



Jefferson County
School District 509J

UNITE. ENGAGE. SOAR.

Jefferson School District No. 509J

Madras, Oregon

ANNUAL FINANCIAL REPORT

JUNE 30, 2025

JEFFERSON COUNTY SCHOOL DISTRICT NO. 509J

445 SE Buff Street
Madras, OR 9774
(541) 475 - 6856

DISTRICT OFFICIALS

COURTNEY SNEAD 1940 NE Gentry Road, Madras, OR 97741-9400	Chair
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JACOB STRUCK 1966 SE Dussault Road, Madras, OR 97741-1595	Vice Chair
--	------------

LAURIE DANZUKA PO BOX 333, Madras, OR 97761-0222	Director
---	----------

REGINA MITCHELL 445 SE Buff Street, Madras, OR 97741-1595	Director
--	----------

KEVIN RICHARDS 3634 SE Baldwin Drive, Madras, OR 97741-8822	Director
--	----------

ADMINISTRATION

BRAD HENRY 445 SE Buff Street, Madras, OR 97741	Chief Financial Officer
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SHERRY SCRIBNER 445 SE Buff Street, Madras, OR 97741	Accountant
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SEAN MCLANE 445 SE Buff Street, Madras, OR 97741	Accountant
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CHELE PAYE 445 SE Buff Street, Madras, OR 97741	Business Support Specialist
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MARY SCHMIDT 445 SE Buff Street, Madras, OR 97741	Accounts Payable
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DENISE HUERD 445 SE Buff Street, Madras, OR 97741	Accounts Payable
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JAY MATHISEN 445 SE Buff Street, Madras, OR 97741	Superintendent
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JEFFERSON SCHOOL DISTRICT NO. 509J
AUDIT REPORT

JUNE 30, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Jefferson School District No. 509J,
445 SE Buff Street, Madras, OR 97741

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, and each major fund, of the Jefferson School District No. 509J as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Jefferson School District No. 509J's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, of Jefferson School District No. 509J as of June 30, 2025, and the respective changes in financial position in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Jefferson School District No. 509J and meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Jefferson School District No. 509J's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Jefferson School District No. 509J'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 Jefferson School District No. 509J's ability to continue as a going concern for a reasonable period.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of revenues, expenditures, and changes in fund balances – budget and actuals, and the pension and OPEB schedules are 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, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the management's discussion and analysis and the pension and OPEB schedules in accordance with the auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedules of revenues, expenditures, and changes in fund balances – budget and actuals are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The schedules of revenues, expenditures, and changes in fund balances – budget and actuals have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of revenues, expenditures, and changes in fund balances – budget and actuals are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Jefferson School District No. 509J's basic financial statements. The supplementary information is presented for the purpose of additional analysis and is not a required part of the basic financial statements of the Jefferson School District No. 509J.

The 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 other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects concerning the financial statements taken as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections, and additional schedules listed in the Other Information section of the Table of Contents but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion of any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or whether 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.

The schedule of expenditures of federal awards, as listed in the Table of Contents, is presented for purposes of additional analysis as required by the Oregon Department of Education and Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

Reports on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2025, on our consideration of the Jefferson School District No. 509J's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of these reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. The reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jefferson School District No. 509J's internal control over financial reporting and compliance.

In accordance with the *Minimum Standards for Audits of Oregon Municipal Corporations*, we have issued our report dated December 19, 2025, on our consideration of the Jefferson School District No. 509J's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on the District's compliance.



Ashraf Lakhani Farishta, CPA
Umpqua Valley Financial, LLC
Roseburg, Oregon
December 19, 2025

MANAGEMENT'S
DISCUSSION
AND ANALYSIS

JEFFERSON SCHOOL DISTRICT NO. 509J

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

The discussion and analysis of Jefferson School District No. 509J's financial performance provides an overview of the District's financial activities for the fiscal year that ended June 30, 2025. This discussion and analysis aim to examine the District's financial performance as a whole. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year ended June 30, 2025, are as follows:

- In the government-wide statements, the District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$27,828,196. Of this amount, \$28,240,961 represents the District's net investment in capital assets, \$6,165,806 is restricted for capital construction and building maintenance, and \$730,229 is restricted for special programs. The unrestricted net position is (\$7,308,800).
- The District's net position began the fiscal year at \$30,348,186, which reflects a restatement of the beginning balance due to [implementation of GASB Statement No. 101 and adjustments for compensated absences]. After a decrease of \$2,519,990, the net position ended the year at \$27,828,196, representing a 8% decline compared to the prior year.
- Total assets of governmental activities decreased by \$4,505,429, primarily due to a reduction in current and other assets.
- Total liabilities increased by \$10,647,412 during the fiscal year, driven mainly by an increase in long-term liabilities, which rose by \$10,597,831.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis introduces the District's basic financial statements. The basic financial statements include: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes additional supplementary information to supplement the basic financial statements.

Government-wide Financial Statements

The first of the government-wide statements is the *Statement of Net Position*. This is the District-wide statement of financial position, presenting information that includes all the District's assets and liabilities. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall economic health of the District would extend to other non-financial factors, such as the condition of school buildings and other facilities, as well as changes in the district's enrollment, which dictates the majority of revenue collected through the State Funding Formula.

The second government-wide statement is the *Statement of Activities*, which reports on how the District's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the *Statement of Activities* is to show the financial reliance of the distinct activities or functions of the District that are primarily supported by intergovernmental revenues, principally state basic school support and property tax revenues. The governmental activities of the District include instruction, instructional support services, operation and maintenance of plants, student transportation, and non-instructional support services.

JEFFERSON SCHOOL DISTRICT NO. 509J

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

OVERVIEW OF THE FINANCIAL STATEMENTS (Cont.)

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, Fund Financial Statements focus on the District's most significant funds rather than the District as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of individual budget versus actual statements and combining statements in a later section of this report.

Governmental funds focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. Unlike government-wide financial statements, these statements report short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the fiscal year.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide reconciliation to government-wide statements to assist in understanding the differences between these two perspectives.

Fiduciary funds such as private-purpose trust funds for scholarships are reported in the fiduciary fund financial statements but are excluded from government-wide reporting. Fiduciary fund financial statements report net position and changes in net position on a cash basis.

Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents as required supplementary information budgetary comparison statements for the General Fund and the Special Revenue Fund. The required supplementary information immediately follows the notes to the financial statements. Other supplementary data includes combining statements, individual fund statements and schedules, and other schedules. These statements and schedules immediately follow the required supplementary information in this report.

JEFFERSON SCHOOL DISTRICT NO. 509J

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

As noted earlier, net position provides the perspective of the District as a whole and may serve over time as a useful indicator of a government's financial position. In the case of the District, its assets exceeded its liabilities at June 30, 2025, by \$27,828,196. This is a \$2,519,990 decrease from last year's net position, representing a 8% decrease from the previous year.

The following table provides a summary of the District's net position. Comparative information from the previous year is provided.

Summary of Net Position			
	Governmental Activities		Percentage Change
	June 30, 2025	June 30, 2024	
Assets			
Current and Other Assets	\$ 36,561,109	\$ 46,549,723	-21.5%
Capital Assets	73,902,224	68,419,039	8.0%
Total Assets	110,463,333	114,968,762	-3.9%
Deferred Outflow of Resources	37,592,273	29,933,931	25.6%
Liabilities			
Long-Term Liabilities	93,637,325	83,039,494	12.8%
Other Liabilities	13,858,002	13,808,421	0.4%
Total Liabilities	107,495,327	96,847,915	11.0%
Deferred Inflow of Resources	12,732,083	16,290,999	-21.8%
Net Position			
Net Investment in Capital Assets	28,240,961	27,217,378	3.8%
Restricted	6,896,035	12,192,532	-43.4%
Unrestricted	(7,308,800)	(8,052,920)	-9.2%
Total Net Position	\$ 27,828,196	\$ 31,356,990	-11.3%

The beginning net position for fiscal year 2025 was restated to \$30,348,186 due to the implementation of GASB Statement No. 101 and adjustments for compensated absences.

Capital assets, which consist of the District's land, buildings, building improvements, and equipment, net of accumulated depreciation, represent about 67 percent of total assets. The remaining 33 percent of total assets consists mainly of current and other assets, which include cash and cash equivalents, prepaid expenses, inventory, and receivables.

The District's largest liabilities, which represent 93.9 percent of total liabilities, which is mainly their share of the net pension liability, net OPEB obligation, and bond payable. Other liabilities consist primarily of payables on accounts, accrued compensated absences, and salaries and benefits as of June 30, 2025.

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

JEFFERSON SCHOOL DISTRICT NO. 509J

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

The following table shows the changes in net position. Prior-year information is provided for comparative analysis of government-wide revenue and expense information.

Changes in Net Position			
	Governmental Activities		
	2024-25	2023-24	Percentage Change
Revenues			
Program Revenues			
Charges for Services	\$ 970,209	\$ 944,760	2.7%
Operating Grants and Contributions	20,048,918	21,365,396	-6.2%
Capital Grants and Contributions	-	4,927,122	-100.0%
General Revenues			
Property Taxes	8,571,197	9,393,509	-8.8%
State Basic School Support	32,333,650	30,256,949	6.9%
Federal Forest Fees	18,947	-	N/A
Other	6,105,190	6,371,613	-4.2%
Total Revenues	68,048,111	73,259,349	-7.1%
Program Expenses			
Instruction	35,749,979	28,681,862	24.6%
Support Services	29,110,599	25,470,219	14.3%
Community Services	3,664,020	3,385,993	8.2%
Interest on Long-Term Debt	2,043,503	2,221,294	-8.0%
Total Program Expenses	70,568,101	59,759,368	18.1%
Change in Net Position	(2,519,990)	13,499,981	
Beginning Net Position - Restated	30,348,186	18,263,798	66.2%
Ending Net Position	\$ 27,828,196	\$ 31,763,779	-12.4%

During the current fiscal year, the District's net position for governmental activities decreased by \$2,519,990, primarily due to a decline in revenues. Capital grants and contributions decreased by 100% compared to the prior year because the District received a State Capital Improvement Matching Grant in FY 2023–24. These funds were previously used for infrastructure upgrades at school facilities. Additionally, the decrease in other grants and contributions is attributable to the completion of various seismic construction projects.

ESSER reduction from prior year of \$(3,715,509), and Capital OSCIM \$(4m) while still investing \$6.1mil in capital improvement expenditures.

Current year expenditures totaled \$70,568,101, representing an increase of \$10,808,733 compared to the prior year. The largest portion of this increase is attributable to instructional costs, primarily driven by annual salary and benefits adjustments. The remaining increase reflects higher expenses related to support services and community services.

JEFFERSON SCHOOL DISTRICT NO. 509J

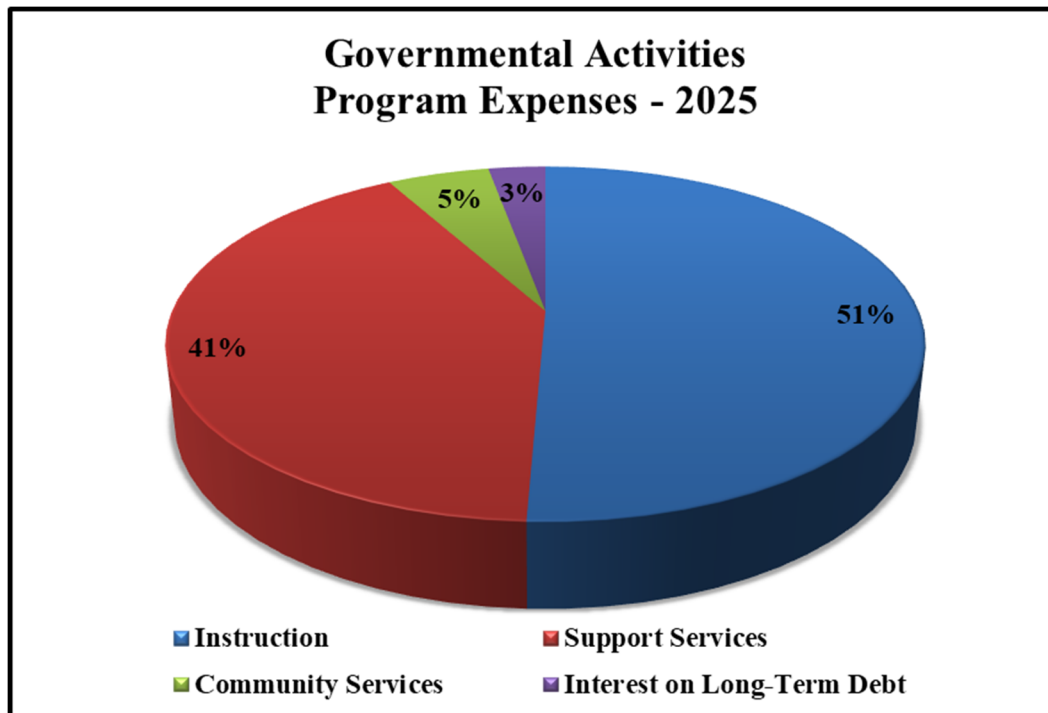
Management's Discussion and Analysis (MD&A) For the Fiscal Year Ended June 30, 2025

The Statement of Activities shows the cost of program services and the charges for services, grants, and contributions offsetting those services. The following table shows, for governmental activity, the total cost of the four major functional activities of the District. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and District's taxpayers by each of these functions.

Prior-year information is provided for comparative analysis.

Governmental Activities				
	2024-25		2023-24	
	Total Cost of Services	Net Cost (Profit) of Services	Total Cost of Services	Net Cost (Profit) of Services
Instruction	\$ 35,749,979	\$ 23,965,080	\$ 28,681,862	\$ 16,885,458
Support Services	29,110,599	23,293,006	25,470,219	13,709,846
Community Services	3,664,020	247,385	3,385,993	(294,508)
Interest on Long-Term Debt	2,043,503	2,043,503	2,221,294	2,221,294
Total Program Expenses	<u>\$ 70,568,101</u>	<u>\$ 49,548,974</u>	<u>\$ 59,759,368</u>	<u>\$ 32,522,090</u>

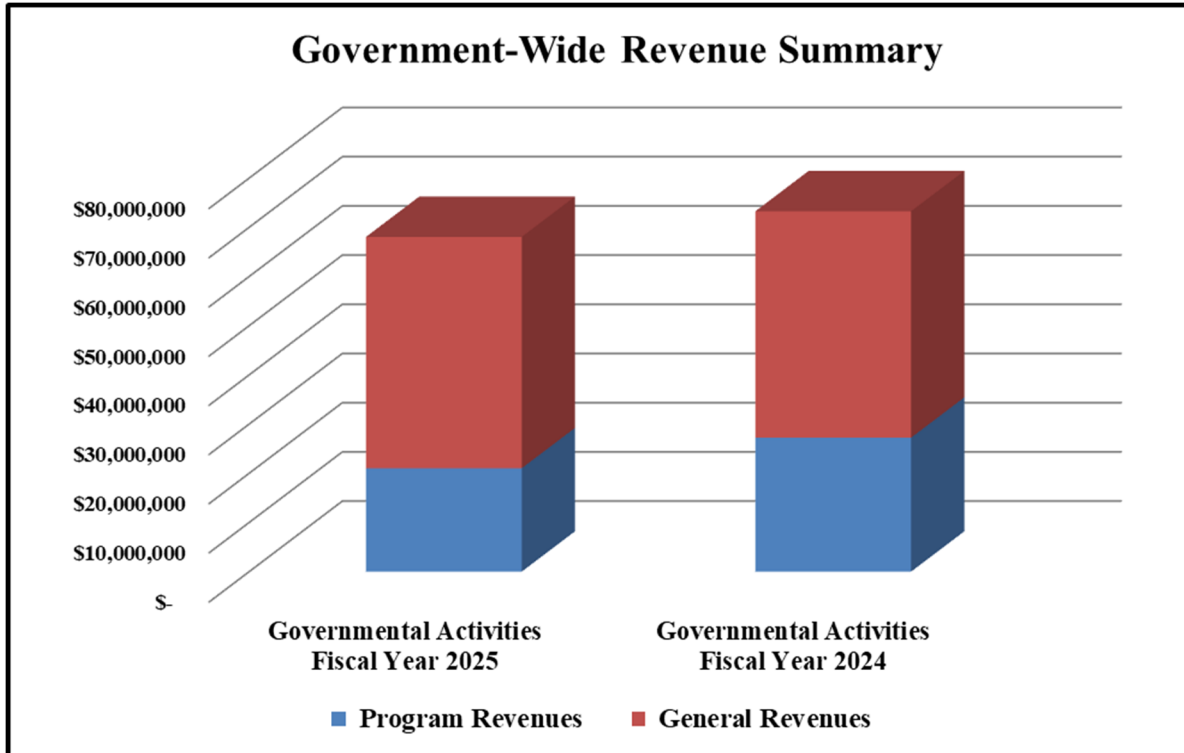
This graph illustrates the expenses of the District's programs by governmental activities. Instruction had the highest expenses, totaling \$35,749,979, followed by Support Services at \$29,110,599. Community Services accounted for \$3,664,020 in expenses, while long-term debt interest was \$2,043,503



JEFFERSON SCHOOL DISTRICT NO. 509J

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

The chart compares revenue from governmental activities between the prior year and the current year, reflecting a decrease in revenue of \$5,211,238 (7.11%)



FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the District's governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$30,202,039. The fund balance consists of restricted and unassigned amounts. Of the current fund balances, \$6,896,035 is restricted, and \$23,267,971 is unassigned and available for spending at the District's discretion.

