

**SCAPPOOSE SCHOOL DISTRICT NO. 1J**  
**COLUMBIA COUNTY, OREGON**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2025**



**CLEAR TRAIL CPAS**  
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SCAPPOOSE SCHOOL DISTRICT NO. 1J  
COLUMBIA COUNTY, OREGON

2024-2025 FINANCIAL REPORT

SCAPPOOSE SCHOOL DISTRICT NO. 1J  
COLUMBIA COUNTY, OREGON

2024-2025 FINANCIAL REPORT

BOARD OF EDUCATION

TERM EXPIRES

Christine Sprenger

June 30, 2027

Branda Jurasek

June 30, 2027

Summer Stutsman-Haog

June 30, 2025

Phil Lager

June 30, 2025

Gwynn Klobes

June 30, 2025

Patrick Kessi

June 30, 2027

Alex Tardiff

June 30, 2027

Board members receive mail at the District Office address listed below

ADMINISTRATION

Tim Porter, Superintendent  
Tracy Pinder, Business Manager  
33589 SE High School Way  
Scappoose, Oregon 97056

SCAPPOOSE SCHOOL DISTRICT NO. 1J

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## CLEAR TRAIL CPAS

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January 13, 2026

### INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Scappoose School District No. 1J  
Columbia County, Oregon

#### **Report on the Audit of the Financial Statements**

##### **Opinions**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Scappoose School District No. 1J, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the 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 aggregate remaining fund information of Scappoose School District No. 1J, as of June 30, 2025, and the respective changes in financial position 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 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Scappoose School District No. 1J and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

##### **Change in Accounting Principle**

The District adopted new accounting guidance, *GASB Statement No. 101 – Compensated Absences* during the fiscal year under audit. 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 misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Scappoose School District No. 1J'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.

##### **Auditors' 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 auditors' 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 the Scappoose School District No. 1J's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Scappoose School District No. 1J'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 and required supplementary information, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison information presented as required supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CRF) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information, as listed in the table of contents, 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion,

the supplementary information, as listed in the table of contents, and the 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 other information, as listed in the table of contents, and the listing of board members containing their term expiration dates, located before the table of contents, but does not include the basic financial statements and our auditors' 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.

### **Report on Other Legal and Regulatory Requirements**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2026 on our consideration of the internal control over financial reporting and on our tests of 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 effectiveness of 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 internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated January 13, 2026 on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



Tara M Kamp, CPA  
CLEAR TRAIL CPAS

## **SCAPPOOSE SCHOOL DISTRICT 1J**

### **Management's Discussion and Analysis**

As management of Scappoose School District 1J (Scappoose Schools or the District), we offer readers this narrative overview and analysis of the financial activities of Scappoose Schools for the fiscal year ended June 30, 2025.

#### **PROFILE OF THE DISTRICT**

Scappoose School District is a suburban Portland-area school district in the state of Oregon, serving the City of Scappoose, the agricultural community of Sauvie Island and unincorporated areas in Columbia, Multnomah and Washington Counties. The District has no component units and is not a component unit of any other government.

The District covers approximately 555 square miles and is comprised of five schools: Warren Elementary (PreK and Kindergarten), Grant Watts Elementary (grades 1 to 3), Otto Petersen Elementary (grades 4 to 6), Scappoose Mid-School (grades 7 and 8) and Scappoose High School (grades 9 to 12). Within its boundaries, Scappoose Schools also sponsors two charter schools: Sauvie Island School and South Columbia Family School, both of which serve Kindergarten to grade 8. With highly trained teachers and staff, strong parent involvement and an engaged community, Scappoose School's graduation rates consistently outperform state of Oregon average graduation rates.

#### **BUDGETARY AND FINANCIAL HIGHLIGHTS**

##### **Budget**

On June 10, 2024, the Board of Education (the Board) adopted the fiscal year 2024-25 budget by way of Resolution 2024-04. The District's fiscal year budget was based on the Oregon Legislature's biennial budget cycle for 2023-25 that includes a State School Fund allocation of \$10.2 billion. The District's fiscal year 2024-25 adopted budget was \$45.7 million over all funds:

- General Fund: \$33.2 million, including an unappropriated \$800 thousand
- Special Revenue Funds: \$7.2 million
- Federal Funds: \$1.0 million
- Food Service Fund: \$869 thousand
- Debt Service Fund: \$3.3 million
- Capital Project Fund: \$203 thousand

On June 9, 2025, the Board voted to amend the fiscal year 2024-25 budget by way of Resolution 2025-05. This first amendment to the budget recognized additional resources and revised appropriations to align the budget with updated projections:

- The District's fiscal year 2024-25 amended budget increased to \$45.8 million across all funds:
- The General Fund: to make appropriation transfers from Contingency to Instruction, Support Services and Transfer of Funds to align with updated projections
- Federal Revenue Funds: to recognize additional Federal revenue and make appropriation transfers between Instruction and Support Services
- Food Service Funds: to recognize additional revenue via increased Transfers In from General Fund
- Debt Service Funds: to make appropriation transfers between Support Services and Debt Service within the Fund

##### **Other Highlights**

At June 30, 2025:

- The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$1.8 million.
- The General Fund had an unassigned fund balance of \$981 thousand.

- The District's outstanding long-term bond obligation decreased to \$12.3 million, due to regular scheduled debt service payments.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This management's discussion and analysis is intended to serve as an introduction to Scappoose Schools' 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 basic financial statements. In addition to the basic financial statements, this report also contains required and supplementary information.

**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.

**Fund Financial Statements** are designed to demonstrate compliance with finance-related legal requirements. 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.

**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 more narrowly 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 a government's near- term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financial decisions. The Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Scappoose Schools designates three major governmental funds. Information is presented separately for the General Fund, Special Revenue Funds and Federal Funds in the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances.

The District adopts an annual appropriated budget for each of its funds. A budgetary comparison statement has been provided for each fund individually in either required or supplementary information to demonstrate compliance with the fund level budgets.

**Notes to the Basic Financial Statements** provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Required Supplementary Information (RSI)** is located directly after the notes to the basic financial statements and represents the required comparison of the budget and actual results on the District's budgetary basis for the General Fund, Special Revenue Funds and Federal Funds. In addition, the RSI discloses the District's proportionate share of liabilities/assets and related employer contributions for pension and other post-employment healthcare benefits obligations.

**Supplementary Information (SI)** includes budgetary comparison schedules for the Debt Service Fund, Food Service Fund and the Capital Construction Fund.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Analysis of Deferred Outflows and Inflows of Resources

Deferred outflows and deferred inflows include pension and other post-employment healthcare related balances. The changes in these deferred outflows and deferred inflows were due to differences between actual and expected earnings, changes in assumptions used by outside actuaries and other factors.

### Analysis of Net Position

The Statement of Net Position presents information on the District's assets, liabilities and deferred outflows and inflows. The difference between assets/deferred outflows and liabilities/deferred inflows is reported as net position. Over time, net position may serve as a useful indicator of the District's financial position.

### Net Position: 2024 compared to 2025

Overall, the District's financial position improved during the year. Management continues to monitor expenditures, manage resources efficiently, and advocate for sustainable funding levels to support educational programs and student achievement. The District remains committed to long-term financial stability and fiscal responsibility while maintaining the highest quality educational services for its students and community.

Net Position is a primary indicator of financial position. At the end of the current fiscal year, the District's total net position was \$1.8 million compared to \$329 thousand in the prior year—an increase of nearly \$1.5 million, or approximately 442.2%. The increase primarily reflects positive operating results, including higher state and local revenues and careful expenditure management. This improvement demonstrates the District's continued progress in maintaining fiscal balance while addressing educational priorities.

#### Statement of Net Position

|                                       | Government-wide |              |              |          |
|---------------------------------------|-----------------|--------------|--------------|----------|
|                                       | 2024            | 2025         | \$ Change    | % Change |
| <b>Assets</b>                         |                 |              |              |          |
| Current and other assets              | \$ 6,820,252    | \$ 7,268,359 | \$ 448,107   | 6.6%     |
| Net capital assets                    | 28,820,787      | 27,721,204   | (1,099,583)  | -3.8%    |
| Total Assets                          | 35,641,039      | 34,989,563   | (651,476)    | -1.8%    |
| <b>Deferred Outflows of Resources</b> | 8,890,803       | 11,492,566   | 2,601,763    | 29.3%    |
| <b>Liabilities</b>                    |                 |              |              |          |
| Long-term debt outstanding            | 16,382,450      | 13,370,234   | (3,012,216)  | -18.4%   |
| Other liabilities                     | 1,855,234       | 2,990,351    | 1,135,117    | 61.2%    |
| Net pension liability - PERS          | 21,509,764      | 24,401,756   | 2,891,992    | 13.4%    |
| Total pension liability - OPEB        | 454,087         | 486,793      | 32,706       | 7.2%     |
| Total early retirement liability      | 97,015          | 80,470       | (16,545)     | -17.1%   |
| Total Liabilities                     | 40,298,550      | 41,329,604   | 1,031,054    | 2.6%     |
| <b>Deferred Inflows of Resources</b>  | 3,904,613       | 3,370,274    | (534,339)    | -13.7%   |
| <b>Net Position</b>                   |                 |              |              |          |
| Net investment in capital assets      | 12,495,276      | 14,516,311   | 2,021,035    | 16.2%    |
| Restricted                            | 2,468,170       | 2,671,702    | 203,532      | 8.2%     |
| Unrestricted                          | (14,634,767)    | (15,405,762) | (770,995)    | 5.3%     |
| Total Net Position                    | \$ 328,679      | \$ 1,782,251 | \$ 1,453,572 | 442.2%   |

The District's net investment in capital assets and restricted net position demonstrate continued investment in educational facilities and programs, supporting long-term operational capacity and student achievement.

**Net Investment in Capital Assets** (e.g., land, buildings, machinery and equipment) has increased to \$14.5 million, an increase of slightly more than \$2.0 million over prior year. The increase is driven by capital asset additions and payment on related debt.

**Restricted Net Position** represents the unspent portions of capital project funds, debt service funds and net assets restricted by grants, donations and post-employment benefits. Restricted Net Position increased by \$204 thousand to \$2.7 million this year.

**Unrestricted Net Position** consists of all other amounts not included in categories noted above. The District's unrestricted net position decreased from \$14.6 million at June 30, 2024 to \$15.4 million at June 30, 2025, a decline of \$771 thousand, or approximately 5.3%. This decrease is largely attributable to the continued recognition of pension and other postemployment benefit (OPEB) liabilities, increases in instructional and support service expenditures, and the final phase-out of federal ESSER funding.

Despite the negative balance, the District's overall financial condition remains stable, and management continues to monitor spending and long-term obligations closely. The District's net investment in capital assets and restricted net position demonstrate continued investment in educational facilities and programs, supporting long-term operational capacity and student achievement.

### **Analysis of Activities**

**The Statement of Activities** presents expenses and related revenues by program, summarizing how the District's net position changed during the most recent fiscal year. The statement reports revenues earned and expenses incurred under the accrual basis of accounting, where 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 result in cash flows in future fiscal periods (e.g. uncollected taxes, pension amounts, other post-employment benefits (OPEB) and earned but unused vacation and sick leave).

The Statement of Activities of the government-wide financial statements distinguishes functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Scappoose Schools currently does not have any business-type or enterprise fund activities. Additional detail regarding revenue and expense changes are presented to provide a better understanding of the District's operations in fiscal year 2024-25 compared to fiscal year 2023-24.

## Statement of Activities

|                                  | Government-wide |            |                      |              |          |
|----------------------------------|-----------------|------------|----------------------|--------------|----------|
|                                  | 2024            | 2025       | 2025 -<br>% of Total | \$ Change    | % Change |
| <b>Revenues</b>                  |                 |            |                      |              |          |
| Program Revenues                 |                 |            |                      |              |          |
| Charges for services             | \$ 558,656      | \$ 434,495 | 1.0%                 | \$ (124,161) | -22.2%   |
| Operating grants & contributions | 4,910,759       | 5,231,062  | 12.4%                | 320,303      | 6.5%     |
| Total Program Revenues           | 5,469,415       | 5,665,557  | 13.4%                | 196,142      | 3.6%     |
| General Revenues                 |                 |            |                      |              |          |
| Property taxes                   | 13,923,471      | 15,502,182 | 36.7%                | 1,578,711    | 11.3%    |
| State school fund                | 17,981,499      | 18,339,835 | 43.4%                | 358,336      | 2.0%     |
| Intermediate sources             | 1,739,130       | 2,087,608  | 4.9%                 | 348,478      | 20.0%    |
| Investment earnings              | 351,934         | 413,616    | 1.0%                 | 61,682       | 17.5%    |
| Unrestricted Federal revenue     | 270,518         | 230,983    | 0.5%                 | (39,535)     | -14.6%   |
| Total General Revenues           | 34,266,552      | 36,574,224 | 86.6%                | 2,307,672    | 6.7%     |
| Total Revenues                   | 39,735,967      | 42,239,781 | 100.0%               | 2,503,814    | 6.3%     |
| <b>Expenses</b>                  |                 |            |                      |              |          |
| Instruction                      | 22,028,954      | 24,265,053 | 60.4%                | 2,236,099    | 10.2%    |
| Support services                 | 14,080,793      | 14,718,629 | 36.6%                | 637,836      | 4.5%     |
| Community services               | 934,764         | 990,686    | 2.5%                 | 55,922       | 6.0%     |
| Interest long-term debt          | 279,457         | 207,088    | 0.5%                 | (72,369)     | -25.9%   |
| Total Expenses                   | 37,323,968      | 40,181,456 | 100.0%               | 2,857,488    | 7.7%     |
| Change in Net Position           | 2,411,999       | 2,058,325  |                      | (353,674)    | -14.7%   |
| Net Position beginning of year   | (1,768,542)     | 328,679    |                      | 2,097,221    | -118.6%  |
| Prior Period Adjustment          | (314,778)       | (604,753)  |                      | (289,975)    | 92.1%    |

The District's mission is to provide a free and appropriate public education for K-12 students within its boundaries. The District may not charge for its core services, but does charge for non-core services such as facilities rentals and activity fees. General revenues, primarily property taxes and State School Funds, provide most of the funding required for governmental programs.

### Revenue and Expenses: 2024 compared to 2025

**Total Revenues** for fiscal year 2024-25 were \$42.2 million, an increase of \$2.5 million, or 6.3 percent, from prior year revenues of \$39.7 million. Operating grants and contributions revenues increased by \$320 thousand, or 6.5 percent, from prior year. Property taxes increased \$1.6 million over the prior year as assessed values rose and collection rates were consistent with prior years. State School Fund revenues increased \$358 thousand over prior year.

Expenses for the District's program activities include Instruction, Support Services, Enterprise & Community Services and Interest on long-term debt. The District's activities mirror its chart of accounts which is mandated by the Oregon Department of Education for all Oregon public schools.

**Total Expenses** for fiscal year 2024-25 were \$40.2 million, which is an increase of \$2.9 million, or 7.7 percent, over fiscal year 2023-24. Instruction increased \$2.2 million over prior year and Support Services increased \$638 thousand, or 4.5 percent, over prior year. These categories account for 97.0 percent of total District expenses.

## FINANCIAL ANALYSIS OF THE DISTRICT'S MAJOR FUNDS

As previously noted, the District uses fund accounting to demonstrate and ensure compliance with finance-related legal requirements. 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 financial requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

As of June 30, 2025, the District's governmental funds reported combined ending fund balances of \$3.8 million.

**General Fund.** The General Fund is the major operating fund of the District. For fiscal year 2024-25, total General Fund revenues were \$31.8 million. Property taxes accounted for \$12.2 million of the total revenue amount and state sources (primarily State School Fund) accounted for nearly \$18.2 million. Total General Fund expenditures for fiscal year 2024-25 were \$31.8 million, the bulk of which were recorded in Instruction and Support Services categories. At the end of the current fiscal year, the General Fund had an unassigned fund balance of \$981 thousand.

**Special Revenue Fund.** The Special Revenue Funds ending fund balance decreased by \$67 thousand, to \$2.1 million, in fiscal year 2024-25. Total Special Revenue Funds revenues were \$5.0 million, with total expenditures of \$5.1 million.

**Federal Funds.** The Federal Funds ending fund balance at June 30, 2025 was \$-0-. In fiscal year 2024-25, total Federal Funds revenues were \$1.1 million, with total expenditures of \$1.1 million.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets.** The District's investment in capital assets includes land, construction in progress, buildings and improvements, vehicles and equipment and right-to-use leases and subscription assets. As of June 30, 2025, the District had invested \$27.7 million in capital assets, net of depreciation and amortization, as shown in the following table:

### Capital Assets

|                                                | Government-wide      |                      |                       |          |
|------------------------------------------------|----------------------|----------------------|-----------------------|----------|
|                                                | 2024                 | 2025                 | \$ Change             | % Change |
| Land                                           | \$ 914,758           | \$ 914,758           | \$ -                  | 0.00%    |
| Construction in progress                       | 81,429               | -                    | (81,429)              | -100.00% |
| Buildings and improvements                     | 52,840,730           | 52,899,061           | 58,331                | 0.11%    |
| Vehicles and equipment                         | 861,161              | 1,051,359            | 190,198               | 22.09%   |
| Right-to-use leased equipment                  | 233,709              | 233,709              | -                     | 0.00%    |
| Right-to-use subscription asset                | 41,067               | 41,067               | -                     | 0.00%    |
|                                                | 54,972,854           | 55,139,954           | 167,100               | 0.30%    |
| less accumulated depreciation and amortization | (26,152,067)         | (27,418,750)         | (1,266,683)           | 4.84%    |
| Capital assets, net of depreciation            | <u>\$ 28,820,787</u> | <u>\$ 27,721,204</u> | <u>\$ (1,099,583)</u> | -3.82%   |

District-wide, net capital assets decreased by \$1.1 million in fiscal year 2024-25, and the District recognized \$1.3 million of depreciation and amortization. Further discussion of capital and right-to-use assets can be found in Note 6 of the financial statements.

