



North Santiam School District

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

ANNUAL FINANCIAL REPORT

June 30, 2025



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NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

DISTRICT OFFICIALS

June 30, 2025

BOARD OF DIRECTORS

Erin Cramer, Chair

Mackenzie Strawn, Vice Chair

Coral Ford

Mark Henderson

Alisha Oliver

Mike Wagner

Laura Wipper

**All board members receive mail at the District's address listed below.*

ADMINISTRATION

Lee Loving, Superintendent and Budget Officer

Rhonda Allen, Director of Business & Fiscal Services

DISTRICT ADDRESS

1155 N. 3rd Avenue
Stayton, Oregon 97383

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Board of Directors
North Santiam School District No. 29J
Stayton, Oregon 97383

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the remaining fund information of North Santiam School District No. 29J, Stayton, Oregon, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the remaining fund information of North Santiam School District No. 29J, Stayton, Oregon as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of North Santiam School District No. 29J, Stayton, Oregon, 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 described in the notes to the financial statements, in the year ended June 30, 2025, the District adopted new accounting guidance: GASB Statement No. 102, *Certain Risk Disclosures*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, 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 North Santiam School District No. 29J, Stayton, Oregon's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards 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 North Santiam School District No. 29J, Stayton, Oregon'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 North Santiam School District No. 29J, Stayton, Oregon'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, schedules of the District's proportionate share of the net pension liability and contributions, schedules of the District's proportionate share of the net OPEB asset and contributions, schedule of changes in OPEB liability and related ratios, and the budgetary comparison information on pages 5 through 11, 61, 62, 63, and 64 through 67, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the management's discussion and analysis, schedules of the District's proportionate share of the net pension liability and contributions, schedules of the District's proportionate share of the net OPEB asset and contributions, and schedule of changes in OPEB liability and related ratios 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 aforementioned information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison information is the responsibility of management and is derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The budgetary comparison 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 and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise North Santiam School District No. 29J, Stayton, Oregon's basic financial statements. The accompanying individual fund schedules and schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) 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 individual fund schedules 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 Information

Management is responsible for the other information included in the annual report. The other information comprises the schedule of future requirements for retirement of debt outstanding, schedule of continuing disclosure requirements, and supplemental information required by the Oregon Department of Education, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is 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 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.

Report on Other Legal and Regulatory Requirements

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated November 20, 2025 on our tests of the District's compliance with certain provisions of laws and regulations specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Accuity, LLC

By: 
Glen O. Kearns, CPA

Albany, Oregon
November 20, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

INTRODUCTION

As management of North Santiam School District No. 29J, Stayton, Oregon, we offer readers this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2025. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- At June 30, 2025, total net position of North Santiam School District No. 29J amounted to \$(17,012,134). Of this amount, \$(5,342,226) was invested in capital assets, net of related debt. The remaining balance included \$4,398,136 restricted for various purposes, and \$(16,068,044) of unrestricted net position.
- At June 30, 2025, the District's governmental funds reported combined ending fund balances of \$14,889,493.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to North Santiam School District No. 29J's basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other 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.

The statement of net position presents information on all of the District's assets, liabilities, and deferred outflows/inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements present functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities).

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

The government-wide financial statements can be found on pages 12 through 14 of this report.

Fund Financial Statements

The fund financial statements are designed to demonstrate compliance with finance-related legal requirements overseeing the use of fund accounting. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. All of the funds of North Santiam School District No. 29J can be divided into two categories: governmental funds and proprietary funds.

□ **Governmental Funds**

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 available resources, as well as on balances of available resources at the end of the fiscal year. Such information may be useful in evaluating the District'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 District's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds 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 six individual governmental funds. Information is presented separately in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Grants and Student Body, Food Service, Scholarship, Debt Service, and Capital Projects Funds, all of which are considered to be major governmental funds.

North Santiam School District No. 29J adopts an annual appropriated budget for all of its governmental funds. A budgetary comparison statement has been provided for each fund individually to demonstrate compliance with their respective budgets. The basic governmental fund financial statements can be found on pages 15 through 18 of this report.

□ **Proprietary Funds**

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The District maintains one proprietary fund, which is an internal service fund.

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Internal service funds serve as an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses the internal service fund to account for its unemployment insurance accounts. Because this predominantly benefits governmental functions, it has been included within governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 19 through 21 of this report.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the financial data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 22 through 60 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which includes schedules of the District's proportionate share of the net pension liability and contributions, schedules of the District's proportionate share of the net OPEB asset and contributions, schedule of changes in OPEB liability and related ratios, and the budgetary comparison information for the General, Grants and Student Body Fund, Food Service, and Scholarship Funds. This required supplementary information can be found on pages 61 through 67 of this report.

Individual fund schedules are presented immediately following the required supplementary information on pages 68 through 70 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. At June 30, 2025, the District's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$17,012,134.

A portion of the District's net position reflects its investment in capital assets (e.g., land, buildings, and equipment) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets for classrooms and supporting services for providing kindergarten through twelfth grade education. Consequently, these assets are not available for future spending. Although the District's investment in 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 since the capital assets themselves cannot be used to liquidate these liabilities.

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

District's Net Position

The District's net position increased by \$696,091 during the current fiscal year. The increase is primarily due to an increase in program revenues.

Condensed statement of net position information is shown below.

Condensed Statement of Net Position

	Governmental Activities	
	2025	2024
Assets		
Current and other assets	\$ 13,495,327	\$ 12,227,519
Restricted assets	4,470,004	5,948,668
Capital assets, net of accumulated depreciation	7,700,983	7,830,617
Total assets	25,666,314	26,006,804
Deferred outflows of resources	11,777,008	9,166,404
Liabilities		
Current liabilities	9,502,840	9,209,099
Noncurrent liabilities	37,578,868	34,691,604
Total liabilities	47,081,708	43,900,703
Deferred inflows of resources	7,373,748	8,980,730
Net position		
Net investment in capital assets	(5,342,226)	(7,088,650)
Restricted for various purposes	4,398,136	7,151,301
Unrestricted	(16,068,044)	(17,770,876)
Total net position	\$ (17,012,134)	\$ (17,708,225)

District's Changes in Net Position

The condensed statement of activities information shown on the next page explains changes in net position.

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Condensed Statement of Activities

	Governmental Activities	
	2025	2024
Program revenues		
Charges for services	\$ 941,351	\$ 438,101
Operating grants and contributions	7,048,917	5,898,082
Total program revenues	7,990,268	6,336,183
General revenues		
Taxes	10,135,300	10,040,962
State school fund - general support	18,272,580	18,151,662
Common school fund	284,799	290,645
Unrestricted state and local revenue	476,678	26,306
Unrestricted grants and contributions	1,890	196,410
Investment earnings	1,002,684	961,479
Miscellaneous	272,169	319,790
Total general revenues	30,446,100	29,987,254
Total revenues	38,436,368	36,323,437
Program expenses		
Instruction	19,490,720	16,572,221
Support services	14,851,619	12,273,654
Enterprise and community services	1,564,814	1,439,093
Facilities acquisition and construction	4,080	1
Unallocated depreciation expense	547,229	502,696
Interest on long-term debt	1,281,815	1,477,330
Total program expenses	37,740,277	32,264,995
Change in net position	696,091	4,058,442
Net position - beginning of year, as restated	(17,708,225)	(21,766,667)
Net position - end of year	\$ (17,012,134)	\$ (17,708,225)

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Revenues

Since the District's mission is to provide a free and appropriate public education for kindergarten through twelfth grade students within its boundaries, the District may not charge for its core services. As expected, therefore, general revenues provide 79% of the funding required for governmental programs. Property taxes and state school funding combined for 93% of general revenues and 74% of total revenues. Operating grants and contributions represent 18% of total revenues. Included in this category are \$5,643,141 of state reimbursements for special education programs and \$1,405,776 for student nutrition programs.

Expenses

Expenses related to governmental activities are presented in several broad functional categories. Costs of direct classroom instruction activities account for 52% of the total expenses of \$37,740,277. In addition, approximately 39% of the costs in supporting services relate to students, instructional staff, and school administration.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measurement of the District's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the District's governmental funds reported combined fund balances of \$14,889,493. The General Fund is the chief operating fund of the District. At the end of the current fiscal year, total fund balance of the General Fund was \$5,330,761. Of this amount, \$4,864,228 constitutes unassigned fund balance, which is available for spending at the District's discretion.

BUDGETARY HIGHLIGHTS

Budget amounts shown in the financial statements reflect the original budget amounts and one supplemental budget.

CAPITAL ASSETS

The District's investment in capital assets for its governmental activities as of June 30, 2025 amounted to \$7,700,983, net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, and equipment and vehicles. The total depreciation related to the District's investment in capital assets for the current fiscal year amounted to \$547,229.

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Additional information on the District's capital assets can be found in Note III-B on page 35 of this report.

LONG-TERM LIABILITIES

At the end of the current fiscal year, the District had total long-term liabilities outstanding of \$30,943,205. This amount comprises general obligation bonds with a related issuance premium, two limited tax pension bonds, and one note payable. The District's total long-term liabilities outstanding decreased by \$3,882,008 during the current fiscal year. Additional information on the District's long-term liabilities can be found in Note III-H on pages 39 through 41 of this report.

KEY ECONOMIC FACTORS AND BUDGET INFORMATION FOR THE FUTURE

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that could affect its future financial health:

- The 2025-26 budget was developed to effectively support the educational and operational needs of students within the North Santiam School District. The budget is based on an anticipated funding level representing a 49% distribution of the state-proposed \$11.36 billion State School Fund.
- The District is taking a deliberate and strategic approach to planning for the 2026-27 budget cycle. Recent reductions in federal and state revenues will inform the District's financial strategy. Decision-making will continue to align with the District's Vision and Mission as articulated in the five-year strategic plan.
- The District is also proactively preparing for the expiration of its PERS side account and the associated rate increases. In addition, the District is positioning itself for the potential issuance of a General Obligation (GO) Bond in the near future.

All of these factors were considered in preparing the District's budget for fiscal year 2025-2026. The unassigned ending General Fund balance of \$4,864,228 will be available for program resources in fiscal year 2025-2026.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in the report or requests for additional information should be addressed to: Director of Business & Fiscal Services, North Santiam School District No. 29J, 1155 N 3rd Ave, Stayton, Oregon 97383.

BASIC FINANCIAL STATEMENTS

NORTH SANTIAM SCHOOL DISTRICT NO. 25J

Stayton, Oregon

STATEMENT OF NET POSITION

June 30, 2025

	<u>Governmental Activities</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 11,011,505
Cash with agent	28,279
Grants and accounts receivable	1,545,596
Inventory	28,365
Prepaid assets	27,935
Property taxes receivable	<u>306,694</u>
Total current assets	<u>12,948,374</u>
Restricted assets	
Cash and cash equivalents	4,371,113
Cash with agent	7,452
Property taxes receivable	<u>91,439</u>
Total restricted assets	<u>4,470,004</u>
Noncurrent assets	
OPEB RHIA benefit	395,240
SBITA assets, net of accumulated amortization	151,713
Capital assets not being depreciated	108,712
Capital assets being depreciated, net	<u>7,592,271</u>
Total noncurrent assets	<u>8,247,936</u>
Total assets	<u>25,666,314</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>11,777,008</u>
LIABILITIES	
Current liabilities	
Accounts payable	156,351
Payroll liabilities	1,167,364
Insurance pool liability	461,861
Compensated absences	3,384,348
Accrued interest	27,361
SBITA liabilities, current portion	57,693
Long-term liabilities, current portion	<u>4,247,862</u>
Total current liabilities	<u>9,502,840</u>

(Continued)

The accompanying notes are an integral part of these financial statements.