The General Fund is the principal operating fund of the District. The fund balance in the General Fund for the fiscal year-end was \$23,461,773.

JEFFERSON SCHOOL DISTRICT NO. 509J

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

BUDGETARY HIGHLIGHTS

Over the year, the District made only minor changes to its various funds' budgets.

The General Fund expected to bring in \$43,099,407, but actually collected \$44,111,920, which is \$1,012,513 more than projected. Although tax revenue was lower than expected, this was offset by higher state aid and investment earnings.

On spending, the General Fund used \$3,830,287 less than budgeted. As a result, the ending fund balance was \$6,981,620 higher than planned, showing a strong financial position at year-end.

The Special Revenue Fund collected \$16,604,278, which was \$1,292,234 less than expected, mainly because state aid fell short by \$1,391,943. Spending was \$1,864,739 under budget, and interfund transfers were \$107,189 below projections. Despite lower revenue, the fund ended with a balance of \$768,262, an increase of \$298,531.

The Debt Service Fund closed the fiscal year with a \$227,925 decrease in its ending fund balance. This decline was driven by actual revenues falling \$86,210 below budget and expenditures exceeding projections by \$57,715. The revenue shortfall was primarily due to a tax revenue deficit of \$220,409, resulting in a net decrease of \$227,925 for the year.

For the fiscal year ended June 30, 2025, the Capital Projects Fund reported revenues of \$451,489, exceeding the budgeted \$100,000 by \$351,489, primarily due to higher investment earnings and miscellaneous income. Expenditures for facilities acquisition and construction totaled \$6,444,092, which was \$9,055,908 below the budgeted \$15,500,000, reflecting significant underspending on planned projects. As a result, the net decrease in fund balance was \$5,992,603, compared to the budgeted decrease of \$15,400,000, creating a favorable variance of \$9,407,397. The beginning fund balance of \$12,158,409 resulted in an ending fund balance of \$6,165,806, substantially higher than anticipated.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2025, the District's capital assets totaled \$119,998,153 before depreciation, reflecting a net increase of \$9,747,598 from the prior year. This growth was driven by \$33,029,831 in additions, primarily for building improvements and construction in progress, offset by \$23,282,233 in deletions related to construction projects. After accounting for accumulated depreciation of \$46,095,929, the net value of capital assets stood at \$73,902,224, up from \$68,419,041 in the previous year. These investments demonstrate the District's continued commitment to enhancing educational facilities and infrastructure.

Total depreciation expense for the year was \$4,264,415.

Additional information on the District's capital assets can be found in the Capital Asset Note in the notes to the basic financial statements section of this report.

JEFFERSON SCHOOL DISTRICT NO. 509J

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

CAPITAL ASSETS AND DEBT ADMINISTRATION (Cont.)

Long-Term Debt

On June 30, 2025, the District's long-term debt outstanding amounted to \$78,660,478. In the current fiscal year, the District paid \$7,374,997 toward its long-term debt. Out of this payment, \$5,184,307 was allocated for principal repayment, while \$2,190,690 was devoted to interest repayment.

The District's fiscal responsibility and adherence to debt repayment obligations are salient indicators of its financial prudence and stability. Additional information on the District's long-term debt can be found in the Long-Term Debt Note in the notes to this report's basic financial statements section.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The adopted budget for the fiscal year 2025-26 stands at \$102,603,905, reflecting a decrease of \$6,328,571 compared to the previous fiscal year's budget. Within this total, \$88,719,933 is allocated to various appropriated funds, while \$13,723,972 is designated as unappropriated reserves for the General Fund. Additionally, \$160,000 is set aside as unappropriated reserves for the Special Revenue Fund.

This reflects the Board of Directors, staff, students, and community's priorities, aligning with 509J's Strategic Path Forward. This five-year plan emphasizes the district's core values: "Students Flourish Here," "We Care for Each Other," and "Better Every Day."

A combination of general funds, general sub funds, grant funds, and strategic initiative resources is aligned to support these priorities.

The District will levy its maximum permanent property tax rate of \$4.5871 per \$1,000 of assessed property valuation.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives.

If you have any questions about this report or need additional information, contact the Jefferson School District No. 509J at 445 SE Buff Street, Madras, OR 97741.

BASIC FINANCIAL
STATEMENTS

Government-Wide
Financial Statements

JEFFERSON COUNTY SCHOOL DISTRICT NO. 509J**STATEMENT OF NET POSITION****June 30, 2025**

	Governmental Activities	
<u>ASSETS:</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 31,171,864	
Property Taxes Receivable	545,983	
Accounts Receivable	3,022,758	
Prepaid Expenses	334,599	
Inventory-Food, Supplies & Commodities	38,033	
Total Current Assets		\$ 35,113,237
Restricted Assets:		
Net OPEB Asset (RHIA)	727,474	
Total Restricted Assets		727,474
Capital Assets:		
Capital Assets, Non-Depreciable	6,637,054	
Capital Assets, Depreciable, Net	67,265,170	
Total Capital Assets		73,902,224
Other Assets:		
Subscription Based Information Technology Agreements - Net	518,042	
Right-to-Use Assets, Net	202,356	
Total Other Assets:		720,398
Total Assets		110,463,333
<u>DEFERRED OUTFLOW OF RESOURCES</u>		
Pension Related Deferrals	36,670,460	
OPEB Related Deferrals - RHIA	20,540	
OPEB Related Deferrals - OEGB	51,790	
Unamortized Debt Refunding Proceeds	849,483	
Total Deferred Outflow of Resources		37,592,273
<u>LIABILITIES:</u>		
Accounts Payable	\$ 1,251,674	
Payroll Liabilities	2,453,426	
Advances from Grantors	799,082	
Refundable Deposits	8,250	
Accrued Vacation Benefits	1,720,550	
Bonds Payable		
Due within one year	5,280,000	
Due in more than one year	68,275,000	
Unamortized Bond Premium	1,993,624	
Subscription Liabilities		
Due within one year	49,020	
Due in more than one year	127,956	
Notes and Contracts Payable		
Due within one year	83,665	
Due in more than one year	1,307,639	
Early Retirement Benefits Payable		
Due within one year	26,662	
Due in more than one year	64,093	
Net OPEB Obligation - OEGB	1,359,622	
Net Pension Liability	22,695,064	
Total Liabilities		107,495,327
<u>DEFERRED INFLOW OF RESOURCES</u>		
Leases	211,049	
Pension Related Deferrals	12,015,063	
OPEB Related Deferrals - RHIA	70,173	
OPEB Related Deferrals - OEGB	435,798	
Total Deferred Inflow of Resources		12,732,083
<u>NET POSITION:</u>		
Net Investment in Capital Assets	28,240,961	
Restricted for:		
Capital Construction & Building Maintenance	6,165,806	
Special Programs	730,229	
Unrestricted	(7,308,800)	
Total Net Position		\$ 27,828,196

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

JEFFERSON COUNTY SCHOOL DISTRICT NO. 509J

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2025

		Program Revenues		Net (Expense) Revenue and Change in Net Position
	(Expenses)	Charges for Services	Operating Grants and Contributions	Governmental Activities
<u>GOVERNMENTAL ACTIVITIES:</u>				
Instruction	\$ 35,749,979	\$ 958,587	\$ 10,826,312	\$ (23,965,080)
Support Services	29,110,599	-	5,817,593	(23,293,006)
Enterprise and Community Services	3,664,020	11,622	3,405,013	(247,385)
Interest on Long-Term Debt	2,043,503	-	-	(2,043,503)
Total Governmental Activities	\$ 70,568,101	\$ 970,209	\$ 20,048,918	\$ (49,548,974)
<u>GENERAL REVENUES:</u>				
Local Sources:				
Property Taxes, Levied for General Purposes				\$ 5,340,580
Property Taxes, Levied for Debt Service				3,230,617
Earnings on Investments				1,835,719
Unrestricted State and Local Revenue				3,833,264
Intermediate Sources				64,904
State School Fund for Education and Support Services				32,333,650
State Common School Fund				371,303
Federal Forest Fees for General Purposes				18,947
Subtotal - General Revenues				47,028,984
Change in Net Position				(2,519,990)
Net Position, July 1, 2024 - Restated				30,348,186
Net Position, June 30, 2025				\$ 27,828,196

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

BASIC FINANCIAL
STATEMENTS

Fund Financial Statements

JEFFERSON COUNTY SCHOOL DISTRICT NO. 509J

**BALANCE SHEET
GOVERNMENTAL FUNDS**

June 30, 2025

	General Fund #100	Special Revenue Fund #200	Debt Service Fund #300	Capital Projects Fund #400	Total Governmental Funds
<u>ASSETS:</u>					
Cash and Cash Equivalents	\$24,528,972	\$ -	\$ -	\$ 6,642,892	\$ 31,171,864
Property Taxes Receivable	338,624	-	207,359	-	545,983
Accounts Receivable	245,036	2,777,722	-	-	3,022,758
Due From Other Funds	530,131	-	-	-	530,131
Prepaid Expenses	317,499	17,100	-	-	334,599
Inventory-Food, Supplies & Commodities	-	38,033	-	-	38,033
Total Assets	25,960,262	2,832,855	207,359	6,642,892	35,643,368
<u>LIABILITIES, DEFERRED INFLOWS OF</u>					
LIABILITIES:					
Accounts Payable	368,795	405,793	-	477,086	1,251,674
Payroll Liabilities	1,861,372	592,054	-	-	2,453,426
Due to Other Funds	-	280,119	250,012	-	530,131
Advances from Grantors	12,455	786,627	-	-	799,082
Refundable Deposits	8,250	-	-	-	8,250
Total Liabilities	2,250,872	2,064,593	250,012	477,086	5,042,563
DEFERRED INFLOWS OF RESOURCES:					
Unavailable Revenue - Property Taxes	247,617	-	151,149	-	398,766
Total Deferred Inflows of Resources	247,617	-	151,149	-	398,766
FUND BALANCES:					
Unspendable	-	38,033	-	-	38,033
Restricted for:					
Capital Construction & Building Maintenance	-	-	-	6,165,806	6,165,806
Special Programs	-	730,229	-	-	730,229
Unassigned	23,461,773	-	(193,802)	-	23,267,971
Total Fund Balances	\$23,461,773	\$ 768,262	\$ (193,802)	\$ 6,165,806	\$ 30,202,039
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$25,960,262	\$ 2,832,855	\$ 207,359	\$ 6,642,892	\$ 35,643,368

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

JEFFERSON COUNTY SCHOOL DISTRICT NO. 509J

**RECONCILIATION OF THE BALANCE SHEET
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION**

June 30, 2025

Total Fund Balances - Governmental Funds		\$ 30,202,039
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Capital assets, net of depreciation	73,902,224	
Right-to-Use Asset, net of amortization	<u>202,356</u>	
Net Value of Capital Assets		74,104,580
Subscription Assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Net Value of Subscription Assets		518,042
Property taxes receivable that will not be available to pay for current-period expenditures are deferred in the governmental funds.		
		398,766
Deferred inflows and outflows of pension and OPEB contributions and earnings are not reported in the governmental funds.		
Deferred Pension/OPEB Contributions	36,742,790	
Deferred Earnings on Pension/OPEB Assets	<u>(12,732,083)</u>	
Net Value of Deferrals		24,010,707
Deferred outflows related to bond refunding proceeds are not reported in the governmental funds.		
		849,483
Some liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
These liabilities consist of :		
Bonds Payable	73,555,000	
Unamortized Bond Premium	1,993,624	
Notes Payable	1,391,304	
SBITA Payable	176,976	
Early Retirement Benefits Payable	90,755	
Net Pension Liability	22,695,064	
Net OPEB Obligations	632,148	
Accrued Vacation Benefits	<u>1,720,550</u>	
Total		<u>(102,255,421)</u>
Net Position of Governmental Activities		<u>\$ 27,828,196</u>

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

JEFFERSON COUNTY SCHOOL DISTRICT NO. 509J

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

For the Fiscal Year Ended June 30, 2025

	General Fund	Special	Debt Service	Capital	
	#100	Revenue	Fund #300	Projects Fund	Total Govern-
		Fund #200		#400	mental Funds
<u>REVENUES:</u>					
Taxes	\$ 5,260,961	\$ -	\$ 3,257,150	\$ -	\$ 8,518,111
Tuition Charges	81,453	-	-	-	81,453
Earnings on Investments	1,305,641	-	121,454	408,624	1,835,719
Fees and Charges	28,798	269,877	-	-	298,675
Miscellaneous Revenue	979,488	502,035	3,446,924	42,865	4,971,312
Intermediate Government Aid	173,165	-	1,810	-	174,975
State Aid	32,914,634	7,757,313	-	-	40,671,947
Federal Aid	3,367,780	8,075,053	-	-	11,442,833
Total Revenues	44,111,920	16,604,278	6,827,338	451,489	67,995,025
<u>EXPENDITURES:</u>					
Current:					
Instruction	24,392,363	6,506,067	-	-	30,898,430
Support Services	19,958,148	5,653,648	-	-	25,611,796
Enterprise and Community Services	105,289	3,351,596	-	-	3,456,885
Capital Outlay:					
Support Services	950,651	72,681	-	-	1,023,332
Enterprise and Community Services	66,885	-	-	-	66,885
Facilities Acquisition and Construction	568,772	1,596,748	-	6,444,092	8,609,612
Debt Service	-	-	7,155,649	-	7,155,649
Total Expenditures	46,042,108	17,180,740	7,155,649	6,444,092	76,822,589
Excess (Deficiency) of Revenues					
Over Expenditures	(1,930,188)	(576,462)	(328,311)	(5,992,603)	(8,827,564)
<u>OTHER FINANCING SOURCES (USES):</u>					
Interfund Transfers In	833,582	874,993	100,386	-	1,808,961
Interfund Transfers Out	(1,808,961)	-	-	-	(1,808,961)
Total Other Financing Sources (Uses)	(975,379)	874,993	100,386	-	-
Net Change in Fund Balance	(2,905,567)	298,531	(227,925)	(5,992,603)	(8,827,564)
Beginning Fund Balance	26,367,340	469,731	34,123	12,158,409	39,029,603
Ending Fund Balance	\$ 23,461,773	\$ 768,262	\$ (193,802)	\$ 6,165,806	\$ 30,202,039

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

JEFFERSON COUNTY SCHOOL DISTRICT NO. 509J
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2025

Net Changes in Fund Balances - Total Governmental Funds \$ (8,827,564)

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

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense.

Expenditures for capitalized assets	\$ 9,747,598	
Less current year depreciation	<u>(4,264,415)</u>	
		5,483,183

Governmental funds report the right to use lease payments as expenditures. However, in the Statement of Activities right to use lease payments are separated into interest expense related to the right to use liability and as a reduction in the right to use liability. The cost of the right to use assets are allocated over their estimated useful lives as amortization expense.

