1)	(87)	(801)	(979)
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered - employee payroll	\$ 6,702,100	\$ 7,004,456	\$ 7,002,280	\$ 6,771,017
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.01%	0.01%
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contributions	\$ 1,165	\$ 3,434	\$ 20,179	\$ 19,010
Contribution in relation to the contractually required	(1,165)	(3,434)	(20,179)	(19,010)
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered - employee payroll	\$ 5,589,807	\$ 5,104,224	\$ 4,475,590	\$ 4,237,304
Contributions as a percentage of covered-employee payroll	0.02%	0.07%	0.45%	0.45%

Notes to Schedule -

A summary of key changes implemented since the valuation are described in Note 12 in the Notes to the Basic Financial Statements.

Other Information:

This schedule is presented to illustrate required supplementary information for a 10 year period. The District adopted GASB 75 during fiscal 2018, as a result, only eight years of information is presented.

JACKSON COUNTY SCHOOL DISTRICT NO. 35
SCHEDULE OF THE DISTRICTS TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS ENDING JUNE 30 (For Years Information is Available)

Total OPEB Liability:	2025	2024	2023	2022
Service cost	\$ 50,166	\$ 63,105	\$ 73,031	\$ 63,147
Interest	20,880	22,121	15,555	17,629
Differences between expected and actual experience	-	-	-	-
Effect of economic/demographic gains or losses	-	(23,735)	-	(31,027)
Changes of assumptions of other inputs	(11,585)	4,561	(42,693)	17,697
Benefit payments	(101,789)	(110,066)	(152,466)	(157,316)
Net change in total OPEB liability	(42,328)	(44,014)	(106,573)	(89,870)
Total OPEB liability - beginning	572,335	616,349	722,922	812,792
Total OPEB liability - ending	<u>\$ 530,007</u>	<u>\$ 572,335</u>	<u>\$ 616,349</u>	<u>\$ 722,922</u>
Estimated covered - employee payroll	\$ 6,702,100	\$ 7,004,456	\$ 7,002,280	\$ 6,771,017
Total OPEB liability as a percentage of estimated covered - employee payroll	7.91%	8.17%	8.80%	10.68%
Total OPEB Liability:	2021	2020	2019	2018
Service cost	\$ 54,716	\$ 46,025	\$ 45,412	\$ 47,583
Interest	28,957	38,434	38,936	34,229
Differences between expected and actual experience	-	(119,217)	-	-
Effect of economic/demographic gains or losses	-	-	-	-
Changes of assumptions of other inputs	28,149	20,318	(11,892)	(32,667)
Benefit payments	(142,075)	(177,565)	(157,780)	(163,258)
Net change in total OPEB liability	(30,253)	(192,005)	(85,324)	(114,113)
Total OPEB liability - beginning	843,045	1,035,050	1,120,374	1,234,487
Total OPEB liability - ending	<u>\$ 812,792</u>	<u>\$ 843,045</u>	<u>\$ 1,035,050</u>	<u>\$ 1,120,374</u>
Estimated covered - employee payroll	\$ 5,589,807	\$ 5,104,224	\$ 4,475,590	\$ 4,237,304
Total OPEB liability as a percentage of estimated covered - employee payroll	14.54%	16.52%	23.13%	26.44%

Notes to Schedule -

A summary of actuarial methods and assumptions are outlined in *Note 12* to the financial statements. No assets are accumulated in a trust to pay related benefits.

Changes in benefit terms:

None noted.