NORTH SANTIAM SCHOOL DISTRICT NO. 25J
Stayton, Oregon

STATEMENT OF NET POSITION

June 30, 2025

(Continued)

	<u>Governmental Activities</u>
Noncurrent liabilities	
SBITA liabilities, less current portion	94,711
Long-term liabilities, less current portion	26,695,343
Net pension liability PERS	9,653,687
OPEB medical liability	<u>1,135,127</u>
Total liabilities	<u>47,081,708</u>
DEFERRED INFLOWS OF RESOURCES	<u>\$ 7,373,748</u>
NET POSITION	
Net investment in capital assets	(5,342,226)
Restricted for:	
Debt service	2,300,043
Facility improvements	1,521,479
Student activities	375,379
School nutrition	7,680
Scholarship funds	54,709
Grant projects	138,846
Unrestricted	<u>(16,068,044)</u>
Total net position	<u>\$ (17,012,134)</u>

The accompanying notes are an integral part of these financial statements.

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2025

<u>Functions/Programs</u>	<u>Expenses</u>	Program Revenues			<u>Net (Expense) Revenue and Changes in Net Position</u>
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	<u>Governmental Activities</u>
Governmental activities					
Instruction	\$ 19,490,720	\$ 520,049	\$ 1,710,301	\$ -	\$ (17,260,370)
Support services	14,851,619	346,038	3,932,840	-	(10,572,741)
Community services	1,564,814	75,264	1,405,776	-	(83,774)
Facilities acquisition and construction	4,080	-	-	-	(4,080)
Unallocated depreciation	547,229	-	-	-	(547,229)
Interest on long-term debt	<u>1,281,815</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,281,815)</u>
Total governmental activities	<u>\$ 37,740,277</u>	<u>\$ 941,351</u>	<u>\$ 7,048,917</u>	<u>\$ -</u>	<u>(29,750,009)</u>
General revenues					
Property taxes levied for general purposes					7,605,579
Property taxes levied for debt service					2,481,633
Construction excise tax					48,088
State school fund - general support					18,272,580
Common school fund					284,799
Unrestricted state and local revenue					476,678
Unrestricted grants and contributions					1,890
Investment earnings					1,002,684
Miscellaneous					<u>272,169</u>
Total general revenues					<u>30,446,100</u>
Change in net position					696,091
Net position - beginning, as restated					<u>(17,708,225)</u>
Net position - ending					<u>\$ (17,012,134)</u>

The accompanying notes are an integral part of these financial statements.

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2025

	General Fund	Special Revenue Funds			Debt Service Fund	Capital Projects Fund	Total Governmental Funds
		Grants and Student Body	Food Service	Scholarship			
ASSETS							
Cash and cash equivalents	\$ 6,371,795	\$ 2,087,692	\$ -	\$ 54,709	\$ 2,280,700	\$ 3,783,892	\$ 14,578,788
Cash with agent	28,279	-	-	-	7,452	-	35,731
Grants and accounts receivable	158,974	1,310,361	73,080	-	-	3,181	1,545,596
Property taxes receivable	306,694	-	-	-	80,135	11,304	398,133
Prepaid assets	4,672	23,263	-	-	-	-	27,935
Inventory	-	-	28,365	-	-	-	28,365
Total assets	\$ 6,870,414	\$ 3,421,316	\$ 101,445	\$ 54,709	\$ 2,368,287	\$ 3,798,377	\$ 16,614,548
LIABILITIES							
Book overdraft	\$ -	\$ -	\$ 65,400	\$ -	\$ -	\$ -	\$ 65,400
Accounts payable	104,593	51,758	-	-	-	-	156,351
Accrued liabilities	1,167,364	-	-	-	-	-	1,167,364
Total liabilities	1,271,957	51,758	65,400	-	-	-	1,389,115
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - Property taxes	267,696	-	-	-	68,244	-	335,940
FUND BALANCES							
Nonspendable	4,672	23,263	28,365	-	-	-	56,300
Restricted	-	514,225	7,680	54,709	2,300,043	1,521,479	4,398,136
Committed	461,861	1,776,791	-	-	-	2,126,262	4,364,914
Assigned	-	1,055,279	-	-	-	150,636	1,205,915
Unassigned	4,864,228	-	-	-	-	-	4,864,228
Total fund balances	5,330,761	3,369,558	36,045	54,709	2,300,043	3,798,377	14,889,493
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,870,414</u>	<u>\$ 3,421,316</u>	<u>\$ 101,445</u>	<u>\$ 54,709</u>	<u>\$ 2,368,287</u>	<u>\$ 3,798,377</u>	<u>\$ 16,614,548</u>

The accompanying notes are an integral part of these financial statements.

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES

June 30, 2025

Total fund balances \$ 14,889,493

Property tax revenue is recognized in the net position of governmental activities when the taxes are levied; however, in the governmental fund statements, it is recognized when available to be used for current year operations. Taxes not collected within 30 days of the end of the year are not considered available to pay for current year operations and are therefore not reported as revenue in the governmental funds.

335,940

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

SPITA assets, net	151,713	
Cost, capital assets	25,695,449	
Accumulated depreciation	<u>(17,994,466)</u>	7,852,696

The internal service fund is used by management to charge the costs of unemployment insurance premiums to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.

869,230

Amounts relating to the District's proportionate share of net pension/OPEB liability or assets are not reported in the governmental fund statements. In the governmental fund statements, pension/OPEB expense is recognized when due. The amounts consist of:

Deferred outflows of resources relating to pension/OPEB expense	11,777,008	
Deferred inflows of resources relating to return on pension/OPEB assets	(7,373,748)	
OPEB RHIA benefit	395,240	
OPEB medical benefit	(1,135,127)	
Net pension liability	<u>(9,653,687)</u>	(5,990,314)

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 is recognized as an expenditure when due. These liabilities consist of:

Accrued interest	(27,361)	
SBITA liability	(152,404)	
Compensated absences	(3,384,348)	
Contractual insurance pool liability	(461,861)	
Notes payable	(97,094)	
Bond premiums	(1,261,115)	
Bonds payable	<u>(29,584,996)</u>	<u>(34,969,179)</u>

Net position of governmental activities \$ (17,012,134)

The accompanying notes are an integral part of these financial statements.

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2025

	General Fund	Special Revenue Funds			Debt Service Fund	Capital Projects Fund	Total Governmental Funds
		Grants and Student Body	Food Service	Scholarship			
REVENUES							
Property taxes	\$ 7,612,025	\$ -	\$ -	\$ -	\$ 2,413,389	\$ -	\$ 10,025,414
State school fund	18,272,580	-	-	-	-	-	18,272,580
Common school fund	284,799	-	-	-	-	-	284,799
County school fund	28,247	-	-	-	-	-	28,247
Other local/intermediate sources	455,411	21,019	-	17,000	-	-	493,430
Fees and charges	211,639	280,859	75,264	-	2,607,988	-	3,175,750
Timber revenue	1,890	-	-	-	-	-	1,890
State grants	-	4,249,006	283,041	-	-	-	4,532,047
Federal grants	-	1,356,116	1,122,735	-	-	-	2,478,851
Construction excise tax	-	-	-	-	-	48,088	48,088
Interest revenue	938,546	33	-	-	64,106	-	1,002,685
Miscellaneous	60,667	168,911	2,078	-	-	20,315	251,971
Total revenues	27,865,804	6,075,944	1,483,118	17,000	5,085,483	68,403	40,595,752
EXPENDITURES							
Current							
Instruction	16,392,151	3,163,537	-	-	-	34,880	19,590,568
Support services	11,367,666	3,568,494	-	9,583	-	136,313	15,082,056
Community services	5,305	83,748	1,479,163	-	-	-	1,568,216
Debt service	-	-	-	-	5,123,292	40,531	5,163,823
Facilities acquisition and construction	-	-	-	-	-	98,543	98,543
Total expenditures	27,765,122	6,815,779	1,479,163	9,583	5,123,292	310,267	41,503,206
Excess (deficiency) of revenues over (under) expenditures	100,682	(739,835)	3,955	7,417	(37,809)	(241,864)	(907,454)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	9,875	-	-	254,336	264,211
Transfers out	(80,786)	(183,425)	-	-	-	-	(264,211)
Total other financing sources (uses)	(80,786)	(183,425)	9,875	-	-	254,336	-
Net change in fund balances	19,896	(923,260)	13,830	7,417	(37,809)	12,472	(907,454)
Fund balances - beginning	5,310,865	4,292,818	22,215	47,292	2,337,852	3,785,905	15,796,947
Fund balances - ending	<u>\$ 5,330,761</u>	<u>\$ 3,369,558</u>	<u>\$ 36,045</u>	<u>\$ 54,709</u>	<u>\$ 2,300,043</u>	<u>\$ 3,798,377</u>	<u>\$ 14,889,493</u>

The accompanying notes are an integral part of these financial statements.

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2025

Net change in fund balances		\$ (907,454)
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 costs of these assets are allocated over their estimated useful lives and reported as depreciation expense.		
Capital asset additions	417,595	
Depreciation expense recorded in the current year	(547,229)	(129,634)
Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the statement of activities, property taxes are recognized as revenue when levied.		
		61,798
Repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net position.		
Amortization of issuance premium	53,284	
Debt principal paid	3,828,724	3,882,008
Lease and SBITA assets and liabilities are reported as expenditures in the governmental funds when they are paid. In the statement of activities, leases are amortized over the lives of the leases or SBITAs.		
		841
Some expenses reported in the statement of activities do not require the use of current financial resources and are therefore not reported as expenditures in the governmental funds.		
Change in compensated absences	(67,637)	
Change in insurance pool liability	(180,958)	(248,595)
The internal service fund is used by management to charge the costs of unemployment insurance premiums to individual funds. This activity is consolidated with the governmental funds in the statement of activities.		
		274,058
Pension expense or credits that do not meet the measurable and available criteria are not recognized as revenue or expense in the current year in the governmental funds. In the statement of activities, pension expense or credit is recognized when determined to be accrued.		
		(2,236,931)
Change in net position		\$ 696,091

The accompanying notes are an integral part of these financial statements.

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

STATEMENT OF NET POSITION

PROPRIETARY FUND

June 30, 2025

	<u>Governmental Activities - Internal Service Fund Insurance</u>
ASSETS	
Cash and cash equivalents	\$ 869,230
LIABILITIES	<u>-</u>
NET POSITION	
Unrestricted	<u>\$ 869,230</u>

The accompanying notes are an integral part of these financial statements.

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
MODIFIED CASH BASIS

PROPRIETARY FUND

For the Year Ended June 30, 2025

	<u>Governmental Activities - Internal Service Fund Insurance</u>
Operating revenues	
Charges for services	\$ 373,588
Operating expenses	
Support services	<u>99,530</u>
Operating income (loss)	274,058
Net position - beginning	<u>595,172</u>
Net position- ending	<u>\$ 869,230</u>

The accompanying notes are an integral part of these financial statements.