Payments allocated to the reduction of right to use liability, net of adjustments	393,360	
Current year amortization expense, net of adjustments	<u>(147,581)</u>	
		245,779

Governmental funds report subscription (SBITA) payments as expenditures. However, in the Statement of Activities subscription payments are separated into interest expense related to the subscription liability and as a reduction in the subscription liability. The cost of the subscription assets are allocated over their estimated useful lives as amortization expense.

Payments allocated to the reduction of subscription liability, net of adjustments	280,689	
Current year amortization expense, net of adjustments	<u>(257,115)</u>	
		23,574

Some property tax revenues will not be collected for several months after the District's fiscal year end and are therefore not considered "available" revenues in the governmental funds, instead these funds are shown as deferred revenue.

Deferred revenues increased by this amount this year.		53,086
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Repayment of principal on long term debt and leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Retirement of principal is as follows:

Bonds	4,900,000	
Notes and Contracts	<u>64,959</u>	
		4,964,959

Amortization of Bond Premium is not a governmental fund reduction of interest expense, but is a reduction in interest expense for the Statement of Activities

219,348

Amortization of debt refunding proceeds is not a governmental fund increase of interest expense, but is an increase in interest expense for the Statement of Activities

(106,185)

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

The activities consist of:

Net (increase)/decrease in accrued interest expense	34,024	
Net (increase)/decrease in OPEB related accruals	204,416	
Net (increase)/decrease in pension related accruals	(4,553,393)	
Net (increase)/decrease in early retirement benefits payable	(69,275)	
Net (increase)/decrease in accrued vacation benefits	<u>(191,942)</u>	
		<u>(4,576,170)</u>

Change in Net Position of Governmental Activities

\$ (2,519,990)

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

BASIC FINANCIAL
STATEMENTS

Notes to the Basic
Financial Statements

JEFFERSON SCHOOL DISTRICT NO. 509J

Notes to the Basic Financial Statements

June 30, 2025

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Jefferson School District No. 509J was organized under the provisions of Oregon Statutes pursuant to ORS Chapter 332 for the purpose of operating elementary and secondary schools. The District is governed by a separately elected five-member Board of Directors who approve the administrative officials. The daily functioning of the District is under the supervision of the Superintendent. As required by generally accepted accounting principles, all activities of the District have been included in the basic financial statements.

The basic financial statements of Jefferson School District No. 509J have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

Reporting Entity

In determining the financial reporting entity, Jefferson School District No. 509J complies with Governmental Accounting Standards Board Statement 14 as amended, "The Financial Reporting Entity." The criteria for including organizations as component units within the District's reporting entity, include whether 1) the organization is legally separate (can sue and be sued in their name); 2) the District holds the corporate powers of the organization; 3) the District appoints a voting majority of the organization's board; 4) the District can impose its will on the organization; 5) the organization has the potential to impose a financial benefit/burden on the District; and 6) there is fiscal dependency by the organization on the District. Based on the aforementioned criteria, Jefferson School District No. 509J has no component units.

Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities include programs supported primarily by taxes, state school support payments, grants, and other intergovernmental revenues. The District has no business-type activities that rely, to a significant extent, on fees and charges for support. The District also reports no fiduciary activities.

The statement of activities demonstrates the degree to which direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

JEFFERSON SCHOOL DISTRICT NO. 509J

Notes to the Basic Financial Statements

June 30, 2025

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

Basis of Presentation (Cont.)

Fund Financial Statements: During the fiscal year, the District segregates transactions related to certain school district functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds.

The fund financial statements provide reports on the financial condition and results of operations for governmental activities. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

General Fund – The General Fund is the District's primary operating fund and accounts for all revenues and expenditures, except those required to be accounted for in another fund. Expenditure categories include salaries, associated payroll costs, purchased services, supplies and materials, capital outlay, and other general expenses.

Special Revenue Fund – The Special Revenue Funds account for the uses of specific revenue sources that are legally restricted to specified purposes. Some examples of special revenue funds include restricted state or federal grants-in-aid and food service sales

Debt Service Fund – Oregon Budget Law requires the establishment of a Debt Service Fund when a bond levy is passed. These funds account for the accumulation of resources for, and the payment of, general long-term debt, principal, and interest.

Capital Projects Fund – The Capital Maintenance Fund accounts for activities related to the acquisition, construction, repair, and equipping of facilities

Measurement Focus/Basis of Accounting:

Measurement focus refers to what is being measured; the basis of accounting refers to when transactions are recognized in the financial records and reported on the financial statements. The basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. Government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized when the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt which are reported when due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

JEFFERSON SCHOOL DISTRICT NO. 509J

Notes to the Basic Financial Statements

June 30, 2025

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

Measurement Focus/Basis of Accounting (Cont.):

The revenues susceptible to accrual are property taxes, charges for services, interest income, and intergovernmental revenues. All other governmental fund revenues are recognized when received, as they are deemed immaterial. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when the revenue recognition is met or when the District has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

Budgeting

The District budgets all funds as required by state law. The District budgets for all funds on a modified accrual basis. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total expenditures are controlled by annual appropriations at the following organizational levels: instruction, support services, community services, facilities acquisition and construction, and other expenditures. Appropriations lapse as of the fiscal year-end. A detailed budget document is required that contains more detailed information for the above-mentioned expenditure categories.

Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriations resolution. A supplemental budget may require hearings before the public, publications in newspapers, and approval by the District Board of Directors. Original and supplemental budgets may be modified by the use of appropriations transfers between the levels of control. Such transfers require approval by the District Board of Directors.

Cash and Investments

Cash and cash equivalents include cash on hand, checking, savings, and money market accounts, and any short-term, highly liquid investments with initial maturity dates of three months or less.

The District has adopted an investment policy requiring compliance with Oregon statutes, which authorizes the District to invest in obligations of the United States, the agencies and instrumentalities of the United States and the State of Oregon, and numerous other investment instruments.

The District's investments may consist of time certificates of deposit, banker's acceptances, commercial paper, U.S. Government Agency securities, and the State of Oregon Treasurer's Local Government Investment Pool (LGIP). The District's investments are reported at fair value at year-end. Changes in the fair value of investments are recorded as investment earnings. The LGIP is stated at cost, which approximates fair value. The fair value of the LGIP is the same as the District's value in the pool shares.

The Oregon State Treasury administers the LGIP. It is an open-ended, non-load diversified portfolio offered to any agency, political subdivision, or public corporation of the State that by law is made the custodian of, or has control of, any fund. The LGIP is included in the Oregon Short-Term Fund (OSTF) which was established by the State Treasurer. In seeking to best serve local governments of Oregon, the Oregon legislature established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury on the management and investment options of the LGIP.

Receivables

Amounts due from individuals and organizations are recorded as receivable at year-end. These amounts include charges for services rendered, or for goods and material provided by the District. All receivables are expected to be collected. Accordingly, receivables are reported at the gross amount without an allowance for uncollectible accounts.

JEFFERSON SCHOOL DISTRICT NO. 509J

Notes to the Basic Financial Statements

June 30, 2025

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

Receivables (Cont.)

Receivables are also recognized for property taxes and intergovernmental grants. Property taxes receivable consist of uncollected taxes levied and payable at the end of the fiscal year. All taxes are considered collectible. Consequently, no allowance for uncollectible taxes has been established. In the governmental fund financial statements, property taxes not collected within sixty days of the end of the fiscal year are reported as a deferred inflow of resources.

Intergovernmental grant reimbursement and entitlement amounts for which all eligibility requirements imposed by the provider have been met, but which were not received by the fiscal year end, are reported as accounts receivable.

Prepaid Expenses

The District has elected to report the amount paid to the Oregon Public Employee Retirement System (PERS) to reduce the calculated unfunded pension liability obligation as a prepaid expense, as reported on the government-wide Statement of Net Position. The prepaid asset is to be amortized in amounts and over the estimated length of time the unfunded portion of the pension obligation is expected to be paid out to its current and former employees.

Inventory

Food & supplies inventories in the Food Service Fund are valued at cost determined by the FIFO method. Commodities inventory in the Food Service Fund is valued at estimated fair market value. Inventory is treated as being expended when used rather than when purchased. Inventories of non-food service supplies are not considered significant. The District records the cost of non-food service supplies as expenses and expenditures when purchased rather than when used.

Capital Assets

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost, or estimated cost when original cost is not available. Donated capital assets are valued at their estimated fair market value on the date received. Maintenance and repairs of capital assets are not capitalized but rather are charged to expenditures in the governmental funds. The District does not possess any infrastructure. The capitalization threshold used by the District as recommended by the State of Oregon is \$5,000.

In the government-wide financial statements, all reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method over the estimated useful lives as follows:

<u>Asset Class</u>	<u>Estimated Years of Useful Lives</u>
Buildings	20-50
Building Improvements	20-50
Land Improvements	15-25
Vehicles	10
Equipment	5-10

In the governmental fund financial statements, capital assets are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets are not capitalized, and related depreciation is not reported in the fund financial statements.

JEFFERSON SCHOOL DISTRICT NO. 509J

Notes to the Basic Financial Statements

June 30, 2025

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

Compensated Absences and Accrued Liabilities

The liability for accrued vacation benefits and sick leave that are expected to be liquidated with expendable available financial resources are reported in the government-wide statements consists of unpaid, accumulated annual leave. The early retirement liability has been calculated using the accrual method for benefit amounts due to former employees who currently are receiving early-termination benefits. Early retirement benefits are available to a limited number of employees each year.

All payables and accrued liabilities are reported on government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid on time and in full by current financial resources are reported as obligations of the funds.

Advances from Grantors

Amounts received for reimbursement-type grants in excess of District expenditures related to that grant are reported in the liability section of the government-wide statements as advances from grantors and are consequently not reported as revenues.

Long-Term Obligations

All bonds payable and capital leases payable are recognized in the government-wide financial statements as a liability of the District. Amounts of the long-term debt due within the following fiscal year are included in the current liabilities section of the Statement of Net Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the governmental fund financial statements, proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources. Principal and interest payments on bonded debt and capital lease payments are recorded as a debt service in the expenditure section of the statement and schedules.

Deferred Inflows/Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has only one item that qualifies for reporting in this category, deferred pension contributions.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item that qualifies for reporting in this category, deferred earnings on pension assets. In the governmental funds balance sheet, a different category of deferred inflow of resources, delinquent property tax revenue not available, is reported. Property taxes levied and considered receivable at the end of the fiscal year, but not collected within sixty days of the end of the fiscal year are reported in this category. These amounts are recognized as an inflow of resources (revenue) in the period that the amounts become available.

JEFFERSON SCHOOL DISTRICT NO. 509J

Notes to the Basic Financial Statements

June 30, 2025

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

Equity Classifications

Government-wide Statements

Equity is classified as net position, which represents the difference between assets, liabilities, and deferred accounts. Net position is displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

The District’s policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Financial Statements

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable**: This classification includes amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- **Restricted**: This classification includes fund balance amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The District has restricted funds for various projects that are to be used for educational purposes.
- **Committed**: This classification includes fund balance amounts that are constrained for specific purpose that are internally imposed by the government through resolution of the highest level of decision-making authority, the Board of Directors, and does not lapse at year-end.
- **Assigned**: This classification includes fund balance amounts that are intended to be used for specific purposes that are neither restricted nor committed. This intent can be expressed by the Board of Directors or through the Board of Directors delegating this responsibility to selected staff members or through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- **Unassigned**: This classification includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories, and negative fund balances of other governmental funds.

The District’s policy is to use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of the constrained fund balances.

JEFFERSON SCHOOL DISTRICT NO. 509J

Notes to the Basic Financial Statements

June 30, 2025

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

Property Taxes

Real and personal property taxes are attached as an enforceable lien on property as of January 1. All taxes are levied as of the lien date and are payable in three installments on November 15, February 15, and May 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

Uncollected property taxes are recorded on the statement of net position. Uncollected taxes are deemed to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectable taxes has been established. All property tax receivables are due from property owners within the District.

Inter-Fund Transactions

In the fund financial statements, quasi-external transactions are accounted for as revenues or expenditures, while reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other inter-fund transactions are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other inter-fund transfers are reported as operating transfers.

Use of Estimates

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

Pensions

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

CASH AND INVESTMENTS:

For a discussion of deposit and investment policies and other related information, see the Cash and Investments note under the Summary of Significant Accounting Policies.

The District follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Various restrictions on deposits and investments are imposed by state statutes. These restrictions are summarized in the Cash and Investments note under the Summary of Significant Accounting Policies.

Investments, including amounts held in pool cash and investments, are stated at fair value. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, investments with a remaining maturity of more than one year at the time of purchase are stated at fair value. Fair value is determined at the quoted market prices, if available; otherwise, the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. Investments in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value.

JEFFERSON SCHOOL DISTRICT NO. 509J

Notes to the Basic Financial Statements

June 30, 2025

CASH AND INVESTMENTS (Cont.):

Deposits - All cash is deposited in compliance with Oregon statutes. The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. FDIC insurance of \$250,000 applies to the deposits in each depository. Where balances continually exceed \$250,000, ORS 295 requires the depositor to verify that deposit accounts are only maintained at financial institutions on the list of qualified depositories found on the state treasurer's website. Qualifying depository banks must pledge securities with a particular value based on the bank's level of capitalization. The balances in excess of the FDIC insurance are considered exposed to custodial credit risk.

Custodial Credit Risk for Deposits - Custodial credit risk for deposits exists when, in the event of a depository failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk.

As of June 30, 2025, the reported amount of the District's deposits was \$12,635,508, and the bank balance was \$13,276,712. Of the bank balance, the entire amount was covered by federal depository insurance or covered by the collateral held in a multiple financial institution's collateral pool administered by the Oregon State Treasurer. Petty cash held by the district was \$450.

Investments - Oregon statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, banker's acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the Local Governmental Investment Pool. The District has no credit risk policy or investment policy that would further limit its investment choices

Credit Risk - Credit risk exists when there is a possibility that the issuer or other counterparty to an investment may be unable to fulfill its obligations. As of June 30, 2025, the District's investment in the Oregon State Treasurer's Local Government Investment Pool (LGIP) was unrated.

As of June 30, 2025, the District's deposits in financial institutions were as follows:

Type of Investment	Fair Value	Credit Rating
Oregon State Treasurer's Local Government Investment Pool (LGIP)	\$ 18,535,906	N/A
Total Investments	<u>\$ 18,535,906</u>	

Investments in the LGIP and federal agency notes do not require disclosure of credit rating quality.

Concentration of Credit Risk - An increased risk of loss occurs as more investments are acquired from one issuer. This results in a concentration of credit risk. The District places no limit on the amount that may be invested in any one issuer. More than 5 percent of the District's investments are in the Oregon State Treasurer's Local Government Investment Pool (LGIP). This investment is 100 percent of the District's total investment.

JEFFERSON SCHOOL DISTRICT NO. 509J**Notes to the Basic Financial Statements****June 30, 2025****CAPITAL ASSETS:**

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

Governmental Activities	Beginning Balances	Additions	Deletions	Ending Balances
Assets not being depreciated:				
Land	\$ 2,604,701	\$ -	\$ -	\$ 2,604,701
Construction in Progress	24,414,672	2,899,914	23,282,233	4,032,353
Total assets not being depreciated	27,019,373	2,899,914	23,282,233	6,637,054
Assets being depreciated:				
Land Improvement	1,012,985	645,807	-	1,658,792
Building and Building Improvement	73,230,143	28,321,934	-	101,552,077
Machinery and Equipment	8,988,054	1,162,177	-	10,150,231
Total Depreciable Assets	83,231,182	30,129,917	-	113,361,099
Less: Accumulated Depreciation				
Land Improvement	217,760	80,709	-	298,468
Building and Building Improvement	35,608,355	3,516,403	-	39,124,758
Machinery and Equipment	6,005,399	667,304	-	6,672,703
Total Accumulated Depreciation	41,831,514	4,264,415	-	46,095,929
Net Value of Capital Assets Being Depreciated	41,399,668	25,865,502	-	67,265,170
Total Governmental Activities --				
Net Value of Capital Assets	<u>\$ 68,419,041</u>	<u>\$ 28,765,416</u>	<u>\$ 23,282,233</u>	<u>\$ 73,902,224</u>
Depreciation expense was charged to governmental functions as follows:				
Instruction	\$ 2,242,451			
Support Services	1,963,287			
Enterprise and Community Services	<u>58,678</u>			
Total Depreciation Expense	<u>\$ 4,264,415</u>			

JEFFERSON SCHOOL DISTRICT NO. 509J

Notes to the Basic Financial Statements

June 30, 2025

LONG-TERM LIABILITIES OTHER THAN OPEB AND PENSIONS:

Leases Payable

For the year ended June 30, 2025, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

As of June 30, 2025, Jefferson County School District 509J, OR, had 7 active leases. The leases have payments that range from \$1,534 to \$59,096 and interest rates that range from 2.3660% to 4.7500%. As of 06/30/2025, the total combined value of the lease liability is \$211,049, and the total combined value of the short-term lease liability is \$65,241. The combined value of the right to use asset, as of 06/30/2025, of \$349,938 with accumulated amortization of \$147,582, is included within the Lease Class activities table found below. The leases had \$0 of Variable Payments and \$0 of Other Payments, not included in the Lease Liability, within the Fiscal Year.

