

**ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON**

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2025



**12700 SW 72nd Ave.
Tigard, OR 97223**

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ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

2024-25

FINANCIAL REPORT

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ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

<u>BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Risteen Follett, Chair	June 30, 2025
Soren Rounds, Vice-chair	June 30, 2027
Jamie Olsen	June 30, 2027
Russ Ceperich	June 30, 2027

All Board members receive mail at address below.

ADMINISTRATION

Stacy Knudson, Superintendent (Registered Agent)
Stephanie Lewis, Business Manager

Alsea School District
301 South 3rd Street
Alsea, OR 97324

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**ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON**

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PAULY, ROGERS, AND CO., P.C.
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December 23, 2025

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Alsea School District 7J
Benton County, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying basic financial statements of the governmental activities, business-type activities, each major fund and, where applicable, cash flows thereof for Alsea School District (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the basic financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the basic financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the basic financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 controls. 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 basic 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 basic financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the basic financial statements.
- Obtain an understanding of the District's system of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's system of 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 basic financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison schedules presented as required supplementary information, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules 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 basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the other information, as listed in the table of contents, and the listing of board members containing their term expiration dates, located before the table of contents, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 23, 2025 on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C.

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ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

MANAGEMENTS DISCUSSION AND ANALYSIS

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ALSEA SCHOOL DISTRICT

Benton County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

As management of Alsea School District, Benton County, Oregon, we offer readers this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2025. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- At June 30, 2025, total net position of Alsea School District amounted to \$7,490,103.
- Of this amount, \$5,099,612 was invested in capital assets. The remaining balance included \$1,035,365 restricted for Special Revenues, Student Activities, Debt Service, Capital Projects, \$156,014 for OPEB-RHIA, and \$1,199,112 unrestricted net position.
- At June 30, 2025, the District's governmental funds reported combined ending fund balances of \$7,660,564

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Alsea School District's basic financial statements. The District's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

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

The statement of net position presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). The government-wide financial statements can be found on pages 1 through 2 of this report.

Fund Financial Statements

The fund financial statements are designed to demonstrate compliance with finance-related legal requirements overseeing the use of fund accounting. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. All the funds of Alsea School District are governmental funds.

ALSEA SCHOOL DISTRICT

Benton County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

▪ **Governmental Funds**

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains six individual governmental funds. Information is presented separately in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Special Funds, Federal Lunch Program Fund, Student Body Fund, Debt Service Fund, and Capital Projects Fund, all of which are considered to be major governmental funds.

Alsea School District adopts an annual appropriated budget for all of its governmental funds. A budgetary comparison statement has been provided for each fund individually to demonstrate compliance with their respective budgets but are not a required part of the basic financial statements.

The basic governmental fund financial statements can be found on pages 3 through 6 of this report.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 10 through 39 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also provides certain required supplementary information, which includes the schedules of the District's proportionate share of the net pension liability/asset – PERS and OPEB RHIA and District contributions. This other information can be found on pages 40 through 42 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. At June 30, 2025 the District's assets exceeded liabilities by \$7,490,103.

ALSEA SCHOOL DISTRICT

Benton County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

A large portion of the District's net position reflects its investment in capital assets (e.g., land, buildings, buses and equipment). The District uses these capital assets for classrooms and supporting services for providing kindergarten through twelfth grade education; consequently, these assets are not available for future spending.

District's Net Position

The net position of the District decreased by \$520,837 during the current fiscal year. This decrease is primarily due to an adjustment required by GASB 101. Condensed statement of net position information is shown below.

Condensed Statement of Net Position

	Governmental Activities	
	2025	2024
Assets		
Current and other assets	\$ 8,330,416	\$ 9,339,121
Restricted assets	138,868	223,138
Net OPEB Asset (RHIA)	156,014	85,565
Net capital assets	7,145,011	4,781,956
Total assets	15,770,309	14,429,780
Deferred outflows of resources	6,035,874	6,385,790
Liabilities		
Current liabilities	892,734	1,275,377
Noncurrent liabilities	12,432,588	11,383,650
Total liabilities	13,325,322	12,659,027
Deferred inflows of resources	990,758	145,603
Net position		
Net investment in capital assets	5,099,612	4,089,319
Restricted for:		
Grant Programs	6,587	-
Student activities	52,184	-
Debt Service	34,632	29,107
Bond Projects	941,962	1,476,612
Net OPEB Asset - RHIA	156,014	85,565
Unrestricted	1,199,112	2,330,337
Total net position	\$ 7,490,103	\$ 8,010,940

ALSEA SCHOOL DISTRICT
Benton County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

District's Changes in Net Position

The condensed statement of activities information shown below explains changes in net position.

Changes in Net Position		
	Governmental Activities	
	2025	2024
Program revenues		
Charges for services	\$ 5,060	\$ 6,719
Operating grants and contributions	<u>1,241,333</u>	<u>1,364,515</u>
Total program revenues	<u>1,246,393</u>	<u>1,371,234</u>
General revenues		
Property taxes - General	529,726	511,395
Property taxes - Debt Service	97,652	94,125
State school fund – general support	5,267,414	8,590,717
Unrestricted intermediate and local sources	432,446	247,811
Unrestricted federal sources	135,067	118,471
Investment earnings	435,372	402,113
Sale of assets	38,582	4,999
Gain (Loss) on Disposal of Capital Assets	-	(22,191)
Total general revenues	<u>6,936,259</u>	<u>9,947,440</u>
Total revenues	<u>8,182,652</u>	<u>11,318,674</u>
Program expenses		
Instruction	3,882,840	3,855,054
Support services	4,091,653	4,421,113
Food services/ Enterprise and community	256,646	239,277
Interest on long-term debt	52,013	62,970
Total program expenses	<u>8,283,152</u>	<u>8,578,414</u>
Change in net position	(100,500)	2,740,260
Net position - beginning of year	8,010,940	5,138,838
Prior Period Adjustment	(420,337)	131,842
Net position - end of year	<u>7,490,103</u>	<u>8,010,940</u>

Revenues

Since the District's mission is to provide a free and appropriate public education for kindergarten through twelfth grade students within its boundaries, the District may not charge for its core services. As expected, therefore, general revenues provide almost 85% of the funding required for governmental programs. Property taxes and state school funding combined for 85% of general revenues and 72% of total revenues.