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

For the Year Ended June 30, 2025

	Governmental Activities - Internal Service Fund Insurance
CASH FLOWS FROM OPERATING ACTIVITIES	
Charges for services	\$ 373,588
Payments to employees	<u>(100,779)</u>
Net cash provided (used) by operating activities	<u>272,809</u>
Net increase (decrease) in cash and cash equivalents	272,809
Cash and cash equivalents - beginning	<u>596,421</u>
Cash and cash equivalents - ending	<u><u>\$ 869,230</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 274,058
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Increase (decrease) in accounts payable	<u>(1,249)</u>
Net cash provided (used) by operating activities	<u><u>\$ 272,809</u></u>

The accompanying notes are an integral part of these financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of North Santiam School District No. 29J have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported by the District.

B. Reporting Entity

North Santiam School District No. 29J is a municipal corporation governed by an elected board. The District was organized under the provision of Oregon Statutes Chapter 332 for the purpose of operating elementary and secondary schools. There are various governmental agencies and special service districts that provide services within the boundaries of the District; however, the District is not financially accountable for any of these entities, and, therefore, none of them are considered component units or included in the basic financial statements.

C. Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Basis of Presentation – Fund Financial Statements

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

The District reports the following major governmental funds:

General Fund – The General Fund is the primary operating fund of the District. It accounts for all financial resources except those required to be accounted for in another fund. The primary sources of revenue are property taxes and state revenues.

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

Special Revenue Fund

Grants and Student Body Fund – The Grants and Student Body Fund accounts for the proceeds of specific revenue sources that are restricted for specific purposes. The primary source of revenue is federal grants. The primary uses of revenue are for salaries and employment benefits, education program enhancement, and equipment purchases.

Debt Service Fund – The Debt Service Fund accounts for the repayment of the District's long-term debt. The primary source of revenue is property taxes. The primary use of revenue is payment of principal and interest due on long-term debt.

Capital Projects Fund – The Capital Projects Fund accounts for the accumulation of resources to be used for equipment and building needs. The primary sources of revenue are transfers from the General Fund and grants restricted for capital improvements and equipment purchases. The primary use of revenue is for capital improvements to District facilities.

The District considers the following funds to be particularly important to financial statement users and has elected to present these funds as major governmental funds.

Special Revenue Funds

Food Service Fund – The Food Service Fund accounts for the proceeds of grant and food sale revenues restricted for food service. The primary source of revenue is federal grants. The primary uses of revenue are for operation of food service programs.

Scholarship Fund – The Scholarship Fund accounts for donor contributions restricted for scholarships. The primary source of revenue is contributions. The primary use of revenue is for scholarship expenses.

In addition, the District reports the following proprietary fund:

Internal Service Fund

Insurance Fund – The Insurance Fund is used to account for funds allocated for unemployment benefits. The primary source of revenue is transfers from the General Fund. The primary use of revenue is for unemployment benefits.

Certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between funds included in governmental activities are eliminated.

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide and proprietary fund 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 when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available.

Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 30 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the District.

F. Budgetary Information

Annual budgets are adopted on the modified accrual basis of accounting. The District budgets all funds in accordance with the requirements of state law. Annual appropriated budgets are adopted for the general, special revenue, debt service, capital projects, and internal service funds.

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

The District begins its budgeting process by appointing budget committee members. The budget officer prepares a budget, which is reviewed by the budget committee. The budget is then published in proposed form and is presented at public hearings to obtain taxpayer comments and approval from the budget committee. The budget is legally adopted by the board of directors by resolution prior to the beginning of the District's fiscal year. The board resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations.

Total instruction, support services, community services, debt service, facilities acquisition and construction, operating contingencies, and interfund transfers for each fund are the levels of control established by the resolution. The detailed budget document, however, is required to contain more specific detailed information for the aforementioned expenditure categories and management may revise the detailed line-item budgets within appropriation categories.

Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. A supplemental budget less than 10% of a fund's original budget may be adopted by the board of directors at a regular board 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 of directors.

Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the board of directors. During the year, there was one supplemental budget adopted. The District does not use encumbrances and appropriations lapse at year end.

Budget amounts shown in the financial statements reflect the original budget amounts and one supplemental budget.

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2. Investments

State statutes authorize the District to invest in legally issued general obligations of the United States, the agencies and instrumentalities of the United States and the states of Oregon, Washington, Idaho, or California, certain interest-bearing bonds, time deposit open accounts, certificates of deposit, and savings accounts in banks, mutual savings banks, and savings and loan associations that maintain a head office or a branch in this state in the capacity of a bank, mutual savings bank, or savings and loan association, and share accounts and savings accounts in credit unions in the name of, or for the benefit of, a member of the credit union pursuant to a plan of deferred compensation.

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

3. Accounts Receivable

Receivables for federal and state grants, and state, county, and local shared revenues are recorded as revenue when earned.

4. Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide and fund financial statements. The costs of prepaid items are recorded as expenditures when consumed rather than when purchased.

5. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost where no historical records exist. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance or repairs that do not add to the value of an asset or materially extend its life are charged to expenditures as incurred and are not capitalized. Major capital outlays for capital assets and improvements are capitalized as projects are constructed.

Land is not depreciated. The other property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Machinery and equipment	5-30
Buildings and improvements	5-50

6. Compensated Absences

Amounts of vested or accumulated vacation and sick leave that are expected to be liquidated with expendable available financial resources are reported as expenditures when paid. Amounts of vested or accumulated vacation and sick leave that are not expected to be liquidated with expendable available financial resources are reported as long-term liabilities on the statement of net position.

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

7. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bond using the bonds outstanding method. Bonds payable are reported net of the applicable bond premium or discount. Management has determined that the bonds outstanding method approximates the effective interest method.

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

8. Deferred Outflows/Inflows of Resources (Non-Pension/OPEB Related)

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and will therefore not be recognized as an outflow of resources (expense/expenditure) until that time.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and will therefore not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item, which arises only under a 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. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

9. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (OPERS), and additions to/deductions from OPERS' fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

10. Other Postemployment Benefits

For purposes of measuring the net postemployment benefit (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position of OPERS, and additions to/deductions from OPERS' fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For purposes of measuring the net OPEB medical benefit, the District has relied on actuarial reports. The net OPEB liability, deferred outflows of resources, and deferred inflows of resources are related to changes in assumptions for the covered active and inactive participants.

11. Net Position Flow Assumption

Sometimes, the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

12. Fund Balance Flow Assumption

Sometimes, the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

13. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

Restricted fund balance are amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The board of directors is the highest level of decision-making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The board of directors has, by resolution, authorized the Business Manager to assign fund balance. The board of directors may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The District reports fund balance in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance - amounts that are in nonspendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance - amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., board of directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest-level action to remove or change the constraint.
- Assigned fund balance - amounts that the District intends to use for a specific purpose. Intent can be expressed by the board of directors or by an official or body to which the board of directors delegates authority.

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

- Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

The District has not formally adopted a policy for commitment or assignment of unrestricted fund balance.

The District has not formally adopted a minimum fund balance policy.

H. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic remittances of collection to entities levying taxes. Property taxes are levied and become a lien as of July 1 on property values assessed as of June 30. Property taxes are payable in three installments, which are due on November 15, February 15, and May 15. Uncollected property taxes are shown as assets in the governmental funds. Property taxes collected within approximately 30 days of fiscal year end are recognized as revenue, while the remaining are recorded as deferred inflows of resources because they are not deemed available to finance operations of the current period.

3. Proprietary Fund Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the internal service fund are charges to other agencies for services provided. Operating expenses for the internal service fund include the cost of services and administrative expenses. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

4. Retirement Plan

Most of the District's employees participate in Oregon's Public Employees Retirement System (PERS). Contributions and expenditures are made on a current basis, as required by the plan.

I. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

North Santiam School District No. 29J maintains a cash and cash equivalents pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the fund financial statements as cash and cash equivalents. Additionally, several funds held separate cash accounts. Interest earned on pooled cash and investments is allocated to participating funds based upon their combined cash and investment balances.

Investments, including amounts held in pooled cash and investments, are stated at fair value. In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, investments with a remaining maturity of more than one year at the time of purchase are stated at fair value. The District participates in an external investment pool (State of Oregon Local Government Investment Pool (LGIP)). The LGIP is not registered with the U.S. Securities and Exchange Commission as an investment company. The State's investment policies are governed by Oregon Revised Statutes (ORS) and the Oregon Investment Council (OIC). The State Treasurer is the investment officer for the OIC and is responsible for all funds in the State Treasury. These funds are invested, exercising reasonable care, skill, and caution. Investments in the LGIP are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board, which established diversification percentages and specifies the types and maturities of investments.

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
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NOTES TO BASIC FINANCIAL STATEMENTS

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The portion of the external investment pool that belongs to local government investment participants is reported in an Investment Trust Fund in the State's Annual Comprehensive Financial Report (ACFR). A copy of the State's ACFR may be obtained at the Oregon State Treasury, 867 Hawthorne Avenue SE, Salem, Oregon 97301.

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or price paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based on the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

- *Level 1* – Unadjusted quoted prices for identical investments in active markets.
- *Level 2* – Observable inputs other than quoted market prices.
- *Level 3* – Unobservable inputs.

The LGIP investments are not required to be categorized under the fair value hierarchy. The fair value of the District's position in the LGIP is the same as the value of the pool shares.

Credit Risk

Oregon statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the Local Government Investment Pool. The District has not adopted an investment policy regarding credit risk; however, investments comply with state statutes.

Investments

As of June 30, 2025, the District had the following investments:

	Credit Quality Rating	Maturities	Fair Value
Oregon Local Government Investment Pool	Unrated	-	<u>\$ 12,830,636</u>

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

Interest Rate Risk

The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increases in interest rates.

Concentration of Credit Risk

The District does not have a formal policy that places a limit on the amount that may be invested in any one insurer. 100 percent of the District's investments are in the Oregon Local Government Investment Pool.

Custodial Credit Risk - Investments

This is the risk that, in the event of the failure of a counterparty, the District will not be able to recover the value of its investments that are in the possession of an outside party. The District does not have a policy that limits the amount of investments that can be held by counterparties.

Custodial Credit Risk - Deposits

This is the risk that, in the event of a bank failure, the District's deposits may not be returned. All District deposits not covered by Federal Depository Insurance Corporation (FDIC) insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon, organized in accordance with ORS 295. The PFCP is a shared liability structure for participating bank depositories. Barring any exceptions, a bank depository is required to pledge collateral valued at a minimum of 10% of their quarter-end public fund deposits if they are considered well capitalized, 25% of their quarter-end public fund deposits if they are considered adequately capitalized, or 110% of their quarter-end public fund deposits if they are considered undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities.

The District holds accounts at Columbia Bank and US Bank, for which the FDIC provides insurance coverage of \$250,000 for demand deposit accounts and \$250,000 for time and savings accounts, per institution. At June 30, 2025, the District had deposits of \$252,567 insured by the FDIC, and \$2,583,453 collateralized by the PFCP.