Amount of Lease Assets by Major Classes of Underlying Asset

Asset Class	As of Fiscal Year-end	
	Lease Asset Value	Accumulated Amortization
Equipment	313,332	137,061
Land	36,607	10,522
Total Leases	349,939	147,583

Principal and Interest Requirements to Maturity

Fiscal Year	Governmental Activities		Total Payments
	Principal Payments	Interest Payments	
2026	65,241	7,844	73,085
2027	62,965	4,998	67,963
2028	64,318	2,116	66,434
2029	2,945	504	3,449
2030	2,951	424	3,375
2031 - 2035	12,630	870	13,500
Total Principal Payments	211,049		
Cumulative Variance as of Fiscal Year-End	-		
Total Remaining Liability	211,049		

JEFFERSON SCHOOL DISTRICT NO. 509J

Notes to the Basic Financial Statements

June 30, 2025

LONG-TERM LIABILITIES OTHER THAN OPEB AND PENSIONS:

On June 30, 2022, the District borrowed \$1,549,955 from Ameresco/US Bank. Payments are semi-annual, in December and June, and vary from \$90,265 to \$135,627, through December 17, 2037. Proceeds were used for various capital improvements to District buildings.

On March 10, 2021, the District issued a federally taxable general obligation refunding bonds of \$24,680,000 to partially refund outstanding bonds of the Series 2013 General Obligation with a \$24,680,000 to partially refund outstanding bonds of the Series 2013 General Obligation with a true interest cost of 2.09% and an average coupon rate of 1.97%. The net proceeds after payment of underwriting fees and other issuance costs were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments of the May 23, 2013, and July 23, 2013, general obligation bonds. The refunding reduced total debt service by \$2,176,396 and obtained an economic gain defined as the difference between the present values of the debt service payments on the old and new debt of 8.82%.

On February 16, 2022, the District issued \$24,000,000 in general obligation bonds approved by voters in November 2021 to fund various capital improvements in the District. The bonds were issued at a premium of \$2,671,500 and are payable over 20 years including interest at 3% and 4% through June 15, 2042.

On October 31, 2002, the District issued Oregon School Boards Association Limited Tax Pension Obligation Bonds, Series 2002 to finance the District's estimated PERS unfunded liability. The original balance was \$12,506,637 and has a variable interest rate on the bonds varying from 2.06% to 6.01%. Interest payments are due on the 30th of June and December of each year with a principal payment due with the June payment.

On July 22, 2021, the District participated with other Oregon school districts to issue Full Faith and Credit Pension Obligation Bonds, Series 2021A to finance the District's estimated PERS unfunded liability. The District issued \$31,905,000 in debt as part of the pooled issuance. Interest payments are due on the 30th of June and December of each year with a principal payment due with the June payment.

JEFFERSON SCHOOL DISTRICT NO. 509J

Notes to the Basic Financial Statements

June 30, 2025

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

JEFFERSON COUNTY SCHOOL DISTRICT NO. 509J

SCHEDULE OF LONG-TERM DEBT TRANSACTIONS

For the Fiscal Year Ended June 30, 2025

	Outstanding Balance July 1, 2024	New Issues	Principal Paid/ Reduction	Interest Paid	Outstanding Balance June 30, 2025	Due Within One Year
Bonds Payable:						
Series 2020 GO Bonds Refunding	\$ 20,550,000	\$ -	\$ 1,915,000	\$ 401,074	\$ 18,635,000	\$ 1,995,000
Series 2022 GO Bonds	23,655,000	-	495,000	814,500	23,160,000	575,000
PERS Pension Obligation Bonds 2002	5,260,000	-	1,340,000	291,930	3,920,000	1,490,000
Full Faith and Credit Pension Obligation Bonds, Series 2021A	28,990,000	-	1,150,000	647,759	27,840,000	1,220,000
Total Bonds Payable	78,455,000	-	4,900,000	2,155,263	73,555,000	5,280,000
Bond Premium/Discount	2,212,972		219,348	-	1,993,624	
Total Bonds Payable, net of Premium/Discount	80,667,972	-	5,119,348	2,155,263	75,548,624	5,280,000
Notes and Contracts Payable:						
Ameresco/US Bank Loan	\$ 1,456,263	\$ -	\$ 64,959	\$ 35,427	\$ 1,391,304	\$ 83,665
Total Notes Payable	\$ 1,456,263	\$ -	\$ 64,959	\$ 35,427	\$ 1,391,304	\$ 83,665
Compensated Absences	1,528,608	191,942	-	-	1,720,550	
Total Long-Term Debt	\$ 83,652,843	\$ 191,942	\$ 5,184,307	\$ 2,190,690	\$ 78,660,478	\$ 5,363,665

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

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

Bonds Payable:	Due Fiscal Year Ending June 30,	Principal	Interest	Total
	2026	\$ 5,280,000	\$ 2,020,574	\$ 7,300,574
	2027	5,690,000	1,867,775	7,557,775
	2028	5,070,000	1,694,762	6,764,762
	2029	4,575,000	1,560,278	6,135,278
	2030	4,870,000	1,456,987	6,326,987
	2031 - 2035	23,450,000	5,399,523	28,849,523
	Total	<u>\$ 73,555,000</u>	<u>\$ 16,625,473</u>	<u>\$ 90,180,473</u>

Notes from Direct Borrowings:	Due Fiscal Year Ending June 30,	Principal	Interest	Total
	2026	\$ 83,665	\$ 33,715	\$ 117,380
	2027	85,388	31,646	117,034
	2028	94,059	29,493	123,552
	2029	95,403	27,171	122,574
	2030	102,627	24,775	127,402
	2031 - 2035	619,373	81,478	700,851
	2036 - 2040	310,789	11,428	322,217
	Total	<u>\$ 1,391,304</u>	<u>\$ 239,706</u>	<u>\$ 1,631,010</u>

The District has no unused lines of credit.

The District has no assets that are specifically pledged as collateral for any of the debt.

For further details on debt service, see the 'Schedule of Long-Term Debt Transactions' in the Other Information section of this report.

JEFFERSON SCHOOL DISTRICT NO. 509J

Notes to the Basic Financial Statements

June 30, 2025

SUBSCRIPTION-BASED INFORMATION TECHNOLOGY AGREEMENTS AND RELATED PAYABLES:

For the year ended June 30, 2025, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs). The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize subscription liability and an intangible right-to-use subscription asset. For additional information, refer to the disclosures below.

As of June 30, 2025, Jefferson County School District, OR, had 21 active subscriptions. The subscriptions have payments that range from \$444 to \$142,190 and interest rates that range from 0.0000% to 3.5290%. As of June 30, 2025, the total combined value of the subscription liability is \$176,976, and the total combined value of the short-term subscription liability is \$49,020. The combined value of the right to use asset, as of June 30, 2025, of \$775,158, with accumulated amortization of \$257,117, is included within the Subscription Class activities table found below. The subscriptions had \$0 of Variable Payments and \$0 of Other Payments, not included in the Subscription Liability, within the Fiscal Year.

Amount of Subscription Assets by Major Classes of Underlying Asset

Asset Class	As of Fiscal Year-end	
	Subscription Asset Value	Accumulated Amortization
Software	775,158	257,117
Total Subscriptions	775,158	257,117

Principal and Interest Requirements to Maturity

Fiscal Year	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2026	49,020	4,973	53,993
2027	50,390	3,603	53,993
2028	51,798	2,195	53,993
2029	25,769	747	26,516
Total Principal Payments	176,976		
Cumulative Variance as of Fiscal Year-End	-		
Total Remaining Liability	176,976		

JEFFERSON SCHOOL DISTRICT NO. 509J

Notes to the Basic Financial Statements

June 30, 2025

PENSION PLAN:

Jefferson School District No. 509J offers various retirement plans to qualified employees as described below.

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

Name of Pension Plan

Jefferson School District No. 509J participates with other state agencies in the Oregon Public Employees Retirement System (OPERS) which is a cost-sharing multiple-employer defined benefit pension plan.

Organization

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

OPERS is administered in accordance with Oregon Revised Statutes (ORS) Chapter 238, Chapter 238A, and Internal Revenue Code Section 401(a). The Oregon Legislature has delegated authority to the Oregon Public Employees Retirement Board (OPERB) to administer and manage the System. All members of the Board are appointed by the governor and confirmed by the State Senate. Oregon PERS produces an independently audited comprehensive annual financial report (ACFR) for the funds administered by OPERB. The OPERS ACFR can be found at:

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

Plan Membership

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

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

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

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

JEFFERSON SCHOOL DISTRICT NO. 509J

Notes to the Basic Financial Statements

June 30, 2025

PENSION PLAN (Cont.):

Plan Benefits

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

a. Pension Benefits

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

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

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

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if they have contributions in each of five calendar years or have reached at least 50 years of age before ceasing employment with a participating employer (age 45 for Police and Fire members). General Service employees may retire after reaching age 55. Police and Fire members are eligible after reaching age 50. Tier One General Service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and Fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The plans are closed to new members hired on or after August 29, 2003.

b. Death Benefits

Upon the death of a nonretired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary receives a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

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

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

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

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

JEFFERSON SCHOOL DISTRICT NO. 509J

Notes to the Basic Financial Statements

June 30, 2025

PENSION PLAN (Cont.):

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

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

c. Disability Benefits

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

d. Benefit Changes After Retirement

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

2. OPSRP Pension Program

a. Pension Benefits

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

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

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

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

b. Death Benefits

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

JEFFERSON SCHOOL DISTRICT NO. 509J

Notes to the Basic Financial Statements

June 30, 2025

PENSION PLAN (Cont.):

c. Disability Benefits

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

d. Benefit Changes After Retirement

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

3. Individual Account Program (IAP)

a. Benefit Terms

The IAP is an individual account-based program under the PERS tax-qualified governmental plan as defined under ORS 238A.400. An IAP member becomes vested on the date the employee account is established.

Employers have the option to make employer contributions for a member under ORS 238A.340. Contributions for these accounts are deposited into a separate employer-funded account. The member becomes vested in this optional employer-funded account on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies. The accounts fall under Internal Revenue Code Section 414(k).

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

b. Death Benefits

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

c. Recordkeeping

PERS contracts with Voya Financial to maintain IAP participant records.

4. Postemployment Healthcare Benefits

ORS 238.420 established the Retirement Health Insurance Account (RHIA) and authorizes a payment of up to \$60 from RHIA toward the monthly cost of health insurance for eligible PERS members. RHIA is a cost-sharing, multiple-employer OPEB plan for 904 participating employers. The plan was closed to new entrants hired on or after August 29, 2003.

To be eligible to receive this monthly payment toward the premium costs, the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan.

JEFFERSON SCHOOL DISTRICT NO. 509J

Notes to the Basic Financial Statements

June 30, 2025

PENSION PLAN (Cont.):

A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

For the fiscal year ended June 30, 2024, PERS employers contributed 0.04% of PERS-covered salaries for Tier One and Tier Two members to fund the normal cost portion of RHIA benefits. A (0.04)% unfunded actuarial liability (UAL) rate was assigned for the RHIA program as it was funded over 100% as of December 31, 2021. Consequently, PERS employers had an effective contribution rate of 0.00% for the RHIA program. Typically, PERS employers contribute an actuarially determined percent of all PERS-covered salaries to amortize the unfunded actuarial accrued liability over a fixed period with new unfunded actuarial accrued liabilities being amortized over 10 years. These rates were based on the December 31, 2021, actuarial valuation.

Contributions

Description of Funding and Contributions for PERS Benefit Plans

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

Member Contributions

Beginning January 1, 2004, all member contributions, except for contributions by judge members, were placed in the OPSRP Individual Account Program (IAP). Prior to that date, all member contributions were credited to the Defined Benefit Pension Plan. Member contributions are set by statute at 6.0 salary and are remitted by participating employers. The contributions are either deducted from member salaries or paid by the employers on the members' behalf.

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

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

a. Employee Pension Stability Accounts (EPSA)

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

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

JEFFERSON SCHOOL DISTRICT NO. 509J

Notes to the Basic Financial Statements

June 30, 2025

PENSION PLAN (Cont.):

b. Target-Date Funds

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

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

Employer Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and OPEB plans. Employer contribution rates during fiscal year 2024 were based on the December 31, 2021, actuarial valuation, which became effective July 1, 2023. The state of Oregon and certain schools, community colleges, public universities, and political subdivisions have made supplemental unfunded actuarial liability payments, and their rates have been reduced.

a. PERS Defined Benefit Plan (ORS 238)

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

b. OPSRP Pension Program (ORS 238A)

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

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

JEFFERSON SCHOOL DISTRICT NO. 509J

Notes to the Basic Financial Statements

June 30, 2025

PENSION PLAN (Cont.):

District Employer Contributions

The contribution rate for every employer has at least two major components; Normal Cost Rate and Unfunded Actuarial Liability (UAL) Rate.

The District's employer contributions for the year ended June 30, 2025 were \$9,293,018 for Defined Benefits and IAP excluding amounts to fund employer specific liabilities.

Amortization of the PERS Side Account resulted in a PERS savings to the District of \$ 6,116,133 for FY 2024-2025 from the required PERS Defined Benefits contribution above, netting to a net contribution of \$1,519,446.

The contribution rates in effect for the period July 1, 2023 to June 30, 2025 are: Tier1/Tier2 – 7.36 % and OPSRP General Service – 4.52%.

District Member Contributions

Beginning January 1, 2004, all member contributions, except for contributions by judge members, were placed in the OPSRP Individual Account Program (IAP). Prior to that date, all member contributions were credited to the Defined Benefit Pension Plan. Member contributions are set by statute at 6.0 salary and are remitted by participating employers. The contributions are either deducted from member salaries or paid by the employers on the members' behalf.

During FY 2024-2025, approximately \$ 1,720,971 in employee IAP contributions were paid or picked up by the district.

Pension Plan CAFR/ ACFR

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

Actuarial Valuations

The employer contribution rates effective July 1, 2023, through June 30, 2025, were set using the Entry Age Normal actuarial cost method.

For the Tier One/Tier Two component of the OPERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years by ongoing Board policy. However, upon passage of Senate Bill 1049, the Legislature directed the PERS Board to enact a one-time re-amortization of Tier 1/Tier 2 UAL over 22 years. This means that, effective with the December 31, 2022 rate-setting valuation, the entire unamortized Tier 1/Tier 2 UAL for each rate pool and independent employer will be re-amortized over a 22 year period as a level percentage of projected future payroll.

For the OPSRP Pension Program component of the OPERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over the same period of years.

For the Postemployment Healthcare component, the RHIA plan fiduciary net position balance represents the program's accumulation of employer contributions and investment earnings less premium subsidies and administrative expenses. No UAL rate was assigned for the RHIA program as it was funded over 100% as of December 31, 2021. Typically, PERS employers contribute an actuarially determined percent of all PERS-covered salaries to amortize the unfunded actuarial accrued liability over a fixed period with new unfunded actuarial accrued liabilities being amortized over 10 years.