Other information:

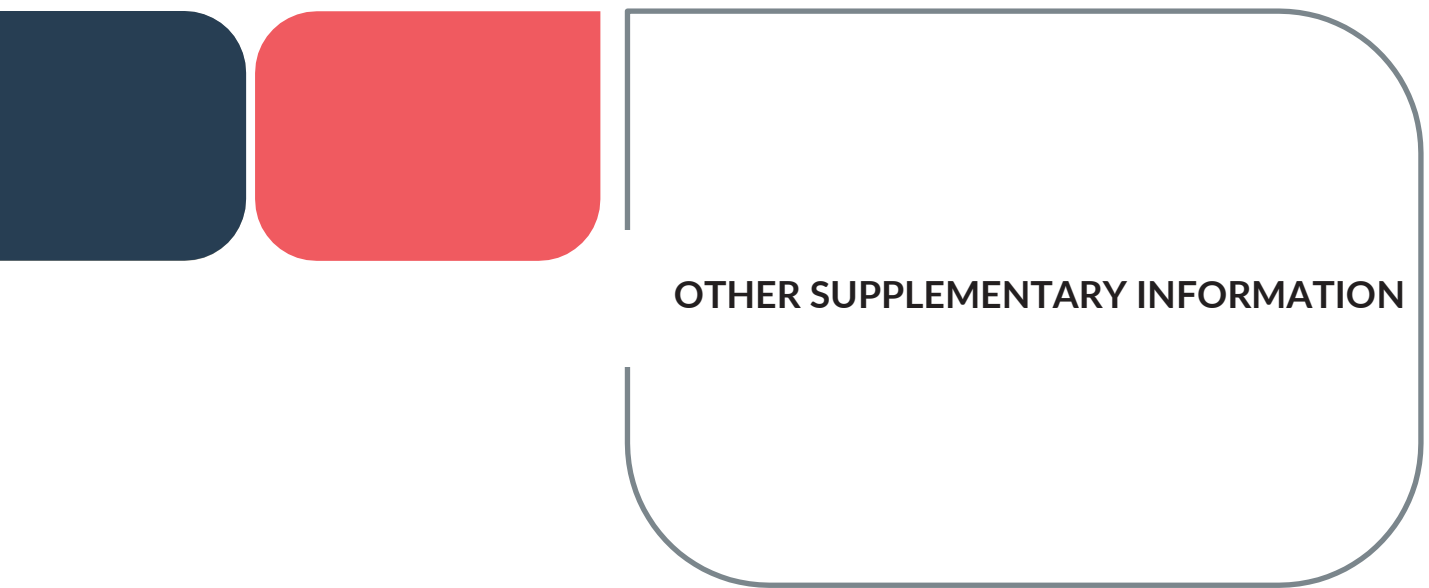
This schedule is presented to illustrate required supplementary information for a 10 year period. The District has adopted GASB 75 during fiscal 2018, as a result, only eight years of information is presented.

JACKSON COUNTY SCHOOL DISTRICT NO. 35
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2025

	Budget			Variance with Final Budget Positive (Negative)
	Adopted	Final	Actual	
REVENUES				
Local sources				
Property taxes	\$ 4,244,044	\$ 4,244,044	\$ 4,179,186	\$ (64,858)
Charges for services	2,000	2,000	2,898	898
Donations	1,000	1,000	21,672	20,672
Interest on investments	175,000	175,000	211,766	36,766
Miscellaneous	30,000	30,000	35,829	5,829
Intermediate sources				
Intergovernmental	80,000	80,000	291,939	211,939
State sources				
Basic school support	10,492,175	10,492,175	10,233,984	(258,191)
Intergovernmental	243,635	243,635	275,130	31,495
Federal sources				
Intergovernmental	10,000	10,000	2,766	(7,234)
TOTAL REVENUES	<u>15,277,854</u>	<u>15,277,854</u>	<u>15,255,170</u>	<u>(22,684)</u>
EXPENDITURES				
Current				
Instruction	8,673,098	8,673,098	8,625,113	47,985
Support services	6,510,229	6,510,229	6,328,353	181,876
Facilities acquisition and construction	225,000	225,000	-	225,000
Contingency	1,381,527	1,381,527	-	1,381,527
TOTAL EXPENDITURES	<u>16,789,854</u>	<u>16,789,854</u>	<u>14,953,466</u>	<u>1,836,388</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,512,000)</u>	<u>(1,512,000)</u>	<u>301,704</u>	<u>1,813,704</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(713,000)	(713,000)	(713,000)	-
TOTAL OTHER FINANCING SOURCES	<u>(713,000)</u>	<u>(713,000)</u>	<u>(713,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(2,225,000)</u>	<u>(2,225,000)</u>	<u>(411,296)</u>	<u>1,813,704</u>
FUND BALANCE, JULY 1, 2024	<u>2,225,000</u>	<u>2,225,000</u>	<u>2,155,373</u>	<u>(69,627)</u>
FUND BALANCE, JUNE 30, 2025	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,744,077</u>	<u>\$ 1,744,077</u>