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

Deposits

The District's deposits and investments at June 30, 2025 are as follows:

Petty cash	\$ 9,840
Checking accounts	2,542,142
Investments	<u>12,830,636</u>
Total deposits and investments	<u><u>\$ 15,382,618</u></u>

Cash and investments by fund:

Governmental activities - unrestricted	
General Fund	\$ 6,371,795
Grants and Student Body Fund	1,573,467
Food Service Fund (book overdraft)	(65,400)
Capital Projects Fund	2,262,413
Internal service fund - Insurance Fund	<u>869,230</u>
Total governmental activities - unrestricted	<u>11,011,505</u>
Governmental activities - restricted	
Grants and Student Body Fund	514,225
Scholarship Fund	54,709
Debt Service Fund	2,280,700
Capital Projects Fund	<u>1,521,479</u>
Total governmental activities - restricted	<u>4,371,113</u>
Total cash and investments	<u><u>\$ 15,382,618</u></u>

Restricted cash is for future payments of principal and interest on long-term debt, special projects, and the completion of bond projects.

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

B. Capital Assets

Capital asset activity for the year ended June 30, 2025 was as follows:

	<u>Restated Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 108,712	\$ -	\$ -	\$ 108,712
Capital assets being depreciated				
Buildings and improvements	23,617,598	320,134	-	23,937,732
Equipment and vehicles	<u>1,551,544</u>	<u>97,461</u>	<u>-</u>	<u>1,649,005</u>
Total capital assets being depreciated	<u>25,169,142</u>	<u>417,595</u>	<u>-</u>	<u>25,586,737</u>
Less accumulated depreciation for				
Buildings and improvements	(16,712,266)	(466,862)	-	(17,179,128)
Equipment and vehicles	<u>(734,971)</u>	<u>(80,367)</u>	<u>-</u>	<u>(815,338)</u>
Total accumulated depreciation	<u>(17,447,237)</u>	<u>(547,229)</u>	<u>-</u>	<u>(17,994,466)</u>
Total capital assets being depreciated, net	<u>7,721,905</u>	<u>(129,634)</u>	<u>-</u>	<u>7,592,271</u>
Governmental activities capital assets, net	<u>\$ 7,830,617</u>	<u>\$ (129,634)</u>	<u>\$ -</u>	<u>\$ 7,700,983</u>

Capital assets are reported on the statement of net position as follows:

	<u>Capital Assets</u>	<u>Accumulated Depreciation</u>	<u>Net Capital Assets</u>
Governmental activities			
Land	\$ 108,712	\$ -	\$ 108,712
Buildings and improvements	23,937,732	(17,179,128)	6,758,604
Equipment and vehicles	<u>1,649,005</u>	<u>(815,338)</u>	<u>833,667</u>
Total governmental activities capital assets	<u>\$ 25,695,449</u>	<u>\$ (17,994,466)</u>	<u>\$ 7,700,983</u>

Depreciation was not charged to specific functions or programs of the District. Capital assets are for the use of the entire District and are therefore unallocated. Depreciation expense is reported on the statement of activities as follows:

Governmental activities	
Unallocated depreciation expense	<u>\$ 547,229</u>

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

C. Subscription-Based Information Technology Arrangements (SBITA) Assets

SBITA asset activity for the year ended June 30, 2025 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
SBITA assets				
Software subscriptions	\$ -	\$ 305,665	\$ (67,947)	\$ 237,718
Less accumulated amortization for Software subscriptions	<u>-</u>	<u>(153,952)</u>	<u>67,947</u>	<u>(86,005)</u>
Total SBITA assets, net	<u>\$ -</u>	<u>\$ 151,713</u>	<u>\$ -</u>	<u>\$ 151,713</u>

D. Deferred Inflows/Outflows of Resources

Deferred inflows and outflows of resources summarized on the statement of net position are comprised of the following:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net pension liability - PERS	\$ 11,594,967	\$ 6,963,959
OPEB RHIA asset	16,241	63,823
OPEB medical benefit liability	<u>165,800</u>	<u>345,966</u>
Total	<u>\$ 11,777,008</u>	<u>\$ 7,373,748</u>

E. Compensated Absences

Compensated absences are generally liquidated using the General Fund, net activity for the year was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Compensated absences	<u>\$ 3,316,711</u>	<u>\$ 67,637</u>	<u>\$ -</u>	<u>\$ 3,384,348</u>

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

F. Lease Liabilities

1. Changes in Lease Liabilities

The following is a summary of lease liabilities transactions for the year:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Lease liabilities				
Equipment	\$ 44,988	\$ -	\$ (44,988)	\$ -

2. Equipment Lease - Cannon Copies/Printers

On July 1, 2021, North Santiam School District No. 29J entered into a 49-month lease as lessee for the use of Canon Copiers/Printers. An initial lease liability was recorded in the amount of \$155,906. As of June 30, 2025, the value of the lease liability is \$0. North Santiam School District No. 29J was required to make monthly fixed payments of \$3,154. The lease had an interest rate of 0.56%. The equipment's estimated useful life was zero months as of the contract commencement. As of June 30, 2025, the obligation had been paid in full.

3. Equipment Lease - Options Academy Copier (1)

On September 22, 2021, North Santiam School District No. 29J entered into a 47-month lease as lessee for the use of Options Academy Copier (1). An initial lease liability was recorded in the amount of \$1,941. As of June 30, 2025, the value of the lease liability is \$0. North Santiam School District No. 29J was required to make monthly fixed payments of \$42. The lease has an interest rate of 0.56%. The equipment's estimated useful life was zero months as of the contract commencement. As of June 30, 2025, the obligation had been paid in full.

4. Equipment Lease - Options Academy Copier

On July 20, 2022, North Santiam School District No. 29J entered into a 55-month lease as lessee for the use of Options Academy Copier. An initial lease liability was recorded in the amount of \$789. As of June 30, 2025, the value of the lease liability is \$0. North Santiam School District No. 29J was required to make monthly fixed payments of \$140. The lease had an interest rate of 2.536%. The equipment's estimated useful life was zero months as of the contract commencement. As of June 30, 2025, the obligation had been paid in full.

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

G. SBITA Liabilities

1. Changes in SBITA Liabilities

The following is a summary of SBITA liabilities transactions for the year:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
SBITA liabilities				
Software subscription	\$ -	\$ 227,844	\$ (75,440)	\$ 152,404

2. Software Subscription

The District reports SBITA liabilities in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Under GASB Statement No. 96, the District is required to recognize subscription liabilities and intangible right-to-use subscription assets.

At June 30, 2025, North Santiam School District No. 29J had seven active subscriptions. The subscriptions have payments that range from \$4,695 to \$17,416 and interest rates that range from 2.1937% to 3.281%. As of June 30, 2025, the total combined value of the subscription liabilities amounted to \$152,404, and the total combined value of the short-term subscription liabilities amounted to \$57,693. The combined value of the right to use assets as of June 30, 2025 of \$237,719 with accumulated amortization of \$86,005 can be found in Note III-C above. The subscriptions did not have variable or other payments due during the year ended June 30, 2025.

3. Future Maturities of SBITA Liabilities

Year Ending June 30	SBITA Liabilities		
	Principal	Interest	Total
2026	\$ 57,693	\$ 4,271	\$ 61,964
2027	38,492	2,578	41,070
2028	29,170	1,504	30,674
2029	9,276	724	10,000
2030	9,511	489	10,000
2031-2032	8,262	247	8,509
Total	\$ 152,404	\$ 9,813	\$ 162,217

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

H. Long-Term Liabilities

1. Changes in Long-Term Liabilities

The following is a summary of long-term liabilities transactions for the year:

	Interest Rates	Original Amount	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities							
General obligation bonds							
Refunds Bonds 2023	5%	\$ 14,630,000	\$ 13,225,000	\$ -	\$ 1,540,000	\$ 11,685,000	\$ 1,740,000
Premium - 2023		<u>1,336,724</u>	<u>1,314,399</u>	<u>-</u>	<u>53,284</u>	<u>1,261,115</u>	<u>-</u>
Total general obligation bonds		<u>15,966,724</u>	<u>14,539,399</u>	<u>-</u>	<u>1,593,284</u>	<u>12,946,115</u>	<u>1,740,000</u>
Other bonds payable							
Limited tax pension bonds	1.5-5.68%	15,657,118	6,734,996	-	1,710,000	5,024,996	1,905,000
Limited tax pension bonds, Series 2021	1.5-5.68%	<u>14,755,000</u>	<u>13,405,000</u>	<u>-</u>	<u>530,000</u>	<u>12,875,000</u>	<u>565,000</u>
Total other bonds payable		<u>30,412,118</u>	<u>20,139,996</u>	<u>-</u>	<u>2,240,000</u>	<u>17,899,996</u>	<u>2,470,000</u>
Notes Payable							
Full Faith & Credit Note, Series 2017	2.78%	<u>400,000</u>	<u>145,818</u>	<u>-</u>	<u>48,724</u>	<u>97,094</u>	<u>37,862</u>
Total governmental activities		<u>\$ 46,778,842</u>	<u>\$ 34,825,213</u>	<u>\$ -</u>	<u>\$ 3,882,008</u>	<u>\$ 30,943,205</u>	<u>\$ 4,247,862</u>

2. General Obligation Refunding Bonds, Series 2023

General obligation bonds are direct obligations that pledge the full faith and credit of the District and are payable from ad valorem debt service levy proceeds. The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities, which are pledged as collateral. On January 27, 2023, the District issued \$14,630,000 of General Obligation Refunding Bonds, Series 2023, with an interest rate of 5% due semiannually in December and June. The bonds consist of serial bonds with annual maturities from June 2024 through June 2033. The net proceeds of \$15,872,555 (after underwriter's discounts of \$94,169, plus premium of \$1,336,724) were used to advance refund the Series 2013 General Obligation Bonds with a total principal amount of \$18,609,000 and interest rates ranging from 1.25% to 5%. The transaction resulted in an economic gain (difference between the present value of the debt service on the old and new bonds) of approximately \$703,091.

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

3. Limited Tax Pension Bonds

The District participated in the OSBA Pension Bond Pool for the purpose of funding the District's allocated portion of the PERS Unfunded Actuarial Liability (UAL). District assets are pledged as collateral. A bond in the amount of \$15,657,118 was issued on April 21, 2003. The bond is being amortized over 25 years. Interest is fixed and ranges between 1.5% and 5.68%. Interest rates increase in accordance with the original bond agreements. Interest is due semiannually on December 31 and June 30.

4. Limited Tax Pension Bonds - Series 2021

The District participated in the Oregon Education District's Pension Bond Pool for the purpose of funding the District's allocated portion of the PERS Unfunded Actuarial Liability (UAL). District assets are pledged as collateral. A bond in the amount of \$14,755,000 was issued on August 19, 2021. The bond is being amortized over 20 years. Interest is fixed and ranges between 1.5% and 5.68%. Interest rates increase in accordance with the original bond agreements. Interest is due semiannually on December 30 and June 30.

5. Full Faith and Credit Note Payable, Series 2017

The District entered into a note payable on July 10, 2017 to finance Shaff Road improvements, which are pledged as collateral. Principal and interest are due semiannually in July and January. Interest is fixed at 2.78%. If the District is unable to make payment, the note contains an event of default; the lender may declare the entire unpaid principal and any unpaid accrued interest immediately due.

6. General Obligation Debt Capacity

ORS 328.245 establishes a parameter of bonded indebtedness for school districts. Kindergarten through twelfth grade school districts may issue an aggregate principal amount up to 7.95% of the real market value of all taxable properties within the District. Information on the District's general obligation debt capacity is presented below.