JEFFERSON SCHOOL DISTRICT NO. 509J

Notes to the Basic Financial Statements

June 30, 2025

PENSION PLAN (Cont.):

Actuarial Methods and Assumptions Used in Developing Total Pension Liability

Actuarial Methods and Assumptions Used in Developing Total Pension Liability:	
Valuation Date	December 31, 2022
Measurement Date	June 30, 2024
Experience Study	2022, published July 20, 2023
Actuarial assumptions:	
Actuarial cost method	Entry Age Normal
Inflation rate	2.40 percent
Long-term expected rate of return	6.90 percent
Discount rate	6.90 percent
Projected salary increases	3.40 percent
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	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 Disable Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

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

Discount Rate

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

JEFFERSON SCHOOL DISTRICT NO. 509J

Notes to the Basic Financial Statements

June 30, 2025

PENSION PLAN (Cont.):

Depletion Date Projection

GASB 67 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 67 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 67 (paragraph 43) does allow for alternative evaluations of projected solvency if such an evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for OPERS:

- OPERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 67 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is our independent actuary's opinion that the detailed depletion date projections outlined in GASB 67 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

OIC Target and Actual Investment Allocation as of June 30, 2024

<u>Asset Class/Strategy</u>	<u>OIC Policy Range</u>	<u>OIC Target Allocation</u>	<u>Asset Class/Strategy</u>	<u>Actual Allocation²</u>
Debt Securities	20.0% - 30.0%	25.0%	Debt Securities	19.1%
Public Equity	22.5% - 32.5%	27.5%	Public Equity	23.0%
Real Estate	7.5% - 17.5%	12.5%	Real estate	13.2%
Private Equity	15.0% - 27.5%	20.0%	Private Equity	26.9%
Real Assets	2.5% - 10.0%	7.5%	Real Assets	10.1%
Diversifying Strategies	2.5% - 10.0%	7.5%	Diversifying Strategies	5.0%
Opportunity Portfolio ¹	0.0% - 5.0%	0.0%	Opportunity Portfolio	2.7%
Total		100%	Total	100%

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

JEFFERSON SCHOOL DISTRICT NO. 509J

Notes to the Basic Financial Statements

June 30, 2025

PENSION PLAN (Cont.):

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in January 2023 the Oregon PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below.

<u>Long Term Expected Rate of Return¹</u>		Annual	20-Year	Annual
Asset Class	Target	Arithmetic	Annualized	Standard
	Allocation	Return ²	Geometric Mean	Deviation
Global Equity	27.50%	8.57%	7.07%	17.99%
Private Equity	25.50%	12.89%	8.83%	30.00%
Core Fixed Income	25.00%	4.59%	4.50%	4.22%
Real Estate	12.25%	6.90%	5.83%	15.13%
Master Limited Partnerships	0.75%	9.41%	6.02%	27.04%
Infrastructure	1.50%	7.88%	6.51%	17.11%
Hedge Fund of Funds - Multistrategy	1.25%	6.81%	6.27%	9.04%
Hedge Fund Equity - Hedge	0.63%	7.39%	6.48%	12.04%
Hedge Fund - Macro	5.62%	5.44%	4.83%	7.49%
Assumed Inflation - Mean			2.35%	1.41%

¹Based on the Oregon Investment Council's (OIC) Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, including revisions adopted at the OIC meeting on January 25, 2023.

²The arithmetic mean is a component that goes into calculating the geometric mean. Expected rates of return are presented using the geometric mean, which the Board uses in setting the discount rate.

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Sensitivity Analysis

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

	1% Decrease	Discount Rate	1% Increase
	5.90%	6.90%	7.90%
Employer's proportionate share of the net pension liability	\$ 35,800,542	\$ 22,695,064	\$ 11,718,586

JEFFERSON SCHOOL DISTRICT NO. 509J

Notes to the Basic Financial Statements

June 30, 2025

PENSION PLAN (Cont.):

Changes Since Last Valuation

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

Changes in Actuarial Methods and Allocation Procedures

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

The timing of the amortization period for Pre-SLGRP liabilities and surpluses for SLGRP employers was revised to align the biennial rate-setting cycle.

Changes in Assumptions

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

JEFFERSON SCHOOL DISTRICT NO. 509J**Notes to the Basic Financial Statements****June 30, 2025****PENSION PLAN (Cont.):****Mortality Rates**

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

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

JEFFERSON SCHOOL DISTRICT NO. 509J

Notes to the Basic Financial Statements

June 30, 2025

PENSION PLAN (Cont.):

Changes Subsequent to the Measurement Date

There were no changes subsequent to the measurement date, that we are aware of.

Deferred Items

Deferred items are calculated at the system-wide level and are allocated to employers based on their proportionate share. For the measurement period ending June 30, 2025, employers will report the following deferred items:

- A difference between expected and actual experience, which is being amortized over the remaining service lives of all plan participants, including retirees. One year of this amortization is included in the employer's total pension expense for the measurement period.

Employer Contributions

OPERS includes accrued contributions when due pursuant to legal requirements, as of June 30 in its Statement of Changes in Fiduciary Net Position.

Beginning with fiscal year 2016, OPERS will be able to report cash contributions and UAL side account amortization by employer, and will publish this information on the OPERS Website. Prior to fiscal year 2016, contributions to the OPSRP Defined Benefit plan were not accounted for by employer, as all employers were pooled for actuarial purposes.

Elements of Changes in Net Position

This information can be found in the Schedule of Changes in Net Pension Liability found on page 96, of the June 30, 2023 Oregon PERS ACFR. www.oregon.gov/pers/Documents/Financials/ACFR/2023-ACFR.pdf

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

Under the modified cash basis of accounting, pension related liabilities and deferred outflows and inflows are not recorded in the financial statements. Had the District used the accrual basis of accounting they would have reported liability of \$22,695,064 for its proportionate share of the net pension liability. The net pension liability/asset) was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on a projection of the employer's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

At June 30, 2024, the employer's proportion was 0.10210472%.

For the year ended June 30, 2025, the District recognized pension expense of \$6,851,920.

JEFFERSON SCHOOL DISTRICT NO. 509J**Notes to the Basic Financial Statements****June 30, 2025****PENSION PLAN (Cont.):**

As of June 30, 2024, the employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,344,473	\$ 54,166
Changes of assumptions	2,281,769	2,923
Net difference between projected and actual earnings on investments	1,441,771	-
Changes in proportionate share	8,493,163	10,939,549
Differences between employer contributions and employer's proportionate share of system contributions	13,816,266	1,018,425
Total Deferred Outflows/Inflows	\$ 27,377,442	\$ 12,015,063
Post-measurement date contributions	9,293,018	N/A
Total Deferred Outflow/(Inflow) of Resources	<u>\$ 36,670,460</u>	<u>\$ 12,015,063</u>
Net Deferred Outflow/(Inflow) of Resources prior to post-measurement date contributions		<u>\$ 15,362,379</u>

Contributions of \$9,293,018 for PERS defined benefits, and IAP for employees were made subsequent to the measurement date, but prior to the end of the District's reporting period. These contributions, which are reported as deferred outflows of resources related to pensions, will be included as a reduction of the net pension liability in next fiscal year.

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

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
1st Fiscal Year	\$ 3,401,137
2nd Fiscal Year	6,058,738
3rd Fiscal Year	3,319,929
4th Fiscal Year	1,921,404
5th Fiscal Year	661,171
Total	<u>\$ 15,362,379</u>

Net Pension Liability

Net pension liabilities are calculated at the system-wide level and are allocated to employers based on their proportionate share. UAL Side Accounts are included as assets in this calculation. The rate setting actuarial valuation will continue to allocate the UAL Side Account, transitional or pre-SLGRP liabilities or surpluses as adjustments to the respective employers.

JEFFERSON SCHOOL DISTRICT NO. 509J

Notes to the Basic Financial Statements

June 30, 2025

OTHER POST-EMPLOYMENT BENEFITS (OPEB) RHIA:

Oregon Public Employees Retirement Systems' (OPERS) Retiree Health Insurance Account (RHIA)

Plan Description

The District contributes to the Oregon Public Employees Retirement Systems' (OPERS) Retiree Health Insurance Account (RHIA), a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the Oregon Public Employees Retirement Board (OPERB). The plan, which was established under Oregon Revised Statutes 238.420, provides a payment of up to \$60 per month towards the costs of health insurance for eligible OPERS retirees. RHIA post-employment benefits are set by state statute. The plan was closed to new entrants hired on or after August 29, 2003.

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

Employer contributions are advance-funded on an actuarially determined basis. There is no inflation assumption for RHIA postemployment benefits because the payment amount is set by statute and is not adjusted for increases in healthcare costs.

A comprehensive annual financial report of the funds administered by the OPERB may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, OR 97281-3700, by calling (503) 598-7377, or by accessing the OPERS web site at <https://www.oregon.gov/pers/Documents/Financials/ACFR/2024-ACFR.pdf>

Funding Policy

For the fiscal year ended June 30, 2024, PERS Employers had an effective contribution rate of 0.00% for the RHIA program. The unfunded actuarial liability (UAL) rate was assigned for the RHIA program as it was funded over 100% as of December 31, 2021. Consequently, PERS employers contribute an actuarially determined percent of all PERS-covered salaries to amortize the unfunded actuarial accrued liability over a fixed period with new unfunded actuarial accrued liabilities being amortized over 10 years. These rates were based on the December 31, 2021, actuarial valuation.

Contributions

The District's contributions to OPERS' RHIA for the years ended June 30, 2025, 2024, and 2023 were \$0, \$627, and \$3,180, respectively, which equaled the required contributions for the year.

Actuarial Methods and Assumptions Used in Developing Total (OPEB) RHIA Liability

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS Retirement Health Insurance Account Cost Sharing Multiple Employer Other Postemployment Benefit (OPEB) Plan Schedules of Employer Allocations and OPEB Amounts by Employer report, as of and for the Year Ended June 30, 2024. That independently audited report was dated November 27, 2024 and can be found at: <https://www.oregon.gov/pers/Documents/Financials/ACFR/2024-ACFR.pdf>

JEFFERSON SCHOOL DISTRICT NO. 509J

Notes to the Basic Financial Statements

June 30, 2025

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

Actuarial Methods and Assumptions - OPEB Plans - RHIA	
	RHIA
Valuation Date	December 31, 2022
Measurement Date	June 30, 2024
Experience Study	2022, published July 20, 2023
Actuarial assumptions:	
Actuarial cost method	Entry Age Normal
Inflation rate	2.40 percent
Long-term expected rate of return	6.90 percent
Discount rate	6.90 percent
Projected salary increases	3.40 percent
Retiree healthcare participation	Healthy retirees: 25.0% Disabled retirees: 15%
Healthcare cost trend rate	Not applicable
Mortality	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 Disable Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

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

Discount Rate

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

JEFFERSON SCHOOL DISTRICT NO. 509J

Notes to the Basic Financial Statements

June 30, 2025

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

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in January 2023 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Table 31 on page 92 shows Milliman's assumptions for each of the asset classes in which the plans were invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown on page 74. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. For more information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major class, calculated using both arithmetic and geometric means, see Pension Plan note disclosure above or the PERS' audited financial statements at:

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

Sensitivity Analysis

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

	1% Decrease 5.90%	Discount Rate 6.90%	1% Increase 7.90%
Employer's proportionate share of the net OPEB liability	\$ (673,419)	\$ (727,474)	\$ (774,016)

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

At June 30, 2025, the District reported a net OPEB RHIA liability/(asset) of \$(727,474) for its proportionate share of the net OPEB RHIA liability/(asset). The OPEB liability/(asset) was measured as of June 30, 2024, and the total OPEB RHIA liability/(asset) used to calculate the net OPEB RHIA liability/(asset) was determined by an actuarial valuation as of December 31, 2021. Consistent with GASB Statement No. 75, paragraph 59(a), The District's proportion of the net OPEB RHIA liability/(asset) is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers. As of the measurement date of June 30, 2024, the District's proportion was 0.18010852 percent. OPEB RHIA expense/(income) recorded for the year ended June 30, 2025 was \$(163,582).

JEFFERSON SCHOOL DISTRICT NO. 509J

Notes to the Basic Financial Statements

June 30, 2025

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

At June 30, 2024, the employer reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 14,228
Changes of assumptions	-	9,202
Net difference between projected and actual earnings on investments	20,540	-
Changes in proportionate share	-	46,743
Total Deferred Outflows/Inflows	\$ 20,540	\$ 70,173
Post-measurement date contributions	-	N/A
Total Deferred Outflow/(Inflow) of Resources	<u>\$ 20,540</u>	<u>\$ 70,173</u>
Net Deferred Outflow/(Inflow) of Resources prior to post-measurement date contributions		<u>\$ (49,633)</u>

Contributions of \$0 for RHIA OPEB were made subsequent to the measurement date, but prior to the end of the District's reporting period. These contributions, which are reported as deferred outflows of resources related to OPEB, will be included as a reduction of the net OPEB liability in the next fiscal year.

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

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
1st Fiscal Year	\$ (84,820)
2nd Fiscal Year	21,703
3rd Fiscal Year	11,112
4th Fiscal Year	2,372
Total	<u>\$ (49,633)</u>

Changes Subsequent to the Measurement Date

We are not aware of any changes subsequent to the June 30, 2024, Measurement Date that meet this requirement and thus require a brief description under the GASB standard

JEFFERSON SCHOOL DISTRICT NO. 509J

Notes to the Basic Financial Statements

June 30, 2025

OTHER POST-EMPLOYMENT BENEFITS (OPEB) OEGB:

OEGB Health Insurance Subsidy

Plan Description

The District operates a single employer retiree benefit plan through the Oregon Educators Benefit Board that provides post-employment health, dental vision and life insurance benefits to eligible employees and their spouses. The District is required by Oregon Revised Statutes 243.303 to provide retirees and their dependents with group health insurance from the date of retirement to age 65 at the same rate provided to current employees. Premiums for retirees are tiered and based upon the premium rates available to active employees. The retiree is responsible for any portion of the premiums not paid by the Employer. In some cases, the premium itself for retirees, does not represent the full cost of medical coverage (as retirees can be expected to generate higher medical claims and therefore higher premiums than the active population). Providing the same rate to retirees as provided to current employees, raises the medical premium rates for the entire employee group. This additional cost is called the “implicit subsidy” and is required to be valued under GASB 75. This “plan” is not a stand-alone plan, and therefore, does not issue its own financial statements.

Funding Policy

When the District has retirees participating in their health insurance plan, it will, when applicable, collect insurance premiums from all retirees each month and deposit them. The District will then pay healthcare insurance premiums for all retirees at the applicable rate for each family classification.

At June 30, 2025, the District reported a an estimated net OPEB OEGB liability/(asset) of \$1,359,622 for its proportionate share of the net OPEB liability/(asset). The OPEB OEGB liability/(asset) was measured as of June 30, 2024, and the total OPEB OEGB liability/(asset) used to calculate the net OPEB OEGB liability/(asset) was determined by an actuarial valuation as of December 31, 2021. Consistent with GASB Statement No. 75, paragraph 59(a), The District’s proportion of the net OPEB OEGB liability/(asset) is determined by comparing the employer’s actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers. Based on the measurement date of June 30, 2024, the District’s estimated OPEB OEGB expense/(income) for the year ended June 30, 2025 was \$38,219.