**Debt Administration.** At the end of the current fiscal year, the District had total debt outstanding (excluding bond premiums) of \$12.3 million. Further explanation of debt is shown in Note 14 of the financial statements.

#### Outstanding Debt

|                           | Government-wide      |             |                       |                      |          |
|---------------------------|----------------------|-------------|-----------------------|----------------------|----------|
|                           | 2024                 | Additions   | Deletions             | 2025                 | % Change |
| General obligation bonds  | \$ 14,835,000        | \$ -        | \$ (2,560,000)        | \$ 12,275,000        | -17.26%  |
| Lease payable             | 78,824               | -           | (78,824)              | -                    | -100.00% |
| Subscription payable      | 8,285                | -           | (8,285)               | -                    | -100.00% |
| Total Long-Term Debt      | 14,922,109           | -           | (2,647,109)           | 12,275,000           | -17.74%  |
| Unamortized bond premiums | 1,460,341            | -           | (365,107)             | 1,095,234            | -25.00%  |
|                           | <u>\$ 16,382,450</u> | <u>\$ -</u> | <u>\$ (3,012,216)</u> | <u>\$ 13,370,234</u> | -18.39%  |

#### NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

The fiscal year 2025-26 budget will continue to support the goals set by the Board, as well as the District's vision of *"cultivating passionate lifelong learners for an ever-changing world"*.

The most significant factor for the District in regards to funding is the State of Oregon's State School Fund (SSF). Oregon school funding is based on student enrollment (i.e. the numbers and classifications of students served over the course of the year). The SSF includes local resources (primarily property taxes) and state sources (primarily personal and business income taxes). Scappoose School's fiscal year 2025-26 budget coincides with the Oregon Legislature's biennial budget cycle for 2025-27, which includes a \$11.36 billion State School Fund.

A slowdown in the state economy, decrease in enrollment or any reduction in State School Funding could negatively impact district revenue. Increased expenses, especially increases in salary and associated payroll costs, could also adversely affect the District's finances. Salaries and associated payroll costs comprise approximately 60% of the District's annual budget. Rising healthcare and retirement expenses, as well as cost-of-living and salary (step) increases, will continue to put upward pressure on these costs.

After the close of the fiscal year, the District issued a short-term Tax Anticipation Note (TAN) in the amount of \$3.0 million to help manage cash flow needs until property tax revenues are received. This type of short-term borrowing is a common and planned practice for school districts, allowing operations to continue smoothly during the months before tax collections are distributed. The note carries an interest rate of 4.11 percent and will be repaid within six months from incoming tax revenues. The TAN provides temporary liquidity and does not affect the District's overall financial strength or long-term financial outlook.

#### REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Scappoose School District's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to the Scappoose School District Office at 33589 SE High School Way, Scappoose, Oregon 97056.

SCAPPOOSE SCHOOL DISTRICT NO. 1J  
COLUMBIA COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

SCAPPOOSE SCHOOL DISTRICT NO. 1J  
COLUMBIA COUNTY, OREGON

STATEMENT OF NET POSITION  
June 30, 2025

ASSETS:

|                                      |              |
|--------------------------------------|--------------|
| Cash and Cash Equivalents            | \$ 4,570,189 |
| Property Taxes Receivable            | 638,505      |
| Other Receivables                    | 1,155,550    |
| Lease Receivable                     | 447,292      |
| Prepays                              | 64,903       |
| Total OPEB Asset for RHIA            | 391,920      |
| Capital Assets - Non Depreciable     | 914,758      |
| Capital Assets - Net of Depreciation | 26,806,446   |
|                                      | <hr/>        |
| Total Assets                         | 34,989,563   |
|                                      | <hr/>        |

DEFERRED OUTFLOWS OF RESOURCES:

|                                      |            |
|--------------------------------------|------------|
| OPEB Related Deferral - Medical      | 165,340    |
| Pension Related Deferral - PERS      | 11,315,238 |
| OPEB Related Deferral - RHIA         | 11,988     |
| Total Deferred Outflows of Resources | 11,492,566 |
|                                      | <hr/>      |

LIABILITIES:

|                                                   |           |
|---------------------------------------------------|-----------|
| Accounts Payable                                  | 717,848   |
| Accrued Payroll, Taxes, and Employee Withholdings | 1,376,503 |
| Unearned Revenue                                  | 34,512    |
| Interest Payable                                  | 19,767    |
| Accrued Compensated Absences                      | 841,721   |
| Current Portion of Long-Term Debt                 | 2,755,000 |
|                                                   | <hr/>     |

Non-current Liabilities

|                                   |            |
|-----------------------------------|------------|
| Long-Term Debt                    | 10,615,234 |
| Total OPEB Liability for Medical  | 486,793    |
| Total Pension Liability - Stipend | 80,470     |
| Net Pension Liability - PERS      | 24,401,756 |
|                                   | <hr/>      |

Total Liabilities

41,329,604

DEFERRED INFLOWS OF RESOURCES:

|                                     |           |
|-------------------------------------|-----------|
| OPEB Related Deferral - Medical     | 430,690   |
| Pension Related Deferral - Stipend  | 18,996    |
| Pension Related Deferral - PERS     | 2,504,398 |
| OPEB Related Deferral - RHIA        | 35,410    |
| Lease Receivable Related Deferral   | 380,780   |
| Total Deferred Inflows of Resources | 3,370,274 |
|                                     | <hr/>     |

NET POSITION:

|                                  |              |
|----------------------------------|--------------|
| Net investment in capital assets | 14,516,311   |
| Restricted                       |              |
| Restricted for debt service      | 567,681      |
| Restricted for special programs  | 2,104,021    |
| Unrestricted                     | (15,405,762) |
|                                  | <hr/>        |
| Total Net Position               | \$ 1,782,251 |
|                                  | <hr/>        |

See accompanying notes to basic financial statements

SCAPPOOSE SCHOOL DISTRICT NO. 1J  
COLUMBIA COUNTY, OREGON

STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2025

| FUNCTIONS/PROGRAMS                   | EXPENSES             | PROGRAM REVENUES        |                                          | NET (EXPENSE)<br>REVENUE<br>CHANGES IN NET<br>POSITION |
|--------------------------------------|----------------------|-------------------------|------------------------------------------|--------------------------------------------------------|
|                                      |                      | CHARGES FOR<br>SERVICES | OPERATING<br>GRANTS AND<br>CONTRIBUTIONS |                                                        |
| Instruction                          | \$ 24,265,053        | \$ 165,516              | \$ 4,732,936                             | \$ (19,366,601)                                        |
| Support Services                     | 14,718,629           | -                       | -                                        | (14,718,629)                                           |
| Community Services                   | 990,686              | 268,979                 | 498,126                                  | (223,581)                                              |
| Interest on Long-Term Debt           | 207,088              | -                       | -                                        | (207,088)                                              |
| Total Governmental Activities        | <u>\$ 40,181,456</u> | <u>\$ 434,495</u>       | <u>\$ 5,231,062</u>                      | <u>(34,515,899)</u>                                    |
| General Revenues:                    |                      |                         |                                          |                                                        |
| Property Taxes                       |                      |                         |                                          | 15,502,182                                             |
| State Revenue Sharing                |                      |                         |                                          | 18,339,835                                             |
| Interest and Investment Earnings     |                      |                         |                                          | 413,616                                                |
| Unrestricted Federal Sources         |                      |                         |                                          | 230,983                                                |
| Other Local and Intermediate Sources |                      |                         |                                          | <u>2,087,608</u>                                       |
| Total General Revenues               |                      |                         |                                          | <u>36,574,224</u>                                      |
| Change in Net Position               |                      |                         |                                          | 2,058,325                                              |
| Net Position - Beginning             |                      |                         |                                          | <u>328,679</u>                                         |
| Prior Period Adjustment              |                      |                         |                                          | <u>(604,753)</u>                                       |
| Net Position - Ending                |                      |                         |                                          | <u>\$ 1,782,251</u>                                    |

See accompanying notes to basic financial statements

SCAPPOOSE SCHOOL DISTRICT NO. 1J  
COLUMBIA COUNTY, OREGON

BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30, 2025

|                                                                            | GENERAL<br>FUND     | SPECIAL<br>REVENUE<br>FUNDS | FEDERAL<br>FUNDS  | OTHER<br>GOVERNMENTAL | TOTALS              |
|----------------------------------------------------------------------------|---------------------|-----------------------------|-------------------|-----------------------|---------------------|
| <b>ASSETS:</b>                                                             |                     |                             |                   |                       |                     |
| Cash and Investments                                                       | \$ 2,194,544        | \$ 1,761,158                | \$ -              | \$ 614,487            | \$ 4,570,189        |
| Prepays                                                                    | 24,398              | 40,505                      | -                 | -                     | 64,903              |
| Receivables                                                                |                     |                             |                   |                       |                     |
| Taxes                                                                      | 499,469             | -                           | -                 | 139,036               | 638,505             |
| Accounts                                                                   | 242,944             | 391,324                     | 306,083           | 215,199               | 1,155,550           |
| Leases                                                                     | 75,426              | 371,866                     | -                 | -                     | 447,292             |
| Due from Other Funds                                                       | 421,730             | -                           | -                 | -                     | 421,730             |
|                                                                            |                     |                             |                   |                       |                     |
| Total Assets                                                               | <u>\$ 3,458,511</u> | <u>\$ 2,564,853</u>         | <u>\$ 306,083</u> | <u>\$ 968,722</u>     | <u>\$ 7,298,169</u> |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND EQUITY:</b>        |                     |                             |                   |                       |                     |
| <b>Liabilities:</b>                                                        |                     |                             |                   |                       |                     |
| Salaries and Benefits Payable                                              | \$ 1,376,503        | \$ -                        | \$ -              | \$ -                  | \$ 1,376,503        |
| Accounts Payable                                                           | 604,399             | 113,112                     | -                 | 337                   | 717,848             |
| Unearned Revenue                                                           | -                   | 34,512                      | -                 | -                     | 34,512              |
| Due to Other Funds                                                         | -                   | -                           | 306,083           | 115,647               | 421,730             |
|                                                                            |                     |                             |                   |                       |                     |
| Total Liabilities                                                          | <u>1,980,902</u>    | <u>147,624</u>              | <u>306,083</u>    | <u>115,984</u>        | <u>2,550,593</u>    |
| <b>Deferred Inflows of Resources:</b>                                      |                     |                             |                   |                       |                     |
| Unavailable Revenue:                                                       |                     |                             |                   |                       |                     |
| Property Taxes                                                             | 428,998             | -                           | -                 | 119,716               | 548,714             |
| Leases                                                                     | 67,572              | 313,208                     | -                 | -                     | 380,780             |
|                                                                            |                     |                             |                   |                       |                     |
| Total Deferred Inflows of Resources                                        | <u>496,570</u>      | <u>313,208</u>              | <u>-</u>          | <u>119,716</u>        | <u>929,494</u>      |
| <b>Fund Balances:</b>                                                      |                     |                             |                   |                       |                     |
| Restricted                                                                 | -                   | 2,104,021                   | -                 | 733,022               | 2,837,043           |
| Unassigned                                                                 | 981,039             | -                           | -                 | -                     | 981,039             |
|                                                                            |                     |                             |                   |                       |                     |
| Total Fund Balances                                                        | <u>981,039</u>      | <u>2,104,021</u>            | <u>-</u>          | <u>733,022</u>        | <u>3,818,082</u>    |
| <b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b> |                     |                             |                   |                       |                     |
|                                                                            | <u>\$ 3,458,511</u> | <u>\$ 2,564,853</u>         | <u>\$ 306,083</u> | <u>\$ 968,722</u>     | <u>\$ 7,298,169</u> |

See accompanying notes to basic financial statements

SCAPPOOSE SCHOOL DISTRICT NO. 1J  
COLUMBIA COUNTY, OREGON

Reconciliation of the Governmental Funds  
Balance Sheet to the Statement of Net Position  
June 30, 2025

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|                                          |    |           |
|------------------------------------------|----|-----------|
| Total Fund Balances - Governmental Funds | \$ | 3,818,082 |
|------------------------------------------|----|-----------|

The cost of capital assets (land, buildings, furniture and equipment) purchased or constructed is reported as an expenditure in governmental funds. The Statement of Net Position includes those capital assets among the assets of the District as a whole.

|                    |  |            |
|--------------------|--|------------|
| Net Capital Assets |  | 27,721,204 |
|--------------------|--|------------|

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long term, are reported in the Statement of Net Position.

|                              |                  |              |
|------------------------------|------------------|--------------|
| Long term Liabilities        |                  |              |
| Long Term Debt Payable       | \$ (12,275,000)  |              |
| Bond Premium                 | (1,095,234)      |              |
| Interest Payable             | (19,767)         |              |
| Accrued Compensated Absences | <u>(841,721)</u> |              |
|                              |                  | (14,231,722) |

The Net PERS Pension Liability, District Pension Liability, RHIA Asset, and OPEB Liability and the related deferred inflows and outflows are not reported in the governmental funds balance sheet.

|                                   |                    |              |
|-----------------------------------|--------------------|--------------|
| PERS Pension Liability            | (24,401,756)       |              |
| PERS Pension Deferred Outflows    | 11,315,238         |              |
| PERS Pension Deferred Inflows     | <u>(2,504,398)</u> | (15,590,916) |
|                                   |                    |              |
| District Pension Liability        | (80,470)           |              |
| District Pension Deferred Inflows | <u>(18,996)</u>    | (99,466)     |
|                                   |                    |              |
| RHIA Asset                        | 391,920            |              |
| RHIA Deferred Outflows            | 11,988             |              |
| RHIA Deferred Inflows             | <u>(35,410)</u>    | 368,498      |
|                                   |                    |              |
| OPEB Liability                    | (486,793)          |              |
| OPEB Deferred Outflows            | 165,340            |              |
| OPEB Deferred Inflows             | <u>(430,690)</u>   | (752,143)    |

A portion of the District's revenues are collected after year-end, but are not available soon enough to pay for the current year's operations, and therefore are not reported as revenue in the District's governmental activities.

|              |    |                                    |
|--------------|----|------------------------------------|
| Net Position | \$ | <u>548,714</u><br><u>1,782,251</u> |
|--------------|----|------------------------------------|

See accompanying notes to basic financial statements

SCAPPOOSE SCHOOL DISTRICT NO. 1J  
COLUMBIA COUNTY, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2025

| REVENUES:                                                       | GENERAL<br>FUND | SPECIAL<br>REVENUE<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>GOVERNMENTAL | TOTALS        |
|-----------------------------------------------------------------|-----------------|-----------------------------|------------------|-----------------------|---------------|
| Local Sources:                                                  |                 |                             |                  |                       |               |
| Property Taxes                                                  | \$ 12,166,762   | \$ -                        | \$ -             | \$ 3,307,841          | \$ 15,474,603 |
| Interest                                                        | 217,177         | 88,834                      | -                | 107,605               | 413,616       |
| Other Local Sources                                             | 546,233         | 994,478                     | -                | 375,604               | 1,916,315     |
| Intermediate Sources                                            | 431,927         | 307,433                     | -                | 886                   | 740,246       |
| State Sources                                                   | 18,230,473      | 3,601,401                   | -                | 61,198                | 21,893,072    |
| Federal Sources                                                 | 230,983         | -                           | 1,145,472        | 498,126               | 1,874,581     |
| Total Revenues                                                  | 31,823,555      | 4,992,146                   | 1,145,472        | 4,351,260             | 42,312,433    |
| EXPENDITURES:                                                   |                 |                             |                  |                       |               |
| Current:                                                        |                 |                             |                  |                       |               |
| Instruction                                                     | 19,178,289      | 3,283,077                   | 1,068,634        | -                     | 23,530,000    |
| Support Services                                                | 12,607,873      | 1,747,135                   | 76,838           | 725                   | 14,432,571    |
| Community Services                                              | -               | -                           | -                | 960,675               | 960,675       |
| Capital Outlay                                                  | 14,985          | 96,256                      | -                | -                     | 111,241       |
| Debt Service                                                    |                 |                             |                  |                       |               |
| Principal                                                       | 78,823          | -                           | -                | 2,560,000             | 2,638,823     |
| Interest                                                        | 1,289           | -                           | -                | 583,400               | 584,689       |
| Total Expenditures                                              | 31,881,259      | 5,126,468                   | 1,145,472        | 4,104,800             | 42,257,999    |
| Excess (deficiency) of<br>revenues over (under)<br>expenditures | (57,704)        | (134,322)                   | -                | 246,460               | 54,434        |
| Other Financing Sources, (Uses):                                |                 |                             |                  |                       |               |
| Transfers In                                                    | -               | 67,689                      | -                | 132,107               | 199,796       |
| Transfers Out                                                   | (199,796)       | -                           | -                | -                     | (199,796)     |
| Total Other Financing<br>Sources, (Uses)                        | (199,796)       | 67,689                      | -                | 132,107               | -             |
| Net Change in Fund Balance                                      | (257,500)       | (66,633)                    | -                | 378,567               | 54,434        |
| Beginning Fund Balance                                          | 1,238,539       | 2,170,654                   | -                | 354,455               | 3,763,648     |
| Ending Fund Balance                                             | \$ 981,039      | \$ 2,104,021                | \$ -             | \$ 733,022            | \$ 3,818,082  |