ALSEA SCHOOL DISTRICT
Benton County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

Charges for services make up less than 1% of total revenues and are composed of the following; for which it is appropriate that the District charge tuition or fees:

Community Services	\$ 5,060
Total Charges For Services	<u>\$ 5,060</u>

Operating grants and contributions represent 15% of total revenues. Included in this category \$958,521 for instructional programs; and \$280,611, support service programs and \$2,201 to support various other educational activities.

Expenses

Expenses related to governmental activities are presented in several broad functional categories. Costs of direct classroom instruction activities account for 47% of the total expenses of \$8,283,152 and approximately 49% of the costs in supporting services relate to students, instructional staff, and school administration.

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

Governmental Funds

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

At the end of the current fiscal year, the District's governmental funds reported combined fund balances of \$7,660,564. Of this amount, \$52,184 was restricted for student activities; \$6,587 was restricted in Special Revenues; \$34,632 was restricted for Debt Service; and \$941,962 was restricted for capital projects.

The remaining balance of \$6,625,199 constitutes the total fund balance of the General Fund, which is available to spend at the District's discretion.

BUDGETARY HIGHLIGHTS

Budget amounts shown in the financial statements reflect the original budget amounts and four approved appropriation changes.

ALSEA SCHOOL DISTRICT
Benton County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSETS AND DEBT ADMINISTRATION

The District's investment in capital assets for its governmental activities as of June 30, 2025 amounted to \$7,145,011 net of accumulated depreciation. This investment in capital assets includes buildings and improvements, equipment, and vehicles. The total depreciation related to the District's investment in capital assets for the current fiscal year was \$1,916,310. Additional information on the District's capital assets can be found on page 20 of this report.

Long-Term Debt

At the end of the current fiscal year, the District had total debt outstanding of \$2,332,961, excluding a bond premium. This amount consists of four bus leases/loans and GO Bond Series 2021. The District's total long-term debt increased by \$179,670 during the year due to principal payments made and two new bus leases. Additional information on the District's long-term debt can be found on page 36 through 37 of this report.

KEY ECONOMIC FACTORS AND BUDGET INFORMATION FOR THE FUTURE

At the time these financial statements were prepared and audited, The District's enrollment continues to decline due to the decrease in enrollment in the dedicated online school. State funding is based on the higher of the prior year's or current year's average daily membership, weighted (ADMw). The ADMw for 2024-25 at 348 compared to 349 projected for 2025-26, which equates to an estimated even funding.

The 2025-26 budget was developed based on no change to enrollment. Furthermore the budget included a 25% reduction federal funds due to the ongoing uncertainty of federal allocations. The district will continue to fund all existing positions, honor employee contracts, and maintain current program levels. This budget allowed the district to continue providing a full school year, professional development opportunities, necessary curriculum, and essential building and grounds maintenance, despite rising costs.

All of these factors were considered in preparing the District's budget for the 2025-26 fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Business Manager at the following address: P.O. Box B, Alsea, Oregon 97324.

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

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**ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON**
STATEMENT OF NET POSITION
June 30, 2025

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 7,961,730
Taxes receivable	16,968
Accounts receivable	351,718
Grants receivable	138,868
Net OPEB Asset - RHIA	156,014
Capital assets, net of depreciation	<u>7,145,011</u>
 Total Assets	 15,770,309
 Deferred Outflows of Resources	
OPEB Related Deferrals - RHIA	4,405
Pension Related Deferrals - PERS	<u>6,031,469</u>
 Total Assets and Deferred Outflows of Resources	 <u>21,806,183</u>
 Liabilities	
Accounts payable	210,412
Deferred Revenue	53,879
Payroll liabilities	314,607
Accrued Interest	14,926
Current Portion, Long-term Obligations:	
Due within one year	298,910
Long-term Obligations:	
Due in more than one year	2,428,457
Premium on Bond	157,897
Proportionate Share of Net Pension Liability- PERS	9,782,652
OPEB Liability - Health Insurance	<u>63,582</u>
 Total Liabilities	 13,325,322
 Deferred Inflows of Resources	
Deferred Inflows - OPEB Health Insurance	8,239
OPEB Related Deferrals - RHIA	36,108
Pension Related Deferrals - PERS	<u>946,411</u>
 Total Liabilities and Deferred Inflows of Resources	 <u>14,316,080</u>
 Net Position	
Net Investment in Capital Assets	5,099,612
Restricted for:	
Special Revenue	6,587
Student Body	52,184
Debt Service	34,632
Capital Projects	941,962
Net OPEB Asset - RHIA	156,014
Unrestricted	<u>1,199,112</u>
 Total Net Position	 <u>\$ 7,490,103</u>

See accompanying notes to basic financial statements.

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2025

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenditures	Charges for Services	Operating Grants and Contributions	
		Governmental Activities		
Instruction	\$ 3,882,840	\$ -	\$ 958,521	\$ (2,924,319)
Support Services	4,091,653	-	280,611	(3,811,042)
Community Services	256,646	5,060	2,201	(249,385)
Interest on long-term debt	52,013	-	-	(52,013)
 Total governmental activities	 \$ 8,283,152	 \$ 5,060	 \$ 1,241,333	 \$ (7,036,759)

General Revenues

Property taxes - General	529,726
Property taxes - Debt service	97,652
State support	5,267,414
Unrestricted intermediate and local sources	432,446
Unrestricted federal sources	135,067
Earnings on Investments	435,372
Proceeds from Sale of Assets	38,582
 Total general revenues	 6,936,259
Change in Net Position	(100,500)
Net Position Beginning, As Adjusted	7,590,603
Net Position end of year	\$ 7,490,103

See accompanying notes to basic financial statements.

**ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON**

**BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2025**

	GENERAL FUND	SPECIAL REVENUE FUND	FEDERAL LUNCH PROGRAM FUND	STUDENT BODY FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL
ASSETS:							
Cash and Investments	\$6,821,112	\$ -	\$ -	\$ 52,184	\$ 34,427	\$ 839,865	\$7,747,588
Receivables:							
Accounts	44,025	-	9,558	-	-	298,135	351,718
Grants	-	138,868	-	-	-	-	138,868
Property Taxes	14,642	-	-	-	2,326	-	16,968
Due From Other Funds	<u>129,366</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>129,366</u>
Total Assets	<u>\$7,009,145</u>	<u>\$138,868</u>	<u>\$ 9,558</u>	<u>\$ 52,184</u>	<u>\$ 36,753</u>	<u>\$1,138,000</u>	<u>\$8,384,508</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:							
Liabilities:							
Accounts Payable	6,718	1,965	5,691	-	-	196,038	210,412
Payroll Liabilities	314,290	301	16	-	-	-	314,607
Deferred Revenue	49,379	4,500	-	-	-	-	53,879
Due To Other Funds	-	<u>125,515</u>	<u>3,851</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>129,366</u>
Total Liabilities	<u>370,387</u>	<u>132,281</u>	<u>9,558</u>	<u>-</u>	<u>-</u>	<u>196,038</u>	<u>708,264</u>
Deferred Inflows of Resources:							
Unavailable Revenue - Property Taxes	13,559	-	-	-	2,121	-	15,680
Fund Balance							
Restricted	-	6,587	-	52,184	34,632	941,962	1,035,365
Unassigned	<u>6,625,199</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,625,199</u>
Total Fund Balance	<u>6,625,199</u>	<u>6,587</u>	<u>-</u>	<u>52,184</u>	<u>34,632</u>	<u>941,962</u>	<u>7,660,554</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$7,009,145</u>	<u>\$138,868</u>	<u>\$ 9,558</u>	<u>\$ 52,184</u>	<u>\$ 36,753</u>	<u>\$1,138,000</u>	<u>\$8,384,508</u>

See accompanying notes to basic financial statements.

**ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON**

**Reconciliation of Governmental Funds
Balance Sheet to Statement of Net Position**

June 30, 2025

Total Fund Balances	\$ 7,660,564
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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 as assets in the governmental funds.

Capital Assets, net of depreciation	7,145,011
-------------------------------------	-----------

Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.

15,680

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

214,142

Deferred Inflows and Outflows of resources related to the pension plan include differences between expected and actual experience, changes of assumptions, differences between projects and actual earning, and contributions subsequent to the measurement date.

Deferred Outflows - PERS	\$ 6,031,469
Deferred Outflows - RHIA	4,405
Deferred Inflows - PERS	(946,411)
Deferred Inflows - OPEB Health Insurance	(8,239)
Deferred Inflows - RHIA	<u>(36,108)</u>
	5,045,116

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

Long-Term Obligations	(2,332,961)
Bond Premium	(157,897)
Accrued Interest Payable	(14,926)
Accrued compensated absences	<u>(394,406)</u>
	(2,900,190)

Transfers Out, Net

The Net Pension and OPEB Asset (Liability) is the difference between the total liability and the assets set aside to pay benefits earned to past and current employees and

Net Pension Liability - PERS	(9,782,652)
Net OPEB Liability - Implicit Health Subsidy	(63,582)
Net OPEB Asset - RHIA	<u>156,014</u>
	(9,690,220)

Total Net Position	\$ 7,490,103
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See accompanying notes to basic financial statements.

**ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON**

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For The Year Ended June 30, 2025**

	GENERAL FUND	SPECIAL REVENUE FUND	FEDERAL LUNCH PROGRAM	STUDENT BODY FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL
REVENUES:							
From Local Sources	\$1,087,531	\$ 3,500	\$ 1,788	\$ 24,661	\$101,575	\$ 24,040	\$1,243,095
From Intermediate Sources	14,311	14,973	-	-	-	-	29,284
From State Sources	4,266,141	861,850	7,358	-	-	993,915	6,129,264
From Federal Sources	-	379,483	135,067	-	-	-	514,550
Total Revenues	5,367,983	1,259,806	144,213	24,661	101,575	1,017,955	7,916,193
EXPENDITURES:							
Instruction	2,177,829	919,748	-	19,423	-	-	3,117,000
Support Services	2,559,288	269,260	-	-	-	-	2,828,548
Enterprise and Community Service	-	6,938	199,089	-	-	-	206,027
Facilities Acquisitions & Construction	-	91,992	-	-	-	2,252,605	2,344,597
Capital Outlay	324,920	-	-	-	-	-	324,920
Debt Service	91,228	-	-	-	96,050	-	187,278
Total Expenditures	5,153,265	1,287,938	199,089	19,423	96,050	2,252,605	9,008,370
Excess of Revenues Over, (Under) Expenditures	214,718	(28,132)	(54,876)	5,238	5,525	(1,234,650)	(1,092,177)
Other Financing Sources (Uses)							
Lease Purchase	324,918	-	-	-	-	-	324,918
Sale of Capital Assets	38,582	-	-	-	-	-	38,582
Transfers In	140,002	1,525	54,876	-	-	700,000	896,403
Transfers Out	(896,403)	-	-	-	-	-	(896,403)
Total Other Financing Sources (Uses)	(392,901)	1,525	54,876	-	-	700,000	363,500
Net Change in Fund Balance	(178,183)	(26,607)	-	5,238	5,525	(534,650)	(728,677)
Beginning Fund Balance	6,803,382	33,194	-	46,946	29,107	1,476,612	8,389,241
Ending Fund Balance	\$6,625,199	\$ 6,587	\$ -	\$ 52,184	\$ 34,632	\$ 941,962	\$7,660,564

See accompanying notes to basic financial statements.

**ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON**

**Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities**

For The Year Ended June 30, 2025

Net Change in Fund Balance	\$	(728,677)
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital Asset Additions	\$ 2,708,207
Depreciation Expense	<u>(345,152)</u>
	2,363,055

Long-term debt proceeds are reported as other financing sources in governmental funds. In the Statement of Net Position, however, issuing long-term debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position. This is the amount by which proceeds exceeded repayments:

The PERS Pension income (expense) and OPEB Income (expense) represent the changes in Net Pension Asset (Liability) from year to year due to changes in total pension liability and the fair value of pension plan net position available to pay pension benefits.

PERS	(1,843,491)
OPEB - Implicit Health Subsidy	<u>(9,750)</u>
OPEB - RHA	<u>52,239</u>
	(1,801,002)

Repayment of long term & short term obligations is an expenditure in the governmental funds, but the repayment reduces debt obligations in the government-wide statements.

Amortization of Bond Premium	7,895
Change in Accrued Compensated Absences	<u>30,558</u>
Change in Interest Payable	<u>(10,003)</u>
Issuance of New Financed Purchases	<u>(324,938)</u>
Payments made on long term obligations	<u>145,268</u>
	(151,220)

Internal service funds are used by management to charge the costs of insurance activities to individual funds. This activity is consolidated with the governmental activities in the Statement of Activities.