Actuarial Methods and Assumptions

The District engaged an actuary to perform an evaluation as of July 1, 2023 using entry age normal Actuarial Cost Method. The assumptions are generally based upon those used for valuing pension benefits under Oregon PERS, and were developed in consultation with Milliman. The total OPEB liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date

Discount Rate	3.75%	4.00%
Other Key Actuarial Assumptions and Methods		
Valuation date	July 1, 2023	July 1, 2023
Measurement date	June 30, 2023	June 30, 2024
Inflation	2.50%	2.50%
Salary increases	3.50%	3.50%
Withdrawal, retirement, and mortality rates	PUB 2010 Retiree Tables for Teachers, sex distinct, projected generationally.	PUB 2010 Retiree Tables for Teachers, sex distinct, projected generationally.
Election and Lapse Rates	Of active employees, 60% are assumed to elect coverage at retirement, with 50% electing spouse coverage 5% annual lapse rate.	Of active employees, 60% are assumed to elect coverage at retirement, with 70% electing spouse coverage 5% annual lapse rate.
Actuarial cost method	Entry Age Normal	Entry Age Normal

JEFFERSON SCHOOL DISTRICT NO. 509J

Notes to the Basic Financial Statements

June 30, 2025

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

In order to apply the entry age normal actuarial cost method, Projected Benefit Payments are determined for each active employee and retiree. These Projected Benefit Payments are the net benefits estimated to be payable in all future years. The net benefits for a particular year are the difference between the total cost of benefits and the portion of the benefits paid by the retirees in that year. The Present Value of Benefits is then allocated over the service of each active employee from their date of hire to their expected retirement age, as a level percent of the employee's pay, as required under GASB 75. This level percent multiplied by expected pay is referred to as the Service Cost, and is the portion of the Present Value of Benefits attributable to an employee's service in a given year. The Service Cost equals \$0 for retirees. For purposes of projecting benefits prior to the valuation date as required by the actuarial cost method, we assumed a health cost trend equal to the ultimate health cost trend rate. The Total OPEB Liability is the portion of the Present Value of Benefits that is attributable to employee service prior to the valuation date. For retirees, the Total OPEB Liability equals the Present Value of Benefits.

The Discount Rate

The Discount Rate is a single rate of return that is applied to the Projected Benefit Payments in order to calculate the Present Value of Benefits. Under GASB 75, for plans without assets, the discount rate is equal to a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality rates were based on the Pub-2010 Healthy Retiree tables. The Mortality Table reflects recent rates developed by the Society of Actuaries.

Demographic assumptions regarding retirement, mortality, and turnover are based on Oregon PERS valuation assumptions as of December 31, 2022. Election rate and lapse assumptions are based on experience implied by valuation data for this and other Oregon public employers.

Starting per capita costs are based on premium rates. The same rates are charged for actives and pre-Medicare retirees. When an employer provides benefits to both active employees and retirees through the same plan, the benefits to retirees should be segregated and measured independently for actuarial measurement purposes. The projection of future retiree benefits should be based on claims costs, or age-adjusted premiums approximating claims costs, for retirees, in accordance with actuarial standards issued by the Actuarial Standards Board. As such, premiums were estimated for pre-Medicare retirees based on average ages and assumptions on the relationship between costs and increasing age (Morbidity).

Sensitivity Analysis

The following presents the total OPEB liability of the Plan, calculated using the disclosure discount rate as well as what the Plan's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate. A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption.

	1% Decrease	Discount Rate	1% Increase
	3.00%	4.00%	5.00%
Total OPEB liability from Implicit Rate Subsidy	\$ 1,446,539	\$ 1,359,622	\$ 1,277,365
Trend Rate	1% Decrease	Trend Rate	1% Increase
Total OPEB liability from Implicit Rate Subsidy	\$ 1,221,911	\$ 1,359,622	\$ 1,521,904

JEFFERSON SCHOOL DISTRICT NO. 509J

Notes to the Basic Financial Statements

June 30, 2025

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

Participation

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

Membership as of Valuation Date	July 1, 2023
Active Employees	438
Inactive Employees	9
Total Participants	447

Changes in Net (OPEB) OEGB Liability

Changes in Total OPEB Liability June 30, 2024 to June 30, 2025	Increase (Decrease) Total OPEB Liability
Balance per actuarial as of June 30, 2024	\$ 1,299,666
Changes for the year:	
Service Cost	109,201
Interest	51,346
Changes in assumptions or other inputs	(21,308)
Benefit payments	(79,284)
Net OPEB Liability per actuarial at June 30, 2025	\$ 1,359,622

Components of (OPEB) OEGB Expense

OPEB Expense	July 1, 2024 to June 30, 2025
Service cost	\$ 109,201
Interest on total OPEB liability	51,346
Recognition of Deferred (Inflows)/Outflows of Resources	
Recognition of economic/demographic (gains) or losses	(36,068)
Recognition of assumption changes	(86,260)
OPEB Expense	\$ 38,219

JEFFERSON SCHOOL DISTRICT NO. 509J

Notes to the Basic Financial Statements

June 30, 2025

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

Schedule of Deferred Inflows and Outflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,240	\$ 90,934
Changes of assumptions or inputs	<u>48,550</u>	<u>344,864</u>
Total Deferred Outflows/Inflows (prior to post-measurement date contributions)	<u>\$ 51,790</u>	<u>\$ 435,798</u>
Net Deferred Outflow/(Inflow) of Resources prior to post-measurement date contributions		<u>\$ (384,008)</u>

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

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
1st Fiscal Year	\$ (111,963)
2nd Fiscal Year	(106,553)
3rd Fiscal Year	(41,936)
4th Fiscal Year	(58,123)
5th Fiscal Year	(39,321)
Thereafter	<u>(26,112)</u>
Total	<u>\$ (384,008)</u>

Changes Subsequent to the Measurement Date

We are not aware of any changes subsequent to the June 30, 2023 Measurement Date that meet this requirement and thus require a brief description under the GASB standard.

JEFFERSON SCHOOL DISTRICT NO. 509J

Notes to the Basic Financial Statements

June 30, 2025

CONTINGENT LIABILITIES:

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the District expects such amount, if any, to be immaterial.

The District is not currently named as a defendant in any pending or threatened litigation.

RISK MANAGEMENT:

The District is exposed to various risks of loss related to limited torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District is joined together with other school districts and special districts in the state, which are members of the Special Districts of Oregon (SDOA). SDOA oversees the Special Districts Insurance Services Trust, a public entity risk pool currently operating as a common risk management and insurance program for member governments. The District has an annual renewable contract to pay SDOA an annual premium for its general liability, property liability, automobile liability, boiler and machinery, comprehensive crime, and umbrella insurance coverage.

The District carries commercial insurance for all other losses, including workers' compensation and employee health and accident insurance. Premiums to the health insurance company are paid through a combination of employer contributions and payroll withholdings for eligible employees.

The District came under the State Unemployment Act as of July 1, 1974. The District has elected to pay State Unemployment Insurance to the State of Oregon to pay for any claims paid to former employees.

There have been no significant reductions in coverage from the prior years, and settlements have not exceeded insurance coverage in the past three years.

RISK DUE TO CONCENTRATIONS AND CONSTRAINTS:

The District is subject to a concentration risk related to its reliance on state funding for operational and instructional expenditures. For the fiscal year ended June 30, 2025, approximately 86% of the District's total governmental fund revenues were derived from state apportionments and grants.

This concentration represents a lack of diversity in the District's revenue sources and makes the District vulnerable to the risk of a substantial impact should there be significant changes in state funding levels. The State of Oregon has in the past experienced budgetary pressures due to declining tax revenues and increasing costs in other areas of the state budget, which could affect future funding allocations to school districts.

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

A concentration is a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. As of June 30, 2025, the District had approximately 460 employees who are accounted for under the governmental activities of the District. Of this total, 190 are certified staff, 230 are classified, and 40 are administrators, supervisory and confidential staff. The existing agreement and contract with classified employees are through June 30, 2027, and with all other employees through June 30th, 2028.

JEFFERSON SCHOOL DISTRICT NO. 509J

Notes to the Basic Financial Statements

June 30, 2025

INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:

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

<u>Fund</u>	<u>Transfers Out</u>	<u>Transfers In</u>
General Fund #100	\$ 1,808,961	\$ 833,582
Special Revenue Fund #200	-	874,993
Debt Service Fund #300	-	100,386
Total	<u>\$ 1,808,961</u>	<u>\$ 1,808,961</u>

The transfers out of the general fund to the special revenue fund and debt service fund were made to provide funding for program activity and debt service.

CHANGES IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF BEGINNING NET POSITION

In the fiscal year ended June 30, 2025, the District implemented GASB Statement No. 101, Compensated Absences. The standard updated the recognition and measurement guidance under a unified model that will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. Certain amounts presented in prior year data have been restated due to the implementation of the accounting standard, including a \$1,415,593 increase to Compensated Absences at June 30, 2025.

DEFICIT FUND BALANCE:

The ending fund balance in the Debt Service Fund is (\$193,802).

OVER-EXPENDITURE of APPROPRIATIONS:

<u>Fund / Category</u>	<u>Appropriation</u>	<u>Expenditure</u>	<u>Variance</u>
Debt Service	7,097,934	7,155,649	57,715

SUBSEQUENT EVENTS:

Management has evaluated subsequent events through December 19, 2025, the date on which the financial statements were available to be issued.

REQUIRED
SUPPLEMENTARY
INFORMATION

JEFFERSON COUNTY SCHOOL DISTRICT NO. 509J**Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual****General Fund #100****For the Fiscal Year Ended June 30, 2025**

	Budgeted Amounts		Variance with Original Budget-- over (under) Final Budget	Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget-- over (under) Actual Amounts
	Original	Final			
<u>REVENUES:</u>					
Tuition Charges	65,000	65,000	-	81,453	16,453
Earnings on Investments	519,181	519,181	-	1,305,641	786,460
Fees and Charges	20,000	20,000	-	28,798	8,798
Miscellaneous Revenue	861,048	881,048	20,000	979,488	98,440
Total Revenues	43,079,407	43,099,407	20,000	44,111,920	1,012,513
<u>EXPENDITURES:</u>					
Instruction	26,997,008	26,997,008	-	24,392,363	(2,604,645)
Support Services	21,433,239	21,433,239	-	20,908,799	(524,440)
Enterprise and Community Services	222,148	222,148	-	172,174	(49,974)
Facilities Acquisition and Construction	1,200,000	1,220,000	20,000	568,772	(651,228)
Total Expenditures	49,852,395	49,872,395	20,000	46,042,108	(3,830,287)
Over Expenditures	(6,772,988)	(6,772,988)	-	(1,930,188)	4,842,800
<u>OTHER FINANCING SOURCES (USES):</u>					
Interfund Transfers In	-	-	-	833,582	833,582
Interfund Transfers Out	(1,082,567)	(1,082,567)	-	(1,808,961)	(726,394)
Total Other Financing Sources (Uses)	(1,082,567)	(1,082,567)	-	(975,379)	107,188
Net Change in Fund Balance	(7,855,555)	(7,855,555)	-	(2,905,567)	4,949,988
Beginning Fund Balance	24,335,708	24,335,708	-	26,367,340	2,031,632
Ending Fund Balance	\$ 16,480,153	\$ 16,480,153	\$ -	\$ 23,461,773	\$ 6,981,620

JEFFERSON COUNTY SCHOOL DISTRICT NO. 509J**Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual****Special Revenue Fund #200****For the Fiscal Year Ended June 30, 2025**

	Budgeted Amounts		Variance with Original Budget-- over (under) Final Budget	Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget-- over (under) Actual Amounts
	Original	Final			
<u>REVENUES:</u>					
Fees and Charges	\$ 17,000	\$ 17,000	\$ -	\$ 269,877	\$ 252,877
Miscellaneous Revenue	606,921	979,865	372,944	502,035	(477,830)
Intermediate Government Aid	30,000	30,000	-	-	(30,000)
State Aid	8,555,542	9,149,256	593,714	7,757,313	(1,391,943)
Federal Aid	7,720,391	7,720,391	-	8,075,053	354,662
Total Revenues	16,929,854	17,896,512	966,658	16,604,278	(1,292,234)
<u>EXPENDITURES:</u>					
Instruction	6,726,695	7,317,722	591,027	6,506,067	(811,655)
Support Services	5,369,396	5,737,027	367,631	5,726,329	(10,698)
Enterprise and Community Services	3,972,730	3,980,730	8,000	3,351,596	(629,134)
Facilities Acquisition and Construction	2,010,000	2,010,000	-	1,596,748	(413,252)
Total Expenditures	18,078,821	19,045,479	966,658	17,180,740	(1,864,739)
Excess (Deficiency) of Revenues Over Expenditures	(1,148,967)	(1,148,967)	-	(576,462)	572,505
<u>OTHER FINANCING SOURCES (USES):</u>					
Interfund Transfers In	982,182	982,182	-	874,993	(107,189)
Total Other Financing Sources (Uses)	982,182	982,182	-	874,993	(107,189)
Net Change in Fund Balance	(166,785)	(166,785)	-	298,531	465,316
Beginning Fund Balance	326,785	326,785	-	469,731	142,946
Ending Fund Balance	\$ 160,000	\$ 160,000	\$ -	\$ 768,262	\$ 608,262

JEFFERSON COUNTY SCHOOL DISTRICT NO. 509J**SCHEDULE OF PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY****PERS****Last 10 Fiscal Years***

Fiscal Year Ended June 30, ¹	Measurement Date	(a) Employer's proportion of the net pension liability (asset)	(b) Employer's proportionate share of the net pension liability (asset)	(c) Employer's covered payroll as of Measurement Date	(b/c) Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2025	June 30, 2024	0.102105%	\$ 22,695,064	\$ 24,820,521	91.4%	79.3%
2024	June 30, 2023	0.036269%	6,793,524	24,514,127	27.7%	81.7%
2023	June 30, 2022	0.080199%	12,280,056	21,162,582	58.0%	84.5%
2022	June 30, 2021	0.163305%	19,541,868	20,755,269	94.2%	87.6%
2021	June 30, 2020	0.169433%	36,976,012	19,185,869	192.7%	75.8%
2020	June 30, 2019	0.192373%	33,275,922	18,741,483	177.6%	80.2%
2019	June 30, 2018	0.199727%	30,256,001	17,983,977	168.2%	82.1%
2018	June 30, 2017	0.193105%	26,035,437	17,076,143	152.5%	83.1%
2017	June 30, 2016	0.209208%	31,406,929	16,894,802	185.9%	80.5%
2016	June 30, 2015	0.222334%	12,765,490	15,688,932	81.4%	91.9%

¹Measurement date is one year in arrears.

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

JEFFERSON COUNTY SCHOOL DISTRICT NO. 509J**SCHEDULE OF EMPLOYER CONTRIBUTIONS****PERS****Last 10 Fiscal Years ***

Year Ended June 30,	(a) Contractually required contribution	(b) Contributions in relation to the contractually required contribution	(a-b) Contribution deficiency (excess)	(c) Employer's covered payroll	(b/c) Contributions as a percent of covered payroll
2025	\$ 9,293,018	\$ 9,293,018	\$ -	\$ 27,623,983	33.64%
2024	8,316,909	8,316,909	-	24,820,521	33.51%
2023	8,020,432	8,020,432	-	24,514,127	32.72%
2022	6,842,459	6,842,459	-	21,162,582	32.33%
2021	4,145,460	4,145,460	-	20,755,269	19.97%
2020	4,093,810	4,093,810	-	19,185,869	21.34%
2019	2,821,117	2,821,117	-	18,741,483	15.05%
2018	2,778,098	2,778,098	-	17,983,977	15.45%
2017	1,915,106	1,915,106	-	17,076,143	11.22%
2016	1,850,319	1,850,319	-	16,894,802	10.95%

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

JEFFERSON COUNTY SCHOOL DISTRICT NO. 509J**SCHEDULE OF PROPORTIONATE SHARE OF THE
NET OPEB LIABILITY****OPEB RHIA
Last 10 Fiscal Years***

Fiscal Year Ended June 30, ¹	Measurement Date	(a) Employer's proportion of the net OPEB liability (asset)	(b) Employer's proportionate share of the net OPEB liability (asset)	(c) Employer's covered payroll as of Measurement Date	(b/c) Employer's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2025	June 30, 2024	0.18010852%	\$ (727,474)	\$ 24,820,521	-2.9%	220.6%
2024	June 30, 2023	0.16136100%	(590,849)	24,514,127	-2.4%	201.6%
2023	June 30, 2022	0.13170458%	(467,993)	21,162,582	-2.2%	194.6%
2022	June 30, 2021	0.12073473%	(414,604)	20,755,269	-2.0%	183.9%
2021	June 30, 2020	0.30835103%	(628,297)	19,185,869	-3.3%	150.1%
2020	June 30, 2019	0.17289131%	(334,088)	18,741,483	-1.8%	144.4%
2019	June 30, 2018	0.17561353%	(196,032)	17,983,977	-1.1%	124.0%
2018	June 30, 2017	0.17291765%	(72,166)	17,076,143	-0.4%	108.9%
2017	June 30, 2016	0.17544888%	47,645	16,894,802	0.3%	94.2%

¹Measurement date is one year in arrears.

