

Financial Statements

and Supplementary Information

Eagle Point School District

For the Year Ended June, 30, 2025

sorren CPAs, PC

EAGLE POINT SCHOOL DISTRICT NO. 9
Eagle Point, Oregon
June 30, 2025

BOARD OF EDUCATION

Chery Stritenberg	Board Chair
Randy Wolf	Board Vice Chair
Josh Graves	Member
Emily McIntire	Member
Matt Stone	Member

All board members and administrative staff receive mail at the address listed below:

Administrative Office
11 North Royal
Eagle Point, Oregon 97524

ADMINISTRATIVE STAFF

Andrew Kovach	Superintendent
Gwen Swearingen	Director of Business Services

EAGLE POINT SCHOOL DISTRICT
YEAR ENDED JUNE 30, 2025

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INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Eagle Point School District No. 9
Eagle Point, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Eagle Point School District No. 9 (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 aggregate remaining fund information of the District, as of June 30, 2025, and the respective changes in financial position, and the respective budgetary comparison for the general fund and major special revenue fund 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.

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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, and certain other post-employment benefit schedules 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the general and major special revenue governmental funds budgetary comparison information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Supplementary Information

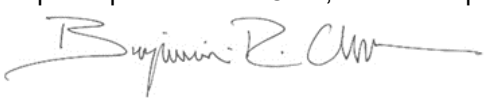
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information listed in the Table of Contents and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code 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 January 30, 2026 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 January 30, 2026 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.



Benjamin R. Cohn, CPA
Sorren CPAs, P.C.
Medford, Oregon
January 30, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

EAGLE POINT SCHOOL DISTRICT NO. 9
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025

As management of Eagle Point School District No. 9 (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2025. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the financial statements and the accompanying notes to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

- In the **government-wide statements**, the assets of the District exceeded its liabilities at June 30, 2025 by $26.0 million. Of this amount, $50.7 million is invested in capital assets, $1.72 million is restricted for food service, $308 thousand is restricted for education grants, and the negative balance of $27.6 million, is considered unrestricted. The majority of this unrestricted negative amount is associated with the District's pension and OPEB liability of $51.0 million.

- In the **government-wide statements**, net position increased by $886 thousand for the year ended June 30, 2025.

- In the **government-wide statements**, capital assets increased by $3.2 million during the 2025 fiscal year. This is mainly attributed to an increase in various construction projects.

- At the end of the fiscal year, fund balance for all **governmental funds** was $11.0 million, an increase of $224 thousand in comparison to the prior year. Approximately $5.8 million of this overall fund balance is "unassigned" fund balance (see *Note 1* on page 15), available for spending at the District's discretion subject to limitations of school board policies.

- At the end of the fiscal year, fund balance for the **General Fund** was $6.1 million, up from $5.3 million in the prior year, an increase of 16.72%. Fund balance in the General Fund represents about 11.06% of total General Fund revenues, up from 9.55% in the prior year.

- The Districted implemented GASB 101, Compensated Absences, during the current year. This resulted in a reduction to beginning net position of $3.3 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This 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, and 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

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:

Statement of Net Position. The *statement of net position* presents information on all of the assets and liabilities of the District at year-end. Net position is what remains after the liabilities 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.

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, such as uncollected taxes and earned but unused vacation leave.

In the government-wide financial statements, the District's activities are shown in one category as *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 Oregon's State School Fund, property taxes, and other intergovernmental revenues.

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

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 categorized into two categories: governmental funds and fiduciary 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 provide a reconciliation to facilitate this comparison between governmental *funds* and governmental *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 Fund, Special Revenue Fund, Debt Service Fund and Capital Projects Fund, all of which are considered to be major funds.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is the same as that used for proprietary funds. The basic fiduciary fund financial statements can be found as listed in the Table of Contents of this report.

***Notes to the 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 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.* This Management's Discussion and Analysis, General Fund and major Special Revenue Fund budgetary comparison information, certain other post-employment benefit schedules, and certain pension schedules are considered required supplementary information. The required supplementary information can be found as listed in the Table of Contents of this report.

Other supplementary information is presented on the basic financial statements are not required to be presented but are included for further clarity and understanding. The combining statements referred to earlier in connection with non-major governmental funds are presented as Supplementary Information as listed in the Table of Contents of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by $26.0 million at June 30, 2025.

Capital assets, which consist of the District's land, buildings, building improvements, vehicles, and equipment, represent about 75.93% of total assets. The remaining assets consist mainly of investments, cash, prepaid expenses, and grants/property taxes receivable and OPEB asset.

The District's liabilities include the PERS pension liability and other actuarially determined post-employment benefits of $50.9 million. Outside of these actuarial disclosure amounts, other liabilities consist almost entirely of loans payable, leases and subscriptions payable, payables on accounts, accrued payroll and unearned revenues.

A significant portion of the District's net position reflects its investment in capital assets (e.g. land, buildings, vehicles and equipment) 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 State School Fund and property taxes), since the capital assets themselves cannot be used to liquidate these liabilities.

Changes in Net Position
Governmental Activities

	June 30, 2025	June 30, 2024*	Increase/(Decrease)
Current assets	$ 15,746,862	$ 16,187,421	$ (440,559)
Net OPEB asset	768,872	1,021,653	(252,781)
Net capital assets	52,685,986	49,460,291	3,225,695
Total assets	69,201,720	66,669,365	2,532,355
Deferred outflow of resources	21,835,649	16,465,882	5,369,767
Current liabilities	5,599,488	5,053,188	546,300
Net pension liability & OPEB	50,987,209	45,563,857	5,423,352
Long-term obligations	4,313,990	45,556	4,268,434
Total liabilities	60,900,687	50,662,601	10,238,086
Deferred inflow of resources	4,165,499	4,090,095	75,404
Net position:			
Net investment in capital assets	50,735,030	49,337,994	1,397,036
Restricted for education grants	307,755	220,231	87,524
Restricted for debt service	768,872	1,021,653	(252,781)
Restricted for food service	1,722,177	1,924,091	(201,914)
Unrestricted	(27,562,651)	(24,121,418)	(3,441,233)
Total Net Position	$ 25,971,183	$ 28,382,551	$ (2,411,368)

Statement of Activities. As previously stated, all District activities are governmental in nature. During the 2024-25 fiscal year, the District's net position increased by about $886 thousand.

Changes in Statement of Activities
Governmental Activities

	June 30, 2025	June 30, 2024*	Increase/(Decrease)
Program Revenues			
Charges for services	$ 908,595	$ 993,416	$ (84,821)
Operating grants and contributions	13,425,137	17,944,433	(4,519,296)
Capital grants and contributions	1,650,918	753,454	897,464
General Revenues			
Property taxes	13,645,659	13,257,389	388,270
State school fund	38,804,832	37,341,334	1,463,498
Other state, local, and federal sources	1,346,028	1,810,194	(464,166)
Earnings on investments	635,482	530,442	105,040
Contributions and Miscellaneous	670,591	794,218	(123,627)
Total Revenues	71,087,242	73,424,880	(2,337,638)
Expenses			
Instruction	40,027,671	40,468,854	(441,183)
Support services	27,040,984	27,706,847	(665,863)
Community services	2,960,665	2,781,730	178,935
Facilities acquisition	164,404	243,410	(79,006)
Interest on long-term debt	7,995	4,062	3,933
Total Expenses	70,201,719	71,204,903	(1,003,184)
Change in Net Position	$ 885,523	$ 2,219,977	$ (1,334,454)

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS MD&A

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 $11.0 million, an increase of about $224 thousand in comparison with the prior year. About $5.8 million (52.26%) of the ending fund balance constitutes "*unassigned" ending fund balance* (see *Note 1* on page 15), which is available for spending at the District's discretion subject to limitations of school board policies. Additionally, $2.0 million is restricted for education grants and food service, $1.8 million is assigned for various programs and $1.1 million is committed for capital projects.

General Fund: The General Fund is the chief operating fund of the District. As of June 30, 2025, total fund balance was $6.1 million, up from $5.3 million in the prior year. As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Fund balance represents 11.06% of total General Fund expenditures.

Special Revenue Fund: The Special Revenue Fund has a total fund balance of $3.8 million, all of which is designated for the specific purposes of the various federal and state grants and other programs accounted for in this fund.

Debt Service Fund: The Debt Service Fund has a total fund balance of $2 thousand.

Capital Projects Fund: The Capital Projects Fund has a total fund balance of $1.1 million, all of which is committed for capital projects. The net decrease in fund balance during the current fiscal year was $665 thousand.

BUDGETARY ACTIVITY

During the fiscal year ended June 30, 2025, adopted, final, budgetary activity amounts for the General Fund are as follows:

	Adopted	Final	Actual	Variance with Final Budget
General Fund				
Instruction	$ 35,043,087	$ 33,101,915	$ 31,937,682	$ 1,164,233
Support Services	23,140,367	23,061,205	22,578,629	482,576
Facilities Acquisition	-	-	8,661	(8,661)
Contingency	1,207,957	528,793	-	528,793
Transfer out	(25,000)	(25,000)	-	(25,000)
Total	**$ 59,366,411**	**$ 56,666,913**	**$ 54,524,972**	**$ 2,141,941**

Additional information on the District's budget can be found in the notes to the financial statements.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. The District's investment in capital assets includes land, buildings and improvements, vehicles and equipment, and right-of-use assets. As of June 30, 2025, the District had invested about $52.7 million in capital assets, net of depreciation.

Additional information on the District's capital assets can be found in the notes to the financial statements.

Long-term debt. The District has long-term debt in the amount due of $1.83 million related to the purchase of iPads.