JACKSON COUNTY SCHOOL DISTRICT NO. 35
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2025

	Budget			Variance with Final Budget Positive (Negative)
	Adopted	Final	Actual	
REVENUES				
Local sources				
Construction excise taxes	\$ 25,000	\$ 25,000	\$ 22,173	\$ (2,827)
Charges for services	108,500	108,500	135,398	26,898
Donations	99,000	99,000	143,188	44,188
Interest on investments	3,300	3,300	43,150	39,850
Miscellaneous	27,000	27,000	35,160	8,160
State sources				
Basic school support	4,000	4,000	4,184	184
Intergovernmental	4,617,600	4,617,600	4,210,084	(407,516)
Federal sources				
Intergovernmental	1,625,697	1,625,697	1,112,377	(513,320)
TOTAL REVENUES	6,510,097	6,510,097	5,705,714	(804,383)
EXPENDITURES				
Current				
Instruction	3,097,606	3,097,606	2,259,837	837,769
Support services	1,397,663	1,397,663	909,255	488,408
Enterprise and community services	607,528	607,528	551,000	56,528
Facilities acquisition and construction	3,085,000	3,085,000	2,652,921	432,079
Contingency	534,000	534,000	-	534,000
TOTAL EXPENDITURES	8,721,797	8,721,797	6,373,013	2,348,784
Excess (Deficiency) of Revenues Over Expenditures	(2,211,700)	(2,211,700)	(667,299)	1,544,401
OTHER FINANCING SOURCES (USES):				
Transfers in	713,000	713,000	713,000	-
TOTAL OTHER FINANCING SOURCES	713,000	713,000	713,000	-
NET CHANGE IN FUND BALANCE	(1,498,700)	(1,498,700)	45,701	1,544,401
FUND BALANCE, JULY 1, 2024	1,498,700	1,498,700	1,699,828	201,128
FUND BALANCE, JUNE 30, 2025	\$ -	\$ -	\$ 1,745,529	\$ 1,745,529



OTHER SUPPLEMENTARY INFORMATION

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2025**

	Budget			Variance with Final Budget Positive (Negative)
	Adopted	Final	Actual	
REVENUES				
Local sources				
Property taxes	\$ 621,500	\$ 621,500	\$ 576,423	\$ (45,077)
Interest on investments	-	-	13,960	13,960
TOTAL REVENUES	<u>621,500</u>	<u>621,500</u>	<u>590,383</u>	<u>(31,117)</u>
EXPENDITURES				
Debt service	<u>631,500</u>	<u>631,500</u>	<u>596,525</u>	<u>34,975</u>
TOTAL EXPENDITURES	<u>631,500</u>	<u>631,500</u>	<u>596,525</u>	<u>34,975</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(10,000)</u>	<u>(10,000)</u>	<u>(6,142)</u>	<u>3,858</u>
FUND BALANCE, JULY 1, 2024	<u>10,000</u>	<u>10,000</u>	<u>28,176</u>	<u>18,176</u>
FUND BALANCE, JUNE 30, 2025	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,034</u>	<u>\$ 22,034</u>