Real Market Value (Fiscal Year 2025) ⁽¹⁾	\$ 3,002,899,413
Debt Capacity	
General Obligation Debt Capacity (7.95% of Real Market Value)	\$ 238,730,503
Less: Outstanding Debt Subject to Limit	<u>11,685,000</u> ⁽²⁾
Remaining General Obligation Debt Capacity	\$ 250,415,503
Percent of Capacity Issued	4.89%

⁽¹⁾ The District's fiscal year commences July 1 and ends on June 30 of the following year (the "Fiscal Year").
Source: Linn County Department of Assessment and Taxation.

⁽²⁾ Represents voter-approved, unlimited-tax general obligations of the District.

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

7. Interest Expense

Interest expense was reported on the statement of activities as follows:

Interest on long-term debt \$ 1,293,694

The Debt Service Fund has traditionally been used to liquidate all of the District's long-term debt obligations.

8. Future Maturities of Long-Term Liabilities

Year Ending June 30	Bonds			Notes		
	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 4,210,000	\$ 1,164,537	\$ 5,374,537	\$ 37,862	\$ 2,390	\$ 40,252
2027	4,615,000	963,096	5,578,096	38,906	1,345	40,251
2028	2,719,996	739,804	3,459,800	20,326	272	20,598
2029	1,855,000	619,178	2,474,178	-	-	-
2030	2,000,000	548,820	2,548,820	-	-	-
2031-2035	8,890,000	1,525,662	10,415,662	-	-	-
2036-2040	<u>5,295,000</u>	<u>437,874</u>	<u>5,732,874</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 29,584,996</u>	<u>\$ 5,998,971</u>	<u>\$ 35,583,967</u>	<u>\$ 97,094</u>	<u>\$ 4,007</u>	<u>\$ 101,101</u>

Year Ending June 30	Total		
	Principal	Interest	Total
2026	\$ 4,247,862	\$ 1,166,927	\$ 5,414,789
2027	4,653,906	964,441	5,618,347
2028	2,740,322	740,076	3,480,398
2029	1,855,000	619,178	2,474,178
2030	2,000,000	548,820	2,548,820
2031-2035	8,890,000	1,525,662	10,415,662
2036-2040	<u>5,295,000</u>	<u>437,874</u>	<u>5,732,874</u>
Total	<u>\$ 29,682,090</u>	<u>\$ 6,002,978</u>	<u>\$ 35,685,068</u>

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

I. Interfund Transfers

Interfund transfers during the year consisted of:

	Transfers in:		
	Food Service Fund	Capital Projects Fund	Total
Transfers out:			
General Fund	\$ 9,875	\$ 70,911	\$ 80,786
Grants and Student Body Fund	-	183,425	183,425
Total	<u>\$ 9,875</u>	<u>\$ 254,336</u>	<u>\$ 264,211</u>

J. Constraints on Fund Balances

Constraints on fund balances reported on the balance sheet are as follows:

	General Fund	Grants and Student Body Fund	Food Service Fund	Scholarship Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Fund balances:							
Nonspendable:							
Food inventory	\$ -	\$ -	\$ 28,365	\$ -	\$ -	\$ -	\$ 28,365
Prepays	4,672	23,263	-	-	-	-	27,935
Restricted for:							
Debt service	-	-	-	-	2,300,043	-	2,300,043
Facility improvements	-	-	-	-	-	1,521,479	1,521,479
Student activities	-	375,379	-	-	-	-	375,379
School nutrition	-	-	7,680	-	-	-	7,680
Scholarship funds	-	-	-	54,709	-	-	54,709
Grant projects	-	138,846	-	-	-	-	138,846
Committed to:							
Vehicle replacement	-	-	-	-	-	46,309	46,309
Equipment additions	-	-	-	-	-	2,079,953	2,079,953
Insurance pool	461,861	-	-	-	-	-	461,861
Board projects	-	1,791	-	-	-	-	1,791
PERS reserve	-	1,775,000	-	-	-	-	1,775,000
Assigned to:							
Textbook needs	-	1,006,350	-	-	-	-	1,006,350
Technology needs	-	21,266	-	-	-	-	21,266
Facility improvements	-	27,663	-	-	-	-	27,663
Athletics capital projects	-	-	-	-	-	150,636	150,636
Unassigned	<u>4,864,228</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,864,228</u>
Total fund balances	<u>\$ 5,330,761</u>	<u>\$ 3,369,558</u>	<u>\$ 36,045</u>	<u>\$ 54,709</u>	<u>\$ 2,300,043</u>	<u>\$ 3,798,377</u>	<u>\$ 14,889,493</u>

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

III. OTHER INFORMATION

A. 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. There was no significant reduction in insurance coverage from the previous year. There were no insurance settlements exceeding insurance coverage in any of the past three years. In addition, the District maintains an Insurance Fund for the payment of future unemployment claims. No liability for unpaid unemployment claims has been recorded, as management is unable to reasonably estimate the amount or timing of future claims.

B. Pension Plan

1. Plan Description

The District is a participating employer in the Oregon Public Employees Retirement System (OPERS), a cost-sharing, multiple-employer, defined benefit, and defined contribution pension plan. The Oregon Legislature has delegated authority to the Public Employees Retirement System Board to administer and manage the system. All benefits of the system are established by the legislature, pursuant to Oregon Revised Statutes (ORS) Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues a publicly available annual comprehensive financial report and actuarial valuation, both of which can be obtained at: <https://www.oregon.gov/pers/emp/pages/annual-reports.aspx>.

2. Benefits Provided

a. Tier One/Tier Two Retirement Benefits (ORS Chapter 238)

Pension Benefits

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

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A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if they have had a contribution in each of five calendar years or have 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 ORS Chapter 238 Pension Plan is 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 will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

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

Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member for disability benefits regardless of the length of PERS-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 a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the fair value of underlying global equity investments of that account. Under ORS 238.360, monthly benefits are adjusted annually through cost-of-living adjustments (COLA), starting with the monthly benefits received or entitled to be received on August 1. The COLA is capped at 2.0%.

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b. Oregon Public Service Retirement Plan (OPSRP) Pension Program (Defined Benefit)

Pension Benefits

The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions and earnings. Benefits are calculated with the following formula for members who attain normal retirement age:

General service: 1.5% is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

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

Death Benefits

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

Disability Benefits

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

Benefit Changes After Retirement

Under ORS 238.360, monthly benefits are adjusted annually through cost-of-living adjustments (COLA), starting with the monthly benefits received or entitled to be received on August 1. The COLA is capped at 2.0%.

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c. OPSRP Individual Account Program (IAP) (Defined Contribution)

Benefit Terms

The IAP is an individual account-based program under the OPERS tax-qualified governmental plan as defined under ORS 238A.400. An IAP member becomes vested on the date the employee account is established or on the date the rollover account is established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

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

Death Benefits

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

Recordkeeping

OPERS contracts with Voya Financial to maintain IAP participant records.

3. 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. Employer contribution rates during the period were based on the December 31, 2022 actuarial valuation, which became effective July 1, 2023. Employer contributions for the year ended June 30, 2025 were \$4,328,178, excluding amounts to fund employer-specific liabilities. The rates in effect for the fiscal year ended June 30, 2025 were 0.24% for Tier One/Tier Two general service members, 0% for OPSRP Pension Program general service members, and 6% for OPSRP IAP. The District has elected to make the payments on behalf of its employees for the OPSRP IAP.

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

At June 30, 2025, the District reported a liability of \$9,653,687 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 rolled forward to June 30, 2024. 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 entities, actuarially determined. At the June 30, 2024 measurement date, the District's proportion was 0.0434%, which increased from its proportion of 0.0165% measured as of June 30, 2023.

For the year ended June 30, 2025, the District recognized pension expense of \$2,302,012. 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	\$ 571,892	\$ 23,040
Change in assumptions	970,585	1,243
Net difference between projected and actual earnings on investments	613,279	-
Change in proportionate share	3,517,686	5,581,926
Differences between employer contributions and employer's proportionate share of system contributions	5,911,586	1,357,750
Total (prior to post-MD contributions)	11,585,028	6,963,959
Contributions subsequent to the MD	9,939	-
Total	\$ 11,594,967	\$ 6,963,959

Deferred outflows of resources related to pensions of \$9,939 resulting from the District's contributions subsequent to the measurement date will be recognized as either a reduction of the net pension liability or an increase in the net pension asset in the year ended June 30, 2026.

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

Subsequent fiscal years	Deferred Outflows/ (Inflows) of Resources
1st Fiscal Year	\$ 814,702
2nd Fiscal Year	2,053,928
3rd Fiscal Year	964,579
4th Fiscal Year	548,049
5th Fiscal Year	239,811

5. Actuarial Assumptions

The employer contribution rates effective July 1, 2023 through June 30, 2025 were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), and (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an actuarially determined amount for funding a disability benefit component, and (3) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

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The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

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%
Long-Term Expected Rate of Return	6.90%
Discount Rate	6.90%
Projected Salary Increases	3.40%
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25% / 0.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	<p>Healthy retirees and beneficiaries: Pub-2010 Healthy retirees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Active members: Pub-2010 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: Pub-2010 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

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

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6. Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in January 2023, the Public Employees Retirement System Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. For more information on the Plan’s portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see OPERS’ annual comprehensive financial report, which can be obtained at: <https://www.oregon.gov/pers/emp/pages/annual-reports.aspx>.

7. Discount Rate

The discount rate used to measure the total pension liability was 6.90% 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.

8. Sensitivity of the District’s Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
District's proportionate share of the net pension liability (asset)	\$ 15,228,299	\$ 9,653,687	\$ 4,984,677

9. Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued OPERS annual comprehensive financial report.

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C. Other Post-Employment Benefits - PERS Retirement Health Insurance Account (RHIA)

1. Plan Description

The District contributes to the PERS Retirement Health Insurance Account (RHIA), established by ORS 238.420, for each of its eligible employees. RHIA is a cost-sharing, multiple-employer, other postemployment benefit plan administered by OPERS. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants hired after August 29, 2003. OPERS issues a publicly available annual comprehensive financial report, which can be obtained at: <https://www.oregon.gov/pers/emp/pages/annual-reports.aspx>.

2. Benefits Provided

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the RHIA established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. 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 PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if they (1) are receiving a retirement benefit or allowance from PERS or (2) were insured at the time the member died and the member retired before May 1, 1991.

3. Contributions

PERS' funding policy provides for 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. Employer contribution rates for the period were based on the December 31, 2022 actuarial valuation, which became effective July 1, 2023. The District's contribution rates for the period were 0.05% for Tier One/Tier Two members to fund the normal cost portion of RHIA benefits. No unfunded actuarial accrued liability rate was assigned for the RHIA program as it was funded at 221.3% as of December 31, 2023. Typically, PERS employers contribute an actuarially determined percentage of all PERS-covered salaries to amortize the unfunded actuarial accrued liability over a fixed period with new unfunded actuarial accrued liabilities being amortized over 10 years. The District's total contributions for the year ended June 30, 2025 amounted to \$15.