Additional information on the District's long-term debt can be found in the notes to the financial statements.

Leases and Subscriptions Payable. Additional information on the District's leases and subscriptions payable can be found in the notes to the basic financial statements of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Public education in Oregon is significantly influenced by statewide economic conditions and federal policy. Because Oregon relies heavily on state income taxes for K-12 funding, education revenues are particularly sensitive to overall economic performance, and current state revenue forecasts remain uncertain. Additionally, changes in federal funding levels, program requirements, and the timing of allocations may require the District to adjust local resources to maintain program continuity.

The District faces a compounding financial challenge: declining enrollment is lowering State School Fund revenue, while shifting student demographics are driving up per-student costs. Because the District's primary funding is tied to student counts, revenue has decreased, yet the intensity of service requirements necessitates sustained investment in student support systems to meet effective delivery standards.

Inflationary pressures remain a key economic factor affecting operations. Rising costs for salaries, employee benefits, utilities, transportation, instructional materials, and contracted services continue to erode the purchasing power of existing revenues. Personnel costs, which represent the largest portion of District expenditures, are particularly sensitive to labor market conditions, cost-of-living adjustments, and rising retirement and healthcare expenses.

In light of these economic conditions and the upcoming labor negotiations, the District will approach budget development conservatively. Financial planning will emphasize maintaining structural balance, preserving adequate fund balances, and retaining the flexibility to respond to negotiated labor agreements while continuing to support core instructional and operational needs. Budget assumptions will be based on the best information available at the time of adoption, with ongoing monitoring of revenues and expenditures throughout the year to allow for adjustments as economic conditions and negotiated outcomes become clearer.

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 11 North Royal Avenue, PO Box 548, Eagle Point, Oregon 97524.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

EAGLE POINT SCHOOL DISTRICT NO. 9
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:	
ASSETS:	
Cash and investments	$ 10,516,908
Receivables	4,872,900
Prepaid expenses	357,054
Other post employment benefit asset (RHIA)	768,872
Capital assets, net	
Land	1,921,184
Construction in progress	1,862,769
Buildings and improvements	44,309,784
Machinery, equipment and vehicles	4,449,980
Intangible assets:	
Right of use assets	21,271
Software subscriptions	120,998
TOTAL ASSETS	69,201,720
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred outflows related to pension (OPERS)	21,276,765
Deferred outflows related to pension (stipend)	454
Deferred outflows related to other post employment benefits (medical subsidy)	372,197
Deferred outflows related to other post employment benefits (RHIA)	186,233
TOTAL DEFERRED OUTFLOWS OF RESOURCES	21,835,649
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	91,037,369
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:	
LIABILITIES:	
Accounts payable	607,263
Accrued payroll liabilities	3,604,148
Accrued interest payable	4,890
Accrued compensated absences payable:	
Due within one year	949,415
Due in more than one year	2,796,594
Other post employment benefit obligation (medical subsidy):	
Due within one year	289,615
Due in more than one year	2,838,984
Early retirement stipend pension plan obligation	
Due within one year	212
Due in more than one year	12,583
Net pension liability (OPERS) (due in more than one year)	47,846,027
Loan payable	
Due within one year	375,972
Due in more than one year	1,459,708
Lease liability:	
Due within one year	22,453
Subscription liability:	
Due within one year	35,135
Due in more than one year	57,688
TOTAL LIABILITIES	60,900,687
DEFERRED INFLOWS OF RESOURCES:	
Deferred inflows related to pension (OPERS)	2,601,749
Deferred inflows related to pension (stipend)	1,091
Deferred inflows related to other post employment benefits (medical subsidy)	1,491,288
Deferred inflows related to other post employment benefits (RHIA)	71,371
TOTAL DEFERRED INFLOWS OF RESOURCES	4,165,499
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	65,066,186
NET POSITION:	
Net investment in capital assets	50,735,030
Restricted for education grants	307,755
Restricted for food service	1,722,177
Restricted for RHIA OPEB	768,872
Unrestricted	(27,562,651)
TOTAL NET POSITION	$ 25,971,183

EAGLE POINT SCHOOL DISTRICT NO. 9
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

Functions/Programs:	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Position
Governmental Activities:					
Instruction	$ 40,027,671	$ 539,405	$ 6,393,069	$ -	$ (33,095,197)
Support services	27,040,984	367,691	4,079,127	-	(22,594,166)
Community services	2,960,665	1,499	2,894,232	-	(64,934)
Facilities acquisition	164,404	-	58,709	1,650,918	1,545,223
Interest expense	7,995	-	-	-	(7,995)
Total government activities	$ 70,201,719	$ 908,595	$ 13,425,137	$ 1,650,918	(54,217,069)
General revenues:					
Property taxes levied					13,645,659
State school fund - general support					38,804,832
Common school fund					571,645
Federal forest fees					12,858
Unrestricted intermediate sources					761,525
Earnings on investments					635,482
Contributions and donations					301,525
Miscellaneous					369,066
Total general revenues					55,102,592
CHANGE IN NET POSITION					885,523
NET POSITION - JULY 1, 2024, as restated					25,085,660
NET POSITION - JUNE 30, 2025					$ 25,971,183

GOVERNMENTAL FUND FINANCIAL STATEMENTS

EAGLE POINT SCHOOL DISTRICT NO. 9
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
ASSETS:					
Cash and investments	$ 8,039,459	$ 1,359,805	$ 2,249	$ 1,115,395	$ 10,516,908
Receivables	1,302,063	3,570,837	-	-	4,872,900
Prepaids	357,054	-	-	-	357,054
TOTAL ASSETS	$ 9,698,576	$ 4,930,642	$ 2,249	$ 1,115,395	$ 15,746,862
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:					
LIABILITIES:					
Accounts payable	$ 261,179	$ 334,024	$ -	$ 12,060	$ 607,263
Accrued payroll liabilities	2,817,375	786,773	-	-	3,604,148
TOTAL LIABILITIES	3,078,554	1,120,797	-	12,060	4,211,411
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - property taxes	491,807	-	-	-	491,807
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:	3,570,361	1,120,797	-	12,060	4,703,218
FUND BALANCES:					
Nonspendable					
Prepaid expense	357,054	-	-	-	357,054
Restricted					
Education grants	-	307,755	-	-	307,755
Food service	-	1,722,177	-	-	1,722,177
Committed					
Capital projects	-	-	-	1,103,335	1,103,335
Assigned					
Technology	-	783,271	-	-	783,271
Energy conservation-SB 1149	-	798,447	-	-	798,447
Student Body Funds	-	71,964	-	-	71,964
Other student programs	-	126,231	2,249	-	128,480
Unassigned	5,771,161	-	-	-	5,771,161
TOTAL FUND BALANCES	6,128,215	3,809,845	2,249	1,103,335	11,043,644
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 9,698,576	$ 4,930,642	$ 2,249	$ 1,115,395	$ 15,746,862

EAGLE POINT SCHOOL DISTRICT NO. 9
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2025

TOTAL FUND BALANCES		$ 11,043,644
Amounts reporting for government activities in the Statement of Net Position are different because:		
Capital assets are not financial resources and therefore are not reported in the governmental funds:		
Cost	$ 93,304,358	
Accumulated depreciation and amortization	(40,618,372)	52,685,986
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:		
Property taxes		491,807
The other post employment benefit asset (RHIA) is not reported with the governmental funds as it is not available nor payable currently.		768,872
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.		17,670,150
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather recognized as an expenditure when due. These liabilities consist of:		
Subscription liability	$ (92,823)	
Lease liability	(22,453)	
Accrued interest payable	(4,890)	
Loan payable	(1,835,680)	
Pension liability (stipend)	(12,795)	
Pension liability (OPERS)	(47,846,027)	
Other post employment obligation benefits (medical subsidy)	(3,128,599)	
Compensated absences payable	(3,746,009)	(56,689,276)
TOTAL NET POSITION		$ 25,971,183

EAGLE POINT SCHOOL DISTRICT NO. 9
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
REVENUES					
Property taxes and other taxes	$ 13,597,374	$ -	$ -	$ -	$ 13,597,374
Intergovernmental	40,178,257	14,651,423	-	-	54,829,680
Charges for services	903,756	4,839	-	-	908,595
Local grants and contributions	16,933	481,827	-	200,000	698,760
Investment earnings	635,475	-	7	-	635,482
Miscellaneous	63,066	178,000	-	128,000	369,066
TOTAL REVENUES	55,394,861	15,316,089	7	328,000	71,038,957
EXPENDITURES					
Current:					
Instruction	31,937,682	6,256,096	-	-	38,193,778
Support services	22,571,608	3,985,155	-	-	26,556,763
Enterprise and community services	-	2,961,393	-	-	2,961,393
Facilities acquisition	8,661	2,097,766	-	2,829,146	4,935,573
Debt service	103,997	4,890	-	-	108,887
TOTAL EXPENDITURES	54,621,948	15,305,300	-	2,829,146	72,756,394
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	772,913	10,789	7	(2,501,146)	(1,717,437)
OTHER FINANCING SOURCES (USES)					
Proceeds on sale of assets	8,326	-	-	-	8,326
Proceeds from issuance of sbita payable	96,976	-	-	-	96,976
Proceeds from issuance of debt	-	-	-	1,835,680	1,835,680
TOTAL OTHER FINANCING SOURCES (USES)	105,302	-	-	1,835,680	1,940,982
NET CHANGE IN FUND BALANCE	878,215	10,789	7	(665,466)	223,545
FUND BALANCE, JULY 1, 2024	5,250,000	3,799,056	2,242	1,768,801	10,820,099
FUND BALANCE, JUNE 30, 2025	$ 6,128,215	$ 3,809,845	$ 2,249	$ 1,103,335	$ 11,043,644