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2025**

	Budget			Variance with Final Budget Positive (Negative)
	Adopted	Final	Actual	
REVENUES				
Local sources				
Interest on investments	\$ 250,000	\$ 250,000	\$ 186,275	\$ (63,725)
State sources				
Intergovernmental	4,000,000	4,000,000	4,000,000	-
TOTAL REVENUES	4,250,000	4,250,000	4,186,275	(63,725)
EXPENDITURES				
Facilities acquisition and construction	8,883,000	8,883,000	4,993,760	3,889,240
TOTAL EXPENDITURES	8,883,000	8,883,000	4,993,760	3,889,240
Excess (Deficiency) of Revenues Over Expenditures	(4,633,000)	(4,633,000)	(807,485)	3,825,515
NET CHANGE IN FUND BALANCE	(4,633,000)	(4,633,000)	(807,485)	3,825,515
FUND BALANCE, JULY 1, 2024	4,633,000	4,633,000	4,354,153	(278,847)
FUND BALANCE, JUNE 30, 2025	\$ -	\$ -	\$ 3,546,668	\$ 3,546,668

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
INTERNAL SERVICE FUND
YEAR ENDED JUNE 30, 2025**

	Budget			Variance with Final Budget Positive (Negative)
	Adopted	Final	Actual	
REVENUES				
Local sources				
Charges for services (interfund)	\$ 125,383	\$ 125,383	\$ 46,128	\$ (79,255)
TOTAL REVENUES	<u>125,383</u>	<u>125,383</u>	<u>46,128</u>	<u>(79,255)</u>
EXPENDITURES				
Current				
Support services	<u>381,383</u>	<u>381,383</u>	<u>39,709</u>	<u>341,674</u>
TOTAL EXPENDITURES	<u>381,383</u>	<u>381,383</u>	<u>39,709</u>	<u>341,674</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(256,000)</u>	<u>(256,000)</u>	<u>6,419</u>	<u>262,419</u>
FUND BALANCE, JULY 1, 2024	<u>256,000</u>	<u>256,000</u>	<u>241,993</u>	<u>(14,007)</u>
FUND BALANCE, JUNE 30, 2025	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 248,412</u>	<u>\$ 248,412</u>

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
2024-25 SUPPLEMENTAL INFORMATION**

School District Business Managers and Auditors:

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

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

A. Energy Bill 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	\$310,706
Function 2550	\$2,689

B. Replacement of Equipment – General Fund:

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

Exclude these functions:

\$0

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

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



**INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE
REGULATIONS**

**INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS**

Board of Directors
Jackson County School District No. 35
Rogue River, Oregon

We have audited the basic financial statements of Jackson County School District No. 35 (the District) as of and for the year ended June 30, 2025, and have issued our report thereon dated December 2, 2025. 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.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants and other matters, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not the 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 but were not limited to the following:

- Deposit of public funds with financial institutions under ORS Chapter 295.
- Indebtedness limitations, restrictions and repayment.
- Budgets legally required under ORS Chapter 294.
- Insurance and fidelity under bonds in force or required by law.
- Programs funded from outside sources.
- Authorized investment of surplus funds under ORS Chapter 294.
- Public contracts and purchasing under 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 Administration Rules 162-010-0000 through 162-010-0330 of the *Minimum Standards for Audits of Oregon Municipal Corporations* except the following: The District did not provide accurate teacher experience reporting as required by ORS 327.013.

OAR 162-010-0230 Internal Control

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Restrictions on Use

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



Aria Bettinger, CPA
Sorren CPAs, P.C.
Medford, Oregon
December 2, 2025



**ITEMS REQUIRED BY THE
UNIFORM GUIDANCE**

**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**

Board of Directors
Jackson County School District No. 35
Rogue River, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, of each major fund, and the internal service fund of Jackson County School District No. 35 (the District) as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 2, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Aria Bettinger". The signature is written in a cursive, flowing style.