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4. OPEB Assets, Liabilities, Expense, and Deferred Outflows and Inflows of Resources Related to RHIA

At June 30, 2025, the District reported an asset of \$395,240 for its proportionate share of the OPERS 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 rolled forward to June 30, 2024. The District's proportion of the net OPEB asset was based on the District's contributions to the RHIA program during the measurement period relative to contributions from all participating employers. At the June 30, 2024 measurement date, the District's proportionate share was 0.0979%, which is an increase from its proportion of 0.0703% measured as of June 30, 2023.

For the year ended June 30, 2025, the District recognized OPEB credit from this plan of \$71,675. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 7,730
Change in assumptions	-	4,999
Net difference between projected and actual earnings on investments	11,160	-
Change in proportionate share	5,066	51,094
Total (prior to post-MD contributions)	16,226	63,823
Contributions subsequent to the MD	15	-
Total	\$ 16,241	\$ 63,823

Deferred outflows of resources related to OPEB of \$15 resulting from the District's contributions subsequent to the measurement date will be recognized as either a reduction of the net OPEB liability or an increase in the net OPEB asset in the year ending June 30, 2026.

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

Subsequent fiscal years	Deferred Outflows/ (Inflows) of Resources
1st Fiscal Year	\$ (63,788)
2nd Fiscal Year	8,864
3rd Fiscal Year	6,037
4th Fiscal Year	1,305

5. Actuarial Methods and Assumptions

The RHIA plan is unaffected by healthcare cost trends since the benefit is limited to a \$60 monthly payment toward Medicare companion insurance premiums; consequently, the disclosure of a healthcare cost trend is not applicable. Other significant actuarial assumptions are consistent with those disclosed for the OPERS pension plan in Note IV-B.5.

6. Long-Term Expected Rate of Return

The long-term expected rate of return assumptions for the OPEB plan are consistent with those disclosed for the OPERS pension plan in Note IV-B.6.

7. Discount Rate

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

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8. Sensitivity of the District’s Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
District's proportionate share of the net OPEB liability (asset)	\$ (365,875)	\$ (395,240)	\$ (420,526)

9. OPEB Plan Fiduciary Net Position

Detailed information about the other postemployment benefit plan’s fiduciary net position is available in the separately issued OPERS annual comprehensive financial report.

D. Other Post-Employment Benefits - District Medical Benefit Plan

1. Plan Description

The District Medical Benefit Plan consists of a single-employer retiree benefit plan that provides postemployment health, dental, vision, and life insurance benefits to eligible employees and their dependents.

2. Benefits Provided

Plan benefits are established by the Oregon Legislature, pursuant to ORS Chapter 243. ORS stipulates that, for the purpose of establishing healthcare premiums, the rate must be based on all plan members, including both active employees and retirees.

The difference between retiree claims costs, which because of the effect of age is generally higher in comparison to all plan members, and the amount of retiree healthcare premiums represents the District’s implicit employer contributions.

The calculated OPEB liability is derived using the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members at that point.

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Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision, as results are compared to past expectations and new estimates are made about the future. Actuarial calculations of the OPEB plan reflect a long-term perspective.

Medical Benefit Membership and Eligibility

Benefits and eligibility for members are established through collective bargaining agreements. All classes of employees are eligible to continue coverage upon retirement. Qualified spouses, domestic partners, and children may qualify for coverage.

Medical Benefit Duration and Amount

Coverage for retirees and eligible dependents continues until Medicare eligibility for each individual (or until dependent children become ineligible).

Participant Statistics

As of July 1, 2023, there were 269 active participants in the Medical Benefit Plan. The average age of active participants was 43.4.

The District did not establish an irrevocable trust (or equivalent arrangement) to account for the plan.

3. Funding Policy

The benefits from this program are paid by the District 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.

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4. Actuarial Methods and Assumptions

The total OPEB liability in the July 1, 2023 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	July 1, 2023
Measurement Date/Fiscal Year End	June 30, 2024 though June 30, 2025
Actuarial Assumptions:	
Actuarial Cost Method	Entry Age Normal
Interest Rate for Discounting Future Liabilities	3.93% per year, based on all years discounted at municipal bond rate
Inflation Rate	2.40% per year
Salary Scale	3.40% per year
Mortality	<p>Non-annuitant male: 125% of the combined 80% Pub-2010 Teacher/20% Pub-2010 General Employee male table.</p> <p>Non-annuitant female: 100% of Pub-2010 Teacher Employee female table.</p> <p>Annuitant male: 80% of the Pub-2010 Healthy Teacher Retiree male table and 20% of Pub-2010 Healthy General Retiree male table.</p> <p>Annuitant female: 100% of the Pub-2010 Healthy Teacher Retiree female table.</p>
Future Mortality Improvement	Unisex 2019 Social Security Data Scale

Turnover rates were based on percentages developed for the valuation of benefits under Oregon PERS and vary by years of service.

Disability rates were based on percentages developed for the valuation of benefits under Oregon PERS and vary by employee age.

Current and future retirees are assumed to remain enrolled in the plans in which they are currently enrolled, if any. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

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5. Total OPEB Liability, Expense, and Deferred Outflows and Inflows of Resources Related to the Medical Benefit Plan

The District's total OPEB liability of \$1,135,127 was measured as of June 30, 2024, and was determined by an actuarial valuation as of July 1, 2023.

For the fiscal year ended June 30, 2025, the District recognized OPEB expense from this plan of \$111,797.

	Total OPEB Liability
Beginning balance	\$ 1,104,586
Changes for the year:	
Service cost	114,045
Interest on total OPEB liability	42,730
Effect of assumption changes or inputs	(29,470)
Benefit payments	(96,764)
Ending balance	\$ 1,135,127

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 25,263	\$ 161,722
Change in assumptions	46,505	184,244
Benefit payments	94,032	-
Total	\$ 165,800	\$ 345,966

Deferred outflows of resources related to OPEB of \$94,032 resulting from the District's benefit payments will be recognized as either a reduction of the net OPEB liability or an increase in the net OPEB asset in the year ended June 30, 2026.

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

Amortization Period Ending June 30	Deferred Outflows/ (Inflows) of Resources
1st fiscal year	\$ (39,115)
2nd fiscal year	(37,073)
3rd fiscal year	(36,298)
4th fiscal year	(40,353)
5th fiscal year	(45,191)
Thereafter	(76,168)

6. Sensitivity of the Net OPEB Liability

The following presents the net OPEB liability, calculated using the discount rate of 3.93%, as well as what the liability would be if it were calculated using a discount rate that is one percentage point lower (2.93%) or one percentage point higher (4.93%) than the current discount rate.

	Discount Rate		
	1% Decrease (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
Total OPEB liability	\$ 1,241,187	\$ 1,135,127	\$ 1,041,737

The following presents the net OPEB liability, calculated using the healthcare cost trend rate of 5.75% graded down to 3.75%, as well as what the liability would be if it were calculated using a rate that is one percentage point lower (4.75%) or one percentage point higher (6.75%) than the current healthcare cost trend rate.

	Healthcare Cost Trend		
	1% Decrease (4.75%)	Current Trend Rate (5.75%)	1% Increase (6.75%)
Total OPEB liability	\$ 1,006,002	\$ 1,135,127	\$ 1,292,800

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E. Collective Bargaining Agreements

At June 30, 2025, the District had 264 total staff members, and 225 were covered under their respective collective bargaining agreements. Of the total covered staff, 100 are classified staff and 115 are licensed staff. The existing agreement for classified staff expires on June 30, 2026 and the existing agreement for licensed staff expires on June 30, 2028.

F. Restatement

The District restated beginning net position to correct reporting of a deferred contractual liability and accumulated depreciation as follows:

Government-Wide Statements	Governmental Activities
Net position - beginning, as originally reported	\$ (17,661,374)
To correct reporting of insurance pool contractual liability	(280,901)
To correct accumulated depreciation	234,050
Net position - beginning, as restated	\$ (17,708,225)

G. New Pronouncements

For the fiscal year ended June 30, 2025, the District implemented the following new accounting standard:

GASB Statement No. 102, *Certain Risk Disclosures* - This statement improves reporting by providing users of financial statements with essential information that previously was not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact.

The District will implement applicable new GASB pronouncements no later than the required fiscal year. Management has not determined the effect on the financial statements for implementing any of the following pronouncements:

GASB Statement No. 103, *Financial Reporting Model Improvements* - The objective of this statement is to improve key components of the financial reporting model. The purposes of the improvements are to (a) enhance the effectiveness of the financial reporting model in providing information that is essential for decision making and assessing a government's accountability and (b) address certain application issues identified through pre-agenda research conducted by the GASB. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

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GASB Statement No. 104, *Disclosure of Certain Capital Assets* - This statement establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures required by GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. It also establishes requirements for capital assets held for sale, including additional disclosures for those capital assets. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

H. Subsequent Events

Management has evaluated subsequent events through November 20, 2025, which was the date that the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
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SCHEDULES OF THE PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY AND CONTRIBUTIONS

OREGON PERS SYSTEM

Schedule of the Proportionate Share of the Net Pension Liability

Year Ended June 30	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share net pension liability (NPL)	(c) Employer's covered payroll	(b/c) NPL as a % of covered payroll	Plan fiduciary net position as a % of the total pension liability
2016	0.06644210%	\$ 3,814,747	\$ 9,908,146	38.50%	91.88%
2017	0.07654891%	11,491,769	10,016,742	114.73%	80.53%
2018	0.08589820%	11,579,110	10,540,042	109.86%	83.12%
2019	0.09207820%	13,948,634	10,970,298	127.15%	82.07%
2020	0.07994184%	13,828,024	11,061,732	125.01%	80.20%
2021	0.08533631%	18,623,318	11,521,147	161.64%	75.79%
2022	0.08007615%	9,582,296	12,196,933	78.56%	87.60%
2023	0.04412934%	6,757,087	12,480,199	54.14%	84.50%
2024	0.01650714%	3,091,901	13,515,478	22.88%	81.70%
2025	0.04343178%	9,653,687	13,559,197	71.20%	79.30%

Schedule of Contributions

Year Ended June 30	Contractually required contribution	Contributions in relation to the contractually required contribution liability (NPL)	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a % of covered payroll
2016	\$ 1,144,537	\$ (1,144,537)	\$ -	\$ 11,047,405	10.36%
2017	961,141	(961,141)	-	11,246,040	8.55%
2018	1,432,025	(1,432,025)	-	11,109,850	12.89%
2019	1,163,634	(1,163,634)	-	11,798,967	9.86%
2020	1,383,360	(1,383,360)	-	11,875,321	11.65%
2021	1,730,266	(1,730,266)	-	10,237,217	16.90%
2022	1,046,283	(1,046,283)	-	12,456,700	8.40%
2023	2,875	(2,875)	-	13,154,300	0.02%
2024	832	(832)	-	13,990,150	0.01%
2025	9,939	(9,939)	-	15,320,483	0.06%