See accompanying notes to basic financial statements

SCAPPOOSE SCHOOL DISTRICT NO. 1J  
COLUMBIA COUNTY, OREGON

Reconciliation of the Governmental Funds  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
to the Statement of Activities  
For the Year Ended June 30, 2025

|                                                         |    |        |
|---------------------------------------------------------|----|--------|
| Total Net Changes in Fund Balances - Governmental Funds | \$ | 54,434 |
|---------------------------------------------------------|----|--------|

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when financial resources are available. This adjustment combines the net changes in liability balances.

|                           |           |           |
|---------------------------|-----------|-----------|
| Bond Premium Amortization | 365,107   |           |
| Long Term Debt Payments   | 2,647,109 |           |
| Compensated Absences      | (148,279) |           |
|                           |           | 2,863,937 |

Capital asset additions are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation and amortization expense. This is the amount by which capital assets additions exceeds depreciation and amortization.

|                                       |             |             |
|---------------------------------------|-------------|-------------|
| Capital Asset Additions, Net          | 175,811     |             |
| Depreciation and Amortization Expense | (1,275,394) |             |
|                                       |             | (1,099,583) |

|                                                                                                                                                                                                                                                                               |        |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|
| Pension expense represents the change in net pension asset (liability) from year to year due to changes in total pension liability and the fair value of the pension plan net position available to pay PERS pension benefits, and is not included in the governmental funds. | 89,824 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|

|                                                                                                                                                                                      |        |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|
| Pension expense represents the change in total pension liability from year to year related to the early retirement supplement program and is not included in the governmental funds. | 31,160 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|

|                                                                               |        |
|-------------------------------------------------------------------------------|--------|
| RHIA OPEB - expense represents the net change in opeb asset from year to year | 91,608 |
|-------------------------------------------------------------------------------|--------|

|                                                                                                                                                                        |         |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| OPEB expense represents the net change in total pension liability from year to year related to the medical benefit OPEB and is not included in the governmental funds. | (4,842) |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|

|                                                                                                                                                                                                                                                                                                                                                                                             |       |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|
| Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. | 4,208 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|

Property tax revenue in the Statement of Activities differs from the amount reported in the governmental funds. In the governmental funds, which are on the modified accrual basis, the District recognizes unavailable revenue for all property taxes levied but not received, however in the Statement of Activities, there is no unavailable revenue and the full property tax receivable is accrued.

|                                                   |    |           |
|---------------------------------------------------|----|-----------|
|                                                   |    | 27,579    |
| Change in Net Position of Governmental Activities | \$ | 2,058,325 |

See accompanying notes to basic financial statements

SCAPPOOSE SCHOOL DISTRICT 1J  
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIALS

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies are described below.

A. REPORTING ENTITY

Scappoose School District No. 1J (the District) is a municipal corporation governed by an elected seven-member Board of Directors. Administration officials are approved by the Board. The daily functioning is under the supervision of the Superintendent-Clerk. As required by accounting principles generally accepted in the United States of America, all activities have been included in these basic financial statements.

The District qualifies as a primary government since it has a separately elected governing body, is a legally separate entity, and is fiscally independent. There are various governmental agencies and special service districts which provide services within the District's boundaries. However, the District is not financially accountable for any of these entities, and therefore, none of them are considered component units, as defined by GASB 61, or included in these basic financial statements.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole.

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

Program Revenues included in the Statement of Activities derive directly from the program itself or from parties outside taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from general revenues.

All direct expenses are reported by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities.

SCAPPOOSE SCHOOL DISTRICT 1J  
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIALS

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND FINANCIAL STATEMENTS

The accounts are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. Funds are maintained consistent with legal requirements.

GOVERNMENTAL FUND TYPES

Governmental funds are used to account for the general government activities. Governmental fund types use the flow of *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are “measurable and available”). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period (within 30 days of year-end). Property tax revenue and proceeds from sale of property are not considered available and, therefore, are not recognized until received. Expenditures are recorded when the liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, interfund transactions, and certain compensated absences and claims and judgments which are recognized as expenditures because they will be liquidated with expendable financial resources.

Revenues susceptible to accrual are interest, state, county and local shared revenue and federal and state grants. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The following major governmental funds are reported:

GENERAL FUND

This fund accounts for the financial operations except those required to be accounted for in another fund. Principal sources of revenue are property taxes and distributions from the State of Oregon School Support Fund. Expenditures in the fund are for instructional purposes and related support services.

SPECIAL REVENUE FUNDS

This fund’s main source of revenue is non-federal grants and community use fees.

FEDERAL FUND

This fund handles federal revenue and expenditures.

OTHER GOVERNMENTAL FUNDS

The Other Governmental Funds account for the aggregate of all non-major governmental funds.

SCAPPOOSE SCHOOL DISTRICT 1J  
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIALS

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

USE OF ESTIMATES

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

CASH AND CASH EQUIVALENTS

The 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.

Fair Value Inputs and Methodologies and Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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 up 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 price quotations in active markets/exchanges for identical assets or liabilities that each Fund has the ability to access

Level 2 – other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market-corroborated inputs)

Level 3 – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund's own assumptions used in determining the fair value of investments)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

PROPERTY TAXES

Uncollected real and personal property taxes are reflected on the statement of net position and the balance sheet as receivables. Uncollected taxes are deemed by management to be substantially collectible or recoverable through liens; therefore no allowance for uncollectible taxes has been established. All property taxes receivable are due from property owners within the District boundaries.

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 distributions of collections to entities levying taxes. Property taxes become a lien against the property when levied on July 1 of each year and are

SCAPPOOSE SCHOOL DISTRICT 1J  
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIALS

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

payable in three installments due on November 15, February 15 and May 15.

Property tax collections are distributed monthly except for November, when such distributions are made weekly.

GRANTS

Unreimbursed expenditures due from grantor agencies are reflected in the basic financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenditures are incurred. Cash received from grantor agencies in excess of related grant expenditures is recorded as a liability in the balance sheet and statement of net position.

SUPPLIES INVENTORIES

School operating supplies, maintenance supplies, and food and other cafeteria supplies are all considered by management immaterial for reporting purposes at year end.

LEASE RECEIVABLES

Lease receivables are recognized at the net present value of the leased assets at a borrowing rate either explicitly described in the agreement or implicitly determined by the government, reduced by principal payments received.

CAPITAL ASSETS

Capital assets, which include land, buildings, equipment and construction in progress, are reported in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost.

Donated Capital assets are recorded at their estimated fair market value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized. Capital assets are depreciated using the straight-line method over the following useful lives:

|                            |                |
|----------------------------|----------------|
| Buildings and Improvements | 10 to 50 years |
| Equipment                  | 5 to 15 years  |

LEASE ASSETS

Lease assets are assets which the government leases for a term of more than one year. The value of leases is determined by the net present value of the leases at the government's incremental borrowing rate at the time of the lease agreement, amortized over the term of the agreement.

SCAPPOOSE SCHOOL DISTRICT 1J  
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIALS

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

SUBSCRIPTION ASSETS

Subscription assets are assets in which the government obtains control of the right to use the underlying IT asset. The value of the subscription asset is initially measured as the sum of the initial subscription liability amount, any payments made to the IT software vendor before commencement of the subscription term, and any capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. The subscription asset is amortized in a straight-line manner over the course of the subscription term.

COMPENSATED ABSENCES

During the current year, the District implemented GASB Statement No. 101, *Compensated Absences*. In addition to the value of unused vacation time owed to employees upon separation of employment, the District now recognizes an estimated amount of sick leave earned as of year-end that will be used by employees as time off in future years as part of the liability of compensated absences. See Note 19 *Restatement* for more information on a prior period adjustment related to the implementation of GASB Statement No. 101.

The District recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is reported as incurred in the government-wide financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation

The District's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee's current pay rate upon separation from employment.

Sick Leave

The District's policy permits employees to accumulate earned but unused sick leave. All sick leave lapses when employees leave the employ of the District and, upon separation from service, no monetary obligation exists. However, a liability for estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences.

LONG-TERM OBLIGATIONS

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period.

SCAPPOOSE SCHOOL DISTRICT 1J  
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIALS

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

LEASES LIABILITY

In the government-wide financial statements, leases payable are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, the present value of lease payments is reported as other financing sources.

SUBSCRIPTION LIABILITIES

In the government-wide financial statements, subscription liabilities are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, the present value of subscription payments expected to be made during the subscription term is reported as other financing sources. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government's incremental borrowing rate if the interest rate is not readily determinable. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods.

NET POSITION

Net position comprises the various net earnings from operations, nonoperating revenues, expenses and contributions of capital. Net position is classified in the following three categories.

- Net investment in capital assets – consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted – consists of external constraints placed on asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position – consists of all other net position items that are not included in the other categories previously mentioned.

Restricted net position is spent first when both restricted and unrestricted resources are available.

FUND EQUITY

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved/undesignated were replaced with five new classifications – nonspendable, restricted, committed, assigned, and unassigned.

SCAPPOOSE SCHOOL DISTRICT 1J  
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIALS

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Nonspendable fund balance represents amounts that are not in a spendable form.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.
- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body. Authority to classify portions of ending fund balance as Assigned was granted to the Superintendent and the Business Manager.
- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

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

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The District's deferred outflows are clearly labeled on the face of the financial statements.

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

RETIREMENT PLANS

Substantially all of the District's employees are participants in the State of Oregon Public Employees Retirement System (PERS). For the purpose of measuring the net position liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of PERS and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. GASB Statements 68 and 71 have been implemented as of July 1, 2014.

SCAPPOOSE SCHOOL DISTRICT 1J  
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIALS

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2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

A budget is prepared and legally adopted for each fund in accordance with Oregon Local Budget Law. The budget is prepared using the modified accrual basis of accounting. Financial position, results of operations, and changes in fund balance/net position are reported on the basis of accounting principles generally accepted in the United States of America (GAAP). The budgetary statements provided as part of supplementary information elsewhere in this report are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The budgetary basis of accounting is substantially the same as generally accepted accounting principles in the United States of America with the exception that capital outlay expenditures are expensed when purchased, depreciation is not calculated, inventories of supplies are budgeted as expenditures when purchased, debt, compensated absences, OPEB liabilities are expensed when paid and debt borrowed is recorded as revenue when received, and tax revenues are not recorded as revenue until received.

The budgeting process begins by appointing Budget Committee members in early fall. Budget recommendations are developed by management through spring, with the Budget Committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June, and the hearing is held in June. The budget is adopted, appropriations are made and the tax levy is declared no later than June 30. Expenditure budgets are appropriated at the major function level (instruction, support services, community services, debt service, contingency, and transfers) for each fund.

Expenditure appropriations may not legally be over expended, except in the case of grant receipts which could not be reasonably estimated at the time the budget was adopted.

Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. Supplemental budgets less than 10% of the fund's original budget may be adopted by the Board of Directors at a regular meeting. A supplemental budget greater than 10% of the fund's original budget requires hearings before the public, publication in newspapers and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control (major function levels). Such transfers require approval by the Board. Budget amounts shown in the basic financial statements include the original budget amounts, plus appropriation transfers and appropriation increases. Appropriations lapse at the end of each fiscal year. Expenditures of the various funds were within authorized appropriations, except for General Fund – Instruction in the amount of \$93,352, Federal Funds – Instruction in the amount of \$5,113, and Food Service Fund – Enterprise and Community Services in the amount of \$11,545.

3. CASH AND INVESTMENTS

Cash and Investments at June 30, 2025 (recorded at fair value) consisted of:

Deposits with Financial Institutions:

|                 |                     |
|-----------------|---------------------|
| Demand Deposits | \$ 1,350,896        |
| LGIP            | 3,218,968           |
| Petty Cash      | 325                 |
| Total           | <u>\$ 4,570,189</u> |

SCAPPOOSE SCHOOL DISTRICT 1J  
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIALS

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3. CASH AND INVESTMENTS (CONTINUED)

DEPOSITS

Deposits with financial institutions include bank demand deposits. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury. For the fiscal year ended June 30, 2025, the bank balance was \$1,725,256 of which \$250,000 was insured by Federal Depository Insurance and the remaining balance was collateralized in accordance with Oregon Law.

Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the deposits may not be recovered. There is no formal deposit policy for custodial credit risk. For the fiscal year ended June 30, 2025, all deposits were collateralized in accordance with Oregon law.

INVESTMENTS

The policy is to follow state statutes governing cash management. Statutes authorize investing in banker's acceptances, time certificates of deposit, repurchase agreements, obligations of the United States and its agencies and instrumentalities, and the Oregon State Treasurer's Local Government Investment Pool.

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund's compliance with all portfolio guidelines can be found in their annual report when issued.

The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. We intend to measure these investments at book value since it approximates fair value since it materially approximates fair value. The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value measurement in the Oregon Short Term Fund's audited financial report. As of June 30, 2025, the fair value of the position in the LGIP is 100.39% of the value of the pool shares as reported in the Oregon Short Term Investment Fund audited financial statements. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. The audited financial reports of the Oregon Short Term Fund can be found here:

[http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-\(OSTF\).aspx](http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-(OSTF).aspx)

If the link has expired please contact the Oregon Short Term Fund directly.

SCAPPOOSE SCHOOL DISTRICT 1J  
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIALS

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**3. CASH AND INVESTMENTS (CONTINUED)**

Investments and maturities are as follows:

| Investment Type                   | Fair Value   | Less than 3<br>months | More than 3<br>months |
|-----------------------------------|--------------|-----------------------|-----------------------|
| State Treasurer's Investment Pool | \$ 3,218,968 | \$ 3,218,968          | \$ -                  |
| Total                             | \$ 3,218,968 | \$ 3,218,968          | \$ -                  |

**Interest Rate Risk**

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB. There are no investments that have a maturity date of more than 3 months.

**Custodial Credit Risk**

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the value of the investment will not be able to be recovered by collateral securities that are in the possession of an outside party. There is no formal investment policy for custodial credit risk.

**Concentration Risk**

At June 30, 2025, 100% of total investments were in the State Treasurer's Investment Pool. State statutes do not limit the percentage of investments in this instrument.

**4. GRANTS RECEIVABLE**

Special revenue fund grants receivable are comprised of claims for reimbursement of costs under various federal and state grant programs.

**5. LEASE RECEIVABLES AND DEFERRED INFLOWS**

On July 1, 2021, the District entered into a 14-month lease as Lessor for the use of 14445 NW Charlton Road. An initial lease receivable was recorded in the amount of \$41,930. On October 1, 2022, the District entered into a new 60-month lease for this property for an additional receivable of \$166,099. As of June 30, 2025, the value of the lease receivable is \$75,427. The lessee is required to make monthly fixed payments of \$3,000. The lease has an interest rate of 0.3080%. The value of the deferred inflow of resources as of June 30, 2025 was \$67,572 and the District recognized lease revenue of \$33,194 during the fiscal year.

On July 1, 2021, the District entered into a 60-month land-use lease as lessor with Crown Castle. An initial lease receivable was recorded in the amount of \$55,979. On June 1, 2023, an additional lease agreement was entered into with an extension of 60-months. An additional lease receivable was added of \$73,855. As of June 30, 2025, the value of the lease receivable is \$83,770. The lessee is required to make annual fixed payments of \$11,450. The lease has an interest rate of 0.8140%. The value of the deferred inflow of resources, as of June 30, 2025, was \$91,419, and the District recognized lease revenue of \$10,784 during the fiscal year. The lessee has one extension option for an additional 60 months.

SCAPPOOSE SCHOOL DISTRICT 1J  
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIALS

**5. LEASE RECEIVABLES AND DEFERRED INFLOWS (CONTINUED)**

On July 1, 2021, the District entered into a 116-month land-use lease as lessor with American Tower. An initial lease receivable was recorded in the amount of \$470,088. As of June 30, 2025, the value of the lease receivable is \$288,095. The lessee is required to make monthly fixed payments of \$4,246. The lease has an interest rate of 1.5250%. The value of the deferred inflow of resources, as of June 30, 2025, was \$221,789, and the District recognized lease revenue of \$40,162 during the fiscal year.