EAGLE POINT SCHOOL DISTRICT NO. 9
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		$ 223,545
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation or amortization expense. This is the amount by which capital outlay exceeded depreciation and amortization in the current period:		
Expenditures for capital assets	$ 5,421,472	
Expenditures for software	96,976	
Less current year depreciation and amortization	(2,283,999)	3,234,449
Long-term debt, sbita and lease proceeds are reported as other financing sources in the governmental funds. In the Statement of Net Position, however, issuing long-term debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position:		
Lease principal paid	$ 57,937	
Issuance of debt	(1,835,680)	
Subscription principal paid	46,060	
Issuance of subscription financing	(96,976)	(1,828,659)
In the Statement of Activities interest is accrued on long-term debt, whereas in the governmental funds it is recorded as an interest expense when due. This is the amount by which the interest paid exceeded the interest expense:		
Interest paid	$ 3,105	
Less: Interest expense	(7,995)	(4,890)
Governmental funds report proceeds from the sale of capital assets as revenue. However, only the net gain (loss) on the sale is reported in the Statement of Activities.		
Proceeds from sale of asset	$ (8,326)	
Loss on disposal	(428)	(8,754)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:		
Property taxes		48,285
Compensated absences are recognized as an expenditure in the governmental funds when they are paid. In the Statement of Activities compensated absences are recognized as an expenditure when earned.		(396,471)
The change in the net post employment benefit obligation (OPEB) RHIA is not recognized in the governmental funds.		106,242
The change in the net post employment benefit obligation (OPEB) medical subsidy is not recognized in the governmental funds.		208,241
Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned (actuarially determined) net of employee contributions is reported as pension expense.		
OPERS	$ (695,945)	
Stipend	(520)	
		(696,465)
CHANGE IN NET POSITION		$ 885,523

EAGLE POINT SCHOOL DISTRICT NO. 9
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2025

	Private Purpose Trust Fund
ASSETS:	
Cash and investments	$ 243,334
TOTAL ASSETS	243,334
NET POSITION:	
Held in trust for:	
Scholarships	243,334
TOTAL NET POSITION	$ 243,334

EAGLE POINT SCHOOL DISTRICT NO. 9
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
FIDUCIARY FUND
YEAR ENDED JUNE 30, 2025

	Private Purpose Trust Fund
ADDITIONS:	
Donations	$ 232,439
TOTAL ADDITIONS	232,439
DEDUCTIONS:	
Community services	204,638
TOTAL DEDUCTIONS	204,638
CHANGE IN NET POSITION	27,801
NET POSITION, JULY 1, 2024	215,533
NET POSITION, JUNE 30, 2025	$ 243,334

NOTES TO BASIC FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies

The Reporting Entity

Eagle Point School District No. 9 (the District), Eagle Point, 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 accounting principles generally accepted in the United States of America (GAAP), 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 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

The financial statements of the District have been prepared in conformity with GAAP as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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. Program revenues include: (1) charges to students or others for tuition, fees, rentals, materials, 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 provided for governmental funds and fiduciary funds.

Net position is reported as restricted when constraints placed on net 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.

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Financial Statements (continued)

There are stated minimum criteria for the determination of major funds: percentage of assets, liabilities, revenues or expenditures/expenses among others. The District reports the following major governmental funds:

General Fund – This is the District's primary operating fund and accounts for all revenues and expenditures except those required to be accounted for in another fund.

Special Revenue Fund – This fund accounts for revenues designated for specific purposes. This fund accounts for the revenues and expenditures related to specific purpose grants and other revenues when required by statute, charter provision, or the terms of the grant.

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

Capital Project Fund - This fund accounts for the acquisition, construction and maintenance of improvements within the District. Principal revenue sources are grants and interfund transfers.

Additionally, the District reports the following fund type:

Fiduciary Fund – The private-purpose trust fund is used to account for fund-raising and scholarship resources held by the District in a fiduciary capacity. Disbursements from this fund are made in accordance with the trust and fund-raising agreements.

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, 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 acquisitions under leases are reported as other financing sources.

Note 1 – Summary of Significant Accounting Policies (continued)

Cash and Investments

The District's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less.

The District's investments, authorized under state statute, consist of money market accounts, and the State of Oregon Treasurer's Local Government Investment Pool (LGIP). The LGIP is stated at cost which approximates fair value. Fair value of the LGIP is the same as the District's value in the pool shares. Changes in fair value of investments are recorded as investment earnings.

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 and other receivables are comprised primarily of charges for service, and claims for reimbursement of costs under various federal and state grant programs. Due to the nature of the receivables and the likelihood of collection, no provision for uncollectible 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.* The District is a lessee for noncancellable leases of various pieces of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

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

Note 1 – Summary of Significant Accounting Policies (continued)

Leases (continued)

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease plus any options the District is reasonably certain that it will exercise. Lease payments included in the measurement of the lease 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 lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

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 Information Technology Arrangements (SBITAs)

Subscription-based information technology arrangements (SBITAs) are recognized in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement defines a SBITA as a contract that conveys control of the right to use another party's (the SBITA vendor's) information technology (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.

For financial statements prepared using the economic resources measurement focus, a subscriber is required to recognize a subscription liability and an intangible right-to-use subscription asset at the commencement of the subscription term. The subscription liability is recognized at the net present value of future subscription payments and is adjusted over time by payments and interest. Future subscription payments are discounted using the District's estimated incremental borrowing rate. Future subscription payments include fixed and/or variable payments, based on the contract between the subscriber and vendor. The subscription asset is initially recorded as the sum of the subscription liability, payments made at the commencement of the subscription term, and capitalizable implementation costs, less any incentives received prior to the commencement of the subscription term, and is subsequently amortized over the life of the subscription. Subscription and capitalizable implementation cost payments made prior to the commencement of the subscription are classified as prepaid assets until the subscription commences; after the subscription commences, the prepaid assets are reclassified as an intangible right-to-use subscription asset.

For financial statements prepared using the current financial resources measurement focus, other financing source and instruction or support services (depending on the nature of the subscription) are reported in the year the subscription asset is initially recognized. The other financing source is reported equal to the net present value of future subscription payments. Expense is reported equal to the sum of the net present value of future subscription payments, payments made at the commencement of the subscription term, and capitalizable implementation costs, less any incentives received prior to the commencement of the subscription term. Subsequent governmental fund subscription payments are recorded as principal and interest payments.

Note 1 – Summary of Significant Accounting Policies (continued)

Subscription-based Information Technology Arrangements (SBITAs) (continued)

Key Estimates and Judgments

Subscription-based IT arrangement accounting includes estimates and judgments for determining the (1) rate used to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The District uses the interest rate stated in the subscription contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the District uses its estimated incremental borrowing rate as the discount rate for the subscriptions.
- The lease term includes the noncancellable period of the subscription, the option renewal periods if government is reasonably expected to exercise, certain periods covered by options to extend or terminate to reflect how long the subscription is expected to be in effect, with terms and conditions varying by the type of underlying asset.
- Fixed and certain variable payments as well as certain other payments less subscription incentives are included in the measurement of the subscription liability and asset.

The District monitors changes in circumstances that would require a remeasurement or modification of its subscription liabilities. The District will remeasure the subscription liability if certain changes occur that are expected to significantly affect the amount of the subscription liability. The District will also update the discount rate as part of the remeasurement if there is a change in the subscription term and that change is 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 50 years
Machinery/Equipment/Vehicles	3 to 30 years
Right-of-use assets	Depends on term of the lease
Software	Depends on term of the subscription

Pension and Retirement Plan

Substantially all regular District employees are participants in the State of Oregon Public Employees Retirement System (OPERS). Contributions to OPERS are made on a current basis as required by the plan and are charged as expenditures/expenses as funded.

Additionally, eligible and confidential employees qualify for early retirement stipend benefits which are funded and charged to expenses/expenditures at actuarially determined amounts. Actual contributions are made on a current basis as required by the plan and are charged to the funds as expenditures.

Note 1 – Summary of Significant Accounting Policies (continued)

Post-Employment Health Care Benefits

The District's Other Post Employment Health Care Benefits (OPEB) includes a subsidy for group medical insurance premiums. The valuation includes both eligible active employees and retirees. With each valuation, the net OPEB obligation or asset is determined, as well as an annual OPEB cost, which the District records in the government-wide financial statements. Medical premiums are recorded as an expenditure in the Funds 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

The District's employee vacation and sick leave policies generally provide for granting vacation and sick leave with pay. The current and long-term liabilities for vested or accumulated vacation and sick leave are reported on the government-wide financial statements. The full amount of vacation time accrued as a liability at year end as vacation time is payable in full at time of employee leave or resignation. 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 last in first out basis. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee leave or resignation.

Deferred Outflows/Inflows of Resources

In addition to assets, the District 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.

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

Additionally, the District has one type of deferred inflow, which arises 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 funds balance sheet.

Note 1 – Summary of Significant Accounting Policies (continued)

Net Position and Fund Balances

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 either by (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 or resources related to the restricted assets.

Unrestricted net position – 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.

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 equity 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.

Interfund Transactions

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund financial statements are reported as other financing sources/uses.

Note 1 – Summary of Significant Accounting Policies (continued)

Long-Term Debt

In the government-wide financial statements, long-term debt is reported as a liability in the Statement of Net Position. Issuance costs are expensed as incurred.