214,142

Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds, and are instead recorded as deferred revenue. They are, however, recorded as revenues in the Statement of Activities.

3,202

Change in Net Position	\$ <u>(100,500)</u>
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See accompanying notes to basic financial statements.

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

STATEMENT OF NET POSITION - PROPRIETARY FUND
June 30, 2025

PROPRIETARY FUNDS

	Unemployment Reserve Fund	PERS Reserve Fund	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 181,161	\$ 32,981	\$ 214,142
TOTAL ASSETS	181,161	32,981	214,142
NET POSITION			
Unrestricted	181,161	32,981	214,142
TOTAL NET POSITION	\$ 181,161	\$ 32,981	\$ 214,142

See accompanying notes to the basic financial statements

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
For The Year Ended June 30, 2025

PROPRIETARY FUNDS

	Unemployment Reserve Fund	PERS Reserve Fund	Total
OPERATING REVENUES			
Local	\$ 186,639	\$ 32,376	\$ 219,015
Interest	5,055	605	5,660
TOTAL OPERATING REVENUES	<u>191,694</u>	<u>32,981</u>	<u>224,675</u>
OPERATING EXPENSES			
Unemployment Compensation	10,533	-	10,533
TOTAL OPERATING EXPENSES	<u>10,533</u>	<u>-</u>	<u>10,533</u>
OPERATING INCOME (EXPENSE)	<u>181,161</u>	<u>32,981</u>	<u>214,142</u>
CHANGE IN NET POSITION	181,161	32,981	214,142
NET POSITION - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION - ENDING	<u>\$ 181,161</u>	<u>\$ 32,981</u>	<u>\$ 214,142</u>

See accompanying notes to the basic financial statements

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For The Year Ended June 30, 2025

PROPRIETARY FUNDS

	Unemployment Reserve Fund	Pers Reserve Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Received for services	\$ 191,694	\$ 32,981	\$ 224,675
Cash paid to supplies	(10,533)	-	(10,533)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>181,161</u>	<u>32,981</u>	<u>214,142</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	181,161	32,981	214,142
CASH AND CASH EQUIVALENTS, BEGINNING	-	-	-
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 181,161</u>	<u>\$ 32,981</u>	<u>\$ 214,142</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:			
Operating Income (Loss)	<u>\$ 181,161</u>	<u>\$ 32,981</u>	<u>\$ 214,142</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ 181,161</u>	<u>\$ 32,981</u>	<u>\$ 214,142</u>

See accompanying notes to the basic financial statements

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ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

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ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

REPORTING ENTITY

The Alsea School District No. 7J is a municipal corporation governed by an elected board, organized under provisions of Oregon Statutes Chapter 332 for the purpose of operating elementary and secondary schools. Accounting principles generally accepted in the United States of America require that these financial statements present the District (the primary government) and all component units, if any. Component units, as established by the Governmental Accounting Standards Board (GASB) Statement 61, are separate organizations that are included in the reporting entity because of the significance of their operational or financial relationships with the District. There are no component units.

BASIS OF PRESENTATION - FUND ACCOUNTING

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

The Statement of Net Position and Statements of Activities display information about the District as a whole.

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

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

All direct expenses are reported by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Interest of general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities. In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities.

FUND FINANCIAL STATEMENTS

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

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental funds are used to account for general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period, which is 60 days.

GOVERNMENTAL FUND TYPES

Expenditures are recorded when the liability is incurred, except for un-matured interest on general long-term debt which is recognized when due, interfund transactions, and certain compensated absences and claims and judgments which are recognized as expenditures because they will be liquidated with expendable financial resources. Revenues susceptible to accrual are interest, state, county and local shared revenue and federal and state grants. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The following major governmental funds are reported:

GENERAL FUND

This fund accounts for all financial resources and expenditures except those required to be accounted for in another fund. The principal revenue sources are property taxes and an apportionment from the State of Oregon School Support Fund.

SPECIAL REVENUE FUNDS

This fund consists of all special revenue funds established to account for revenues and expenditures related to grants, student activities and other special revenues. Primary revenue sources are federal and state grants.

FEDERAL LUNCH PROGRAM FUND

This fund accounts for program revenues and expenditures related to the District's lunch program. The primary source of revenue is from federal grants and charges for services.

STUDENT BODY FUND

This fund accounts for programs revenues and expenditures related to the District's student body activities and memorial funds. The primary source of revenue is fundraising.

DEBT SERVICE FUND

This fund accounts for the accumulation of resources for, and the repayment of, general long-term debt, principal and interest. The principal revenue source is property taxes.

CAPITAL PROJECTS FUND

This fund accounts for the acquisition of temporary or permanent structures to be used to educate students. The primary source of revenue is transfer from the General Fund and Bond Proceeds.

The District also reports the Bus Replacement fund which is presented in the General fund for financial statement reporting purposes in accordance with GASB Statement No. 54. A budget and actual statement is presented for this fund for purposes of additional analysis.

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BUS REPLACEMENT FUND

This fund accounts for resources to be used to purchase school buses. The primary source of revenue is transfers from the General Fund.

The District also maintains two internal service funds. They are reported as proprietary funds and are separate from the governmental funds due to their internal purpose as reserves for future expenditures. They are combined with the governmental funds on the Government-wide statements.

UNEMPLOYMENT RESERVE FUND

This fund includes amounts accumulated from increased payroll charges to fund unemployment claims for non-licensed staff during scheduled breaks (Spring, Winter, and Summer) under revised unemployment law.

PERS RESERVE FUND

This fund includes amounts accumulated from prior years to fund anticipated PERS costs.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

BUDGETS

A budget is prepared and legally adopted for each governmental and proprietary fund type on the modified accrual basis of accounting in the main program categories required by Oregon Local Budget Law. The budgets for all budgeted funds are adopted on a basis consistent with generally accepted accounting principles except that property taxes received after year-end are not considered budgetary resources in the funds, capital assets are expensed when purchased, inventory is expensed when purchased, long term debt is expensed when paid. Other post-employment benefits are expensed when paid rather than when incurred, and depreciation expense is not reported.