The receivable and deferred inflow activity for the year is as follows:

| <b>GOVERNMENTAL ACTIVITIES:</b>           | Balance as of<br>July 1, 2024 | Additions   | Reductions       | Balance as of<br>June 30, 2025 |
|-------------------------------------------|-------------------------------|-------------|------------------|--------------------------------|
| Lease Receivable                          |                               |             |                  |                                |
| Buildings                                 |                               |             |                  |                                |
| 14445 NW Charlton Road                    | \$ 108,621                    | \$ -        | \$ 33,194        | \$ 75,427                      |
| 33700 S.E. High School Way                | 94,554                        | -           | 10,784           | 83,770                         |
| American Tower                            | 328,257                       | -           | 40,162           | 288,095                        |
| <b>Total Lease Receivable</b>             | <b>\$ 531,432</b>             | <b>\$ -</b> | <b>\$ 84,140</b> | <b>\$ 447,292</b>              |
| Deferred Inflow of Resources              |                               |             |                  |                                |
| Buildings                                 |                               |             |                  |                                |
| 14445 NW Charlton Road                    | \$ 100,006                    | \$ -        | \$ 32,434        | \$ 67,572                      |
| 33700 S.E. High School Way                | 102,204                       | -           | 10,785           | 91,419                         |
| American Tower                            | 261,040                       | -           | 39,251           | 221,789                        |
| <b>Total Deferred Inflow of Resources</b> | <b>\$ 463,250</b>             | <b>\$ -</b> | <b>\$ 82,470</b> | <b>\$ 380,780</b>              |

The deferred inflow is amortized on a straight line basis. Future maturities for the receivable are as follows:

| Principal and Interest Expected to Maturity |                    |                   |                   |
|---------------------------------------------|--------------------|-------------------|-------------------|
| Governmental Activities                     |                    |                   |                   |
| Fiscal Year                                 | Principal Payments | Interest Payments | Total Payments    |
| 2025                                        | \$ 88,205          | \$ 10,197         | \$ 98,402         |
| 2026                                        | 84,323             | 7,908             | 92,231            |
| 2027                                        | 67,866             | 7,301             | 75,167            |
| 2028                                        | 65,895             | 5,348             | 71,243            |
| 2029                                        | 70,067             | 3,313             | 73,380            |
| 2030-32                                     | 70,936             | 1,345             | 72,281            |
| <b>Total</b>                                | <b>\$ 447,292</b>  | <b>\$ 35,412</b>  | <b>\$ 482,704</b> |

SCAPPOOSE SCHOOL DISTRICT 1J  
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIALS

**6. CAPITAL ASSETS**

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

|                                                 | 6/30/2024     | Transfers   | Additions | Deletions | 6/30/2025     |
|-------------------------------------------------|---------------|-------------|-----------|-----------|---------------|
| Capital Assets                                  |               |             |           |           |               |
| Construction In Process                         | \$ 81,429     | \$ (81,429) | \$ -      | \$ -      | \$ -          |
| Land And Improvements                           | 914,758       | -           | -         | -         | 914,758       |
| Buildings and Improvements                      | 52,840,730    | -           | 58,331    | -         | 52,899,061    |
| Equipments                                      | 861,161       | 81,429      | 117,480   | (8,711)   | 1,051,359     |
| Leases                                          | 233,709       | -           | -         | -         | 233,709       |
| Subscriptions                                   | 41,067        | -           | -         | -         | 41,067        |
| Total Capital Assets                            | 54,972,854    | -           | 175,811   | (8,711)   | 55,139,954    |
| Accumulated Depreciation and Amortization       |               |             |           |           |               |
| Buildings and Improvements                      | 25,369,816    | -           | 1,105,519 | -         | 26,475,335    |
| Equipment                                       | 596,972       | -           | 85,695    | (8,711)   | 673,956       |
| Leases                                          | 159,223       | -           | 74,486    | -         | 233,709       |
| Subscriptions                                   | 26,056        | -           | 9,694     | -         | 35,750        |
| Total Accumulated Depreciation and Amortization | 26,152,067    | -           | 1,275,394 | (8,711)   | 27,418,750    |
| Total Net Capital Assets                        | \$ 28,820,787 |             |           |           | \$ 27,721,204 |

The transfers are projects that were completed and transitioned from Construction in Process to Buildings and Improvements.

Depreciation and amortization is allocated as a direct expense to the governmental programs as follows:

|                                  |              |
|----------------------------------|--------------|
| Instruction                      | \$ 770,974   |
| Support Services                 | 472,939      |
| Enterprise and Community Service | 31,481       |
| Total                            | \$ 1,275,394 |

**7. DEFINED BENEFIT PENSION PLAN**

**Plan Description** – The Oregon Public Employees Retirement System (PERS) consists of a single cost-sharing multiple-employer defined benefit plan. All benefits of the system are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Oregon PERS produces an independently audited Annual Comprehensive Financial Report which can be found at:

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

If the link is expired please contact Oregon PERS for this information.

a. **PERS Pension (Chapter 238).** The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.

i. **Pension Benefits.** The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, and 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits

SCAPPOOSE SCHOOL DISTRICT 1J  
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIALS

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7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 benefits results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier 1 general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier 2 members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

- ii. **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 contributions are met:

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

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

- iv. **Benefit Changes After Retirement.** Members may choose to continue participation in their variable account after retiring and may experience annual benefit fluctuations due to changes in the fair value of the underlying global equity investments of that account. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes (COLA). The COLA is capped at 2.0 percent.

**OPSRP Pension Program (OPSRP DB).** The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.

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

*Police and fire:* 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

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

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

SCAPPOOSE SCHOOL DISTRICT 1J  
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIALS

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7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

- ii. **Death Benefits.** Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member. The surviving spouse may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached 70½ years.
- iii. **Disability Benefits.** A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

**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. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2022 actuarial valuation, which became effective July 1, 2023. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2025 were \$4,024,954, excluding amounts to fund employer specific liabilities. In addition approximately \$930,551 in employee contributions were paid or picked up by the Government in fiscal 2025. At June 30, 2025, the Government reported a net pension liability of \$24,401,756 for its proportionate share of the net pension liability. The 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 dated December 31, 2022. The Government's proportion of the net pension liability was based on a projection of the Government's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of the measurement date of June 30, 2024 and 2023, the Government's proportion was .110 percent and .115 percent, respectively. Pension expense for the year ended June 30, 2025 was (\$89,824).

The rates in effect for the year ended June 30, 2025 were:

- (1) Tier 1/Tier 2 – 27.87%
- (2) OPSRP general services – 25.03%

SCAPPOOSE SCHOOL DISTRICT 1J  
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NOTES TO BASIC FINANCIALS

**7. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

The amount of contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2026.

|                                                                                  | Deferred Outflow<br>of Resources | Deferred Inflow<br>of Resources |
|----------------------------------------------------------------------------------|----------------------------------|---------------------------------|
| Difference between expected and actual experience                                | \$ 1,445,578                     | \$ 58,239                       |
| Changes in assumptions                                                           | 2,453,360                        | 3,143                           |
| Net difference between projected and actual earnings on pension plan investments | 1,550,194                        | -                               |
| Net changes in proportionate share                                               | 446,371                          | 1,815,843                       |
| Differences between contributions and proportionate share of contributions       | 1,394,781                        | 627,173                         |
| Subtotal - Amortized Deferrals (below)                                           | 7,290,284                        | 2,504,398                       |
| Contributions subsequent to measuring date                                       | 4,024,954                        | -                               |
| Deferred outflow (inflow) of resources                                           | \$ 11,315,238                    | \$ 2,504,398                    |

Amounts reported as deferred outflows or inflows of resources related to pension will be recognized in pension expense as follows:

| Year ending June 30, | Amount       |
|----------------------|--------------|
| 2026                 | \$ (147,688) |
| 2027                 | 2,526,162    |
| 2028                 | 1,408,994    |
| 2029                 | 845,298      |
| 2030                 | 153,120      |
| Thereafter           | -            |
| Total                | \$ 4,785,886 |

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated January 31, 2025. Oregon PERS produces an independently audited ACFR which can be found at:

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

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

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an actuarially determined amount for funding a disability benefit component, and (c) 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.

SCAPPOOSE SCHOOL DISTRICT 1J  
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NOTES TO BASIC FINANCIALS

**7. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Actuarial Methods and Assumptions:**

|                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|---------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Valuation date            | December 31, 2022                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Experience Study Report   | 2022, Published July 24, 2023                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Actuarial cost method     | Entry Age Normal                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Amortization method       | Level percentage of payroll                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Asset valuation method    | Fair value                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Inflation rate            | 2.40 percent                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Investment rate of return | 6.90 percent                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Discount rate             | 6.90 percent                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Projected salary increase | 3.40 percent                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Cost of Living Adjustment | Blend of 2% 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:</p> <p>Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disabled Retiree, 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 value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2022 Experience Study which is reviewed for the four-year period ending December 31, 2022.

**Assumed Asset Allocation:**

| Asset Class/Strategy    | Low Range | High Range | OIC Target |
|-------------------------|-----------|------------|------------|
| Debt Securities         | 20.0%     | 30.0%      | 25.0%      |
| Public Equity           | 22.5%     | 32.5%      | 27.5%      |
| Real Estate             | 7.5%      | 17.5%      | 12.5%      |
| Private Equity          | 15.0%     | 27.5%      | 20.0%      |
| Real Assets             | 2.5%      | 10.0%      | 7.5%       |
| Diversifying Strategies | 2.5%      | 10.0%      | 7.5%       |
| Opportunity Portfolio   | 0.0%      | 5.0%       | 0.0%       |
| Total                   |           |            | 100.0%     |

(Source: June 30, 2024 PERS ACFR; p. 116)

SCAPPOOSE SCHOOL DISTRICT 1J  
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIALS

**7. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Long-Term Expected Rate of Return:**

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in January 2023 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. 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.

| Asset Class                         | Target Allocation | Compound Annual (Geometric) Return |
|-------------------------------------|-------------------|------------------------------------|
| Global Equity                       | 27.50%            | 7.07%                              |
| Private Equity                      | 25.50%            | 8.83%                              |
| Core Fixed Income                   | 25.00%            | 4.50%                              |
| Real Estate                         | 12.25%            | 5.83%                              |
| Master Limited Partnerships         | 0.75%             | 6.02%                              |
| Infrastructure                      | 1.50%             | 6.51%                              |
| Hedge Fund of Funds - Multistrategy | 1.25%             | 6.27%                              |
| Hedge Fund Equity - Hedge           | 0.63%             | 6.48%                              |
| Hedge Fund - Macro                  | 5.62%             | 4.83%                              |
| Assumed Inflation - Mean            |                   | 2.35%                              |

(Source: June 30, 2024 PERS ACFR; p. 88)

**Discount Rate** – The discount rate used to measure the total pension liability was 6.90 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from the 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.

Sensitivity of the Government's proportionate share of the net pension liability to changes in the discount rate – the following presents the Government's proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the Government's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percent lower (5.90 percent) or one percent higher (7.90 percent) than the current rate.

|                                                     | 1%<br>Decrease<br>(5.90%) | Discount<br>Rate<br>(6.90%) | 1%<br>Increase<br>(7.90%) |
|-----------------------------------------------------|---------------------------|-----------------------------|---------------------------|
| Proportionate share of<br>the net pension liability | \$ 38,492,779             | \$ 24,401,756               | \$ 12,599,836             |

SCAPPOOSE SCHOOL DISTRICT 1J  
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NOTES TO BASIC FINANCIALS

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7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

**Changes Subsequent to the Measurement Date**

As described above, GASB 67 and GASB 68 require the Total Pension Liability to be determined based on the benefit terms in effect at the Measurement Date. Any changes to benefit terms that occurs after that date are reflected in amounts reported for the subsequent Measurement Date. However, Paragraph 80f of GASB 68 requires employers to briefly describe any changes between the Measurement Date and the employer's reporting date that are expected to have a significant effect on the employer's share of the collective Net Pension Liability, along with an estimate of the resulting change, if available.

There are no changes subsequent to the June 30, 2024 Measurement Date that meet this requirement and thus would require a brief description under the GASB standard.

**Deferred Compensation Plan**

A deferred compensation plan is available to employees wherein they may execute an individual agreement with the Government for amounts earned by them to not be paid until a future date when certain circumstances are met. These circumstances are: termination by reason of resignation, death, disability, or retirement; unforeseeable emergency; or by requesting a de minimis distribution from inactive accounts valued less than \$5,000. Payment to the employee will be made over a period not to exceed 15 years. The deferred compensation plan is one which is authorized under IRC Section 457 and has been approved in its specifics by a private ruling from the Internal Revenue Service. The assets of the plan are held by the administrator for the sole benefit of the plan participants and are not considered assets or liabilities of the Government.

**OPSRP Individual Account Program (OPSRP IAP)**

*Plan Description:*

Employees of the Government are provided with pensions through OPERS. All the benefits of OPERS are established by the Oregon legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003. Chapter 238A created the Oregon Public Service Retirement Plan (OPSRP), which consists of the Defined Benefit Pension Program and the Individual Account Program (IAP). Membership includes public employees hired on or after August 29, 2003. PERS members retain their existing defined benefit plan accounts, but member contributions are deposited into the member's IAP account. OPSRP is part of OPERS, and is administered by the OPERS Board.

*Pension Benefits:*

Participants in OPERS defined benefit pension plans also participate in their defined contribution plan. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies. Upon retirement, a member of the OPSRP IAP may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

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7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

*Death Benefits:*

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

*Contributions:*

Employees of the Government pay six (6) percent of their covered payroll. Effective July 1, 2020, currently employed Tier 1/Tier 2 and OPSRP members earning \$2,500 or more per month (increased to \$3,333 per month in 2022) will have a portion of their 6 percent monthly IAP contributions redirected to an Employee Pension Stability Account. The Employee Pension Stability Account will be used to pay part of the member's future benefit. Of the 6 percent monthly IAP contribution, Tier 1/Tier 2 will have 2.5 percent redirected to the Employee Pension Stability Account and OPSRP will have 0.75 percent redirected to the Employee Pension Stability Account, with the remaining going to the member's existing IAP account. Members may voluntarily choose to make additional after-tax contributions into their IAP account to make a full 6 percent contribution to the IAP. The District did not make any optional contributions to member IAP accounts for the year ended June 30, 2025.

Additional disclosures related to Oregon PERS not applicable to specific employers are available online, or by contacting PERS at the following address: PO Box 23700 Tigard, OR 97281-3700.

<http://www.oregon.gov/pers/EMP/Pages/GASB.aspx>

8. OTHER POST-EMPLOYMENT BENEFIT PLAN - (RHIA)

**Plan Description:**

As a member of Oregon Public Employees Retirement System (OPERS) the Government contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700.

**Funding Policy:**

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 dollars or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of \$60 dollars 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 OPERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in OPERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in an OPERS-sponsored health plan. A surviving spouse or dependent of a deceased OPERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or

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NOTES TO BASIC FINANCIALS

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**8. OTHER POST-EMPLOYMENT BENEFIT PLAN - (RHIA)**

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

Participating governments are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the Government currently contributes 0.00% of annual covered OPERF payroll and 0.00% of OPSRP payroll under a contractual requirement in effect until June 30, 2025. Consistent with GASB Statement 75, the OPERS Board of Trustees sets the employer contribution rates as a measure of the proportionate relationship of the employer to all employers consistent with the manner in which contributions to the OPEB plan are determined. The basis for the employer's portion is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the plan with the total actual contributions made in the fiscal year of all employers. The Government's contributions to RHIA for the years ended June 30, 2023, 2024 and 2025 were \$1,774, \$338 and \$922, which equaled the required contributions each year.

At June 30, 2025, the Government reported a net OPEB liability/(asset) of (\$391,920) for its proportionate share of the net OPEB liability/(asset). The OPEB liability/(asset) was measured as of June 30, 2024, and the total OPEB liability/(asset) used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of December 31, 2022. Consistent with GASB Statement No. 75, paragraph 59(a), the Government's proportion of the net OPEB liability/(asset) is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers. As of the measurement date of June 30, 2024 and 2023, the Government's proportion was .097 percent and .090 percent, respectively. OPEB expense for the year ended June 30, 2025 was (\$91,608)

**Components of OPEB Expense/(Income):**

|                                                                                                                                       |                    |
|---------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| Employer's proportionate share of collective system OPEB Expense/(Income)                                                             | \$ (46,595)        |
| Net amortization of employer-specific deferred amounts from:                                                                          |                    |
| - Changes in proportionate share (per paragraph 64 of GASB 75)                                                                        | (44,215)           |
| - Differences between employer contributions and employer's proportionate share of system contributions (per paragraph 65 of GASB 75) | <u>-</u>           |
| Employer's Total OPEB Expense/(Income)                                                                                                | <u>\$ (90,810)</u> |

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NOTES TO BASIC FINANCIALS

**8. OTHER POST-EMPLOYMENT BENEFIT PLAN - (RHIA)**

**Components of Deferred Outflows/Inflows of Resources:**

|                                                                                  | Deferred Outflow<br>of Resources | Deferred Inflow<br>of Resources |
|----------------------------------------------------------------------------------|----------------------------------|---------------------------------|
| Difference between expected and actual experience                                | \$ -                             | \$ 7,665                        |
| Changes in assumptions                                                           | -                                | 4,957                           |
| Net difference between projected and actual earnings on pension plan investments | 11,066                           | -                               |
| Net changes in proportionate share                                               | -                                | 22,788                          |
| Differences between contributions and proportionate share of contributions       | -                                | -                               |
| Subtotal - Amortized Deferrals (below)                                           | 11,066                           | 35,410                          |
| Contributions subsequent to measuring date                                       | 922                              | -                               |
| Deferred outflow (inflow) of resources                                           | <u>\$ 11,988</u>                 | <u>\$ 35,410</u>                |

The amount of contributions subsequent to the measurement date will be included as a reduction of the net OPEB liability/(asset) in the fiscal year ended June 30, 2026.