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

SCHEDULES OF THE PROPORTIONATE SHARE OF THE
NET OPEB ASSET AND CONTRIBUTIONS

OREGON PERS SYSTEM

Schedule of the Proportionate Share of the Net OPEB RHIA

Year Ended June 30	(a) Employer's proportion of the net OPEB RHIA liability (asset)	(b) Employer's proportionate share net OPEB RHIA liability (asset)	(c) Employer's covered payroll	(b/c) NPL as a % of covered payroll	Plan fiduciary net position as a % of the total OPEB RHIA liability (asset)
2017	0.11266617%	\$ 30,596	\$ 10,016,742	0.31%	94.15%
2018	0.10765401%	(44,928)	10,540,042	-0.43%	108.88%
2019	0.10738364%	(119,869)	10,970,289	-1.09%	123.99%
2020	0.10648567%	(205,769)	11,061,732	-1.86%	144.40%
2021	0.16956734%	(345,511)	11,521,147	-3.00%	150.07%
2022	0.09245396%	(317,487)	12,196,933	-2.60%	183.90%
2023	0.08285293%	(294,406)	12,480,199	-2.36%	194.60%
2024	0.07030412%	(257,430)	13,515,478	-1.90%	201.60%
2025	0.09785383%	(395,240)	13,559,197	-2.91%	220.60%

Schedule of Contributions

Year Ended June 30	Contractually required contribution	Contributions in relation to the contractually required contribution liability (NPL)	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a % of covered payroll
2017	\$ 56,230	\$ (56,230)	\$ -	\$ 11,246,040	0.50%
2018	55,549	(55,549)	-	11,109,850	0.50%
2019	58,955	(58,955)	-	11,798,967	0.50%
2020	59,377	(59,377)	-	11,875,317	0.50%
2021	2,474	(2,474)	-	10,237,217	0.02%
2022	2,042	(2,042)	-	12,456,700	0.02%
2023	1,385	(1,385)	-	13,154,300	0.01%
2024	436	(436)	-	13,990,150	0.00%
2025	15	(15)	-	15,320,483	0.00%

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS

MEDICAL BENEFIT PLAN

Schedule of Changes and Related Ratios

Year Ended June 30	(a) Total Beginning Medical Benefit	(b) Service Cost	(c) Interest	(d) Effect of Economic and Demographic Gains or Losses	(e) Change in Assumptions
2018	\$ 1,106,672	\$ 106,761	\$ 32,712	\$ -	\$ (54,872)
2019	1,059,068	102,381	39,506	-	(22,447)
2020	1,061,626	103,713	43,116	(56,222)	42,939
2021	1,091,728	113,136	40,431	-	82,278
2022	1,227,317	131,783	29,252	45,079	(51,481)
2023	1,310,581	137,039	30,414	-	(133,632)
2024	1,264,803	117,849	47,373	(187,266)	(48,515)
2025	1,104,586	114,045	42,730	-	(29,470)

Year Ended June 30	(f) Benefit Payments	(g) Total Ending Medical Benefit	(h) Employer's covered payroll	(i) Medical Benefit as a % of covered payroll
2018	\$ (132,205)	\$ 1,059,068	\$ 11,109,850	9.53%
2019	(116,882)	1,061,626	11,798,967	9.00%
2020	(103,444)	1,091,728	11,875,317	9.19%
2021	(100,256)	1,227,317	10,237,217	11.99%
2022	(71,369)	1,310,581	12,456,700	10.52%
2023	(79,599)	1,264,803	13,154,300	9.62%
2024	(89,658)	1,104,586	13,990,150	7.90%
2025	(96,764)	1,135,127	15,320,483	7.41%

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended June 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Variance with Final Budget Over (Under)</u>	<u>Actual Budget Basis</u>
REVENUES				
Local revenue	\$ 8,478,500	\$ 8,478,500	\$ 344,377	\$ 8,822,877
Intermediate revenue	460,573	460,573	23,085	483,658
State revenue	18,813,277	18,813,277	(254,008)	18,559,269
Federal revenue	<u>10,000</u>	<u>10,000</u>	<u>(10,000)</u>	<u>-</u>
Total revenues	<u>27,762,350</u>	<u>27,762,350</u>	<u>103,454</u>	<u>27,865,804</u>
EXPENDITURES				
Current				
Instruction	17,894,865	17,949,865	(1,557,714)	16,392,151
Support services	12,489,338	13,106,864	(1,739,198)	11,367,666
Community services	5,700	5,700	(395)	5,305
Contingency	<u>661,661</u>	<u>1,000,000</u>	<u>(1,000,000)</u>	<u>-</u>
Total expenditures	<u>31,051,564</u>	<u>32,062,429</u>	<u>(4,297,307)</u>	<u>27,765,122</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,289,214)</u>	<u>(4,300,079)</u>	<u>4,400,761</u>	<u>100,682</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(80,786)</u>	<u>(80,786)</u>	<u>-</u>	<u>(80,786)</u>
Net change in fund balance	(3,370,000)	(4,380,865)	4,400,761	19,896
Fund balance - beginning	<u>4,300,000</u>	<u>5,310,865</u>	<u>-</u>	<u>5,310,865</u>
Fund balance - ending	<u>\$ 930,000</u>	<u>\$ 930,000</u>	<u>\$ 4,400,761</u>	<u>\$ 5,330,761</u>

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

GRANTS AND STUDENT BODY FUND

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
REVENUES				
Local revenue	\$ 412,702	\$ 412,702	\$ 54,890	\$ 467,592
Intermediate revenue	132,020	132,020	(128,790)	3,230
State revenue	4,316,695	4,316,695	(151,956)	4,164,739
Federal revenue	2,043,733	2,043,733	(603,350)	1,440,383
Total revenues	<u>6,905,150</u>	<u>6,905,150</u>	<u>(829,206)</u>	<u>6,075,944</u>
EXPENDITURES				
Current				
Instruction	3,357,615	3,357,615	(194,078)	3,163,537
Support services	4,705,226	4,705,226	(1,136,732)	3,568,494
Community services	108,253	108,253	(24,505)	83,748
Facilities acquisition and const	200,000	200,000	(200,000)	-
Contingency	2,313,022	2,313,022	(2,313,022)	-
Total expenditures	<u>10,684,116</u>	<u>10,684,116</u>	<u>(3,868,337)</u>	<u>6,815,779</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,778,966)</u>	<u>(3,778,966)</u>	<u>3,039,131</u>	<u>(739,835)</u>
OTHER FINANCING SOURCES (USES)				
Sale of assets	375,000	375,000	(375,000)	-
Transits	(14,952)	(14,952)	(14,952)	-
Transfers out	(258,425)	(258,425)	(75,000)	(183,425)
Total other financing sources (uses)	<u>101,623</u>	<u>101,623</u>	<u>(285,048)</u>	<u>(183,425)</u>
Net change in fund balance	(3,677,343)	(3,677,343)	2,754,083	(923,260)
Fund balance - beginning	<u>3,677,343</u>	<u>3,677,343</u>	<u>615,475</u>	<u>4,292,818</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,369,558</u>	<u>\$ 3,369,558</u>

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

FOOD SERVICE FUND

For the Year Ended June 30, 2025

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
REVENUES			
Local revenue	\$ 114,200	\$ (36,858)	\$ 77,342
State revenue	100,000	183,041	283,041
Federal revenue	1,291,500	(168,765)	1,122,735
Total revenues	1,505,700	(22,582)	1,483,118
EXPENDITURES			
Enterprise and community services	1,675,700	(196,537)	1,479,163
Excess (deficiency) of revenues over (under) expenditures	(170,000)	173,955	3,955
OTHER FINANCING SOURCES (USES)			
Transfers in	-	9,875	9,875
Net change in fund balance	(170,000)	183,830	13,830
Fund balance - beginning	170,000	(147,785)	22,215
Fund balance - ending	\$ -	\$ 36,045	\$ 36,045

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

SCHOLARSHIP FUND

For the Year Ended June 30, 2025

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
REVENUES			
Local revenue	\$ -	\$ 17,000	\$ 17,000
EXPENDITURES			
Current			
Support services	48,542	(38,959)	9,583
Excess (deficiency) of revenues over (under) expenditures	(48,542)	55,959	7,417
Fund balance - beginning	48,542	(1,250)	47,292
Fund balance - ending	\$ -	\$ 54,709	\$ 54,709

OTHER SUPPLEMENTARY INFORMATION

INDIVIDUAL FUND SCHEDULES

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

DEBT SERVICE FUND

For the Year Ended June 30, 2025

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
REVENUES			
Local revenue	\$ 4,648,413	\$ 437,070	\$ 5,085,483
EXPENDITURES			
Debt service	5,125,000	(1,708)	5,123,292
Contingency	1,882,155	(1,882,155)	-
Total expenditures	7,007,155	(1,883,863)	5,123,292
Excess (deficiency) of revenues over (under) expenditures	(2,358,742)	2,320,933	(37,809)
Fund balance - beginning	2,358,742	(20,890)	2,337,852
Fund balance - ending	\$ -	\$ 2,300,043	\$ 2,300,043

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

CAPITAL PROJECTS FUND

For the Year Ended June 30, 2025

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
REVENUES			
Local revenue	\$ 269,895	\$ (201,492)	\$ 68,403
EXPENDITURES			
Current			
Instruction	100,000	(65,120)	34,880
Support services	410,010	(273,697)	136,313
Facilities acquisition and construction	2,551,654	(2,453,111)	98,543
Debt service	41,500	(969)	40,531
Contingency	1,308,266	(1,308,266)	-
Total expenditures	4,411,430	(4,101,163)	310,267
Excess (deficiency) of revenues over (under) expenditures	(4,141,535)	3,899,671	(241,864)
OTHER FINANCING SOURCES (USES)			
Transfers in	339,211	(84,875)	254,336
Net change in fund balance	(3,802,324)	3,814,796	12,472
Fund balance - beginning	3,802,324	(16,419)	3,785,905
Fund balance - ending	\$ -	\$ 3,798,377	\$ 3,798,377

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
 BUDGET AND ACTUAL

INSURANCE FUND

For the Year Ended June 30, 2025

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
REVENUES			
Local revenue	\$ 340,579	\$ 33,009	\$ 373,588
EXPENSES			
Current			
Support services	251,200	(151,670)	99,530
Contingency	589,379	(589,379)	-
Total expenses	840,579	(741,049)	99,530
Excess (deficiency) of revenues over (under) expenses	(500,000)	774,058	274,058
Net position - beginning	500,000	95,172	595,172
Net position - ending	\$ -	\$ 869,230	\$ 869,230

OTHER FINANCIAL SCHEDULES

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

SCHEDULE OF FUTURE REQUIREMENTS FOR THE RETIREMENT OF DEBT OUTSTANDING

For the Year Ended June 30, 2025

Fiscal Year	Total All Requirements			General Obligation Refunding Bonds, 2023 Issue		
	Total	Principal	Interest	Total	Principal	Interest
2026	\$ 5,414,789	\$ 4,247,862	\$ 1,166,927	\$ 2,324,250	\$ 1,740,000	\$ 584,250
2027	5,618,347	4,653,906	964,441	2,397,250	1,900,000	497,250
2028	3,480,398	2,740,322	740,076	1,477,250	1,075,000	402,250
2029	2,474,178	1,855,000	619,178	1,523,500	1,175,000	348,500
2030	2,548,820	2,000,000	548,820	1,564,750	1,275,000	289,750
2031	2,626,969	2,155,000	471,969	1,611,000	1,385,000	226,000
2032	2,713,189	2,325,000	388,189	1,661,750	1,505,000	156,750
2033	2,796,236	2,500,000	296,236	1,711,500	1,630,000	81,500
2034	1,120,535	925,000	195,535	-	-	-
2035	1,158,733	985,000	173,733	-	-	-
2036	1,199,531	1,050,000	149,531	-	-	-
2037	1,242,893	1,120,000	122,893	-	-	-
2038	1,285,469	1,195,000	90,469	-	-	-
2039	1,325,874	1,270,000	55,874	-	-	-
2040	679,107	660,000	19,107	-	-	-
TOTALS	\$ 35,685,068	\$ 29,682,090	\$ 6,002,978	\$ 14,271,250	\$ 11,685,000	\$ 2,586,250