Aria Bettinger, CPA
Sorren CPAs, P.C.
Medford, Oregon
December 2, 2025

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

Board of Directors
Jackson County School District No. 35
Rogue River, Oregon

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Jackson County School District No. 35's (the District) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2025. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects with the compliance requirements referred to above that could have a direct and material effect on its major federal program 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 (*Government Auditing Standards*) 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 the District 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the 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 the District'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 the District'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 the 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 the District's compliance with the requirements of each major federal 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 the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District'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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District'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.

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 a 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 in internal control over compliance. 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 or 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 controls 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 "Aria Bettinger". The signature is written in a cursive, flowing style.

Aria Bettinger, CPA
Sorren CPAs, P.C.
Medford, Oregon
December 2, 2025

JACKSON COUNTY SCHOOL DISTRICT NO. 35
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Grant/Contract Number	Federal Expenditures
U.S. Department of Agriculture			
Passed Through Oregon Department of Education:			
School Breakfast Program (SBP)	10.553	N/A	\$ 127,583
National School Lunch Program (NSLP)	10.555	N/A	318,890
Commodities NSLP	10.555	N/A	32,818
Total Child Nutrition Cluster			<u>479,291</u>
Total U.S. Department of Agriculture			\$ 479,291
U.S. Department of Education			
Passed Through Oregon Department of Education:			
Title I Grants to Local Educational Agencies (23-24)	84.010	76570	\$ 39,959
Title I Grants to Local Educational Agencies (24-25)	84.010	82254	314,991
Total AL 84.010			<u>354,950</u>
Special Education - Grants to States	84.027	78054	32,033
Special Education - Grants to States	84.027	83443	171,189
Special Education - Preschool Grants	84.173	77869	2,982
Total Special Education (IDEA) Cluster			<u>206,204</u>
Supporting Effective Instruction State Grants	84.367	76767	67,650
Total AL 84.367			<u>67,650</u>
Passed through Southern Oregon Education Service District:			
Career and Technical Education - Basic Grants to States	84.048	N/A	3,438
Total AL 84.048			<u>3,438</u>
English Language Acquisition State Grants	84.365	N/A	844
Total AL 84.365			<u>844</u>
Total U.S. Department of Education			\$ 633,086
Total Expenditures of Federal Awards			\$ 1,112,377
U.S. Department of Agriculture			
Passed through Southern Oregon Education Service District:			
Schools and Roads - Grants to States	10.665	N/A	2,766
Total Forest Services Schools and Roads Cluster			<u>2,766</u>
Total Forest Service Schools and Roads Cluster			\$ 2,766

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025

NOTE A – BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 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 the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Expenditures reported on the Schedule are reported on the 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 C – INDIRECT COST RATE:

The District has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE D – FOOD DISTRIBUTION:

Non-monetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. For the year ended June 30, 2025, the District received food commodities totaling \$32,818.

NOTE E – SUBRECIPIENTS:

The District did not have any federal awards that were passed through to subrecipients for the year ended June 30, 2025.

NOTE F – SCHOOLS AND ROADS – GRANTS TO STATES:

The District includes Schools and Roads – Grants to States in the schedule due to requirements of the Oregon Department of Education. These expenditures are not subject to the Uniform Guidance audit due to guidance provided by both the Oregon Department of Education and United States Department of Agriculture.

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

1. The auditor’s report expresses an unmodified opinion on whether the basic financial statements of Jackson County School District No. 35 (the District) were prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the 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*.
3. No instances of noncompliance material to the basic financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.

Federal Awards

4. No significant deficiencies and no material weaknesses relating to the audit of the major federal award programs are reported in the Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance.
5. The Independent Auditor’s Report on Compliance for Each Major Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance for the major federal award programs for the District expressed an unmodified opinion.
6. There were no audit findings that are required to be reported in accordance with the Uniform Guidance reported in this Schedule.
7. The program tested as a major program was:

U.S. Department of Education

Child Nutrition Cluster

AL # 10.553 and 10.555

8. The threshold for distinguishing between Type A and B Programs was \$750,000.
9. The district qualified as a low-risk auditee under the criteria specified in the Uniform Guidance.

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None