Amounts reported as deferred outflows or inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year ending June 30, | Amount             |
|----------------------|--------------------|
| 2026                 | \$ (43,823)        |
| 2027                 | 12,214             |
| 2028                 | 5,987              |
| 2029                 | 1,277              |
| 2030                 | -                  |
| Thereafter           | -                  |
| Total                | <u>\$ (24,345)</u> |

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS Retirement Health Insurance Account Cost-Sharing Multiple-Employer Other Postemployment Benefit (OPEB) Plan Schedules of Employer Allocations and OPEB Amounts by Employer report, as of and for the Year Ended June 30, 2024. That independently audited report was dated January 31, 2025 and can be found at:

<https://www.oregon.gov/pers/emp/Documents/GASB/2024/Oregon-Public-Employees-Retirement-System-RHIA-Schedule-Plan-FY06302024.pdf>

SCAPPOOSE SCHOOL DISTRICT 1J  
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**8. OTHER POST-EMPLOYMENT BENEFIT PLAN - (RHIA)**

**Actuarial Methods and Assumptions:**

|                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Valuation Date                   | December 31, 2022                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Experience Study Report          | 2022, Published July 24, 2023                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Actuarial cost method            | Entry Age Normal                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Inflation rate                   | 2.40 percent                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Investment rate of return        | 6.90 percent                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Discount rate                    | 6.90 percent                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Projected salary increase        | 3.40 percent                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Retiree healthcare participation | Healthy retirees: 25%; Disabled retirees: 15%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Mortality                        | Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. |

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

**Discount Rate:**

The discount rate used to measure the total OPEB liability as of the measurement date of June 30, 2024 was 6.90 percent. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments for the RHIA plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Long-Term Expected Rate of Return:**

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in January 2023 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of

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**8. OTHER POST-EMPLOYMENT BENEFIT PLAN - (RHIA)**

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.

| <b>Asset Class</b>                  | <b>Target Allocation</b> | <b>Compound Annual (Geometric) Return</b> |
|-------------------------------------|--------------------------|-------------------------------------------|
| Global Equity                       | 27.50%                   | 7.07%                                     |
| Private Equity                      | 25.50%                   | 8.83%                                     |
| Core Fixed Income                   | 25.00%                   | 4.50%                                     |
| Real Estate                         | 12.25%                   | 5.83%                                     |
| Master Limited Partnerships         | 0.75%                    | 6.02%                                     |
| Infrastructure                      | 1.50%                    | 6.51%                                     |
| Hedge Fund of Funds - Multistrategy | 1.25%                    | 6.27%                                     |
| Hedge Fund Equity - Hedge           | 0.63%                    | 6.48%                                     |
| Hedge Fund - Macro                  | 5.62%                    | 4.83%                                     |
| <i>Assumed Inflation - Mean</i>     |                          | 2.35%                                     |

(Source: June 30, 2024 PERS ACFR; p. 88)

Sensitivity of the Government's proportionate share of the net OPEB liability/(asset) to changes in the discount rate – The following presents the Government's proportionate share of the net OPEB liability/(asset) calculated using the discount rate of 6.90 percent, as well as what the Government's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percent lower (5.90 percent) or one percent higher (7.90 percent) than the current rate.

|                                                          | 1%<br>Decrease<br>(5.90%) | Discount<br>Rate<br>(6.90%) | 1%<br>Increase<br>(7.90%) |
|----------------------------------------------------------|---------------------------|-----------------------------|---------------------------|
| Proportionate share of<br>the net OPEB liability (asset) | \$ (362,799)              | \$ (391,920)                | \$ (416,994)              |

**Changes Subsequent to the Measurement Date**

There are no changes subsequent to the June 30, 2024 Measurement Date that meet this requirement and thus would require a brief description under the GASB standard.

**9. SINGLE EMPLOYER PENSION PLAN (GASB #73)**

Early Retirement

The District maintains a single employer, defined benefit early retirement supplement program under GASB Statement No. 73 *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* for employees who meet certain eligibility requirements. The retirement incentive is offered as a form of deferred compensation for work performed during the years of active employment. The plan is funded on a pay-as-you-go basis.

SCAPPOOSE SCHOOL DISTRICT 1J  
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIALS

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9. SINGLE EMPLOYER PENSION PLAN (GASB #73) (CONTINUED)

Contributions and Funding Policy – The benefits from this program are fully paid by the District and, consequently, no contributions by employees are required. There is no obligation to fund these benefits in advance. The only obligation is to make current benefit payments due each fiscal year. Consequently, it has not been found necessary to establish a pension trust fund, and payments are made on a pay-as-you-go basis each year out of the General Fund. An estimate of this liability for current retirees is done annually. There is no separately issued financial report for the plan. The annual expenditures recognized on a budgetary basis were approximately \$57,324, \$18,013, and \$34,832 for the years ended June 30, 2025, 2024, and 2023, respectively.

Total Pension Liability – The District’s total pension liability (TPL) was measured as of June 30, 2025 and the total pension liability was determined by an actuarial valuation as of June 30, 2025.

Actuarial Methods and Assumptions – The total pension liability (TPL) for the current year was determined as part of the June 30, 2025 actuarial valuation using the Entry Age Normal (EAN) Level Percent of Pay Method. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about mortality, claim cost and the healthcare cost trend. The actuarial assumptions included; (a) a rate of return on investment of present and future assets of 3.93%; (b) annual increases in medical premiums are expected to be 5% in 2024 and 5% in all subsequent years for the Moda plan and 4% increases for Kaiser plans (c) annual increases in dental premiums are expected to be equal to the premium paid; (d) annual increases in vision premiums are expected to be equal to the premium paid; (e) an assumed inflation rate of 2.5%; (f) annual salary increases for employees are assumed to be 3.5% in all future years.

Under this method, the actuarial present value of the projected benefits of each active employee included in the valuation is allocated on a level percent of pay basis over the service of the active employee between assumed entry age (date of hire) and assumed exit age. The portion of this actuarial present value allocated to the valuation year is called the service cost for that active employee. The sum of these individual service costs is the Plan’s Service Cost for the valuation year. The present value of benefits for current retirees plus the accumulated value of all prior Service Costs is the Total Pension Liability. Under this method the actuarial gains (losses), as they occur, reduce (increase) the Total Pension Liability while leaving the Service Cost unchanged. The District’s early retirement program is unfunded.

| <u>Total Pension Liability</u>      | <u>2023</u>       | <u>2024</u>      | <u>2025</u>      |
|-------------------------------------|-------------------|------------------|------------------|
| Beginning of year, July 1           | \$ 183,530        | \$ 156,587       | \$ 97,015        |
| Benefit Payments                    | (34,832)          | (18,013)         | (21,117)         |
| Service Cost                        | 2,009             | 1,443            | 1,174            |
| Interest on Total Pension Liability | 5,880             | 5,224            | 3,398            |
| Change in Assumptions               | -                 | (516)            | -                |
| Experience (Gain)/Loss              | -                 | (47,710)         | -                |
| End of year, June 30                | <u>\$ 156,587</u> | <u>\$ 97,015</u> | <u>\$ 80,470</u> |

SCAPPOOSE SCHOOL DISTRICT 1J  
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIALS

**9. SINGLE EMPLOYER PENSION PLAN (GASB #73) (CONTINUED)**

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

|                                        | Deferred Outflow<br>of Resources | Deferred Inflow<br>of Resources |
|----------------------------------------|----------------------------------|---------------------------------|
| Difference Between Expected and Actual | \$ -                             | \$ 18,794                       |
| Changes in Assumptions                 | -                                | 202                             |
| Total                                  | <u>\$ -</u>                      | <u>\$ 18,996</u>                |

| <u>Year ending June 30,</u> | <u>Amount</u>      |
|-----------------------------|--------------------|
| 2026                        | \$ (14,615)        |
| 2027                        | (4,381)            |
| 2028                        | -                  |
| 2029                        | -                  |
| 2030                        | -                  |
| All Subsequent Years        | -                  |
| Total                       | <u>\$ (18,996)</u> |

Sensitivity the District's total pension liability to changes in the discount rate – The following presents the District's total pension liability calculated using the discount rate of 3.93 percent, as well as what the District's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.93 percent) or 1-percentage-point higher (4.93 percent) than the current rate.

|                         | 1%<br>Decrease | Discount<br>Rate | 1%<br>Increase |
|-------------------------|----------------|------------------|----------------|
| Total pension liability | \$ 81,816      | \$ 80,470        | \$ 79,708      |

**10. OTHER POST-EMPLOYMENT BENEFITS (GASB #75)**

**Retirement Health Insurance Subsidy (RHIS)**

Plan Description

The District provides a single-employer defined benefit healthcare plan that covers both active and retired participants. The plan provides post-retirement healthcare benefits for eligible retirees and their dependents through the District's group health insurance plans. The District's post-retirement plan was established in accordance with Oregon Revised Statutes (ORS) 243.303 which states, in part, that for the purposes of establishing healthcare premiums, the calculated rate must be based on the cost of all plan members, including both active employees and retirees. Because claim costs are generally higher for retiree groups than for active members, the premium amount does not represent the full cost of coverage for retirees. The resulting additional cost, or implicit subsidy, is required to be valued under GASB Statement 75 related to Other Post-Employment Benefits (OPEB). Calculations are based on 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

SCAPPOOSE SCHOOL DISTRICT 1J  
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIALS

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10. OTHER POST-EMPLOYMENT BENEFITS (GASB #75) (CONTINUED)

members to that point. 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. The valuation date was June 30, 2025 and the measurement date was June 30, 2025.

Funding Policy

The District has not established a trust fund to finance the cost of post-employment health care benefits related to implicit rate subsidies. Premiums are paid by retirees based on the rates established for active employees.

Additional costs related to an implicit subsidy are paid by the District on a pay-as-you-go basis. There is no obligation on the part of the District to fund these benefits in advance. The District considered the liability to be solely the responsibility of the District as a whole and it is allocated to the governmental statements.

Actuarial Methods and Assumptions

The District engaged an actuary to perform a valuation as of June 30, 2025 using the Entry Age Normal, level percent of salary Actuarial Cost Method. Demographic assumptions regarding retirement, mortality, and turnover are based on Oregon PERS valuation assumptions as of December 31, 2020. Election rate and lapse assumptions are based on experience implied by valuation data for this and other Oregon public employers.

Health Care Cost Trend Medical and vision:

|                      | Year                                                                                                                             | Moda  | Keiser Medical |
|----------------------|----------------------------------------------------------------------------------------------------------------------------------|-------|----------------|
|                      | 2025+                                                                                                                            | 5.00% | 4.00%          |
| Discount Rate        | 3.93%                                                                                                                            |       |                |
|                      | Health care cost trend affects both the projected health care costs as well as the projected health care premiums.               |       |                |
| General Inflation    | 2.50% per year, used to develop other economic assumptions                                                                       |       |                |
| Annual Pay Increases | 3.50% per year, based on general inflation and the likelihood of raises throughout participants' careers                         |       |                |
| Mortality            | Based on Oregon PERS assumptions. Annual rates are based on employment classification, gender, and duration from hire date.      |       |                |
| Disability           | Not used                                                                                                                         |       |                |
| Withdrawal           | Based on Oregon PERS assumptions. Annual rates are based on employment classification, gender, and duration from hire date.      |       |                |
| Retirement           | Based on Oregon PERS assumptions. Annual rates are based on age, Tier/OPSRP, duration of service, and employment classification. |       |                |

SCAPPOOSE SCHOOL DISTRICT 1J  
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIALS

**10. OTHER POST-EMPLOYMENT BENEFITS (GASB #75) (CONTINUED)**

Changes in the Net OPEB Liability

|                                        | 2023              | 2024              | 2025              |
|----------------------------------------|-------------------|-------------------|-------------------|
| <b>Total OPEB Liability at June 30</b> | \$ 645,102        | \$ 629,986        | \$ 454,087        |
| Changes For the Year:                  |                   |                   |                   |
| Service Cost                           | 29,832            | 26,361            | 27,284            |
| Interest                               | 21,658            | 21,226            | 17,606            |
| Changes in Benefit Terms               | -                 | -                 | -                 |
| Experience Gain/(Loss)                 | -                 | (41,885)          | -                 |
| Changes of Assumptions or Other Input  | -                 | (120,830)         | -                 |
| Benefit Payments                       | (66,606)          | (60,077)          | (12,184)          |
| <b>Balance as of June 30</b>           | <u>\$ 629,986</u> | <u>\$ 454,781</u> | <u>\$ 486,793</u> |

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Trend Rates

The following analysis presents the net OPEB liability using a discount rate of 3.93% as well as what the District's net OPEB liability would be if it was calculated using a discount rate that is one percentage point lower (2.93%) or one percentage point higher (4.93%) than the current rate, a similar sensitivity analysis is presented for the changes in the healthcare trend assumption:

|                      | 1%<br>Decrease | Current<br>Discount Rate | 1%<br>Increase |
|----------------------|----------------|--------------------------|----------------|
| Total OPEB Liability | \$ 522,749     | \$ 486,793               | \$ 453,354     |

  

|                      | 1%<br>Decrease<br>Healthcare | Current<br>Trend Rate<br>Healthcare | 1%<br>Increase<br>Healthcare |
|----------------------|------------------------------|-------------------------------------|------------------------------|
| Total OPEB Liability | \$ 436,095                   | \$ 486,793                          | \$ 547,019                   |

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Benefits

The District reports information on deferred outflows and deferred inflows of resources at year end as well as a schedule of amounts of those deferred outflows of resources and deferred inflows of resources that will be recognized in other post-employment benefit expense for the following five years.

|                                                   | Deferred Outflows of<br>Resources | Deferred Inflows of<br>Resources |
|---------------------------------------------------|-----------------------------------|----------------------------------|
| Difference between expected and actual experience | \$ -                              | \$ 294,528                       |
| Changes in assumptions or other input             | 165,340                           | 136,162                          |
| Deferred outflows(inflows) of resources           | <u>\$ 165,340</u>                 | <u>\$ 430,690</u>                |

SCAPPOOSE SCHOOL DISTRICT 1J  
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIALS

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10. OTHER POST-EMPLOYMENT BENEFITS (GASB #75) (CONTINUED)

Amounts reported as deferred outflows or inflow of resources related to pension will be recognized in pension expense as follows:

| <u>Year ending June 30,</u> | <u>Amount</u>       |
|-----------------------------|---------------------|
| 2026                        | \$ (27,864)         |
| 2027                        | (27,864)            |
| 2028                        | (27,864)            |
| 2029                        | (27,864)            |
| 2030                        | (27,864)            |
| 2031                        | (27,864)            |
| Thereafter                  | (98,166)            |
| Total                       | <u>\$ (265,350)</u> |

11. DEFERRED COMPENSATION

A deferred compensation plan is available to employees wherein they may execute an individual agreement for amounts earned by them to not be paid until a future date when certain circumstances are met. These circumstances are: termination by reason of death, disability, resignation, or retirement. Payment to the employee will be made over a period not to exceed 15 years. The deferred compensation plan is one which is authorized under IRC Section 457 and has been approved in its specifics by a private ruling from the Internal Revenue Service.

12. TAX ABATEMENTS

The District is subject to tax abatements (exemptions) granted by Columbia, Multnomah and Washington counties of Oregon. Counties are allowed to grant abatements due to numerous Oregon Revised Statutes (ORS). During the year ended June 30, 2025, Columbia County and Washington County had no tax abatements affecting the District. Multnomah County had an Oregon Enterprise Zone abatement that affected District revenue.

Enterprise Zone (ORS 285C.175):

The Enterprise Zone program is a state of Oregon economic development program that allows industrial firms, that will be making a substantial new capital investment, a waiver of 100 percent of real property taxes attributable to the new investment for a period of up to five years. Land and existing machinery and equipment are not tax exempt. The following schedule represents the District's portion of tax abatements granted by Multnomah County for the fiscal year ended June 30, 2025:

SCAPPOOSE SCHOOL DISTRICT 1J  
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIALS

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12. TAX ABATEMENTS (CONTINUED)

| <u>Tax Abatement Program</u>                      | <u>Amount of<br/>Taxes Abated<br/>during the<br/>Fiscal Year</u> |
|---------------------------------------------------|------------------------------------------------------------------|
| Enterprise Zone (ORS 285C.175) – Multnomah County | \$11,725                                                         |
|                                                   | <u>\$ 11,725</u>                                                 |

13. PROPERTY TAX LIMITATIONS

The voters of the State of Oregon approved ballot Measure 5, a constitutional limit on property taxes for schools and non-school government operations, in November, 1990. School operations include community colleges, local school districts and education service districts. The limitation provides that property taxes for school operations are limited to \$5.00 for each \$1,000 of property market value. This limitation does not apply to taxes levied for principal and interest on general obligation bonded debt. The result of this initiative has been that school districts have become more dependent upon state funding and less dependent upon property tax revenues as their major source of operating revenue.

The voters of the State of Oregon passed ballot Measure 50 in May, 1997 to further reduce property taxes by replacing the previous constitutional limits on tax bases with a rate and value limit. The permanent operating property tax rate was fixed at \$4.9725 per thousand of assessed value.

Measure 50 reduced the amount of operating property tax revenues available for its 1998-1999 fiscal year, and thereafter. This reduction was accomplished by rolling assessed property values back to their 1995-96 values less 10%, and limiting future tax value growth of each property to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempted from the reductions. The Measure also sets restrictive voter approval requirements for most tax and many fee increases and new bond issues, and requires the State of Oregon to minimize the impact of the tax cuts to school districts.

14. DEBT

General Obligation Bonds

General obligation bonds were issued to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for general government funds and are reported in the Governmental Activities section of the government-wide financial statements. General obligation bonds are direct obligations and pledge the full faith and credit of the District.