In the fund financial statements deferred charges are recognized when incurred and not deferred. The face amount of the debt issued and deferred charges are reported as other financing sources and uses. Issuance costs are reported as support services expenditures.

Budget

A budget is prepared and legally adopted for each governmental fund type and fiduciary fund type on the modified accrual basis of accounting. The 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 at 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.

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. Appropriations lapse at the end of each fiscal year.

During the fiscal year ended June 30, 2025, the District was in compliance with Local Budget Law, except as follows:

The District exceeded its appropriation authority in the following categories:

General Fund:		
Facilities acquisition	$	8,661
	$	8,661
Special Revenue Fund:		
Instruction	$	756,096
Enterprise and community services		961,393
	$	1,717,489
Capital Projects Fund:		
Facilities acquisition	$	829,146
	$	829,146

Note 1 – Summary of Significant Accounting Policies (continued)

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 7 – *Compensated Absences*.

GASB Statement No. 102, *Certain Risk Disclosures.* This Statement 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 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, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures, requires certain intangible assets to be disclosed separately by major class, and requires additional disclosures for capital assets held for sale. This Statement also addresses certain application issues, and 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

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 compensated absence. The implementation of this Statement resulted in the following change in net position as of July 1, 2024:

Net Position	Net Position June 30, 2024 (as previously reported)	Restatement	Net Position June 30, 2024 (as restated)
Governmental Activities	$ 28,382,551	$ (3,296,891)	$ 25,085,660

Note 2 – Cash and Investments

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

Petty cash	$	703
Carrying amount of demand deposits		2,886,582
Carrying amount of investments		7,872,957
Total cash and investments	$	10,760,242

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

Statement of Net Position		
Cash and investments	$	10,516,908
Statement of Fiduciary Net Position		
Cash and investments		243,334
Total cash and investments	$	10,760,242

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. For the fiscal year ended June 30, 2025, the carrying amounts of the District's deposits in various financial institutions were $2,886,582 and the bank balances were $2,391,452. All deposits are held in the name of the District. Of the bank balance, $250,000 is considered to be covered by federal depository insurance. The balance of $2,141,452 is not covered by FDIC insurance but is considered to be collateralized by the State of Oregon shared liability structure for participating bank depositories in Oregon.

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. All qualified depositories for public funds are included in the multiple financial institution collateral pool that is maintained by and in the name of the Office of the State Treasurer. As a result, the District has no exposure to custodial credit risk for deposits with financial institutions.

Investments. The District invests funds in the State Treasurer's Oregon Short-term Fund Local Government Investment Pool. The Oregon Short-term Fund is the local government investment pool for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895).

Note 2 – Cash and Investments (continued)

Local Government Investment Pool (LGIP) is an external investment pool managed by the State Treasurer's office, which allow governments within the state to pool their funds for investment purposes. The amounts invested in the pool are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry form as defined by GASB statement No. 40. The LGIP is not rated.

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. These funds are held in the District's name and are not subject to collateralization requirements or ORS 295.015. Investments are stated at amortized cost, which approximated fair value.

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.

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.

The "weighted average maturity in years" calculation assumes that all investments are held until maturity. As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy limits investments to no more than 18 months.

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.

Note 2 – Cash and Investments (continued)

Investments Measured at Fair Value:	Totals as of 06/30/25	Level One	Level Two	Level Three	Amortized Cost Measurement Not Measured at Fair Value
Local Government Investment Pool	$ 7,872,957	$ -	$ -	$ -	$ 7,872,957

As of June 30, 2025, the District's investments had the following maturities and credit ratings:

	Moody's Rating	Standard & Poor Rating	Percentage of Total Investments
Local Government Investment Pool	N/R	N/R	100%
Total Investments			100%

Note 3 – Receivables

Receivables are comprised of the following as of June 30, 2025:

	Property Taxes	Grants/Other	Total
General Fund	$ 603,642	$ 698,421	$ 1,302,063
Special Revenue Fund	-	3,570,837	3,570,837
	$ 603,642	$ 4,269,258	$ 4,872,900

Note 4 – Capital Assets

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

	Balance July 1, 2024	Additions	Transfers/ Deletions	Balance June 30, 2025
Capital assets not being depreciated or amortized:				
Land	$ 1,921,184	$ -	$ -	$ 1,921,184
Construction-in-Progress	1,172,506	3,072,852	(2,382,589)	1,862,769
Total capital assets not being depreciated or amortized	3,093,690	3,072,852	(2,382,589)	3,783,953
Capital assets being depreciated or amortized:				
Buildings and improvements	75,190,819	83,405	2,382,589	77,656,813
Machinery/equipment/vehicles	9,330,668	2,265,215	(129,308)	11,466,575
Intangible assets:				
Right of use – lease	228,032	-	-	228,032
Right of use – software	72,009	96,976	-	168,985
Total capital assets being depreciated or amortized	84,821,528	2,445,596	2,253,281	89,520,405
Less accumulated depreciation or amortization for:				
Buildings and improvements	(31,717,743)	(1,629,286)	-	(33,347,029)
Machinery/equipment/vehicles	(6,567,346)	(569,803)	120,554	(7,016,595)
Intangible assets:				
Right of use – lease	(150,725)	(56,036)	-	(206,761)
Right of use – software	(19,113)	(28,874)	-	(47,987)
Total accumulated depreciation or amortization	(38,454,927)	(2,283,999)	120,554	(40,618,372)
Total capital assets, net:				
Land	1,921,184	-	-	1,921,184
Construction-in-progress	1,172,506	3,072,852	(2,382,589)	1,862,769
Buildings and improvements	43,473,076	(1,545,881)	2,382,589	44,309,784
Machinery/equipment/vehicles	2,763,322	1,695,412	(8,754)	4,449,980
Intangible assets:				
Right of use – lease	77,307	(56,036)	-	21,271
Right of use – software	52,896	68,102	-	120,998
Total capital assets, net	$ 49,460,291	$ 3,234,449	$ (8,754)	$ 52,685,986

Depreciation and amortization expense for the fiscal year was $2,283,999 and is allocated to the various programs.

Program	
Instruction	$ 1,288,175
Support Services	902,180
Community Services	93,644
	$ 2,283,999

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. You can find further information on these transactions in Note 6.

Note 4 – Capital Assets (continued)

Right-of-Use Assets (continued)

A subscription-based information technology arrangement (SBITA) is defined as a contract that conveys the right to use vendor-provided information technology and associated tangible capital assets for subscription payments without granting governments a perpetual license or title to the IT software and associated tangible capital assets. You can find further information on these transactions in Note 6.

Note 5 – Long-Term Obligations

Loans Payable

iPad Loan Payable

On May 7, 2025, the District entered into a 5-year loan agreement to finance the purchase of Apple iPads. The agreement requires five annual payments of $381,495, beginning in July 2025, which includes interest at an implied rate of 1.80%. The amount capitalized for these Apple iPads was $1,835,680. Interest expense in the current year was $4,890.

The changes in loans payable for the year ended June 30, 2025 are as follows:

	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Due Within One Year
iPad loan payable	$ -	$ 1,835,680	$ -	$ 1,835,680	$ 375,972
Total	$ -	$ 1,835,680	$ -	$ 1,835,680	$ 375,972

Future annual loan commitment as of June 30, 2025:

	Year Ending	Principal	Interest	Total
Apple iPads	2026	$ 375,972	$ 5,523	$ 381,495
	2027	355,214	26,281	381,495
	2028	361,610	19,885	381,495
	2029	368,120	13,375	381,495
	2030	374,764	6,731	381,495
		$ 1,835,680	$ 71,795	$ 1,907,475

Note 6 – Leases and Subscription-Based Information Technology Arrangements (SBITA)

The District is involved in various leasing arrangements for equipment. In accordance with GASB Statement No. 87 *Leases*, newly acquired leases during the current fiscal year were analyzed and classified as either qualified or non-qualified leases, for both lessor and lessee positions, and lease receivables and payables were recognized accordingly.

The District is also involved in various subscription-based information technology arrangements (SBITAs) for information technology software and underlying subscription assets which are subscribed mainly from commercial and retail software vendors. With the application of GASB Statement No. 96 *Subscription-based Information Technology Arrangements*, all existing and newly acquired subscriptions during the current fiscal year were analyzed and classified as either qualified or non-qualified SBITAs. With this implementation, a subscription payable is recognized.

Lessee Lease Payables

The District has entered into several non-cancellable lease agreements for copiers and equipment. The interest rates utilized for these leases was 2.94%. Annual payments for the current year range from $4,176 to $55,202. During the year ended June 30, 2025, lease principal and interest payments of $57,937 and $1,441 were made, respectively.

Changes in lease payable for the year ended June 30, 2025 consisted of the following:

	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Due Within One Year
Leases payable	$ 80,390	$ -	$ 57,937	$ 22,453	$ 22,453
Total	$ 80,390	$ -	$ 57,937	$ 22,453	$ 22,453

Future annual lease commitment as of June 30, 2025 are as follows:

Year Ending	Principal	Interest	Total
2026	22,453	112	22,565
	$ 22,453	$ 112	$ 22,565

Note 6 – Leases and Subscription-Based Information Technology Arrangements (SBITA) (Continued)

Subscription Payables

The District has entered into 3 qualified SBITA agreements as the subscriber for software. The interest rates utilized for these SBITAs was 2.94%. Annual payments for the current year range from $6,289 to $23,000. During the year ended June 30, 2025, principal and interest payments of $46,060 and $1,664 were made, respectively.