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

The full 10-year trend will be presented for those years for which information is available

JEFFERSON COUNTY SCHOOL DISTRICT NO. 509J

SCHEDULE OF EMPLOYER CONTRIBUTIONS

OPEB RHIA

Last 10 Fiscal Years*

Year Ended June 30,	(a) Contractually required contribution	(b) Contributions in relation to the contractually required contribution	(a-b) Contribution deficiency (excess)	(c) Employer's covered payroll	(b/c) Contributions as a percent of covered payroll
2025	\$ -	\$ -	\$ -	\$ 27,623,983	0.00%
2024	627	627	-	24,820,521	0.00%
2023	3,180	3,180	-	24,514,127	0.01%
2022	3,589	3,589	-	21,162,582	0.02%
2021	3,861	3,861	-	20,755,269	0.02%
2020	4,099	4,099	-	19,185,869	0.02%
2019	82,499	82,499	-	18,741,483	0.44%
2018	80,588	80,588	-	17,983,977	0.45%
2017	80,928	80,928	-	17,076,143	0.47%

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

The full 10-year trend will be presented for those years for which information is available

JEFFERSON COUNTY SCHOOL DISTRICT NO. 509J

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

OREGON EDUCATORS BENEFIT BOARD

Last 10 Fiscal Years*

	2025	2024	2023	2022	2021
Total OPEB Liability					
Service cost	\$ 109,201	\$ 135,962	\$ 132,002	\$ 116,183	\$ 91,978
Interest on total OPEB liability	51,346	50,807	33,146	34,109	44,906
Effect of changes to benefit terms	-	-	-	-	-
Effect of economic/demographic gains or (losses)	-	4,320	-	(70,866)	-
Effect of assumption changes or inputs	(21,307)	(170,569)	(127,009)	(79,523)	129,470
Benefit payments	(79,284)	(73,037)	(54,262)	(62,738)	(52,541)
Net change in total OPEB liability *	59,956	(52,517)	(16,123)	(62,835)	213,813
Total OPEB liability, beginning	1,299,666	1,352,183	1,368,306	1,431,141	1,217,328
Total OPEB liability, ending (a) *	<u>1,359,622</u>	<u>1,299,666</u>	<u>1,352,183</u>	<u>1,368,306</u>	<u>1,431,141</u>
Covered payroll	\$ 24,820,521	\$ 24,514,127	\$ 21,162,582	\$ 20,755,269	\$ 19,185,869
Total OPEB liability as a % of covered payroll **	5.5%	5.3%	6.4%	6.6%	7.5%

	2020	2019	2018
Total OPEB Liability			
Service cost	\$ 172,643	\$ 166,211	\$ 173,218
Interest on total OPEB liability	66,841	59,355	47,921
Effect of changes to benefit terms	-	-	-
Effect of economic/demographic gains or (losses)	(221,999)	-	-
Effect of assumption changes or inputs	(291,155)	(38,369)	(93,252)
Benefit payments	(127,038)	(120,737)	(167,904)
Net change in total OPEB liability *	(400,708)	66,460	(40,017)
Total OPEB liability, beginning	1,618,036	1,551,576	1,591,593
Total OPEB liability, ending (a) *	<u>1,217,328</u>	<u>1,618,036</u>	<u>1,551,576</u>
Covered payroll	\$ 18,741,483	\$ 17,983,977	\$ 17,076,143
Total OPEB liability as a % of covered payroll **	6.5%	9.0%	0.0%

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the current GASB standards, they should not be reported.

* Totals may not agree due to rounding.

SUPPLEMENTARY
INFORMATION

JEFFERSON COUNTY SCHOOL DISTRICT NO. 509J**Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual****Debt Service Fund #300****For the Fiscal Year Ended June 30, 2025**

	Budgeted Amounts		Variance with Original Budget-- over (under) Final Budget	Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget-- over (under) Actual Amounts
	Original	Final			
<u>REVENUES:</u>					
Taxes	\$ 3,477,559	\$ 3,477,559	\$ -	\$ 3,257,150	\$ (220,409)
Earnings on Investments	6,300	6,300	-	121,454	115,154
Miscellaneous Revenue	3,429,689	3,429,689	-	3,446,924	17,235
Intermediate Government Aid	-	-	-	1,810	1,810
Total Revenues	6,913,548	6,913,548	-	6,827,338	(86,210)
<u>EXPENDITURES:</u>					
Debt Service	7,097,934	7,097,934	-	7,155,649	57,715
Total Expenditures	7,097,934	7,097,934	-	7,155,649	57,715
Excess (Deficiency) of Revenues Over Expenditures	(184,386)	(184,386)	-	(328,311)	(143,925)
<u>OTHER FINANCING SOURCES (USES):</u>					
Interfund Transfers In	100,386	100,386	-	100,386	-
Total Other Financing Sources (Uses)	100,386	100,386	-	100,386	-
Net Change in Fund Balance	(84,000)	(84,000)	-	(227,925)	(143,925)
Beginning Fund Balance	84,000	84,000	-	34,123	(49,877)
Ending Fund Balance	\$ -	\$ -	\$ -	\$ (193,802)	\$ (193,802)

JEFFERSON COUNTY SCHOOL DISTRICT NO. 509J**Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
Capital Projects Fund #400****For the Fiscal Year Ended June 30, 2025**

	Budgeted Amounts		Variance with Original Budget-- over (under) Final Budget	Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget-- over (under) Actual Amounts
	Original	Final			
<u>REVENUES:</u>					
Earnings on Investments	\$ 100,000	\$ 100,000	\$ -	\$ 408,624	\$ 308,624
Miscellaneous Revenue	-	-	-	42,865	42,865
Total Revenues	100,000	100,000	-	451,489	351,489
<u>EXPENDITURES:</u>					
Facilities Acquisition and Construction	15,500,000	15,500,000	-	6,444,092	(9,055,908)
Total Expenditures	15,500,000	15,500,000	-	6,444,092	(9,055,908)
Net Change in Fund Balance	(15,400,000)	(15,400,000)	-	(5,992,603)	9,407,397
Beginning Fund Balance	15,400,000	15,400,000	-	12,158,409	(3,241,591)
Ending Fund Balance	\$ -	\$ -	\$ -	\$ 6,165,806	\$ 6,165,806

OTHER
INFORMATION

Additional Supporting Schedules

JEFFERSON COUNTY SCHOOL DISTRICT NO. 509J
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 30, 2025

Ameresco/US Bank Loan

On June 30, 2022, the District borrowed \$1,549,955 from Ameresco/US Bank. Payments are semi-annual, in December and June, and vary from \$90,265 to \$135,627, through December 17, 2037. Proceeds were used for various capital improvements to District buildings. Interest is 2.46%.

Current Year Activity:

	Outstanding Balance July 1, 2024	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2025	Due Within One Year
Principal	\$ 1,456,263	\$ -	\$ 64,959	\$ 1,391,304	\$ 83,665
Interest	-	35,427	35,427	-	33,715
Total	<u>\$ 1,456,263</u>	<u>\$ 35,427</u>	<u>\$ 100,386</u>	<u>\$ 1,391,304</u>	<u>\$ 117,380</u>

Future Requirements:

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2026	\$ 83,665	\$ 33,715	\$ 117,380	2.46%
	2027	85,388	31,646	117,034	2.46%
	2028	94,059	29,493	123,552	2.46%
	2029	95,403	27,171	122,574	2.46%
	2030	102,627	24,775	127,402	2.46%
	2031	108,397	22,219	130,616	2.46%
	2032	118,700	19,490	138,190	2.46%
	2033	133,353	16,481	149,834	2.46%
	2034	124,731	13,252	137,983	2.46%
	2035	134,192	10,036	144,228	2.46%
	2036	119,968	6,913	126,881	2.46%
	2037	131,838	3,789	135,627	2.46%
	2038	58,983	726	59,709	2.46%
Total		<u>\$ 1,391,304</u>	<u>\$ 239,706</u>	<u>\$ 1,631,010</u>	

JEFFERSON COUNTY SCHOOL DISTRICT NO. 509J**SCHEDULE OF LONG-TERM DEBT TRANSACTIONS****For the Fiscal Year Ended June 30, 2024****Series 2020 GO Bonds Refunding**

On March 10, 2021 the District issued federally taxable general obligation refunding bonds of \$24,680,000 to partially refund outstanding bonds of the Series 2013 General Obligation with a \$24,680,000 to partially refund outstanding bonds of the Series 2013 General Obligation with a true interest cost of 2.09% and an average coupon rate of 1.97%. The net proceeds after payment of underwriting fees and other issuance costs were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments of the May 23, 2013 and July 23, 2013 general obligation bonds. The refunding reduced total debt service by \$2,176,396 and obtained an economic gain defined as the difference between the present values of the debt service payments on

Current Year Activity:

	Outstanding Balance July 1, 2023	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2024	Due Within One Year
Principal	\$ 22,380,000	\$ -	\$ 1,830,000	\$ 20,550,000	\$ 1,915,000
Interest	-	428,359	428,359	-	401,074
Total	<u>\$ 22,380,000</u>	<u>\$ 428,359</u>	<u>\$ 2,258,359</u>	<u>\$ 20,550,000</u>	<u>\$ 2,316,074</u>

Future Requirements:

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2025	\$ 1,915,000	\$ 401,074	\$ 2,316,074	1.59%
	2026	1,995,000	370,606	2,365,606	1.69%
	2027	2,080,000	336,970	2,416,970	1.79%
	2028	2,170,000	299,821	2,469,821	1.87%
	2029	2,265,000	259,264	2,524,264	1.97%
	2030	2,370,000	214,666	2,584,666	2.02%
	2031	2,470,000	166,816	2,636,816	2.09%
Total		<u>\$ 20,550,000</u>	<u>\$ 2,224,618</u>	<u>\$ 22,774,618</u>	

JEFFERSON COUNTY SCHOOL DISTRICT NO. 509J**SCHEDULE OF LONG-TERM DEBT TRANSACTIONS****For the Fiscal Year Ended June 30, 2025****Series 2020 GO Bonds Refunding**

On March 10, 2021 the District issued federally taxable general obligation refunding bonds of \$24,680,000 to partially refund outstanding bonds of the Series 2013 General Obligation with a \$24,680,000 to partially refund outstanding bonds of the Series 2013 General Obligation with a true interest cost of 2.09% and an average coupon rate of 1.97%. The net proceeds after payment of underwriting fees and other issuance costs were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments of the May 23, 2013 and July 23, 2013 general obligation bonds. The refunding reduced total debt service by \$2,176,396 and obtained an economic gain defined as the difference between the present values of the debt service payments on the old and new debt of 8.82%.

Current Year Activity:

	Outstanding Balance July 1, 2024	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2025	Due Within One Year
Principal	\$ 20,550,000	\$ -	\$ 1,915,000	\$ 18,635,000	\$ 1,995,000
Interest	-	401,074	401,074	-	370,606
Total	<u>\$ 20,550,000</u>	<u>\$ 401,074</u>	<u>\$ 2,316,074</u>	<u>\$ 18,635,000</u>	<u>\$ 2,365,606</u>

Future Requirements:

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2026	\$ 1,995,000	\$ 370,606	\$ 2,365,606	1.69%
	2027	2,080,000	336,970	2,416,970	1.79%
	2028	2,170,000	299,821	2,469,821	1.87%
	2029	2,265,000	259,264	2,524,264	1.97%
	2030	2,370,000	214,666	2,584,666	2.02%
	2031	2,470,000	166,816	2,636,816	2.09%
Total		<u>\$ 18,635,000</u>	<u>\$ 1,823,544</u>	<u>\$ 20,458,544</u>	

JEFFERSON COUNTY SCHOOL DISTRICT NO. 509J
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 30, 2025

Series 2022 GO Bonds

On February 16, 2022 the District issued \$24,000,000 in general obligation bonds approved by voters in November 2021 to fund various capital improvements in the District. The bonds were issued at a premium of \$2,671,500 and are payable over 20 years including interest at 3% and 4% through June 15, 2042.

Current Year Activity:

	Outstanding Balance July 1, 2024	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2025	Due Within One Year
Principal	\$ 23,655,000	\$ -	\$ 495,000	\$ 23,160,000	\$ 575,000
Interest	-	814,500	814,500	-	794,700
Total	<u>\$ 23,655,000</u>	<u>\$ 814,500</u>	<u>\$ 1,309,500</u>	<u>\$ 23,160,000</u>	<u>\$ 1,369,700</u>

Future Requirements:

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2026	\$ 575,000	\$ 794,700	\$ 1,369,700	3-4%
	2027	660,000	771,700	1,431,700	3-4%
	2028	745,000	745,300	1,490,300	3-4%
	2029	840,000	715,500	1,555,500	3-4%
	2030	935,000	681,900	1,616,900	3-4%
	2031	1,050,000	644,500	1,694,500	3-4%
	2032	1,155,000	602,500	1,757,500	3-4%
	2033	1,275,000	556,300	1,831,300	3-4%
	2034	1,325,000	505,300	1,830,300	3-4%
	2035	1,430,000	452,300	1,882,300	3-4%
	2036	1,545,000	395,100	1,940,100	3-4%
	2037	1,650,000	348,750	1,998,750	3-4%
	2038	1,755,000	299,250	2,054,250	3-4%
	2039	1,870,000	246,600	2,116,600	3-4%
	2040	1,990,000	190,500	2,180,500	3-4%
	2041	2,115,000	130,800	2,245,800	3-4%
	2042	2,245,000	67,350	2,312,350	3-4%
Total		<u>\$ 23,160,000</u>	<u>\$ 8,148,350</u>	<u>\$ 31,308,350</u>	

JEFFERSON COUNTY SCHOOL DISTRICT NO. 509J

SCHEDULE OF LONG-TERM DEBT TRANSACTIONS

For the Fiscal Year Ended June 30, 2025

PERS Pension Obligation Bonds 2002

October 31, 2002, the District issued Oregon School Boards Association Limited Tax Pension Obligation Bonds, Series 2002 to finance the District's estimated PERS unfunded liability. The original balance was \$12,506,637 and has a variable interest rate on the bonds varying from 2.06% to 6.01%. Interest payments are due the 30th of June and December of each year with a principal payment due with the June payment.

Current Year Activity:

	Outstanding Balance July 1, 2024	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2025	Due Within One Year
Principal	\$ 5,260,000	\$ -	\$ 1,340,000	\$ 3,920,000	\$ 1,490,000
Interest	-	291,930	291,930	-	217,560
Total	<u>\$ 5,260,000</u>	<u>\$ 291,930</u>	<u>\$ 1,631,930</u>	<u>\$ 3,920,000</u>	<u>\$ 1,707,560</u>

Future Requirements:

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2026	\$ 1,490,000	\$ 217,560	\$ 1,707,560	2.06-6.01%
	2027	1,655,000	134,865	1,789,865	2.06-6.01%
	2028	775,000	43,013	818,013	2.06-6.01%
Total		<u>\$ 3,920,000</u>	<u>\$ 395,438</u>	<u>\$ 4,315,438</u>	

JEFFERSON COUNTY SCHOOL DISTRICT NO. 509J**SCHEDULE OF LONG-TERM DEBT TRANSACTIONS****For the Fiscal Year Ended June 30, 2025****Full Faith and Credit Pension Obligation Bonds, Series 2021A**

On July 22, 2021 the District participated with other Oregon school district to issue Full Faith and Credit Pension Obligation Bonds, Series 2021A to finance the District's estimated PERS unfunded liability. The District issued \$31,905,000 in debt as part of the pooled issuance. Interest payments are due the 30th of June and December of each year with a principal payment due with the June payment. The interest rate is 4% through 2035 and the becomes 3%.