On May 7, 2009, \$33,300,000 of bonds were issued. Interest is payable semi-annually with an interest rate ranging between 2.5% and 5.0%. On May 12, 2015, \$25,185,000 of bonds were issued to refund \$24,680,000 outstanding of the 2009 general obligation bonds. Interest is payable semi-annually with an interest rate ranging between 2.0% and 5.0%. The refunding included a \$3,581,198 difference between the carrying value for the refunded debt and the resources used to redeem it, with a net present savings of \$1,057,386. The unrefunded portion of the 2009 general obligation bonds was called on June 15, 2019. Principal payments for the year ending June 30, 2025 totaled \$2,560,000 for the bonds issued in 2015. Defaults are covered within

SCAPPOOSE SCHOOL DISTRICT 1J  
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIALS

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14. DEBT (CONTINUED)

the Oregon School Bond Guaranty Program. Defaults are reported only if defaults are made of a material nature in ten business days of occurrence. With respect to any school bonds for which the State Treasurer has made payment under the state guaranty, and in addition to any other rights or remedies available at law or in equity, the state shall have the same substantive and procedural rights as would a holder of the school bonds of a district. The State agrees that the enforceability is limited to those holders representing at least 25% of the aggregate outstanding principal amount. The issuers obligations are terminated upon the legal defeasance, prior redemption or payment in full of all bonds. The State Treasurer may pledge the full faith and credit and taxing power of the state, except upon any acceleration of the due date by mandatory or optional redemption or acceleration resulting from defaults or otherwise.

Total debt service requirements to maturity for general obligations bonds, as of June 30, 2025, are as follows:

| General Obligation Bonds  |               |              |               |
|---------------------------|---------------|--------------|---------------|
| By Fiscal Year:           | Principal     | Interest     | Total         |
| 2026                      | \$ 2,755,000  | \$ 481,000   | \$ 3,236,000  |
| 2027                      | 2,950,000     | 380,000      | 3,330,000     |
| 2028                      | 3,170,000     | 262,800      | 3,432,800     |
| 2029                      | 3,400,000     | 136,000      | 3,536,000     |
| Total Debt Service        |               |              |               |
| Requirements for GO Bonds | \$ 12,275,000 | \$ 1,259,800 | \$ 13,534,800 |

Other Debt

Leased Equipment

On July 1, 2022, the District entered into a 36-month lease as lessee for the use of Konica Minolta copiers/printers. An initial lease liability was recorded in the amount of \$233,709. As of June 30, 2025, the lease was fully paid, and the value of the lease liability is \$-0-.

Subscription Liabilities

As of June 30, 2025, the District had no active subscriptions, and the total value of the subscription liability is \$-0-. See Note 6 Capital Assets for the value of the intangible right to use assets and related amortizations.

SCAPPOOSE SCHOOL DISTRICT 1J  
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIALS

**14. DEBT (CONTINUED)**

The following changes occurred in the long term obligation during the year ended June 30, 2025:

|                                              | Beginning<br>Balance 7/1/24 | Additions   | Deletions           | Ending Balance<br>6/30/25 | Due Within One<br>Year |
|----------------------------------------------|-----------------------------|-------------|---------------------|---------------------------|------------------------|
| <b>Governmental Activities:</b>              |                             |             |                     |                           |                        |
| Bonds payable:                               |                             |             |                     |                           |                        |
| General Obligation Bonds                     | \$ 14,835,000               | \$ -        | \$ 2,560,000        | \$ 12,275,000             | \$ 2,755,000           |
| Unamortized bond premiums<br>and (discounts) | 1,460,341                   | -           | 365,107             | 1,095,234                 | -                      |
| Other debt:                                  |                             |             |                     |                           |                        |
| Leased Equipment                             | 78,824                      | -           | 78,824              | -                         | -                      |
| Subscription Liabilities                     | 8,285                       | -           | 8,285               | -                         | -                      |
| Total Liabilities                            | <u>\$ 16,382,450</u>        | <u>\$ -</u> | <u>\$ 3,012,216</u> | <u>\$ 13,370,234</u>      | <u>\$ 2,755,000</u>    |

**15. ACCRUED COMPENSATED ABSENCES**

Compensated absences balances at June 30, 2025 and 2024 are \$841,721, and \$693,442, respectively.

| Compensated Absences | Restated<br>Beginning Balance | Net Change        | Ending Balance    |
|----------------------|-------------------------------|-------------------|-------------------|
| Governmental         | <u>\$ 693,442</u>             | <u>\$ 148,279</u> | <u>\$ 841,721</u> |
| Total                | <u>\$ 693,442</u>             | <u>\$ 148,279</u> | <u>\$ 841,721</u> |

**16. RISK MANAGEMENT**

There is exposure to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Commercial insurance is purchased to minimize exposure to these risks. Settled claims have not exceeded this commercial coverage for any of the past three years.

**17. COMMITMENTS AND CONTINGENCIES**

A substantial portion of operating funding is received from the State of Oregon. State funding is determined through state wide revenue projections that are paid to individual school districts based on pupil counts and other factors in the state school fund revenue formula. Since these projections and pupil counts fluctuate they can cause either increases or decreases in revenue. Due to these uncertainties at the state level, the future effect on operations cannot be determined.

The District plans to participate in a number of federally assisted grant programs in subsequent years. These programs are subject to program compliance audits by the grantors or their representatives. Compliance with grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although such amounts are expected by management to be immaterial.

SCAPPOOSE SCHOOL DISTRICT 1J  
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIALS

**18. INTERFUND TRANSFERS AND DUE TO / DUE FROM**

The composition of interfund transfers and due to / due froms are as follows:

|                               |                   |                          |                   |
|-------------------------------|-------------------|--------------------------|-------------------|
| <u>Due from other funds</u>   |                   | <u>Transfers Out:</u>    |                   |
| General Fund                  | \$ 421,730        | General Fund             | \$ 199,796        |
| Total                         | <u>\$ 421,730</u> | Total                    | <u>\$ 199,796</u> |
| <br><u>Due to other funds</u> |                   | <br><u>Transfers In:</u> |                   |
| Federal Funds                 | \$ 306,083        | Special Revenue Funds    | \$ 67,689         |
| Other Governmental            | 115,647           | Other Governmental Funds | 132,107           |
| Total                         | <u>\$ 421,730</u> | Total                    | <u>\$ 199,796</u> |

The interfund balances between funds represent cash advances to pay current obligations. Transfers are budgeted and recorded to show legal and operational commitments between funds such as cost sharing.

**19. FUND BALANCE CONSTRAINTS**

The specific purposes for each of the categories of fund balance as of June 30, 2025 are as follows:

|                            | <u>General fund</u> | <u>Special<br/>Revenue<br/>Funds</u> | <u>Federal<br/>Funds</u> | <u>Non-Major<br/>Funds</u> | <u>Total</u>        |
|----------------------------|---------------------|--------------------------------------|--------------------------|----------------------------|---------------------|
| <b>Fund Balances</b>       |                     |                                      |                          |                            |                     |
| <b>Restricted</b>          |                     |                                      |                          |                            |                     |
| Special Programs           | \$ -                | \$ 2,104,021                         | \$ -                     | \$ -                       | \$ 2,104,021        |
| Debt Service               | -                   | -                                    | -                        | 567,681                    | 567,681             |
| Capital Projects           | -                   | -                                    | -                        | 165,341                    | 165,341             |
| <b>Unassigned</b>          | 981,039             | -                                    | -                        | -                          | 981,039             |
| <b>Total Fund Balances</b> | <u>\$ 981,039</u>   | <u>\$ 2,104,021</u>                  | <u>\$ -</u>              | <u>\$ 733,022</u>          | <u>\$ 3,818,082</u> |

SCAPPOOSE SCHOOL DISTRICT 1J  
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIALS

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**20. RESTATEMENT**

During the current year, the District implemented GASB Statement No. 101, *Compensated Absences*. In addition to the value of unused vacation time owed to employees upon separation of employment, the District now recognizes an estimated amount of sick leave earned as of year-end that will be used by employees as time off in future years as part of the liability for compensated absences. The effects of the change in accounting principle are summarized below in the “Restatement - GASB 101 implementation” column in the table below.

|                              | <b>Net position/fund<br/>balance 6/30/24 as<br/>previously reported</b> | <b>Restatement - GASB<br/>101 implementation</b> | <b>Net position/fund<br/>balance 6/30/24 as<br/>restated/adjusted</b> |
|------------------------------|-------------------------------------------------------------------------|--------------------------------------------------|-----------------------------------------------------------------------|
| <b>Government-wide</b>       |                                                                         |                                                  |                                                                       |
| Governmental activities      | \$ 328,679                                                              | \$ (604,753)                                     | \$ (276,074)                                                          |
| <b>Total government-wide</b> | <u>\$ 328,679</u>                                                       | <u>\$ (604,753)</u>                              | <u>\$ (276,074)</u>                                                   |

**21. CONCENTRATION AND CONSTRAINTS**

**State and Federal Funding**

The School District operates as a subdivision of the state, and as such, its funding is heavily reliant on appropriations from the state legislature to the School Support Fund (SSF). For the year ended June 30, 2025, approximately 72% of the District’s total governmental fund revenues were derived from SSF grants. This concentration of funding exposes the District to significant financial risk should state funding levels decrease. Although the legislature approved the next biennial funding cycle, effective beginning July 1, 2025, the District’s future funding remains uncertain, particularly given the state's dependence on federal aid for various programs, including education. Federal funding, as noted in subsequent sections, is currently experiencing reductions and is expected to face further reductions in the foreseeable future.

The District also receives federal grants, which totaled approximately 4% of its governmental fund revenues for the year ending June 30, 2025. Most of these federal grants are scheduled to begin in the upcoming fiscal year starting October 1, 2025. As of the financial statement date, federal budget negotiations for 2025-26 are ongoing, and the District’s reliance on federal funding introduces exposure to the broader implications of national debt levels and potential federal spending adjustments. Management actively monitors economic and legislative developments to assess potential impacts on future federal funding.

The District’s long-term financial strategies are reviewed periodically to address the risks associated with these funding concentrations.

**Payroll Costs**

The District is also a mandatory participant in the Oregon Educators Benefit Board (OEBB), which provides group health benefits to staff. This participation involves resource concentration, as the District depends on a single provider for a substantial portion of its employee benefit costs. While the District’s financial contributions are negotiated through collective bargaining, the rates and plan structures are set solely by OEBB. As a result, the District remains vulnerable to significant financial impacts from potential rate

SCAPPOOSE SCHOOL DISTRICT 1J  
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIALS

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21. CONCENTRATION AND CONSTRAINTS (CONTINUED)

increases. The rates for the plan year beginning October 1, 2025, were approved on August 15, 2025—prior to the issuance of these financial statements. These new rates could influence future financial commitments and bargaining negotiations. Additionally, OEBB is currently considering rate increases exceeding the Oregon Legislature’s cap of 3.4%. If legislation permitting higher increases is enacted, it could substantially affect the District’s future costs. Management continues to monitor the rate-setting process and evaluates the possible financial implications for upcoming budgets and negotiations.

The District is also a required participant in the Public Employees Retirement System (PERS). Pension costs are determined on a biennial basis through an actuary and are significantly impacted by the investment performance of the PERS fund. For the fiscal year ending June 30, 2025, pension expenses accounted for roughly 13% of the District’s General Fund expenditures. The District’s pension obligations pose a concentration risk, as unfavorable investment performance or an unfunded actuarial liability could lead to substantial financial impacts. On May 30, 2025, the PERS Board approved new employer contribution rates for the upcoming biennium starting July 1, 2025. These rate adjustments will substantially increase the District’s pension costs, further amplifying the financial risk related to pension obligations.

22. SUBSEQUENT EVENT

On July 3, 2025, the District issued a Tax Anticipation Note (TAN) in the amount of \$3,000,000 to provide for short-term cash flow needs prior to the receipt of property tax revenues. The note bears interest at 4.11% and matures on December 31, 2025, with repayment expected from tax collections received within six months.

This transaction occurred after the balance sheet date and relates to conditions arising subsequent to year-end. Accordingly, no adjustments have been made to the accompanying financial statements as of June 30, 2025.

SCAPPOOSE SCHOOL DISTRICT NO. 1J

COLUMBIA COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

SCAPPOOSE SCHOOL DISTRICT NO. 1J  
COLUMBIA COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2025

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

| Year<br>Ended<br>June 30, | (a)<br>Employer's<br>proportion of<br>the net pension<br>liability (NPL) | (b)<br>Employer's<br>proportionate share<br>of the net pension<br>liability (NPL) | (c)<br>District's<br>covered<br>payroll | (b/c)<br>NPL as a<br>percentage<br>of covered<br>payroll | Plan fiduciary<br>net position as<br>a percentage of<br>the total pension<br>liability |
|---------------------------|--------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-----------------------------------------|----------------------------------------------------------|----------------------------------------------------------------------------------------|
| 2025                      | 0.11 %                                                                   | \$ 24,401,756                                                                     | \$ 15,224,860                           | 160.3 %                                                  | 79.3 %                                                                                 |
| 2024                      | 0.11                                                                     | 21,509,764                                                                        | 14,707,880                              | 146.2                                                    | 81.7                                                                                   |
| 2023                      | 0.11                                                                     | 16,861,183                                                                        | 12,660,227                              | 133.2                                                    | 84.5                                                                                   |
| 2022                      | 0.12                                                                     | 14,854,048                                                                        | 11,632,276                              | 127.7                                                    | 87.6                                                                                   |
| 2021                      | 0.12                                                                     | 27,191,504                                                                        | 12,119,864                              | 224.4                                                    | 75.8                                                                                   |
| 2020                      | 0.13                                                                     | 23,170,893                                                                        | 12,000,784                              | 193.1                                                    | 80.2                                                                                   |
| 2019                      | 0.14                                                                     | 21,205,753                                                                        | 11,623,597                              | 182.4                                                    | 82.1                                                                                   |
| 2018                      | 0.14                                                                     | 19,410,907                                                                        | 11,331,933                              | 171.3                                                    | 83.1                                                                                   |
| 2017                      | 0.15                                                                     | 23,160,153                                                                        | 10,568,987                              | 219.1                                                    | 80.5                                                                                   |
| 2016                      | 0.18                                                                     | 10,355,013                                                                        | 9,900,499                               | 104.6                                                    | 91.9                                                                                   |

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date.

SCHEDULE OF CONTRIBUTIONS

| Year<br>Ended<br>June 30, | Statutorily<br>required<br>contribution | Contributions in<br>relation to the<br>statutorily required<br>contribution | Contribution<br>deficiency<br>(excess) | Employer's<br>covered<br>payroll | Contributions<br>as a percent<br>of covered<br>payroll |
|---------------------------|-----------------------------------------|-----------------------------------------------------------------------------|----------------------------------------|----------------------------------|--------------------------------------------------------|
| 2025                      | \$ 4,024,954                            | \$ 4,024,954                                                                | \$ -                                   | \$ 16,349,025                    | 24.6 %                                                 |
| 2024                      | 3,774,597                               | 3,774,597                                                                   | -                                      | 15,224,860                       | 24.8                                                   |
| 2023                      | 3,393,183                               | 3,393,183                                                                   | -                                      | 14,707,880                       | 23.1                                                   |
| 2022                      | 3,055,651                               | 3,055,651                                                                   | -                                      | 12,660,227                       | 24.1                                                   |
| 2021                      | 3,121,205                               | 3,121,205                                                                   | -                                      | 11,632,276                       | 26.8                                                   |
| 2020                      | 3,240,917                               | 3,240,917                                                                   | -                                      | 12,119,864                       | 26.7                                                   |
| 2019                      | 2,579,950                               | 2,579,950                                                                   | -                                      | 12,000,784                       | 21.5                                                   |
| 2018                      | 2,551,710                               | 2,551,710                                                                   | -                                      | 11,623,597                       | 22.0                                                   |
| 2017                      | 2,042,766                               | 2,042,766                                                                   | -                                      | 11,331,933                       | 18.0                                                   |
| 2016                      | 2,013,978                               | 2,013,978                                                                   | -                                      | 10,568,987                       | 19.1                                                   |

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date.