Changes in subscriptions payable for the year ended June 30, 2025 consisted of the following:

	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Due Within One Year
Subscriptions payable	$ 41,907	$ 96,976	$ 46,060	$ 92,823	$ 35,135
Total	$ 41,907	$ 96,976	$ 46,060	$ 92,823	$ 35,135

Future annual subscription commitments as of June 30, 2025 are as follows:

Year Ending June 30th	Principal	Interest	Total
2026	$ 35,135	$ 2,479	$ 37,614
2027	18,099	1,658	19,757
2028	19,233	1,122	20,355
2029	20,356	597	20,953
Total	$ 92,823	$ 5,856	$ 98,679

Note 7 – Accrued Compensated Absences

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

Balance July 1, 2024, as restated	Net Change	Balance June 30, 2025	Due Within One Year
3,349,538	396,471	3,746,009	949,415

Note 8 – Pension and Retirement Plans

Early Retirement Stipend Pension Plan

Plan Description

The District maintains a single-employer defined benefit pension early retirement supplemental plan for eligible Confidential staff of the District (not administered through a trust). Eligible Confidential employees were hired prior to September 23, 1993 and retired between the ages of 55 and 62. The retiree must be receiving benefits from PERS to be eligible. Confidential retirees receive $250 per month. For all participants, the stipend is paid to the until age 65, death, or upon written retiree request that payments cease, whichever comes first. There are no survivor benefits.

Funding Policy

The benefits from this program are fully paid by the District and, consequently, no contributions by employees are required. The District funds this benefit as it comes due and there was no amount paid by the District for the benefit for the period ended June 30, 2025. There are no assets accumulated in a trust.

Employees Covered by Benefit Terms

At June 30, 2025, the following employees were covered by the stipend benefit terms:

Inactive employees	-
Active plan members	1
	1

Total Stipend Pension Liability

The District's total stipend pension liability of $12,795 was measured as of June 30, 2025, and was determined by an actuarial valuation date as of July 1, 2024.

Actuarial Assumptions and Other Inputs

The total stipend pension 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	Assumptions
Actuarial Cost Method	Entry age normal, level percent of salary
Interest Rate Utilized for Discounting	5.25% per year, based on all years discounted at municipal bond rate
General Inflation	2.5% per year
Salary Scale	3.5% per year
Salary Merit Scale	Total payroll increase is overall payroll growth plus merit table
Annual Premium Increase Rate	Between 4.0% and 6.0% annually
Mortality Rates	Pub-2010 employee and retiree
Turnover Rates	As developed for the valuation of benefits under Oregon PERS, depending on YOS
Disability Rates	As developed for the valuation of benefits under Oregon PERS, age dependent
Retirement Rates	As developed for the valuation of benefits under Oregon PERS
Health Care Claim Costs	The age-specific claims costs were developed based on the OEBB health plans' overall demographics and total premiums
Aging Factors	Aging factors are used to adjust the age 64 per capita claims cost
Plan Enrollment	Current and future retirees are assumed to remain enrolled in the plans in which currently enrolled
Marital Status	50% of future retirees electing coverage are assumed to cover a spouse as well
Coverage of Eligible Children	We have assumed no impact of dependent children on the implicit subsidy
Participation	85% active employees currently enrolled in a medical plan (100%) if eligible for District paid benefits

Note 8 – Pension and Retirement Plans (continued)

Early Retirement Stipend Pension Plan (continued)

Changes in the Stipend Pension Liability

Stipend Pension Liability at June 30, 2024	$	12,869
Changes for the year:		
Service cost		240
Interest		492
Differences between expected and actual experience		459
Changes of assumptions or other input		(1,265)
Stipend Pension Liability at June 30, 2025	$	12,795

Deferred Outflows of Resources and Deferred Inflows of Resources

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 454	$ -
Changes of assumptions or other input	-	1,091
Total	$ 454	$ 1,091

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense or (expense reduction) as follows:

Year Ended June 30	Deferred Outflow/(Inflow) of Resources
2026	$ (212)
2027	(212)
2028	(213)
2029	-
2030	-
Thereafter	-
Total	$ (637)

Note 8 – Pension and Retirement Plans (continued)

Early Retirement Stipend Pension Plan (continued)

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:

District's Stipend Pension Asset/(Liability)	1% Decrease (4.25%)	Current Discount (5.25%)	1% Increase (6.25%)
Single Employer Stipend	$ (13,502)	$ (12,795)	$ (12,104)

Stipend Pension Expense. For the year ended June 30, 2025, the District recognized an increase of stipend pension expense of $520. The $520 was treated as an increase of payroll related expense in the Statement of Activities and allocated in Instruction, Supporting Services, and Community Services using allocation percentages of 56%, 40%, and 4% respectively.

Changes in Assumptions. A summary of key changes implemented since the July 1, 2022 valuation are noted at the end of the Single-Employer Defined Benefit Health Care Plan (Medical Subsidy) included in Note 9.

OPERS Plan

Plan Description

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). 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.

Note 8 – Pension and Retirement Plans (continued)

OPERS Plan (continued)

Beginning January 1, 2004, OPERS active Tier One and Tier Two members became members of the Individual Account Program (IAP) or OPSRP. OPERS members retain 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.

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 based on years of service and final average salary. A percentage (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 he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer-General Service employees may retire after reaching age 55. Tier One General Service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 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 a 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 a OPERS-covered job, or
- The member was on an official leave of absence from a OPERS-covered job at the time of death.

As of 2020, the Legislature introduced an Optional Spouse Death Benefit (OSDB) which may provide 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.

Note 8 – Pension and Retirement Plans (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 for disability benefits regardless of the length of OPERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 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 due to changes in the fair value of the underlying global equity investments of that account.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes (COLA), 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 - The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

> *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.

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 2021. 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, and, if the pension program is terminated, the date on which termination becomes effective.

Note 8 – Pension and Retirement Plans (continued)

OPSRP Pension Program (Chapter 238A) (continued)

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.

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.

Employer contributions during the period July 1, 2024 through June 30, 2025, were based on the December 31, 2022 actuarial valuation, which became effective July 1, 2024. For the period July 1, 2024 through June 30, 2025, net employer contribution rates were 27.87% for Tier 1/Tier 2 employees and 25.03% for OPSRP General Employees. Employer contributions for the year ended June 30, 2025 were $7,653,410.

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

Note 8 – Pension and Retirement Plans (continued)

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 *Moro* decision; blend based on service.
Mortality	***Healthy retirees and beneficiaries:*** Pub-2010 Healthy retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. ***Active members:*** Pub-2010 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. ***Disabled retirees:*** Pub-2010 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

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

Note 8 – Pension and Retirement Plans (continued)

Assumed Asset Allocation

Asset Class	Target Allocation
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	100.0%

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.

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:

Asset Class	Target Allocation	20-Year Annualized Geometric Mean
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 funds of funds - multistrategy	1.25%	6.27%
Hedge fund equity - hedge	0.63%	6.48%
Hedge fund - macro	5.62%	4.83%
Total	100%	
Assumed inflation - mean		2.35%

Note 8 – Pension and Retirement Plans (continued)

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 net pension liability of $47,846,027 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 a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2024 (measurement date), the District's proportion was approximately 0.21525849 percent.

For the year ended June 30, 2025, the District recognized an increase in pension expense of $695,945. The $695,945 was treated as a increase of payroll related expense in the Statement of Activities and allocated to Instruction, Support Services, and Community Services using allocation percentages of 56%, 40% and 4%, respectively.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,834,434	$ 114,193
Changes of assumptions	4,810,455	6,163
Net difference between projected and actual earnings investments	3,039,561	-
Changes in proportionate share	-	1,195,354
Differences between employer contributions and employer's proportionate share of system contributions	2,938,905	1,286,039
Contributions subsequent to measurement date	7,653,410	-
Total	$ 21,276,765	$ 2,601,749

$7,653,410 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a decrease to 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) related to pensions will be recognized in pension expense or (expense reduction) as follows:

Year ended June 30,	Deferred Outflow/(Inflow) of Resources
2026	$ 425,859
2027	5,589,430
2028	2,983,797
2029	1,678,271
2030	344,249
Thereafter	-
Total	$ 11,021,606

Note 8 – Pension and Retirement Plans (continued)

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

District's Net Pension Asset/(Liability)	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% increase (7.90%)
Defined Benefit Pension Plan	$ (75,475,164)	$ (47,846,027)	$ (24,705,274)

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

Assumption 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.

Actuarial Method Changes

- There were no changes to actuarial methods since the December 31, 2022 actuarial valuation.

Plan Changes

House Bill 4045 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.

Note 8 – Pension and Retirement Plans (continued)

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

Contributions –Starting July 1, 2020, Senate Bill 1049 required a portion of member contributions to their IAP accounts to be redirected to the Defined Benefit fund. In 2023, if a member earns more than $3,570 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 $1,675,928, of which $1,463,877 was deposited into the individual members' accounts.

Note 9 – Postemployment 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, 2003 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 (Medical Subsidy)

Plan Description

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

Note 9 – Postemployment Benefits Other Than Pensions (OPEB) (continued)

Single-Employer Defined Benefit Health Care Plan (Medical Subsidy) (continued)

For implicit medical benefits, the District's post-retirement healthcare plan was established in accordance with Oregon Revised Statutes (ORS) 243.303, which requires that all eligible retirees are allowed to continue receiving health insurance benefits, at their cost, until age 65 or they become otherwise eligible for Medicare. ORS stipulate that for the purpose of establishing healthcare premiums, the rate must be based on all plan members, including both active employees and retirees. Their requirement to make available to retirees (at the retirees' own cost) access into the healthcare plan has an implicit cost to the District.