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The budget process begins early in each fiscal year with the establishment of the budget committee. Recommendations are developed through late winter with the budget committee approving the budget in early spring. Public notices of the budget hearing are generally published in spring with a public hearing being held approximately three weeks later. The Board may amend the budget prior to adoption. However, budgeted expenditures for each fund may not be increased by more than ten percent without re-publication. The budget is then adopted, appropriations are made, and the tax levy declared no later than June 30th.

Expenditure budgets are appropriated at the following levels for each fund: Instruction, Support Services, Enterprise & Community Services, Facilities Acquisition and Construction, Other Uses - Debt Service and Interfund Transfers, and Operating Contingency.

Expenditures cannot legally exceed the adopted appropriation levels except in the case of grants which could not be estimated at the time of budget adoption. Appropriations lapse at the fiscal year-end. Management may amend line items in the budget without Board approval as long as appropriation levels (the legal level of control) are not changed. Supplemental appropriations may occur if the Board approves them due to unforeseen circumstances which could not be determined at the time the budget was adopted.

Budget amounts shown in the basic financial statements reflect the original budgeted appropriation amounts. Expenditures of the various funds were within authorized appropriations for the year ended June 30, 2025.

CASH AND CASH EQUIVALENTS

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

FAIR VALUE INPUTS AND METHODOLOGIES AND HIERARCHY

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

Level 1 – unadjusted price quotations in active markets/exchanges for identical assets or liabilities that each Fund has the ability to access

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

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

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FAIR VALUE INPUTS AND METHODOLOGIES AND HIERARCHY (CONTINUED)

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

PROPERTY TAXES RECEIVABLE

Uncollected real and personal property taxes are reflected on the statement of net position and the balance sheet as receivables. Uncollected taxes are deemed to be substantially collectible or recoverable through liens. All property taxes receivable are due from property owners within the District.

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic distributions of collections to entities levying taxes. Property taxes become a lien against the property when levied on July 1 of each year and are payable in three installments due on November 15, February 15 and May 15. Property tax collections are distributed monthly except for November, when such distributions are made weekly.

GRANTS

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

SUPPLY INVENTORIES

Supply inventories purchased are valued at cost (first-in, first-out method). Any donated inventories are valued at their estimated fair market value. Inventories purchased have been charged as expenditures when purchased. Inventories are offset by a fund balance reserve and are not available expendable resources. Supply inventories were considered by management to be immaterial at year end and have not been recorded in the basic financial statements.

CAPITAL ASSETS

Capital assets are recorded at original cost or estimated original cost. Donated capital assets are recorded at their estimated fair market value on the date donated. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Interest incurred during construction is not capitalized. The cost of routine maintenance and repairs that do not add to the value of the assets or materially extend asset lives are charged to expenditures as incurred and not capitalized. Capital assets are depreciated using the straight-line method over the following useful lives: Buildings and Improvements 10 to 50 years, Equipment 5 to 30 years and Vehicles – 10 years.

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the basic financial statements 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 future periods and so will *not* be recognized as an outflow of resources. At June 30, 2025 there were deferred outflows representing PERS pension, and OPEB - RHIA related deferrals reported in the Statement of Net Position.

In addition to liabilities, the basic financial statements 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. At June 30, 2025 there were deferred inflows reported in the governmental funds balance sheet representing unavailable revenue from property tax. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. There were also deferred inflows reported in the Statement of Net Position representing PERS pension, OPEB – Healthcare, and OPEB - RHIA related deferrals.

RIGHT-TO-USE LEASE ASSETS

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

LEASES PAYABLE

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

USE OF ESTIMATES

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

LONG-TERM OBLIGATIONS

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

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

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LONG-TERM OBLIGATIONS (CONTINUED)

As of June 30, 2025, the District had long-term debt obligations from a 2021 General Obligation Bond, and the purchase of school buses.

ACCRUED COMPENSATED ABSENCES

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

RETIREMENT PLAN

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

NET POSITION

Net position is comprised of the various net earnings from operations, non-operating revenues, expenses and contributions of capital. Net position is classified in the following three categories:

Net Investment in Capital Assets – consists of all capital assets, and lease right-to-use assets, net of accumulated depreciation, amortization and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – consists of external constraints placed on asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – consists of all other assets that are not included in the other categories previously mentioned.

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND EQUITY

GASB Statement No. 54, Fund Balance Reporting and Governmental Fund-type Definitions is followed. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications are nonspendable, restricted, committed, assigned, and unassigned.

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

There were no nonspendable, committed or assigned fund balances at year end.

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

To preserve a sound financial system and to provide a stable financial base, the governing body has adopted a minimum fund balance policy of six percent of expenditures.

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS

DEPOSITS

Deposits with financial institutions are comprised of bank demand deposits. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury. The total bank balance per the bank statements is \$174,903, of which all was covered by the federal depository insurance. Any excess over Federal Deposit Insurance would be collateralized by the Oregon Public Funds Collateralization Program (PFCP).

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

Deposits with Financial Institutions:

Demand Deposits	\$ 43,047
Investments	<u>7,918,683</u>
Total	<u>\$ 7,961,730</u>

INVESTMENTS

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund appears to be in compliance with all portfolio guidelines at June 30, 2025. The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. We intend to measure these investments at book value since it materially approximates fair value.

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value measurement in the Oregon Short Term Fund's audited financial report. As of June 30, 2025, the fair value of the position in the **LGIP is 100.49%** of the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized.

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

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

Investment Type	Investment Maturities (in months)			
	Fair Value	Less than 3	3 - 18	18 - 59
State Treasurer's Investment Pool	\$ 7,918,683	\$ 7,918,683	\$ -	\$ -
Total	\$ 7,918,683	\$ 7,918,683	\$ -	\$ -

Interest Rate Risk - Investments

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

Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the deposits may not be returned. There is no deposit policy for custodial risk. As of June 30, 2025, none of the bank balances were exposed to custodial credit risk.

Credit Risk - Investments

Oregon Revised Statutes does not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE. The State Investment Pool is not rated.

Concentration of Credit Risk

At June 30, 2025, 100% of total investments were in the State Treasurer's Investment Pool. State statutes do not limit the percentage of investments in either of these instruments. Oregon Revised Statutes require no more than 25 percent of the moneys of local government to be invested in bankers' acceptances of any qualified financial institution. At June 30, 2025, investments appeared to be in compliance with all percentage restrictions.

**ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

3. ACCOUNTS/GRANTS RECEIVABLE

Special revenue fund grants receivable are comprised of claims for reimbursement of costs under various federal and state grant programs. Property taxes are levied and become a lien on all taxable property as of July 1. Taxes unpaid and outstanding on May 16 are considered delinquent. No allowance for uncollectible accounts has been recorded because all receivables are considered to be collectible.

4. CAPITAL ASSETS

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

	Balance Beginning of Year	Adjustments	Additions	Deletions	Balance End of Year
Non-Depreciable Capital Assets					
Land and Land Improvements	\$ 82,678	\$ -	\$ -	\$ -	\$ 82,678
Construction in Process	3,113,266	(4,727,379)	2,342,596	-	728,483
Total Non-Depreciable	3,195,944	(4,727,379)	2,342,596	-	811,161
Depreciable Capital Assets					
Buildings and Improvements	1,374,641	4,727,379	-	-	6,102,020
Equipment	488,670	-	40,693	-	529,363
Vehicles	1,293,859	-	324,918	-	1,618,777
Total Capital Assets	3,157,170	4,727,379	365,611	-	8,250,160
Accumulated Depreciation					
Buildings and Improvements	897,274	-	137,115	-	1,034,389
Furniture & Equipment	225,804	-	63,219	-	289,023
Vehicles	448,080	-	144,818	-	592,898
Total Accumulated Depreciation	1,571,158	-	345,152	-	1,916,310
Total Net Capital Assets	\$ 4,781,956				\$ 7,145,011

Depreciation expense for the year ended June 30, 2025 was allocated to the functions as follows:

Instruction	\$ 126,626
Support Services	210,156
Community Services	8,370
Total	\$ 345,152

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. DEFINED BENEFIT PENSION PLAN

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

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

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

- a. **PERS Pension (Chapter 238).** The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.
 - i. **Pension Benefits.** The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, and 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefits results.
A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier 1 general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier 2 members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.
 - ii. **Death Benefits.** Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following contributions are met:
 - member was employed by PERS employer at the time of death,
 - member died within 120 days after termination of PERS covered employment,
 - member died as a result of injury sustained while employed in a PERS-covered job, or
 - member was on an official leave of absence from a PERS-covered job at the time of death.
 - iii. **Disability Benefits.** A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.
 - iv. **Benefit Changes After Retirement.** Members may choose to continue participation in their variable account after retiring and may experience annual benefit fluctuations due to changes in the fair value of the underlying global equity investments of that account. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes (COLA). The COLA is capped at 2.0 percent.

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement. Under House Bill (HB) 2283, passed during the 2023 legislative session and effective January 1, 2024, if a member has established retirement eligibility under the police and fire classification, they retain that eligibility even if they perform service thereafter as other than police and fire. Under HB 4045, passed during the 2024 legislative session and effective January 1, 2025, normal retirement age for police and fire members will be lowered to age 55 or age 53 with 25 years of retirement credit.

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

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

ii. **Death Benefits.** Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member. The surviving spouse may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached 70½ years.

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

iv. **Benefit Changes After Retirement.** Under ORS 238.360, monthly benefits are adjusted annually through cost-of-living changes (COLA), starting with the monthly benefits received or entitled to be received on August 1. The COLA is capped at 2.0 percent.

Contributions – PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2021 actuarial valuation, which became effective July 1, 2023. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2025 were \$688,656, excluding amounts to fund employer specific liabilities. In addition, approximately \$160,658 in employee contributions were paid or picked up by the District in 2024-2025.

**ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

5. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Asset or Liability – At June 30, 2025, the District reported a net pension liability of \$9,782,652 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated December 31, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of the measurement dates of June 30, 2024 and 2023, the District's proportion was 0.044 percent and 0.049 percent, respectively. Pension expense for the year ended June 30, 2025 was \$1,843,491.

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

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

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 579,532	\$ 23,348
Changes in assumptions	983,551	1,260
Net difference between projected and actual		
earnings on pension plan investments	621,472	-
Net changes in proportionate share	2,926,564	616,048
Differences between District contributions		
and proportionate share of contributions	231,694	305,755
Subtotal - Amortized Deferrals (below)	5,342,813	946,411
District contributions subsequent to measuring date	688,656	-
Deferred outflow (inflow) of resources	<u>\$ 6,031,469</u>	<u>\$ 946,411</u>

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

Subtotal amounts related to pension as deferred outflows of resources \$5,342,813 and deferred inflows of resources, (\$946,411), net to \$4,396,402 and will be recognized in pension income as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2026	\$ 946,253
2027	1,947,216
2028	1,169,025
2029	336,612
2030	(2,704)
Thereafter	-
Total	<u>\$ 4,396,402</u>

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

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

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

Actuarial Methods and Assumptions:

Valuation date	December 31, 2022
Measurement Date	June 30, 2024
Experience Study Report	2022, Published July 24, 2023
Actuarial cost method	Entry Age Normal
Inflation rate	2.40 percent
Investment rate of return	6.90 percent
Discount rate	6.90 percent
Projected salary increase	3.40 percent
Cost of Living Adjustment	Blend of 2% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service
Mortality	<p><u>Healthy retirees and beneficiaries:</u> 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.</p> <p><u>Active members:</u> Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><u>Disabled retirees:</u> Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

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

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Assumed Asset Allocation:

Asset Class/Strategy	Low Range	High Range	OIC Target
Debt Securities	20.0%	30.0%	25.0%
Public Equity	22.5%	32.5%	27.5%
Real Estate	9.0%	16.5%	12.5%
Private Equity	17.5%	27.5%	20.0%
Real Assets	2.5%	10.0%	7.5%
Diversifying Strategies	2.5%	10.0%	7.5%
Opportunity Portfolio	0.0%	5.0%	0.0%
Total			100.0%

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

Long-Term Expected Rate of Return:

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

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

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

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Discount Rate – The discount rate used to measure the total pension liability as of the measurement dates of June 30, 2024 and 2023 was 6.90 percent, for both years, for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from the plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
District's proportionate share of the net pension liability	\$ 15,431,736	\$ 9,782,652	\$ 5,051,268

Changes Subsequent to the Measurement Date

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

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

OPSRP Individual Account Program (OPSRP IAP)

Plan Description:

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

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Benefits:

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

Death Benefits:

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

Contributions:

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

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

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

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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

Plan Description:

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

Funding Policy:

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

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

At June 30, 2025, the District reported a net OPEB asset of \$156,014 for its proportionate share of the net OPEB asset. The OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2022. Consistent with GASB Statement No. 75, paragraph 59(a), the District's proportion of the net OPEB 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 dates of June 30, 2024 and 2023, the District's proportion was 0.039 percent and 0.023 percent, respectively. OPEB income for the year ended June 30, 2025 was \$52,239.

**ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

6. OTHER POST-EMPLOYMENT BENEFIT PLAN - (RHIA) (CONTINUED)

Components of OPEB Expense/(Income):

Employer's proportionate share of collective system OPEB Expense/(Income)	\$ (18,548)
Net amortization of employer-specific deferred amounts from:	
- Changes in proportionate share (per paragraph 64 of GASB 75)	(33,604)
- Differences between employer contributions and employer's proportionate share of system contributions (per paragraph 65 of GASB 75)	-
Employer's Total OPEB Expense/(Income)	<u>\$ (52,152)</u>

Components of Deferred Outflows/Inflows of Resources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ -	3,051
Changes in assumptions	- -	1,973
Net difference between projected and actual earnings on pension plan investments	4,405	-
Net changes in proportionate share		31,084
Differences between District contributions and proportionate share of contributions	-	
Subtotal - Amortized deferrals (below)	4,405	36,108
District contributions subsequent to measurement date	-	-
Deferred outflow (inflow) of resources	<u>\$ 4,405</u>	<u>\$ 36,108</u>

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

Subtotal amounts related to OPEB as deferred outflows of resources, \$4,405, and deferred inflows of resources, (\$36,108), net to (\$31,703) and will be recognized in OPEB income as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2026	\$ (37,355)
2027	2,759
2028	2,383
2029	510
2030	-
Thereafter	-
Total	<u>\$ (31,703)</u>

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 75 reporting summary dated January 31, 2025. Oregon PERS produces an independently audited ACFR which can be found at:

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

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

6. OTHER POST-EMPLOYMENT BENEFIT PLAN - (RHIA) (CONTINUED)

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2022
Measurement Date	June 30, 2024
Experience Study Report	2022, Published July 24, 2023
Actuarial cost method	Entry Age Normal
Inflation rate	2.40 percent
Investment rate of return	6.90 percent
Discount rate	6.90 percent
Projected salary increase	3.40 percent
Retiree healthcare participation	Healthy retirees: 25%; Disabled retirees: 15%
Mortality	<p><u>Healthy retirees and beneficiaries:</u> 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.</p> <p><u>Active members:</u> Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><u>Disabled retirees:</u> Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

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

Discount Rate:

The discount rate used to measure the total OPEB liability as of the measurement date of June 30, 2024 and 2023, was 6.90 percent, for both years. 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.

**ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

6. OTHER POST-EMPLOYMENT BENEFIT PLAN - (RHIA) (CONTINUED)

Long-Term Expected Rate of Return:

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

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

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

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

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
District's proportionate share of the OPEB asset	\$ 144,421	\$ 156,014	\$ 165,995

Changes Subsequent to the Measurement Date

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

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. OTHER POST-EMPLOYMENT BENEFIT PLAN - (IMPLICIT HEALTH SUBSIDY)

Plan Description

The District provides subsidized health benefits to retirees under age 65, as required by ORS 243.303. The plan provides postretirement healthcare benefits for eligible retirees and their dependents through the District's group health insurance plans. The plan covers both active and retired participants. As of the actuarial valuation date, there were 50 active participants and no retirees in the ORS 243.303 allowed plan which states, in part, that for the purposes of establishing healthcare premiums, the calculated rate must be based on the cost of all plan members, including both active employees and retirees. Because claim costs are generally higher for retiree groups than for active employees, the premium amount does not represent the full cost of coverage for retirees. The resulting additional cost, or implicit subsidy, is required to be valued under GASB Statement 75 related to Other Post-Employment Benefits (OPEB). Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations of the OPEB plan reflect a long-term perspective.

Funding Policy

The District has not established a trust fund to finance the cost of Post-employment Health Care Benefits related to implicit rate subsidies. Premiums are paid by retirees based on the rates established for active employees. Additional costs related to an implicit subsidy are paid by the District on a pay-as-you go basis in all funds. There is no obligation on the part of the District to fund these benefits in advance.

Net Other Post-Employment Benefit Liability

The net other post-employment benefit liability (NOL) was measured as of June 30, 2025, and the total other post-employment benefit liability was determined by an actuarial valuation as of July 1, 2023.

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

Active participants	50
Inactive participants or beneficiaries receiving benefits	0
	<u>50</u>

Actuarial Methods and Assumptions

The District engaged an actuary to perform a valuation as of July 1, 2023 using the Entry age normal, level percent of Salary Actuarial Cost Method.

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. OTHER POST-EMPLOYMENT BENEFIT PLAN - (IMPLICIT HEALTH SUBSIDY) (CONTINUED)

The total other post-employment benefit liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	July 1, 2023
Actuarial Cost method	Entry Age Normal, level percent of salary
Investment Return assumption (Interest discount)	4.00% per year, based on all years discounted at municipal bond rate (based on Bond Buyer 20-Bond General Obligation Index as of June 30, 2024).
Plan participation	35% assumed will elect coverage at retirement if eligible for District paid insurance
Medical Premium annual trend rate	4.0% in 2025 and fluctuating between 4.5% and 5.8% thereafter
Inflation Rate	2.5% per year
Annual salary rate increase	35% assumed will elect coverage at retirement if eligible for District paid insurance
Health care Premium	Beginning in 2018 a 40% excise tax will be imposed under the affordable care act on employers if the aggregate value of medical coverage exceeds a threshold limit. This excise tax is not included in the calculations because it is believed to be immaterial in regard to the OPEB plan

Mortality rates were based on the Pub-2010 teachers table, separate Employee/Healthy Annuitant, sex distinct, generational. Improvement scale was Unisex Social Security Data Scale (60 year average). Active employee/retiree adjustments was set back 12 months for males, no setback for females.

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

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

Retirement rates were based on percentages developed for the valuation of benefits under Oregon PERS and vary by age and years of service. Of the active employees potentially eligible to receive District-paid health benefits, 40% of those currently enrolled are assumed to be enrolled at retirement and 50% of those retirees are assumed to cover a spouse, as well. Current and future retirees are assumed to remain enrolled in the plans in which they are currently enrolled, with a 7.0% assumed drop rate per year. There was an assumption of no impact of dependent children on the implicit subsidy.