SCAPPOOSE SCHOOL DISTRICT NO. 1J  
COLUMBIA COUNTY, OREGON

SCHEDULE OF TOTAL PENSION LIABILITY  
 EARLY RETIREMENT  
 For the Year Ended June 30, 2025

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| Fiscal Year End Date | (a)<br>Total Pension<br>Liability | (b)<br>Covered<br>Payroll | (a)/(b)<br>TPL as a<br>Percentage of<br>Covered<br>Payroll |
|----------------------|-----------------------------------|---------------------------|------------------------------------------------------------|
|                      | <hr/>                             | <hr/>                     | <hr/>                                                      |
| 6/30/2025            | \$ 80,470                         | \$ 695,420                | 11.6%                                                      |
| 6/30/2024            | 97,015                            | 930,192                   | 10.4%                                                      |
| 6/30/2023            | 156,587                           | 746,460                   | 21.0%                                                      |
| 6/30/2022            | 183,530                           | 932,122                   | 19.7%                                                      |
| 6/30/2021            | 197,695                           | 1,213,576                 | 16.3%                                                      |
| 6/30/2020            | 232,292                           | 1,183,977                 | 19.6%                                                      |
| 6/30/2019            | 213,550                           | 1,645,581                 | 13.0%                                                      |
| 6/30/2018            | 247,431                           | 1,605,445                 | 15.4%                                                      |
| 6/30/2017            | 289,226                           | 1,957,478                 | 14.8%                                                      |
| 6/30/2016            | 306,992                           | 1,957,478                 | 15.7%                                                      |

The amounts presented for the fiscal year were actuarially determined as of June 30, 2024

SCAPPOOSE SCHOOL DISTRICT NO. 1J  
COLUMBIA COUNTY, OREGON

SCHEDULE OF CHANGES IN OTHER POST EMPLOYMENT BENEFITS (OPEB) LIABILITY  
For the Year Ended June 30, 2025

|                                                                     | 2025              | 2024              | 2023              | 2022              | 2021              | 2020              | 2019              | 2018              |
|---------------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Total OPEB Liability - Beginning                                    | \$ 454,087        | \$ 629,986        | \$ 645,102        | \$ 902,856        | \$ 900,991        | \$ 825,229        | \$ 820,231        | \$ 829,237        |
| Changes for the year:                                               |                   |                   |                   |                   |                   |                   |                   |                   |
| Service Cost                                                        | 27,284            | 26,361            | 29,832            | 29,104            | 45,417            | 44,309            | 38,147            | 37,217            |
| Interest                                                            | 17,606            | 21,226            | 21,658            | 30,800            | 19,218            | 17,535            | 30,511            | 30,605            |
| Changes of Benefit Terms                                            | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 |
| Experience (Gain)/Loss                                              | -                 | (120,830)         | -                 | (99,234)          | -                 | (261,904)         | -                 | -                 |
| Changes of Assumptions or Other Input                               | -                 | (41,885)          | -                 | (152,849)         | -                 | 339,388           | -                 | -                 |
| Benefit Payments                                                    | (12,184)          | (60,771)          | (66,606)          | (65,575)          | (62,770)          | (63,566)          | (63,660)          | (76,828)          |
| Net Changes for the Year                                            | 32,706            | (175,899)         | (15,116)          | (257,754)         | 1,865             | 75,762            | 4,998             | (9,006)           |
| <b>Total OPEB Liability - Ending</b>                                | <b>\$ 486,793</b> | <b>\$ 454,087</b> | <b>\$ 629,986</b> | <b>\$ 645,102</b> | <b>\$ 902,856</b> | <b>\$ 900,991</b> | <b>\$ 825,229</b> | <b>\$ 820,231</b> |
| Covered Payroll                                                     | 14,471,597        | 13,982,219        | 12,377,213        | 12,075,330        | 11,261,376        | 10,986,708        | 10,371,067        | 10,118,114        |
| Net Single Employer Pension Plan as a Percentage of Covered Payroll | 3.36%             | 3.25%             | 5.09%             | 5.34%             | 8.02%             | 8.20%             | 7.96%             | 8.11%             |

Note: This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full year trend has been compiled, information is presented for the years for which the required supplementary schedule information is available. The District implemented GASB 75 in the fiscal year ending June 30, 2018.

SCAPPOOSE SCHOOL DISTRICT NO. 1J  
COLUMBIA COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION  
OTHER POSTEMPLOYMENT BENEFITS (OPEB)  
RETIREMENT HEALTH INSURANCE ACCOUNT (RHIA)

For the Year Ended June 30, 2025

SCHEDULE OF CHANGES IN THE TOTAL OPEB - RHIA LIABILITY

| Year<br>Ended<br>June 30, | Service<br>Cost | Difference Between<br>Expected and<br>Actual Experience | Changes in<br>Assumptions | Difference Between<br>Projected and<br>Actual Investment<br>Earnings | Employer<br>Actual<br>Contributions | Changes in<br>Employer<br>Proportion | Employer Total<br>Expense |
|---------------------------|-----------------|---------------------------------------------------------|---------------------------|----------------------------------------------------------------------|-------------------------------------|--------------------------------------|---------------------------|
| 2025                      | \$ -            | \$ (7,665)                                              | \$ (4,957)                | \$ 11,066                                                            | \$ 922                              | \$ (22,788)                          | \$ (23,422)               |
| 2024                      | -               | (8,276)                                                 | (3,554)                   | 935                                                                  | 338                                 | (42,202)                             | (52,759)                  |
| 2023                      | -               | (6,332)                                                 | (5,959)                   | (17,821)                                                             | 1,774                               | 52,192                               | 23,854                    |
| 2022                      | -               | (6,330)                                                 | 7,862                     | (54,074)                                                             | 1,621                               | 92,004                               | 41,083                    |
| 2021                      | -               | 35,020                                                  | 18,209                    | (38,096)                                                             | 1,773                               | 69,185                               | 86,091                    |
| 2020                      | -               | 25,461                                                  | 200                       | 11,918                                                               | 12,006                              | (478)                                | 49,107                    |
| 2019                      | -               | 6,401                                                   | 358                       | 23,349                                                               | 49,522                              | -                                    | 79,630                    |

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

SCHEDULE OF CONTRIBUTIONS FOR RHIA

| Year<br>Ended<br>June 30, | Total OPEB<br>Liability<br>Beginning<br>(Asset) | Net Change in<br>Total OPEB Liability<br>(Asset) | Total OPEB<br>Liability (Asset)<br>Ending | Covered<br>Payroll | Total OPEB<br>Liability as a<br>Percentage of<br>Covered Payroll | Discount<br>Rate |
|---------------------------|-------------------------------------------------|--------------------------------------------------|-------------------------------------------|--------------------|------------------------------------------------------------------|------------------|
| 2025                      | \$ (329,649)                                    | \$ (62,271)                                      | \$ (391,920)                              | \$ 16,349,025      | -2.40%                                                           | 6.90%            |
| 2024                      | (233,675)                                       | (95,974)                                         | (329,649)                                 | 15,224,860         | -2.17%                                                           | 6.90%            |
| 2023                      | (227,531)                                       | (6,144)                                          | (233,675)                                 | 14,707,880         | -1.59%                                                           | 6.90%            |
| 2022                      | (342,566)                                       | 115,035                                          | (227,531)                                 | 12,660,227         | -1.80%                                                           | 6.90%            |
| 2021                      | (193,080)                                       | (149,486)                                        | (342,566)                                 | 11,632,276         | -2.94%                                                           | 7.20%            |
| 2020                      | (112,939)                                       | (80,141)                                         | (193,080)                                 | 12,119,864         | -1.59%                                                           | 7.20%            |
| 2019                      | (42,150)                                        | (42,150)                                         | (112,939)                                 | 12,000,784         | -0.94%                                                           | 7.20%            |

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

SCAPPOOSE SCHOOL DISTRICT NO. 1J  
COLUMBIA COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2025

| <u>GENERAL FUND</u>                              |                            |                         |                      |                   |
|--------------------------------------------------|----------------------------|-------------------------|----------------------|-------------------|
|                                                  | <u>ORIGINAL<br/>BUDGET</u> | <u>FINAL<br/>BUDGET</u> | <u>ACTUAL</u>        | <u>VARIANCE</u>   |
| REVENUES:                                        |                            |                         |                      |                   |
| Local Sources:                                   |                            |                         |                      |                   |
| Current & Prior Property Taxes                   | \$ 11,363,903              | \$ 11,363,902           | \$ 12,166,762        | \$ 802,860        |
| Earnings on Investments                          | 190,000                    | 190,000                 | 217,177              | 27,177            |
| Other Local Sources                              | 245,000                    | 245,000                 | 546,233              | 301,233           |
| Intermediate Sources                             | 675,000                    | 675,000                 | 431,927              | (243,073)         |
| State Sources                                    | 18,543,600                 | 18,543,600              | 18,230,473           | (313,127)         |
| Federal Sources                                  | 120,636                    | 120,636                 | 230,983              | 110,347           |
| Total Revenue                                    | <u>31,138,139</u>          | <u>31,138,138</u>       | <u>31,823,555</u>    | <u>685,417</u>    |
| EXPENDITURES:                                    |                            |                         |                      |                   |
| Instruction                                      | 18,859,795                 | 19,093,927              | (1) 19,187,279       | (93,352)          |
| Support Services                                 | 12,473,143                 | 13,000,000              | (1) 12,693,980       | 306,020           |
| Contingency                                      | 840,990                    | -                       | (1) -                | -                 |
| Total Expenditures                               | <u>32,173,928</u>          | <u>32,093,927</u>       | <u>31,881,259</u>    | <u>212,668</u>    |
| Excess of Revenues Over, (Under)<br>Expenditures | (1,035,789)                | (955,789)               | (57,704)             | 898,085           |
| Other Financing Sources (Uses):                  |                            |                         |                      |                   |
| Transfers Out                                    | <u>(234,000)</u>           | <u>(234,000)</u>        | (1) <u>(199,796)</u> | <u>34,204</u>     |
| Total Other Financing Sources, (Uses)            | <u>(234,000)</u>           | <u>(234,000)</u>        | <u>(199,796)</u>     | <u>34,204</u>     |
| Net Change in Fund Balance                       | (1,269,789)                | (1,189,789)             | (257,500)            | 932,289           |
| Beginning Fund Balance                           | <u>2,069,789</u>           | <u>2,069,789</u>        | <u>1,238,539</u>     | <u>(831,250)</u>  |
| Ending Fund Balance                              | <u>\$ 800,000</u>          | <u>\$ 880,000</u>       | <u>\$ 981,039</u>    | <u>\$ 101,039</u> |

(1) Appropriation Level

SCAPPOOSE SCHOOL DISTRICT NO.1J  
COLUMBIA COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2025

| <u>SPECIAL REVENUE FUNDS</u>                  |                            |                         |                     |                     |
|-----------------------------------------------|----------------------------|-------------------------|---------------------|---------------------|
|                                               | <u>ORIGINAL<br/>BUDGET</u> | <u>FINAL<br/>BUDGET</u> | <u>ACTUALS</u>      | <u>VARIANCE</u>     |
| REVENUES:                                     |                            |                         |                     |                     |
| Local Sources:                                |                            |                         |                     |                     |
| Earnings on Investments                       | \$ 64,500                  | \$ 64,500               | \$ 88,834           | \$ 24,334           |
| Other Local Sources                           | 610,000                    | 610,000                 | 994,478             | 384,478             |
| Intermediate Sources                          | 296,654                    | 296,654                 | 307,433             | 10,779              |
| State Sources                                 | 3,771,813                  | 3,771,813               | 3,601,401           | (170,412)           |
|                                               | <u>4,742,967</u>           | <u>4,742,967</u>        | <u>4,992,146</u>    | <u>249,179</u>      |
| Total Revenues                                |                            |                         |                     |                     |
| EXPENDITURES:                                 |                            |                         |                     |                     |
| Instruction                                   | 4,216,844                  | 4,216,844 (1)           | 3,379,333           | 837,511             |
| Support Services                              | 2,937,704                  | 2,937,704 (1)           | 1,747,135           | 1,190,569           |
|                                               | <u>7,154,548</u>           | <u>7,154,548</u>        | <u>5,126,468</u>    | <u>2,028,080</u>    |
| Total Expenditures                            |                            |                         |                     |                     |
| Excess of Revenues Over, (Under) Expenditures | (2,411,581)                | (2,411,581)             | (134,322)           | 2,277,259           |
| Other Financing Sources (Uses):               |                            |                         |                     |                     |
| Transfers In                                  | 84,000                     | 84,000                  | 67,689              | (16,311)            |
|                                               | <u>84,000</u>              | <u>84,000</u>           | <u>67,689</u>       | <u>(16,311)</u>     |
| Total Other Financing Sources (Uses)          |                            |                         |                     |                     |
| Net Change in Fund Balance                    | (2,327,581)                | (2,327,581)             | (66,633)            | 2,260,948           |
| Beginning Fund Balance                        | 2,327,581                  | 2,327,581               | 2,170,654           | (156,927)           |
| Ending Fund Balance                           | <u>\$ -</u>                | <u>\$ -</u>             | <u>\$ 2,104,021</u> | <u>\$ 2,104,021</u> |

(1) Appropriation Level

SCAPPOOSE SCHOOL DISTRICT NO.1J  
COLUMBIA COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2025

FEDERAL FUNDS

|                            | <u>ORIGINAL<br/>BUDGET</u> | <u>FINAL<br/>BUDGET</u> | <u>ACTUAL</u>      | <u>VARIANCE</u>    |
|----------------------------|----------------------------|-------------------------|--------------------|--------------------|
| REVENUES:                  |                            |                         |                    |                    |
| Federal Sources            | \$ 1,045,521               | \$ 1,145,521            | \$ 1,145,472       | \$ (49)            |
| Total Revenues             | <u>1,045,521</u>           | <u>1,145,521</u>        | <u>1,145,472</u>   | <u>49</u>          |
| EXPENDITURES:              |                            |                         |                    |                    |
| Instruction                | 913,521                    | 1,063,521 (1)           | 1,068,634          | (5,113)            |
| Support Services           | <u>132,000</u>             | <u>82,000 (1)</u>       | <u>76,838</u>      | <u>5,162</u>       |
| Total Expenditures         | <u>1,045,521</u>           | <u>1,145,521</u>        | <u>1,145,472</u>   | <u>49</u>          |
| Net Change in Fund Balance | -                          | -                       | -                  | -                  |
| Beginning Fund Balance     | <u>-</u>                   | <u>-</u>                | <u>-</u>           | <u>-</u>           |
| Ending Fund Balance        | <u><u>\$ -</u></u>         | <u><u>\$ -</u></u>      | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |

(1) Appropriation Level

SCAPPOOSE SCHOOL DISTRICT NO. 1J

COLUMBIA COUNTY, OREGON

SUPPLEMENTARY INFORMATION

SCAPPOOSE SCHOOL DISTRICT NO. 1J  
COLUMBIA COUNTY, OREGON

COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS  
June 30, 2025

|                                        | DEBT<br>SERVICE<br>FUND | FOOD<br>SERVICE   | CAPITAL<br>CONSTRUCTION | TOTALS            |
|----------------------------------------|-------------------------|-------------------|-------------------------|-------------------|
| ASSETS:                                |                         |                   |                         |                   |
| Cash and Investments                   | \$ 529,845              | \$ 225            | \$ 84,417               | \$ 614,487        |
| Taxes Receivable                       | 139,036                 | -                 | -                       | 139,036           |
| Accounts Receivable                    | 18,516                  | 115,759           | 80,924                  | 215,199           |
| Total Assets                           | <u>\$ 687,397</u>       | <u>\$ 115,984</u> | <u>\$ 165,341</u>       | <u>\$ 968,722</u> |
| LIABILITIES AND FUND BALANCES:         |                         |                   |                         |                   |
| Liabilities:                           |                         |                   |                         |                   |
| Accounts Payable                       | \$ -                    | \$ 337            | \$ -                    | \$ 337            |
| Due To Other Funds                     | -                       | 115,647           | -                       | 115,647           |
| Total Liabilities                      | <u>-</u>                | <u>115,984</u>    | <u>-</u>                | <u>115,984</u>    |
| Deferred Inflows of Resources:         |                         |                   |                         |                   |
| Unavailable Revenue                    | <u>119,716</u>          | <u>-</u>          | <u>-</u>                | <u>119,716</u>    |
| Total Deferred Inflows of Resources    | <u>119,716</u>          | <u>-</u>          | <u>-</u>                | <u>119,716</u>    |
| Fund Balance:                          |                         |                   |                         |                   |
| Restricted                             | <u>567,681</u>          | <u>-</u>          | <u>165,341</u>          | <u>733,022</u>    |
| Total Fund Balances                    | <u>567,681</u>          | <u>-</u>          | <u>165,341</u>          | <u>733,022</u>    |
| Total Liabilities<br>and Fund Balances | <u>\$ 687,397</u>       | <u>\$ 115,984</u> | <u>\$ 165,341</u>       | <u>\$ 968,722</u> |

SCAPPOOSE SCHOOL DISTRICT NO. 1J  
COLUMBIA COUNTY, OREGON

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES  
ALL NON-MAJOR GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2025

|                                                           | DEBT<br>SERVICE<br>FUND | FOOD<br>SERVICE | CAPITAL<br>CONSTRUCTION | TOTAL      |
|-----------------------------------------------------------|-------------------------|-----------------|-------------------------|------------|
| REVENUES:                                                 |                         |                 |                         |            |
| Local Sources:                                            |                         |                 |                         |            |
| Interest                                                  | \$ 105,563              | \$ -            | \$ 2,042                | \$ 107,605 |
| Other Local Sources                                       | 3,307,841               | 269,244         | 106,360                 | 3,683,445  |
| Intermediate Sources                                      | 886                     | -               | -                       | 886        |
| State Sources                                             | -                       | 61,198          | -                       | 61,198     |
| Federal Sources                                           | -                       | 498,126         | -                       | 498,126    |
| Total Revenues                                            | 3,414,290               | 828,568         | 108,402                 | 4,351,260  |
| EXPENDITURES:                                             |                         |                 |                         |            |
| Support Services                                          | 725                     | -               | -                       | 725        |
| Community Services                                        | -                       | 960,675         | -                       | 960,675    |
| Debt Service                                              | 3,143,400               | -               | -                       | 3,143,400  |
| Total Expenditures                                        | 3,144,125               | 960,675         | -                       | 4,104,800  |
| Excess (deficiency) of revenues over (under) expenditures | 270,165                 | (132,107)       | 108,402                 | 246,460    |
| Other Financing Sources (Uses):                           |                         |                 |                         |            |
| Transfers In                                              | -                       | 132,107         | -                       | 132,107    |
| Total Other Financing Sources (Uses)                      | -                       | 132,107         | -                       | 132,107    |
| Net Change in Fund Balance                                | 270,165                 | -               | 108,402                 | 378,567    |
| Beginning Fund Balance                                    | 297,516                 | -               | 56,939                  | 354,455    |
| Ending Fund Balance                                       | \$ 567,681              | \$ -            | \$ 165,341              | \$ 733,022 |