Current Year Activity:

	Outstanding Balance July 1, 2024	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2025	Due Within One Year
Principal	\$ 28,990,000	\$ -	\$ 1,150,000	\$ 27,840,000	\$ 1,220,000
Interest	-	647,759	647,759	-	637,708
Total	<u>\$ 28,990,000</u>	<u>\$ 647,759</u>	<u>\$ 1,797,759</u>	<u>\$ 27,840,000</u>	<u>\$ 1,857,708</u>

Future Requirements:

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2026	\$ 1,220,000	\$ 637,708	\$ 1,857,708	4.00%
	2027	1,295,000	624,240	1,919,240	4.00%
	2028	1,380,000	606,628	1,986,628	4.00%
	2029	1,470,000	585,514	2,055,514	4.00%
	2030	1,565,000	560,421	2,125,421	4.00%
	2031	1,665,000	532,141	2,197,141	4.00%
	2032	1,770,000	500,723	2,270,723	4.00%
	2033	1,885,000	464,668	2,349,668	4.00%
	2034	2,005,000	423,066	2,428,066	4.00%
	2035	2,135,000	375,808	2,510,808	4.00%
	2036	2,270,000	323,351	2,593,351	3.00%
	2037	2,420,000	265,761	2,685,761	3.00%
	2038	2,580,000	195,702	2,775,702	3.00%
	2039	2,750,000	121,011	2,871,011	3.00%
	2040	1,430,000	41,399	1,471,399	3.00%
Total		<u>\$ 27,840,000</u>	<u>\$ 6,258,141</u>	<u>\$ 34,098,141</u>	

JEFFERSON COUNTY SCHOOL DISTRICT NO. 509J

Oregon Department of Education Form 581-3211-C

For the Fiscal Year Ended June 30, 2025

SUPPLEMENTAL INFORMATION 2024-2025

Part A is needed for computing Oregon's full allocation for ESEA, Title 1 & other Federal Funds for Education

B. Energy Bills for Heating - All Funds:

Please enter your expenditures for electricity
& heating fuel, and water & sewage
for these Functions & Objects.

	Objects 325 & 326 & *327
Function 2540	\$ 925,453
Function 2550	\$ 24,224

C. Replacement of Equipment - General Fund:

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

Exclude these functions:

Exclude these functions:

\$ -

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

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

REPORT ON LEGAL
AND
OTHER REGULATORY REQUIREMENTS

Jefferson School District No. 509J

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

As of June 30, 2025

To the Governing Body of the Jefferson School District No. 509J
Jefferson, Oregon

We have audited the basic financial statements of the Jefferson School District as of and for the year ended June 30, 2025, and have issued our report thereon dated December 19, 2025. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the Jefferson School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

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

- **Over expenditure of appropriations in one fund**

OAR 162-10-0230 Internal Control

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

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



Ashraf Lakhani Farishta, CPA
Umpqua Valley Financial
Roseburg, Oregon
December 19, 2025

JEFFERSON SCHOOL DISTRICT NO. 509J

SINGLE AUDIT SECTION



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

To the Board of Directors
Jefferson School District No. 509J

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Jefferson School District No. 509J, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Jefferson School District No. 509J’s basic financial statements and have issued our report thereon dated December 19, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Jefferson School District No. 509J’s internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Jefferson School District No. 509J’s internal control. Accordingly, we do not express an opinion on the effectiveness of Jefferson School District No. 509J’s internal control.

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

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



Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jefferson School District No. 509J's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements. However, providing an opinion on compliance with those provisions was not the objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink, appearing to read 'Ashraf Lakhani'.

Ashraf Lakhani Farishta, CPA
Umpqua Valley Financial, LLC
Roseburg, Oregon
December 19, 2025



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

To the Board of Directors
Jefferson School District No. 509J

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Jefferson School District No. 509J's compliance with the types of compliance requirements described in the OMB *Circular Compliance Supplement* that could have a direct and material effect on each of Jefferson School District No. 509J's major federal programs for the year ended June 30, 2025. Jefferson School District No. 509J's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Jefferson School District No. 509J 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 Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Jefferson School District No. 509J and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinions on compliance for each major federal program. Our audit does not provide a legal determination of Jefferson School District No. 509J's compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Jefferson School District No. 509J's federal programs.



Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Jefferson School District No. 509J's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance for Jefferson School District No. 509J's compliance with the requirements of each major program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Jefferson School District No. 509J's compliance with the compliance requirements referred to above and performing such other procedures as we have considered necessary in the circumstances.
- Obtain an understanding of Jefferson School District No. 509J's internal control over compliance relevant to the audit to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Jefferson School District No. 509J's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

Government Auditing Standards require the auditor to perform limited procedures on Jefferson School District No. 509J's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Jefferson School District No. 509J's response was not subjected to the other auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.



Report on Internal Control over Compliance

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

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

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

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

A handwritten signature in blue ink, appearing to read 'Ashraf Lakhani'.

Ashraf Lakhani Farishta, CPA
Umpqua Valley Financial, LLC
Roseburg, Oregon
December 19, 2025

JEFFERSON COUNTY SCHOOL DISTRICT NO. 509J

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED June 30, 2025

	Assistance Listing (AL) #												
Federal Grantor/Pass Through Grantor/ Program Title	Federal Awarding Agency Prefix	AL Three-Digit Extension	Additional Award Identification	Federal Program Name	Cluster Name	Grant Fund	Federal Assistance Listing Number	Grant Period	Original Program or Grant Amount	(Receivable)/ Deferred Revenue June 30, 2024	Cash Received	Expenditures	(Receivable)/ Deferred Revenue June 30, 2025
US DEPARTMENT OF EDUCATION													
Passed Through Oregon Department of Education:													
Title IA - Grants to Local Education Agencies	84	010				Fund #203	84.010	2024-25	\$ 1,312,605	\$ -	\$ 1,039,544	\$ 1,215,068	\$ (175,525)
Title IA - Grants to Local Education Agencies	84	010				Fund #203	84.010	2023-24	1,312,051	(290,154)	441,335	151,181	-
Title IA - Federal School Improvement Funds to CSI & TSI Schools 23-24	84	010				Fund #211	84.010	2023-24	200,303	-	200,303	200,303	-
Title IA - Federal School Improvement Funds to CSI & TSI Schools 22-23	84	010				Fund #211	84.010	2022-23	217,223	(34,744)	39,890	5,146	-
Total Title I									3,042,183	(324,898)	1,721,072	1,571,699	(175,525)
Title II-A Teacher Quality	84	367				Fund #209	84.367	2023-24	157,246	(50,730)	98,096	47,366	-
Title II-A Teacher Quality	84	367				Fund #209	84.367	2024-25	158,094	-	158,094	158,094	-
Total Title II-A									315,340	(50,730)	256,190	205,460	-
Title III- English Language Acquisition Grant	84	365				Fund #216	84.365	2024-25	54,597	-	36,194	54,597	(18,403)
Title III- English Language Acquisition Grant	84	365				Fund #216	84.365	2023-24	63,248	(5,065)	52,546	47,481	-
Total Title III									117,845	(5,065)	88,740	102,078	(18,403)
Title IV-A - Student Support and Academic Enrichment 21-22 Formula	84	424				Fund #208	84.424	2023-24	83,183	(26,717)	28,818	2,101	-
Title IV-A - Student Support and Academic Enrichment 22-23 Formula	84	424				Fund #208	84.424	2024-25	105,826	(15,379)	85,436	105,826	(35,768)
Title IV- Stronger Connections	84	424				Fund #253.938	84.424	2024-25	250,542		194,559	250,542	(55,984)
Total Title IV-A Student Support and Academic Enrichment									439,551	(42,096)	308,813	358,469	(91,752)
21st Century Community Learning Centers	84	287				Fund #204	84.287	2023-24	500,000	(121,310)	238,400	117,090	-
21st Century Community Learning Centers	84	287				Fund #204	84.287	2024-25	500,000	-	228,401	228,401	-
Total 21st Century Community Learning Centers									1,000,000	(121,310)	466,801	345,491	-
Teacher Pathways for Bilingual Educators	84	425	COVID-19, 84.425	Elementary and Secondary School Emergency Relief Fund	Educational Stabilization Fund	Fund #253.928	84.425	2023-24	94061	(94,061)	94,061	-	-
ARP-HCY II	84	425	COVID-19, 84.425	Elementary and Secondary School Emergency Relief Fund	Educational Stabilization Fund	Fund #226	84.425	2023-24	22,606	-	8650.27	8650.27	-
21st Century Community Learning Centers	84	425	COVID-19, 84.425	Elementary and Secondary School Emergency Relief Fund	Educational Stabilization Fund	Fund #204	84.425	2023-24	500,000	(261,600)	261,600	-	-
Elementary & Secondary School Emergency Relief, III	84	425U	COVID-19, 84.425U	Elementary and Secondary School Emergency Relief Fund	Educational Stabilization Fund	Fund #206	84.425U	2020-24	8,353,221	(1,152,288)	2,749,036	1,596,748	-
Jumpstart Kinergarten 20223-23 Formula, ESSER	84	425				Fund #257	84.425	2022-23	312,438	(78,813)	391,594	312,781	-
Total Educational Stabilization Fund									13,001,716	(1,586,762)	3,504,941	1,918,179	-
IDEA - Special Education Grants to States(Part B Sec.611)	84	027				Fund #213	84.027	2022-23	574,636	(76,189)	76,189	-	-
IDEA - Special Education Grants to States(Part B Sec.611) ARP	84	027				Fund #213	84.027	2024-25	654,439	-	183,678	183,678	-
IDEA - Special Education Grants to States(Part B Sec.611)	84	027				Fund #213	84.027	2023-24	680,211	(56,347)	582,877	623,864	(97,334)
IDEA - Special Education Grants to States(Part B Sec.619) Pass Through	84	173				Fund #213.905	84.173	2024-25	12,705	-	12,705	12,705	-
Total IDEA									1,921,990	(132,536)	855,448	820,246	(97,334)
Total Passed through Oregon Department of Education									\$ 19,838,625	\$ (2,263,397)	\$ 7,202,006	\$ 5,321,622	\$ (383,013)

Continued on following page

JEFFERSON COUNTY SCHOOL DISTRICT NO. 509J**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS****YEAR ENDED June 30, 2025**

	Assistance Listing (AL) #												
Federal Grantor/Pass Through Grantor/ Program Title	Federal Awarding Agency Prefix	AL Three-Digit Extension	Additional Award Identification	Federal Program Name	Cluster Name	Grant Fund	Federal Assistance Listing Number	Grant Period	Original Program or Grant Amount	(Receivable)/ Deferred Revenue June 30, 2024	Cash Received	Expenditures	(Receivable)/ Deferred Revenue June 30, 2025
U.S. DEPARTMENT OF EDUCATION													
Passed through Education Service District:													
McKinney-Vento Homeless Assistance Act	84	196				Fund #226	84.196	2024-25	\$ 8,874	\$ -	\$ 9,644	\$ 9,644	\$ -
Total Passed through Education Service District									\$ 8,874	\$ -	\$ 9,644	\$ 9,644	\$ -
Passed Through U.S.Department of Education Direct:													
Impact Aid	84	041				Fund#100	84.041	2024-25	\$ 4,210,634	\$ -	\$ 3,094,482	\$ 3,094,482	\$ -
Native American Language Grant	84	365				Fund#207	84.365C	2022-23	1,624,233	(5,148)	5,148	-	-
It Is A New Day (Ishumax Kadux)Formula Grant	84	299A				Fund#219	84.299A	2021-2023	3,398,933	(3,584)	3,584	-	-
Read to Succeed - Innovative Approaches to Literacy	84	215				Fund#202	84.215G	2021-2026	320,793	-	145,263	145,263	-
Total Passed Through U.S.Department of Education Direct:									\$ 9,554,593	\$ (8,733)	\$ 3,248,478	\$ 3,239,745	\$ -
Total U.S. Department of Education									\$ 29,402,092	\$ (2,272,130)	\$ 10,460,128	\$ 8,571,012	\$ (383,013)
DEPARTMENT OF HEALTH AND HUMAN SERVICES													
Social Services Block Grant	93	667				Fund #223	93.667	2024-25	\$ 41,264	\$ -	\$ 41,264	\$ 41,264	\$ -
Early Head Start ChildCare - Oregon Child Development Coalition	93	600				Fund #215	93.600	2024-25	155,710	-	155,710	153,431	2,279
Total Department of Health and Human Services									\$ 196,974	\$ -	\$ 196,974	\$ 194,695	\$ 2,279
FEDERAL COMMUNICATIONS COMMISSION													
COVID-19 Emergency Connectivity Fund Program	32	009				Fund #107	32.009	2024-25	\$ 252,000	\$ -	\$ 252,000	\$ 252,000	\$ -
Total Federal Communiations Commission									\$ 252,000	\$ -	\$ 252,000	\$ 252,000	\$ -
Department of U.S. Administrative Services													
Federal Surplus Property	39	003				Fund #109	39.003	2024-25	\$ -	\$ -	\$ 2,351	\$ 2,351	\$ -
Department of U.S. Administrative Services									\$ -	\$ -	\$ 2,351	\$ 2,351	\$ -
U.S. DEPARTMENT OF AGRICULTURE													
Passed Through Oregon Department of Education:													
National School Lunch - Lunch	10	555				Fund #299.998	10.555	2024-25	\$ 1,268,922	\$ (51,381)	\$ 1,394,762	\$ 1,398,075	\$ (54,693)
National School Lunch - Breakfast	10	553				Fund #299.998	10.553	2024-25	636,309	(22,775)	636,286	638,171	(24,659)
National School Lunch - Commodities	10	555				Fund #299.998	10.555	2024-25	125,396	-	149,521	149,521	-
Summer Food Service Program for Children	10	559				Fund #299.996	10.559	2024-25	53,967	(4,791)	61,944	57,153	-
CNP Supply Chain Assistance	10	555				Fund #299.998	10.555	2024-25	26,046	(66,864)	66,864	-	-
CACFP	10	558				Fund #299	10.558	2024-25	154,561	(4,564)	148,131	148,569	(5,001)
CACFP Commodities	10	558				Fund #299	10.558	2024-25	143	(317)	10,039	10,061	(339)
Total National School Lunch Program									2,265,344	(150,691)	2,467,548	2,401,550	(84,693)
Passed through Local Government Jefferson County													
Schools and Roads Grants to States, Federal Forest Fees	10	665				100	10.665	2024-25	18,947	-	18,947	18,947	-
Total Federal Forest Fees									18,947	-	18,947	18,947	-
Total U.S. Department of Agriculture									\$ 2,284,291	\$ (150,691)	\$ 2,486,495	\$ 2,420,497	\$ (84,693)
TOTALS									\$ 32,135,357	\$ (2,422,821)	\$ 13,397,947	\$ 11,440,554	\$ (465,427)

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

RECONCILIATION TO REVENUE:

Cash Receipts per Schedule Above	\$ 13,397,947
Grants Receivable/Deferred Revenue Beginning of Year	(2,422,821)
Grants Receivable/Deferred Revenue End of Year	465,427
Federal Revenue Recognized per Financial Statements	\$ 11,440,554

JEFFERSON SCHOOL DISTRICT NO. 509J

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

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of federal awards (the “Schedule”) includes the federal award activity of Jefferson School District No. 509J under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Jefferson School District No. 509J, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Jefferson School District No. 509J.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 – INDIRECT COSTS RATE

Jefferson School District No. 509J has elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance, or other approved rate that is lower.

JEFFERSON SCHOOL DISTRICT NO. 509J

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2025

Section I—Summary of Auditor’s Results

1. The auditor’s report expresses an unqualified opinion on the financial statements of Jefferson School District No. 509J in accordance with GAAP.
2. No material weaknesses or significant deficiencies in internal control related to the financial statement audit were identified which are required to be reported.
3. No instances of noncompliance material with the financial statements of Jefferson School District No. 509J were disclosed during the audit.
4. The auditor’s report on compliance for the major federal award program expresses an unmodified opinion.
5. The audit did not disclose any findings that are required to be reported.
6. The programs tested as a major program were the
 - Educational Stabilization Fund AL# 84.425 cluster
7. The threshold for distinguishing between Type A and B programs was \$750,000.
8. The District was determined to be a low-risk auditee.

Section II—Financial Statements Findings

No findings related to the financial statements are reported in accordance with *Government Auditing Standards* for the year ended June 30, 2025.

Section III—Findings and Questioned Costs for Federal Awards.

No matters were reported relating to significant deficiencies, material weaknesses, or instances of noncompliance related to the financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of *Government Auditing Standards*.

Section IV—Summary Schedule of Prior Audit Findings

There were no findings for the fiscal year ended June 30, 2024.