Fiscal Year	Limited Tax Pension Bonds, 2021 Issue			Full Faith and Credit Loan, Series 2017		
	Total	Principal	Interest	Total	Principal	Interest
2026	\$ 859,867	\$ 565,000	\$ 294,867	\$ 40,252	\$ 37,862	\$ 2,390
2027	888,630	600,000	288,630	40,251	38,906	1,345
2028	920,470	640,000	280,470	20,598	20,326	272
2029	950,678	680,000	270,678	-	-	-
2030	984,070	725,000	259,070	-	-	-
2031	1,015,969	770,000	245,969	-	-	-
2032	1,051,439	820,000	231,439	-	-	-
2033	1,084,736	870,000	214,736	-	-	-
2034	1,120,535	925,000	195,535	-	-	-
2035	1,158,733	985,000	173,733	-	-	-
2036	1,199,531	1,050,000	149,531	-	-	-
2037	1,242,893	1,120,000	122,893	-	-	-
2038	1,285,469	1,195,000	90,469	-	-	-
2039	1,325,874	1,270,000	55,874	-	-	-
2040	679,107	660,000	19,107	-	-	-
TOTALS	\$ 15,768,001	\$ 12,875,000	\$ 2,893,001	\$ 101,101	\$ 97,094	\$ 4,007

Fiscal Year	Limited Tax Pension Bonds, 2003 Issue		
	Total	Principal	Interest
2026	\$ 2,190,420	\$ 1,905,000	\$ 285,420
2027	2,292,216	2,115,000	177,216
2028	1,062,080	1,004,996	57,084
TOTALS	\$ 5,544,716	\$ 5,024,996	\$ 519,720

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

SCHEDULE OF CONTINUING DISCLOSURE REQUIREMENTS
GENERAL OBLIGATION REFUNDING BONDS

June 30, 2025

1. PROPERTY VALUATION	<u>Marion County</u>	<u>Linn County</u>	<u>Total</u>
Real Market Value	\$3,002,899,413	\$879,641,348	\$3,882,540,761
Taxable Assessed Value	\$1,472,100,750	\$406,281,096	\$1,878,381,846

2. PROPERTY TAXES

A. Representative Levy Rate

(per \$1,000 of Assessed Value)

	<u>Billing Rate</u>	<u>Bond Levy Rate</u>	<u>Rate</u>	<u>Rate</u>
Marion County	\$4.3973	\$1.1722	\$0.0000	\$5.5695
Linn County	\$4.3973	\$1.1722	\$0.0000	\$5.5695

B. Tax Collections

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>
Property Taxes Levied	\$8,203,561.29	\$2,205,453.42	\$10,409,014.71
Property Taxes Collected	\$7,961,702.10	\$2,138,260.80	\$10,099,962.90

3. GENERAL OBLIGATION BONDS

A. Outstanding Long-Term Debt (See pages 39 through 41.)

B. Outstanding General Obligation Bonds See page 71 for detail.)

	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Amount Issued</u>	<u>Amount Outstanding as of June 30, 2025</u>
General Obligation Bonds				
GO Bonds, Series 2023	6/15/2023	6/15/2033	18,609,000	11,685,000
Total General Obligation Bonds				<u>\$11,685,000</u>

4. AVERAGE DAILY MEMBERSHIP (Weighted)

Extended ADMw:

	<u>2024</u>	<u>2025</u>
Current Fiscal Year Estimated ADMw	2,479.59	2,480.70
Prior Fiscal Year Estimated ADMw	2,450.67	2,411.62
Extended ADMw (greater of Current or Prior Year)	2,479.59	2,480.70

5. FINANCIAL FACTORS

- (1) Statement of Net Position See pages 12-13.
- (2) Statement of Activities See page 14.
- (3) General Fund Balance Sheet See page 15.
- (4) General Fund Statement of Revenues, Expenditures and Changes in Fund Balance See page 17.
- (5) Net unfunded pension UAL See pages 12-13.
- (6) Pension Contribution Rates

	<u>Tier 1/Tier 2 Payroll</u>	<u>OPSRP General Payroll</u>	<u>OPSRP Police and Fire Payroll</u>
	0.24%	0.00%	2.19%
- (7) Annual Required Contribution See page 61.
- (8) Net OPEB Obligation See pages 12-13.
- (9) Actuarial Accrued Liability See page 61.
- (10) Early Retirement Liability N/A

**AUDIT COMMENTS AND DISCLOSURES REQUIRED BY
STATE REGULATIONS**



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

Board of Directors
North Santiam School District No. 29J
Stayton, Oregon 97383

We have audited the basic financial statements of North Santiam School District No. 29J as of and for the year ended June 30, 2025 and have issued our report thereon dated November 20, 2025. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*.

Compliance

As part of obtaining reasonable assurance about whether North Santiam School District No. 29J's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 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 an objective of our audit, and accordingly, we do not express such an opinion.

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

Deposit of public funds with financial institutions (ORS Chapter 295)

Indebtedness limitations, restrictions, and repayment

Budgets legally required (ORS Chapter 294)

Insurance and fidelity bonds in force or required by law

Programs funded from outside sources

Student Success Act's Student Investment Account (SIA) Funding

Authorized investment of surplus funds (ORS Chapter 294)

Public contracts and purchasing (ORS Chapters 279A, 279B, 279C)


State school fund factors and calculation

In connection with our testing, nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

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 North Santiam School District No. 29J's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of North Santiam School District No. 29J's internal control over financial reporting. However, we noted certain matters that we have reported to management of the District in a separate letter dated November 20, 2025.

This report is intended solely for the information and use of the board of directors and management of North Santiam School District No. 29J and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.


Accuity, LLC
November 20, 2025

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

SUPPLEMENTAL INFORMATION REQUIRED BY OREGON DEPARTMENT OF EDUCATION

For the Year Ended June 30, 2025

Part A is needed for computing Oregon’s full allocation for ESEA, Title I, and other Federal Funds for Education.

A.	Energy Bill for Heating – All Funds:		Objects 325, 326, 327
	Please enter your expenditures for electricity, heating fuel, and water and sewage for these Functions and Objects.	Function 2540	\$ 549,761
		Function 2550	\$ -

B.	Replacement of Equipment – General Fund:		
	Include all General Fund expenditures in object 542, except for the following exclusions:		\$ -

Exclude these functions:

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

SINGLE AUDIT SECTION

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2025

Federal Grantor, Pass-Through Grantor, Program Title	Pass-Through Grantor Number	ALN	Expenditures
<u>U.S. Department of Education</u>			
Passed through Oregon State Department of Education			
Title I Grants to Local Educational Agencies Special Education Cluster	67034	84.010	\$ 532,188
IDEA Special Education Grants To States	74084/68439	84.027	636,286
Preschool Grant	74267/69209	84.173	<u>2,188</u>
Total Special Education Cluster			<u>638,474</u>
English Language Acquisition Grants	58493/77000	84.365	12,308
Supporting Effective Instruction	72771/76736	84.367	90,110
Student Support and Academic Enrichment	72968/66823	84.424	34,394
COVID-19 - Elementary & Secondary Schools Emergency Relief Fund	64947/69302	84.425	<u>48,642</u>
Total Passed through Oregon State Department of Education			<u>1,356,116</u>
Total U.S. Department of Education			<u>1,356,116</u>
<u>U.S. Department of Agriculture</u>			
Passed through Oregon State Department of Education			
Child Nutrition Cluster*			
National School Breakfast Program	2143	10.553	265,598
Food Distribution/USDA Commodities	2143	10.555	90,977
National School Lunch Program	2143	10.555	691,273
National School Lunch Program - Supply Chain Assistance	2143	10.555	64,171
Summer Food Service Program	2143	10.559	<u>10,716</u>
Total Child Nutrition Cluster			<u>1,122,735</u>
Total U.S. Department of Agriculture			<u>1,122,735</u>
Total federal expenditures			<u>\$ 2,478,851</u>

* Major program

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2025

I. PURPOSE OF SCHEDULE

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of North Santiam School District No. 29J's under programs of the federal government for the year ended June 30, 2025. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) 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 activities of the District, it is not intended to and does not present the financial position, changes in net position, nor the operating funds' revenue and expenses.

II. SIGNIFICANT ACCOUNTING POLICIES FOR FEDERAL AWARD EXPENDITURES

A. Basis of Presentation

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

B. Federal Financial Assistance

Pursuant to the Uniform Guidance, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, or direct appropriations. Accordingly, non-monetary federal assistance, including federal surplus property, is included in federal financial assistance and, therefore, is reported on the Schedule, if applicable. Federal financial assistance does not include direct federal cash assistance to individuals. Solicited contracts between the state and federal government for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

C. Major Programs

The Uniform Guidance establishes criteria to be used in defining major federal financial assistance programs. Major programs for the District are those programs selected for testing by the auditor using a risk assessment model, as well as certain minimum expenditure requirements, as outlined in the Uniform Guidance.

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2025

D. Reporting Entity

The reporting entity is fully described in the notes to the District's basic financial statements. Additionally, the Schedule includes all federal programs administered by the District for the year ended June 30, 2025.

E. Revenue and Expenditure Recognition

The receipt and expenditure of federal awards are accounted for under the modified accrual basis of accounting. Revenues are recorded as received in cash or on the accrual basis where measurable and available. Expenditures are recorded when the liability is incurred.



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

Board of Directors
North Santiam School District No. 29J
Stayton, Oregon 97383

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the remaining fund information of North Santiam School District No. 29J as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise North Santiam School District No. 29J's basic financial statements and have issued our report thereon dated November 20, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting (internal control) in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control over financial reporting. 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, as defined above.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether North Santiam School District No. 29J's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that is required to be reported under *Government Auditing Standards*.

Purpose of this Report

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


Accuity, LLC
Albany, Oregon

November 20, 2025



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

Board of Directors
North Santiam School District No. 29J
Stayton, Oregon 97383

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited North Santiam School District No. 29J's compliance with the types of compliance requirements described 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, North Santiam School District No. 29J complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of North Santiam School District No. 29J 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 North Santiam School District No. 29J'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 controls over compliance with the requirements of laws, statutes, regulations, rules, and provision 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 North Santiam School District No. 29J's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about North Santiam School District No. 29J's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding North Santiam School District No. 29J'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 North Santiam School District No. 29J'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 North Santiam School District No. 29J'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 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. 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.

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

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


Accuity, LLC
Albany, Oregon

November 20, 2025

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2025

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's opinion issued:	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiencies identified not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weaknesses identified?	No
• Significant deficiencies identified not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?	No
Identification of major programs:	

<i>Assistance Listing Number(s) (ALN)</i>	<i>Name of Federal Program or Cluster</i>
10.55X	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

SECTION II - STATUS OF PRIOR YEAR FINDINGS

<u><i>Finding Number</i></u>	<u><i>Status</i></u>
2024-001	Corrected during the fiscal year ended June 30, 2025.