SCAPPOOSE SCHOOL DISTRICT NO. 1J  
COLUMBIA COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2025

DEBT SERVICE

|                                | <u>ORIGINAL<br/>BUDGET</u> | <u>FINAL<br/>BUDGET</u> | <u>ACTUAL</u>     | <u>VARIANCE</u>   |
|--------------------------------|----------------------------|-------------------------|-------------------|-------------------|
| REVENUES:                      |                            |                         |                   |                   |
| Local Sources:                 |                            |                         |                   |                   |
| Current & Prior Property Taxes | \$ 3,226,055               | \$ 3,226,055            | \$ 3,307,841      | \$ 81,786         |
| Interest                       | 34,000                     | 34,000                  | 105,563           | 71,563            |
| Intermediate Sources           | -                          | -                       | 886               | 886               |
| Total Revenues                 | <u>3,260,055</u>           | <u>3,260,055</u>        | <u>3,414,290</u>  | <u>154,235</u>    |
| EXPENDITURES:                  |                            |                         |                   |                   |
| Support Services               | 600                        | 800 (1)                 | 725               | 75                |
| Debt Service:                  |                            |                         |                   |                   |
| Redemption of Principal        | 2,350,000                  | 2,350,000 (2)           | 2,560,000         | (210,000)         |
| Interest                       | <u>913,455</u>             | <u>913,255 (2)</u>      | <u>583,400</u>    | <u>329,855</u>    |
| Total Expenditures             | <u>3,264,055</u>           | <u>3,264,055</u>        | <u>3,144,125</u>  | <u>119,930</u>    |
| Net Change in Fund Balance     | (4,000)                    | (4,000)                 | 270,165           | 274,165           |
| Beginning Fund Balance         | <u>4,000</u>               | <u>4,000</u>            | <u>297,516</u>    | <u>293,516</u>    |
| Ending Fund Balance            | <u>\$ -</u>                | <u>\$ -</u>             | <u>\$ 567,681</u> | <u>\$ 567,681</u> |

(1) Appropriation Level

(2) Items are combined for the appropriation level

SCAPPOOSE SCHOOL DISTRICT NO. 1J  
COLUMBIA COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2025

FOOD SERVICE

|                                               | ORIGINAL<br>BUDGET | FINAL<br>BUDGET | ACTUAL     | VARIANCE  |
|-----------------------------------------------|--------------------|-----------------|------------|-----------|
| REVENUES:                                     |                    |                 |            |           |
| Local Sources                                 | \$ 214,000         | \$ 214,000      | \$ 269,244 | \$ 55,244 |
| State Sources                                 | 49,400             | 49,400          | 61,198     | 11,798    |
| Federal Sources                               | 455,730            | 455,730         | 498,126    | 42,396    |
| Total Revenues                                | 719,130            | 719,130         | 828,568    | 109,438   |
| EXPENDITURES:                                 |                    |                 |            |           |
| Enterprise and Community Services             | 869,130            | 949,130 (1)     | 960,675    | (11,545)  |
| Total Expenditures                            | 869,130            | 949,130         | 960,675    | (11,545)  |
| Excess of Revenues Over, (Under) Expenditures | (150,000)          | (230,000)       | (132,107)  | 97,893    |
| Other Financing Sources (Uses):               |                    |                 |            |           |
| Transfers In                                  | 150,000            | 230,000         | 132,107    | (97,893)  |
| Total Other Financing Sources, (Uses)         | 150,000            | 230,000         | 132,107    | (97,893)  |
| Net Change in Fund Balance                    | -                  | -               | -          | -         |
| Beginning Fund Balance                        | -                  | -               | -          | -         |
| Ending Fund Balance                           | \$ -               | \$ -            | \$ -       | \$ -      |

(1) Appropriation Level

SCAPPOOSE SCHOOL DISTRICT NO. 1J  
COLUMBIA COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2025

| <u>CAPITAL PROJECT</u>     |                            |                         |                   |                   |
|----------------------------|----------------------------|-------------------------|-------------------|-------------------|
|                            | <u>ORIGINAL<br/>BUDGET</u> | <u>FINAL<br/>BUDGET</u> | <u>ACTUAL</u>     | <u>VARIANCE</u>   |
| REVENUES:                  |                            |                         |                   |                   |
| Local Sources:             |                            |                         |                   |                   |
| Interest                   | \$ 3,000                   | \$ 3,000                | \$ 2,042          | \$ (958)          |
| Other Local Sources        | -                          | -                       | 106,360           | 106,360           |
| Intermediate Sources       | <u>120,000</u>             | <u>120,000</u>          | <u>-</u>          | <u>(120,000)</u>  |
| Total Revenues             | <u>123,000</u>             | <u>123,000</u>          | <u>108,402</u>    | <u>(14,598)</u>   |
| EXPENDITURES:              |                            |                         |                   |                   |
| Support Services           | <u>203,000</u>             | <u>203,000 (1)</u>      | <u>-</u>          | <u>203,000</u>    |
| Total Expenditures         | <u>203,000</u>             | <u>203,000</u>          | <u>-</u>          | <u>203,000</u>    |
| Net Change in Fund Balance | (80,000)                   | (80,000)                | 108,402           | 188,402           |
| Beginning Fund Balance     | <u>80,000</u>              | <u>80,000</u>           | <u>56,939</u>     | <u>(23,061)</u>   |
| Ending Fund Balance        | <u>\$ -</u>                | <u>\$ -</u>             | <u>\$ 165,341</u> | <u>\$ 165,341</u> |

(1) Appropriation Level

SCAPPOOSE SCHOOL DISTRICT NO. 1J  
COLUMBIA COUNTY, OREGON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2025

| PROGRAM TITLE                                                      | FEDERAL<br>CFDA<br>NUMBER | PASS-<br>THROUGH<br>ORGANIZATION | PASS-<br>THROUGH<br>ENTITY<br>NUMBER | EXPENDITURES                  | SUBRECIPIENT<br>PASS THRU |
|--------------------------------------------------------------------|---------------------------|----------------------------------|--------------------------------------|-------------------------------|---------------------------|
| <b>US DEPARTMENT OF AGRICULTURE</b>                                |                           |                                  |                                      |                               |                           |
| <b>Child Nutrition Cluster</b>                                     |                           |                                  |                                      |                               |                           |
| School Breakfast Program                                           | 10.553                    | ODE                              | NA                                   | \$ 93,160                     | \$ -                      |
| National School Lunch Program                                      | 10.555                    | ODE                              | NA                                   | 280,872                       | -                         |
| National School Lunch Program Supply Chain Assistance - COVID-19   | 10.555                    | ODE                              | NA                                   | 49,726                        | -                         |
| National School Lunch Program Commodity: Noncash Assistance        | 10.555                    | ODE                              | NA                                   | 65,203                        | -                         |
| Fresh Fruit and Vegetable Program                                  | 10.582                    | ODE                              | NA                                   | 9,165                         | -                         |
| <b>Total Child Nutrition Cluster</b>                               |                           |                                  |                                      | <u>498,126</u> <sup>(1)</sup> | <u>-</u>                  |
| <b>US DEPARTMENT OF AGRICULTURE TOTAL</b>                          |                           |                                  |                                      | <u>498,126</u>                | <u>-</u>                  |
| <b>DEPARTMENT OF EDUCATION</b>                                     |                           |                                  |                                      |                               |                           |
| <b>Office of Elementary and Secondary Education</b>                |                           |                                  |                                      |                               |                           |
| <b>Title I Grants to Local Educational Agencies</b>                |                           |                                  |                                      |                               |                           |
| Title I-A 23-24 - Formula                                          | 84.010                    | ODE                              | 76574                                | 8,233                         | -                         |
| Title I-A 22-25 - Formula                                          | 84.010                    | ODE                              | 82257                                | 303,134                       | -                         |
| <b>Total Title I Grants to Local Educational Agencies</b>          |                           |                                  |                                      | <u>311,367</u> <sup>(1)</sup> | <u>-</u>                  |
| <b>Supporting Effective Instruction State Grants</b>               |                           |                                  |                                      |                               |                           |
| Title II-A - Teacher Quality - Formula                             | 84.367                    | ODE                              | 76771                                | 53,583                        | -                         |
| <b>Total Supporting Effective Instruction State Grants</b>         |                           |                                  |                                      | <u>53,583</u>                 | <u>-</u>                  |
| <b>Student Support and Academic Enrichment Program Title IV-A</b>  |                           |                                  |                                      |                               |                           |
| Title IV-A SSAE 23-24 - Formula                                    | 84.424                    | ODE                              | 77190                                | 3,430                         | -                         |
| Title IV-A SSAE 24-25 - Formula                                    | 84.424                    | ODE                              | 82717                                | 24,544                        | -                         |
| <b>Total Student Support and Academic Enrichment Program</b>       |                           |                                  |                                      | <u>27,974</u>                 | <u>-</u>                  |
| <b>Indian Education - Grants to Local Education Agencies</b>       |                           |                                  |                                      |                               |                           |
| Indian Education Formula Grants to LEAs                            | 84.060A                   | NA                               | S060A242737                          | 3,765                         | -                         |
| <b>Total Indian Education - Grants to Local Education Agencies</b> |                           |                                  |                                      | <u>3,765</u>                  | <u>-</u>                  |
| <b>SPECIAL EDUCATION CLUSTER (IDEA)</b>                            |                           |                                  |                                      |                               |                           |
| <b>Special Education - Grants to States (IDEA, Part B)</b>         |                           |                                  |                                      |                               |                           |
| IDEA Part B 611 FFY23 Funds - Formula                              | 84.027                    | ODE                              | 78057                                | 317,525                       | -                         |
| IDEA Part B 611 FFY 24 - Formula                                   | 84.027                    | ODE                              | 83445                                | 416,337                       | -                         |
| <b>Total Special Education - Grants to States (IDEA, Part B)</b>   |                           |                                  |                                      | <u>733,862</u>                | <u>-</u>                  |
| <b>Special Education Preschool Grants (IDEA Preschool)</b>         |                           |                                  |                                      |                               |                           |
| IDEA Part B 619 FFY24 Funds - Formula                              | 84.173                    | ODE                              | 83634                                | 1,698                         | -                         |
| <b>Total Special Education - Preschool Grants (IDEA Preschool)</b> |                           |                                  |                                      | <u>1,698</u>                  | <u>-</u>                  |
| <b>SPECIAL EDUCATION CLUSTER (IDEA) TOTAL</b>                      |                           |                                  |                                      | <u>735,560</u>                | <u>-</u>                  |
| <b>Education Stabilization Fund</b>                                |                           |                                  |                                      |                               |                           |
| ESSER III Title VI Native Education Investment - Discretionary     | 84.425U                   | ODE                              | 80421                                | 7,482                         | -                         |
| American Rescue Plan - Homeless Children and Youth II - Formula    | 84.425W                   | ODE                              | 69398                                | 5,742                         | -                         |
| <b>Total Education Stabilization Fund</b>                          |                           |                                  |                                      | <u>13,224</u>                 | <u>-</u>                  |
| <b>DEPARTMENT OF EDUCATION TOTAL</b>                               |                           |                                  |                                      | <u>1,145,473</u>              | <u>-</u>                  |
| <b>TOTAL GRANTS EXPENDED OR PASSED THROUGH TO SUBRECIPIENTS</b>    |                           |                                  |                                      | <u>\$ 1,643,599</u>           | <u>\$ -</u>               |

(1) Major Program

SCAPPOOSE SCHOOL DISTRICT NO. 1J  
COLUMBIA COUNTY, OREGON

INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS



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January 13, 2026

### **Independent Auditors' Report Required by Oregon State Regulations**

We have audited the basic financial statements of the Scappoose School District No. 1J as of and for the year ended June 30, 2025, and have issued our report thereon dated January 13, 2026. 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 the financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

In connection with our testing nothing came to our attention that caused us to believe the Scappoose School District No. 1J was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except for the following:

1. During our testing of the District's teacher experience, we noted an instance where a teachers years of experience for the current fiscal year was not updated.
2. We noted budget over expenditures as explained on page 23 of the report.
3. During our testing of a budget appropriation change to the 2024-2025 budget, we noted that the District did not budget for a transfer out in the General Fund while a transfer in was budgeted in the Food Service Fund.

### **OAR 162-10-0230 Internal Control**

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

We noted matters involving the internal control structure and its operation that we consider to be significant deficiencies under the standards established by the American Institute of Certified Public Accountants, which are noted in the Schedule of Findings and Questioned Costs.

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

A handwritten signature in black ink that reads "Tara M. Kamp, CPA". The signature is written in a cursive, flowing style.

Tara M. Kamp, CPA  
CLEAR TRAIL CPAS

SCAPPOOSE SCHOOL DISTRICT NO. 1J  
COLUMBIA COUNTY, OREGON

GRANT COMPLIANCE REVIEW



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January 13, 2026

To the Board of Directors  
Scappoose School District No. 1J  
Columbia County, Oregon

INDEPENDENT AUDITORS' 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*

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 aggregate remaining fund information of Scappoose School District No. 1J as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated January 13, 2026.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express an opinion on the effectiveness of 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 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. During our audit we identified deficiencies in internal control that we consider to be significant deficiencies as noted in the Schedule of Findings and Questioned Costs as FS-2025-001 and FS-2025-002.

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

## **Report on Compliance and Other Matters**

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

## **Entity's Response to Finding**

The entity's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinions on them.

## **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 internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Tara M. Kamp, CPA  
CLEAR TRAIL CPAS



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January 13, 2026

To the Board of Directors  
Scappoose School District No. 1J  
Columbia County, Oregon

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

***Opinion on Each Major Federal Program***

We have audited Scappoose School District No. 1J's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2025. The major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Scappoose School District No. 1J's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

***Basis for Opinion on Each Major Federal Program***

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

We are required to be independent of Scappoose School District No. 1J's 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 compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to its federal programs.

***Auditors' 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 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 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 compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of 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 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as identified above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that we have not identified.

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

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

A handwritten signature in black ink that reads "Tara M. Kamp, CPA". The signature is written in a cursive, flowing style.

Tara M. Kamp, CPA  
CLEAR TRAIL CPAS

**SCAPPOOSE SCHOOL DISTRICT  
COLUMBIA COUNTY, OREGON**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2025**

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**SECTION I – SUMMARY OF AUDITORS' RESULTS**

**FINANCIAL STATEMENTS**

Type of auditors' report issued

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

☐ yes

☒ no

Significant deficiency(s) identified that are not considered  
to be material weaknesses?

☒ yes

☐ none reported

Noncompliance material to financial statements noted?

☐ yes

☒ no

Any GAGAS audit findings disclosed that are required to be reporting in  
accordance with the Uniform Guidance?

☐ yes

☒ no

**FEDERAL AWARDS**

Internal control over major programs:

Material weakness(es) identified?

☐ yes

☒ no

Significant deficiency(s) identified that are not considered  
to be material weaknesses?

☐ yes

☒ none reported

Type of auditors' report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance  
with the Uniform Guidance?

☐ yes

☒ no

**IDENTIFICATION OF MAJOR PROGRAMS**

**CFDA NUMBER**

**NAME OF FEDERAL PROGRAM CLUSTER**

84.010

Title I

10.553, 10.555,

Child Nutrition Cluster

10.582

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

☐ yes

☒ no

**SCAPPOOSE SCHOOL DISTRICT  
COLUMBIA COUNTY, OREGON**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2025**

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

**FS-2025-001 – SIGNIFICANT DEFICIENCY**

**CONDITION:** During our testing of adjusting journal entries, we noted that there was no documented review by a second individual.

**CRITERIA:** Adjusting journal entries should be reviewed and approved by a knowledgeable individual that is not creating the entry.

**EFFECT:** Without adequate controls in place to ensure all adjusting journal entries are approved, the possibility of a material misstatement of the financial statements exists.

**CAUSE:** The District had inadequate resources to dedicate to the review process.

**RECOMMENDATION:** We recommend the District implement an adjusting journal entry review process and that the entries review is documented with a signature and date.

**VIEWS OF RESPONSIBLE OFFICIALS:** The District acknowledges the finding and has implemented a review process for adjusting (manual) journal entries that includes signed and dated documentation.

**FS-2025-002 – SIGNIFICANT DEFICIENCY**

**CONDITION:** During our testing of bank reconciliations, we noted the bank account for the High School was not reconciled in a timely manner and fell behind for months.

**CRITERIA:** Bank reconciliations are a key control and should be completed timely.

**EFFECT:** Without adequate controls in place to ensure bank reconciliations are performed in a timely manner, the possibility of a material misstatement of the financial statements exists.

**CAUSE:** The District had inadequate resources to dedicate the bank reconciliation process.

**RECOMMENDATION:** We recommend the District implement controls to ensure all bank reconciliations are conducted in a timely manner and reviewed and approved by a second individual.

**VIEWS OF RESPONSIBLE OFFICIALS:** The District acknowledges the finding and has implemented a review process to ensure that monthly bank reconciliations are completed timely. Bank reconciliations will be subsequently reviewed and approved by a second person. Evidence of the review and approval process will include the dated signature of the preparer as well as the reviewer.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS:**

None Noted

**SCAPPOOSE SCHOOL DISTRICT  
COLUMBIA COUNTY, OREGON**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2025**

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**SECTION IV – PRIOR YEAR FINDINGS:**

FS-2024-001

CONDITION: The District discovered a material error in the accounts payable liability, having used inaccurate reports from software utilized by the District.

CURRENT STATUS: The finding appears to have been corrected by the District.

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with 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). Because the schedule presents only a selected portion of the operations, it is not intended to and does not present the net position, changes in net position, or cash flows of the entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The entity has not elected to use the ten percent de minimus indirect cost rate as allowed under Uniform Guidance, due to the fact that they already have a negotiated indirect cost rate with Oregon Department of Education, and thus is not allowed to use the de minimus rate.