Generally, for explicit medical benefits, the program covers licensed employees who were hired before July 1, 1994: Retiree before age 62 with at least 15 years of service with the District in a Licensed position, or with 10 years of service and on Step 14 of the salary schedule. Hired between July 1, 1994 and June 30, 2005: Retiree before age 62 with at least 20 years of service with the District in a Licensed position and on the maximum Step of the salary schedule. Licensed candidates are no longer eligible if they have attained the age of 62. Qualified spouses, domestic partners, and children may qualify for coverage. The coverage is provided until age 65, or up to ten years of payments, 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.

For fiscal year ended June 30, 2025, District contributions for Licensed retirees are limited to $940 per month.

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 estimated amount paid by the District for the benefit for the year ended June 30, 2025 was $269,305.

Employees Covered by Benefit Terms

The explicit benefit for the single-employer defined benefit OPEB plan was ceased to all employees entering employment subsequent to June 30, 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:

Inactive employees or beneficiaries currently receiving benefit payments	17
Active plan members	484
	501

Total OPEB Liability

The District's total OPEB liability of $3,128,599 was measured as of June 30, 2025, and was determined by an actuarial valuation date as of July 1, 2024.

Note 9 – Postemployment Benefits Other Than Pensions (OPEB) (continued)

Single-Employer Defined Benefit Health Care Plan (Medical Subsidy) (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	Assumptions
Actuarial Cost Method	Entry age normal, level percent of salary
Interest Rate Utilized for Discounting	5.25% per year, based on all years discounted at municipal bond rate
General Inflation	2.5% per year
Salary Scale	3.5% per year
Salary Merit Scale	Total payroll increase is overall payroll growth plus merit table
Annual Premium Increase Rate	Between 4.0% and 6.0% annually
Mortality Rates	Pub-2010 employee and retiree
Turnover Rates	As developed for the valuation of benefits under Oregon PERS, depending on YOS
Disability Rates	As developed for the valuation of benefits under Oregon PERS, age dependent
Retirement Rates	As developed for the valuation of benefits under Oregon PERS
Health Care Claim Costs	The age-specific claims costs were developed based on the OEBB health plans' overall demographics and total premiums
Aging Factors	Aging factors are used to adjust the age 64 per capita claims cost
Plan Enrollment	Current and future retirees are assumed to remain enrolled in the plans in which currently enrolled
Marital Status	50% of future retirees electing coverage are assumed to cover a spouse as well
Coverage of Eligible Children	We have assumed no impact of dependent children on the implicit subsidy
Participation	85% active employees currently enrolled in a medical plan (100%) if eligible for District paid benefits

Changes in the Total OPEB Liability

OPEB Liability at June 30, 2024	$3,961,914
Changes for the year:	
Service cost	199,669
Interest	151,010
Differences between expected and actual experience	(390,239)
Changes of assumptions or other input	(524,450)
Benefit payments	(269,305)
OPEB Liability at June 30, 2025	$3,128,599

Note 9 – Postemployment Benefits Other Than Pensions (OPEB) (continued)

Single-Employer Defined Benefit Health Care Plan (Medical Subsidy) (continued)

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

For the year ended June 30, 2025, the District recognized a reduction in OPEB expense of $208,241 and reported the following deferred outflows of resources and deferred inflows of resources related to the single employer defined benefit health care plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 288,562	$ 609,676
Changes of assumptions or other input	83,635	881,612
Total	$ 372,197	$ 1,491,288

The $208,241 was treated as a reduction of payroll related expense in the Statement of Activities and allocated in Instruction, Supporting Services, and Community Services using allocation percentages of 56%, 40%, and 4% respectively.

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

Year Ended June 30	Deferred Outflow/(Inflow) of Resources
2026	$ (289,615)
2027	(202,707)
2028	(244,532)
2029	(143,165)
2030	(108,397)
Thereafter	(130,675)
Total	$ (1,119,091)

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:

District's OPEB Asset/(Liability)	1% Decrease (4.25%)	Current Discount (5.25%)	1% Increase (6.25%)
Single Employer Defined Benefit Health Care Plan	$ (3,304,282)	$ (3,128,599)	$ (2,962,993)

Note 9 – Postemployment Benefits Other Than Pensions (OPEB) (continued)

Single-Employer Defined Benefit Health Care Plan (Medical Subsidy) (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:

District's OPEB Asset/(Liability)	1% Decrease 3.00%, trending up to 5.00%, then back down to 3.50%	Current Trend Rate 4.00%, trending up to 6.00%, then back down to 4.50%	1% Increase 5.00%, trending up to 7.0%, then back down to 5.50%
Single Employer Defined Benefit Health Care Plan	$ (2,903,825)	$ (3,128,599)	$ (3,385,998)

Changes in Assumptions and Methods

A summary of key changes implemented since the July 1, 2022 valuation as noted below:

- The interest rate for discounting future liabilities was changed to reflect current municipal bond rates.
- Premium increase rates were modified to better reflect anticipated experience and current Oregon law.
- Demographic assumptions were revised to match (as closely as possible) those developed in the most recent experience study for Oregon PERS.
- The percentage of future retirees assumed to cover a spouse was lowered to better reflect observed experience.
- Aging factors were revised to better align with prevalent actuarial practice.

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

Note 9 – Postemployment Benefits Other Than Pensions (OPEB) (continued)

Retirement Health Insurance Account (RHIA) (continued)

Contributions

Employer Contributions - PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and OPEB plans. The contribution rates in effect for the period July 1, 2024 through June 30, 2025 for the OPEB program were: Tier1/Tier 2 - 0.00%, and OPSRP General Service - 0.00%. The District contributed $101 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 8 – Pension and Retirement Plans (excluding the healthcare cost trend rate and a retiree healthcare participation assumption of 25% for healthy retirees and 15% for disabled retirees has been used). The actuarial valuation details are the Actuarial Methods and Assumptions, Discount Rate, Assumed Asset Allocation, and the Investment Rate of Return.

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

At June 30, 2025, the District reported $768,872 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, 2025, the District's proportion was approximately 0.19035800 percent.

For the year ended June 30, 2025, the District recognized a reduction of OPEB expense of $106,242. The $106,242 was treated as a reduction of payroll related expense in the Statement of Activities and allocated in Instruction, Supporting Services, and Community Services using allocation percentages of 56%, 40%, and 4% 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	$ -	$ 15,038
Changes in assumptions	-	9,725
Net difference between projected and actual earnings on investments	21,709	-
Changes in proportionate share	164,423	46,608
Contributions subsequent to the measurement date	101	-
Total	$ 186,233	$ 71,371

$101 reported as deferred outflows of resources related to RHIA OPEB resulting from District contributions subsequent to the measurement date will be recognized as an increase to the net OPEB asset in the year ended June 30, 2026.

Note 9 – Postemployment Benefits Other Than Pensions (OPEB) (continued)

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

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

Year Ended June 30	Deferred Outflow/(Inflow) of Resources
2026	$ 59,284
2027	41,226
2028	11,745
2029	2,506
2030	-
Total	$ 114,761

Sensitivity for the District's Proportionate Share of the Net RHIA 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 RHIA OPEB asset would be if it were calculated using a discount rate that is 1-percentage point lower (5.90 percent) or 1-percentage point higher (7.90 percent) than the current rate:

District's Net OPEB Asset/(Liability)	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Retirement Health Insurance Account	$ 711,742	$ 768,872	$ 818,063

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

The changes in assumptions used for RHIA are identical to the changes in assumptions related to the OPERS Plan disclosed in *Note 8 Pension and Retirement Plans.*

Note 11 – Tax Abatements

As of June 30, 2025, Jackson County provides tax abatements through various programs.

For the fiscal year ended June 30, 2025, information regarding the District's property tax abatements through Jackson County are as follow:

	Abated Taxes	Percent of Code Area	Reduced Property Taxes
Solar Producer	55,882	40.54%	22,655
Enterprise Zone	45,261	33.07%	14,968
Enterprise Zone	27,657	33.07%	9,146
Total Tax Abatements			$ 46,769

Note 12 – 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 likely outcome of these lawsuits is not presently determinable, although the District's management expects such amounts, if any, to be immaterial.

Note 13 – 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 14 – 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 five fiscal years ending June 30, 2025.

Note 15 – Subsequent Events

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

REQUIRED SUPPLEMENTARY INFORMATION

EAGLE POINT SCHOOL DISTRICT NO. 9
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	$ 14,600,000	$ 14,600,000	$ 15,216,604	$ 616,604
Intermediate sources	800,000	800,000	761,525	(38,475)
State sources	39,898,695	39,898,695	39,403,874	(494,821)
Federal sources	-	-	12,858	12,858
TOTAL REVENUES	55,298,695	55,298,695	55,394,861	96,166
EXPENDITURES				
Current:				
Instruction	35,043,087	33,101,915	31,937,682	1,164,233
Support services	23,140,367	23,061,205	22,578,629	482,576
Facilities acquisition and construction	-	-	8,661	(8,661)
Contingency	1,207,957	528,793	-	528,793
TOTAL EXPENDITURES	59,391,411	56,691,913	54,524,972	2,166,941
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,092,716)	(1,393,218)	869,889	2,263,107
OTHER FINANCING SOURCES (USES):				
Sale of asset	-	-	8,326	8,326
Transfers out	(25,000)	(25,000)	-	25,000
TOTAL OTHER FINANCING SOURCES (USES)	(25,000)	(25,000)	8,326	33,326
NET CHANGE IN FUND BALANCE	(4,117,716)	(1,418,218)	878,215	2,296,433
FUND BALANCE, JULY 1, 2024	4,117,716	4,117,716	5,250,000	1,132,284
FUND BALANCE, JUNE 30, 2025	$ -	$ 2,699,498	$ 6,128,215	$ 3,428,717

EAGLE POINT SCHOOL DISTRICT NO. 9
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
	Adopted	Final	Actual	(Negative)
REVENUES				
Local sources	$ 1,975,000	$ 1,975,000	$ 664,666	$ (1,310,334)
State sources	4,000,000	4,000,000	9,236,793	5,236,793
Federal sources	4,000,000	4,000,000	5,414,630	1,414,630
TOTAL REVENUES	9,975,000	9,975,000	15,316,089	5,341,089
EXPENDITURES				
Current				
Instruction	4,000,000	5,500,000	6,256,096	(756,096)
Support services	4,000,000	4,000,000	3,990,045	9,955
Enterprise and community services	2,000,000	2,000,000	2,961,393	(961,393)
Facilities acquisition and construction	1,000,000	2,500,000	2,097,766	402,234
Contingency	1,000,000	-	-	-
TOTAL EXPENDITURES	12,000,000	14,000,000	15,305,300	(1,305,300)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,025,000)	(4,025,000)	10,789	4,035,789
OTHER FINANCING SOURCES (USES):				
Transfers in	25,000	25,000	-	(25,000)
TOTAL OTHER FINANCING SOURCES (USES)	25,000	25,000	-	(25,000)
NET CHANGE IN FUND BALANCE	(2,000,000)	(4,000,000)	10,789	4,010,789
FUND BALANCE, JULY 1, 2024	2,000,000	2,000,000	3,799,056	1,799,056
FUND BALANCE, JUNE 30, 2025	$ -	$ (2,000,000)	$ 3,809,845	$ 5,809,845

EAGLE POINT SCHOOL DISTRICT NO. 9
SCHEDULE OF THE DISTRICT'S 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

Proportionate Share of Net Pension Asset / (Liability)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension asset/(liability)	0.2152585%	0.2220371%	0.2221418%	0.2233143%	0.2258223%	0.2392515%	0.2562540%	0.2580395%	0.2826304%	0.3146406%
District's proportion of the net pension asset/(liability)	$(47,846,027)	$(41,589,074)	$(34,014,367)	$(26,722,863)	$(49,282,200)	$(41,384,773)	$(38,819,103)	$(34,783,818)	$(42,429,378)	$(18,064,970)
District's covered-employee payroll	$ 31,329,541	$ 29,468,807	$ 26,486,547	$ 23,217,236	$ 22,144,396	$ 21,662,560	$ 20,519,742	$ 20,117,641	$ 17,873,382	$ 17,165,276
District's proportionate share of the net pension asset/(liability) as a percentage of its covered-employee payroll	152.72%	141.13%	128.42%	115.10%	222.55%	191.04%	189.18%	172.90%	237.39%	105.24%
Plan fiduciary net position as a percentage of the total pension liability	79.30%	81.70%	84.50%	87.57%	75.79%	80.20%	82.10%	83.12%	80.52%	91.88%

Pension Contributions

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contributions	$ 7,653,410	$ 7,526,247	$ 6,735,551	$ 6,157,354	$ 6,225,422	$ 5,635,735	$ 4,648,283	$ 4,306,257	$ 3,617,164	$ 3,517,641
Contribution in relation to the contractually required	$ (7,653,410)	$ (7,526,247)	$ (6,735,551)	$ (6,157,354)	$ (6,225,422)	$ (5,635,735)	$ (4,648,283)	$ (4,306,257)	$ (3,617,164)	$ (3,517,641)
Contributions deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered - employee payroll	$ 28,861,784	$ 31,329,541	$ 29,468,807	$ 26,486,547	$ 23,217,236	$ 22,144,396	$ 21,662,560	$ 20,519,742	$ 20,117,641	$ 17,873,382
Contributions as a percentage of covered-employee payroll	26.52%	24.02%	22.86%	23.25%	26.81%	25.45%	21.46%	20.99%	17.98%	19.68%

Note to schedule:

A summary of key changes implemented since the prior valuation are described in *Note 8* in the Notes to the Basic Financial Statements.

EAGLE POINT SCHOOL DISTRICT NO. 9
SCHEDULE OF THE DISTRICT'S 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)

Proportionate Share of Net OPEB (Liability) / Asset

	2025	2024	2023	2022	2021	2020	2019	2018
District's proportion of the net OPEB RHIA asset/(liability)	0.19035800%	0.27901378%	0.16357654%	0.14529877%	0.32266622%	0.18265958%	0.18254002%	0.18246007%
District's proportion of the net OPEB RHIA asset/(liability)	$ 768,872	$ 1,021,653	$ 581,245	$ 498,957	$ 657,465	$ 352,964	$ 203,764	$ 76,148
District's covered-employee payroll	$ 31,329,541	$ 29,468,807	$ 26,486,547	$ 23,217,236	$ 22,144,396	$ 21,662,560	$ 20,519,742	$ 20,117,641
District's proportionate share of the net OPEB RHIA asset/(liability) as a percentage of its covered-employee payroll	2.45%	3.47%	2.19%	2.15%	2.97%	1.63%	0.99%	0.38%
Plan fiduciary net position as a percentage of the total pension liability	220.60%	201.60%	194.60%	183.90%	150.10%	144.40%	123.90%	108.88%

OPEB Contributions

	2025	2024	2023	2022	2021	2020	2019	2018
Contractually required contributions	$ 101	$ 856	$ 5,498	$ 4,032	$ 3,888	$ 23,042	$ 90,530	$ 88,386
Contribution in relation to the contractually required	$ (101)	$ (856)	$ (5,498)	$ (4,032)	$ (3,888)	$ (23,042)	$ (90,530)	$ (88,386)
Contributions deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered - employee payroll	$ 28,861,784	$ 31,329,541	$ 29,468,807	$ 26,486,547	$ 23,217,236	$ 22,144,396	$ 21,662,560	$ 20,519,742
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.02%	0.02%	0.02%	0.10%	0.42%	0.43%

Note to schedule:

A summary of assumption changes implemented since the prior valuation are outlined briefly in *Note 9* to the financial statements.

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

EAGLE POINT SCHOOL DISTRICT NO. 9
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL PENSION LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS ENDING JUNE 30 (For Years Information is Available)

Total Pension Liability (Stipend):	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**
Service cost	$ 240	$ 232	$ 208	$ 280	$ 543	$ 402	$ 518	$ 505	$ 505
Interest	492	465	414	310	513	1,097	2,170	3,486	5,131
Differences between expected and actual experience	459	-	221	-	(5,126)	-	(2,622)	-	-
Changes of assumptions of other inputs	(1,265)	-	(286)	(1,119)	807	1,021	(3,041)	-	-
Benefit payments	-	-	-	(2,729)	(8,250)	(14,164)	(32,692)	(45,978)	(53,070)
Net change in total pension liability (Stipend)	(74)	697	557	(3,258)	(11,513)	(11,644)	(35,667)	(41,987)	(47,434)
Total Pension Liability (Stipend) - beginning	$ 12,869	$ 12,172	$ 11,615	$ 14,873	$ 26,386	$ 38,030	$ 73,697	$ 115,684	$ 163,118
Total Pension liability (Stipend) - ending	$ 12,795	$ 12,869	$ 12,172	$ 11,615	$ 14,873	$ 26,386	$ 38,030	$ 73,697	$ 115,684
Estimated Covered - employee payroll	$ 77,168	$ 108,951	$ 105,267	$ 131,429	$ 127,601	$ 117,307	$ 114,666	$ 168,679	$ 164,565
Total pension liability (Stipend) as a percentage of estimated covered - employee payroll	16.58%	11.81%	11.56%	8.84%	11.66%	22.49%	33.17%	43.69%	70.30%

Notes to Schedule:

Significant methods and assumptions used in calculating the actuarially determined contributions:
Significant methods and assumptions used in calculating the actuarially determined contributions are described in *Note 8* to the financial statements. No assets are accumulated in a trust to pay related benefits.

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 are presented.

EAGLE POINT SCHOOL DISTRICT NO. 9
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS ENDING JUNE 30 (For Years Information is Available)

Total OPEB Liability (medical subsidy):	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**
Service cost	$ 199,669	$ 192,917	$ 189,007	$ 225,064	$ 270,204	$ 213,119	$ 198,715	$ 193,868	$ 193,868
Interest	151,010	149,339	132,828	92,223	110,075	199,017	190,742	188,741	191,985
Changes of benefit terms	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(390,239)	-	461,698	-	(518,060)	-	(647,260)	-	-
Changes of assumptions of other inputs	(524,450)	-	(283,536)	(278,121)	(292,835)	334,537	(47,997)	-	-
Benefit payments	(269,305)	(339,578)	(293,668)	(320,031)	(315,247)	(353,044)	(391,851)	(470,222)	(474,481)
Net change in total OPEB liability (medical subsidy)	(833,315)	2,678	206,329	(280,865)	(745,863)	393,629	(697,651)	(87,613)	(88,628)
Total OPEB liability (medical subsidy) - beginning	$ 3,961,914	$ 3,959,236	$ 3,752,907	$ 4,033,772	$ 4,779,635	$ 4,386,006	$ 5,083,657	$ 5,171,270	$ 5,259,898
Total OPEB liability (medical subsidy) - ending	$ 3,128,599	$ 3,961,914	$ 3,959,236	$ 3,752,907	$ 4,033,772	$ 4,779,635	$ 4,386,006	$ 5,083,657	$ 5,171,270
Estimated Covered - employee payroll	$ 28,861,784	$ 29,553,051	$ 28,553,672	$ 26,049,490	$ 25,290,767	$ 22,963,222	$ 22,186,688	$ 19,335,804	$ 18,864,199
Total OPEB liability (medical subsidy) as a percentage of estimated covered - employee payroll	10.84%	13.41%	13.87%	14.41%	15.95%	20.81%	19.77%	26.29%	27.41%

Notes to Schedule:

Significant methods and assumptions used in calculating the actuarially determined contributions:
Significant methods and assumptions used in calculating the actuarially determined contributions are described in *Note 9* to the financial statements. No assets are accumulated in a trust to pay related benefits.

Other information:

This schedule is presented to illustrate required supplementary information for a 10 year period. The District adopted GASB 75 during fiscal 2017, as a result, only nine years of information are presented.

SUPPLEMENTARY INFORMATION

EAGLE POINT SCHOOL DISTRICT NO. 9
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	$ -	$ -	$ 7	$ 7
TOTAL REVENUES	-	-	7	7
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	7	7
NET CHANGE IN FUND BALANCE	-	-	7	7
FUND BALANCE, JULY 1, 2024	-	-	2,242	2,242
FUND BALANCE, JUNE 30, 2025	$ -	$ -	$ 2,249	$ 2,249

EAGLE POINT SCHOOL DISTRICT NO. 9
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
	Adopted	Final	Actual	(Negative)
REVENUES				
Local sources	$ -	$ -	$ 328,000	$ 328,000
TOTAL REVENUES	-	-	328,000	328,000
EXPENDITURES				
Facilities acquisition and construction	2,000,000	2,000,000	2,829,146	(829,146)
TOTAL EXPENDITURES	2,000,000	2,000,000	2,829,146	(829,146)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,000,000)	(2,000,000)	(2,501,146)	(829,146)
OTHER FINANCING SOURCES				
Proceeds from issuance of debt	-	-	1,835,680	1,835,680
TOTAL OTHER FINANCING SOURCES	-	-	1,835,680	1,835,680
NET CHANGE IN FUND BALANCE	(2,000,000)	(2,000,000)	(665,466)	1,006,534
FUND BALANCE, JULY 1, 2024	2,000,000	2,000,000	1,768,801	(231,199)
FUND BALANCE, JUNE 30, 2025	$ -	$ -	$ 1,103,335	$ 775,335

EAGLE POINT SCHOOL DISTRICT NO. 9
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FIDUCIARY FUND
YEAR ENDED JUNE 30, 2025

	Budget			Variance with Final Budget Positive (Negative)
	Adopted	Final	Actual	
REVENUES				
Local sources	$ 100,000	$ 100,000	$ 232,439	$ (132,439)
TOTAL REVENUES	100,000	100,000	232,439	(132,439)
EXPENDITURES				
Current:				
Enterprise and community services	300,000	300,000	204,638	95,362
TOTAL EXPENDITURES	300,000	300,000	204,638	95,362
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(200,000)	(200,000)	27,801	(37,077)
FUND BALANCE, JULY 1, 2024	200,000	200,000	215,533	15,533
FUND BALANCE, JUNE 30, 2025	$ -	$ -	$ 243,334	$ (21,544)

OREGON DEPARTMENT OF EDUCATION
225 Capitol Street NE
Salem Oregon 97310

Office of Finance and Information Technology
School Finance Unit

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	**$1,116,137**
Function 2550	**$15,527**

B. **Replacement of Equipment - General Fund**

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

$0

Exclude these Functions

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

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

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INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS

Board of Education
Eagle Point School District No. 9
Eagle Point, Oregon

We have audited the basic financial statements of Eagle Point School District No. 9 (the District) as of and for the year ended June 30, 2025, and have issued our report thereon dated January 30, 2026. 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, grant agreements, 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 distribution 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 as noted in Note 1 to the financial statements.

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OAR 162-010-0230 Internal Control

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

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. We did identify a deficiency in internal control that is described in the accompanying schedule of findings and questions costs as item 2025-001, that we consider to be a significant deficiency.

Restrictions on Use

This report is intended solely for the information and use of the Board of Education, 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.



Benjamin R. Cohn, CPA
Sorren CPAs P.C.
Medford, Oregon
January 30, 2026

ITEMS REQUIRED BY STHE UNIFORM GUIDANCE

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CPAs P.C.

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 Education
Eagle Point School District No. 9
Eagle Point, 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 Unites States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Eagle Point School District No. 9 (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 January 30, 2026.

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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as 2025-001 to be a significant deficiency.

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*.

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District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Benjamin R. Cohn, CPA
Sorren CPAs P.C.
Medford, Oregon
January 30, 2026

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 Education
Eagle Point School District No. 9
Eagle Point, Oregon

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Eagle Point School District No. 9'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 each of the District's major federal programs for the year ended June 30, 2025. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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



Benjamin R. Cohn, CPA
Sorren CPAs P.C.
Medford, Oregon
January 30, 2026

EAGLE POINT SCHOOL DISTRICT NO. 9
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Grantors Number	Federal Expenditures
U.S. Department of Agriculture			
Passed through Oregon Department of Education			
School Breakfast Program	10.553	N/A	$ 509,440
National School Lunch Program	10.555	N/A	2,020,928
National School Lunch Program-Commodities	10.555	N/A	180,761
Summer Food Service Program for Children	10.559	N/A	68,024
Summer Food Service Program for Children-Commodities	10.559	N/A	86
Fresh Fruit and Vegetables Program	10.582	N/A	108,091
Total Child Nutrition Cluster			2,887,330
Child and Adult Care Food Program	10.558	N/A	7,959
Total AL 10.558			7,959
Total U.S. Department of Agriculture			**2,895,289**
U.S. Department of Education:			
Passed through Oregon Department of Education:			
Title I Grants to Local Education Agencies	84.010	76466	155,187
Title I Grants to Local Education Agencies	84.010	82150	992,000
Title I Grants to Local Education Agencies	84.367	82413	17,009
Title I Grants to Local Education Agencies	84.424	82610	102,160
Total AL 84.010			1,266,356
Special Education Grants to States	84.027	83345	830,023
Special Education Preschool Grants	84.173	83545	5,602
Total Special Education (IDEA) Cluster			835,625
Supporting Effective Instruction State Grant	84.367	76663	55,087
Supporting Effective Instruction State Grant	84.367	82413	161,178
Total AL 84.367			216,265
English Language Acquisition Grant	84.365	76975	9,160
English Language Acquisition Grant	84.365	82316	51,890
Total AL 84.365			61,050
Passed through Southern Oregon ESD			
English Language Acquisition Grant	84.365	N/A	140,045
Total AL 84.365			140,045
Total U.S. Department of Education			**2,519,341**
Total Federal Expenditures			**$ 5,414,630**
U.S. Department of Agriculture:			
Passed through Southern Oregon ESD (General Fund)			
Schools and Roads - Grants to States	10.665	N/A	$ 12,858
Total Forest Service Schools and Roads Cluster			12,858
		Total SEFA Expense	**5,427,488**

EAGLE POINT SCHOOL DISTRICT NO. 9
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025

NOTE A – BASIS OF PRESENTATION

The schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Eagle Point School District No. 9 (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, and changes in fund balance of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D – FOOD DISTRIBUTION

Nonmonetary 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 $180,847.

NOTE E – SUBRECIPIENTS

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

NOTE F – DISTRICTS 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 the treatment based on guidance provided by both the Oregon Department of Education and the United States Department of Agriculture.

EAGLE POINT SCHOOL DISTRICT NO. 9
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:		
• Material weakness(es) identified?	☐ Yes	☒ No
• Significant deficiency(ies) identified?	☒ Yes	☐ None reported
Noncompliance material to financial statements noted?	☐ Yes	☒ No

Federal Awards

Internal control over major federal programs:		
• Material weakness(es) identified?	☐ Yes	☒ No
• Significant deficiency(ies) identified?	☐ Yes	☒ None reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	☐ Yes	☒ No

Identification of major federal programs:

AL Number(s)	Name of Federal Program or Cluster	Type of Opinion on Compliance
#10.553, 10.555, 10.559, 10.582	Child Nutrition Cluster	Unmodified
#84.027, 84.173	Special Education (IDEA) Cluster	Unmodified

Dollar threshold used to distinguish between type A and type B programs: $750,000

Auditee qualified as a low-risk auditee?	☒ Yes	☐ No

EAGLE POINT SCHOOL DISTRICT NO. 9
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

SECTION II – FINANCIAL STATEMENT FINDINGS

2025-001 – Significant Deficiency – *Financial Reporting: Audit Adjustments*

Criteria – Management is responsible for establishing and maintaining an effective system of internal control over year-end financial information on a timely basis. Properly tracking and recording assets and liabilities and the associated revenue and expense is a key component of effective internal control over financial reporting.

Condition – Year-end account balances and their activity were not properly prepared and/or reviewed accurately.

Cause – Internal controls in place did not ensure that assets, liabilities, revenues and expenses were calculated and reported accurately.

Effect or Potential Effect – Prior to adjustments, various asset, liability, revenue and expense accounts were not properly recorded at year end by material amounts.

Recommendations – We highly recommend that the District enhance internal controls by developing a year-end closing schedule which includes having a preparer and reviewer of all accounts. This control should be used to ensure that all accounts are reconciled timely and all necessary year-end calculations are completed, and that work is reviewed on a regular basis.

Views of Responsible Officials and Planned Corrective Actions – Management agrees with this finding. Management will properly apply internal controls to the financial statement close process to ensure the District's financial statements are correctly reported.

SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS

AUDIT

None reported