The discount rate used to measure the total pension and total other post-employment benefit liabilities was 5.25%, based on all years discounted at the municipal bond rate.

**ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

7. OTHER POST-EMPLOYMENT BENEFIT PLAN - (IMPLICIT HEATLH SUBSIDY) (CONTINUED)

Changes in the Net Other Post-Employment Benefit Liability

	Total OPEB Liability
Total OPEB Liability Balance 6/30/2024	<u>\$ 60,760</u>
Changes for the Year	
Service Cost	10,372
Interest	2,801
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of Assumptions or other input	(8,132)
Benefit payments	(2,219)
Net Change in total OPEB liability	<u>2,822</u>
Total OPEB Liability Balance 6/30/2025	<u>\$ 63,582</u>

Sensitivity of the Net Other Post-Employment Benefit Liability to changes in the discount and trend rates

The following presents the net other post-employment benefit liability (NOL) of the District, calculated using the discount rate of 5.25 percent, as well as what the District's NOL would be if it was calculated using a discount rate that is 1-percentage-point lower (4.25 percent) or 1-percentage-point higher (6.25 percent) than the current rate:

	Current		
	1% Lower	Discount Rate	1% Higher
	4.25%	5.25%	6.25%
Total OPEB Liability	\$ 70,020	\$ 63,582	\$ 57,678

The following presents the net other post-employment benefit liability (NOL) of the District, calculated using the trend rate of 3.5 percent graded up to 5.8 percent, then back down to 4.5%, as well as what the District's NOL would be if it was calculated using a trend rate that is 1-percentage-point lower (2.5 percent graded up to 4.8%, then down to 3.5%) or 1- percentage-point higher (4.5 percent graded up to 6.8%, then down to 5.5%) than the current rate:

	Current		
	1% Lower	Trend Rates	1% Higher
	3.5%	4.5%	5.8%
Total OPEB Liability	\$ 53,155	\$ 63,582	\$ 76,445

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. OTHER POST-EMPLOYMENT BENEFIT PLAN - (IMPLICIT HEATLH SUBSIDY) (CONTINUED)

Other Post-Employment Benefits Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Other Post-Employment Benefits

For the year ended June 30, 2025, the District recognized Other Post-Employment Benefit expense of \$9,750.

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

Deferral Source	Deferred Outflows of resources	Deferred Inflows of resources
Differences between expected & actual experience	\$ -	\$ -
Changes of assumptions or other inputs	-	8,239
Totals	\$ -	\$ 8,239

The amount of contributions subsequent to the measurement date will be included as a reduction of the net OPEB liability in the fiscal year ending June 30, 2026. Subtotal amounts reported as deferred outflows of \$0 and deferred inflows of (\$8,239), net to (\$8,239) and will be recognized in Other Post-employment benefit expense as follows:

Year ended June 30,		
2026	\$ (1,204)	
2027	(1,204)	
2028	(1,204)	
2029	(1,204)	
2030	(1,204)	
Thereafter	(2,219)	
Total	\$ (8,239)	

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. LONG TERM DEBT OBLIGATIONS

Go Bond Obligation

General Obligation bonds were issued to provide funds for the purpose of funding various construction projects within the District. On April 13, 2021, the District issued \$2,100,000 of Series 2021 General Obligation bonds to finance various construction projects. The bond issued a related premium in the amount of \$189,477. This interest rate is fixed at 3.00% and is due semiannually on June 15 and December 15. A new Debt Service fund has been established to be used to liquidate the related debt.

Santander – 2021 Bus Loans

The District purchased two 2021 Blue Bird Buses (Bus #55 and Bus #58) on February 15, 2021 in the amount of \$116,800 each. Interest rates are 2.25% fixed and are pledged as collateral. In the event of default on the bank loan, the obligation contains a remedy clause. If the District is unable to make payments, the lender may declare the entire unpaid principal and unpaid accrued interest immediately due. The General Fund has traditionally been used to liquidate the related debt. During fiscal year 2023-24 Kings Valley Charter School purchased Bus #55, and assumed the financed purchase obligation.

Santander – 2023 Bus Loans

The District purchased two 2023 Blue Bird Buses (Bus #66 and Bus #7) on April 29, 2022 in the amount of \$119,629 each and applied a down payment to each purchase in the amount of \$35,888. The District financed \$83,741 for each bus. Interest rates are 2.25% fixed and are pledged as collateral. In the event of default on the bank loan, the obligation contains a remedy clause. If the District is unable to make payments, the lender may declare the entire unpaid principal and unpaid accrued interest immediately due. The General Fund has traditionally been used to liquidate the related debt. During fiscal year 2023-24 Kings Valley Charter School purchased Bus #66, and assumed the financed purchase obligation.

Santander – 2023 Bus Loan

The District purchased one 2023 Blue Bird Bus (Bus #18) on September 5, 2022 in the amount of \$147,945 and applied a down payment to the purchase in the amount of \$44,282. The District financed \$109,470 for the bus. Interest rate is 3.98% fixed and are pledged as collateral. In the event of default on the bank loan the lender may declare the entire unpaid principal and unpaid accrued interest immediately due. The General Fund has traditionally been used to liquidate the related debt.

Santander – 2025 Bus Loan

The District purchased two Blue Bird Buses (Bus #20 & #21) on September 25, 2024 in the amount of \$324,938. Interest rates are 5.80% fixed and are pledged as collateral. In the event of default on the bank loan, the obligation contains a remedy clause. If the District is unable to make payments, the lender may declare the entire unpaid principal and unpaid accrued interest immediately due. The General Fund has traditionally been used to liquidate the related debt.

**ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

8. LONG TERM DEBT OBLIGATIONS (CONTINUED)

The following table shows changes in general obligation bonds and other long-term obligations for the fiscal year ended June 30, 2025.

Issue Date	Interest Rates	Outstanding July 1, 2024	Additions	Matured and Redeemed	Outstanding June 30, 2025	Due Within One Year
Bonds payable:						
GO Bonds Series 2021	3.00%	\$ 2,035,000	\$ -	\$ 35,000	\$ 2,000,000	\$ 40,000
Direct Borrowing						
Santander - 2021 Bus #58	2.25%	23,915	-	23,915	-	-
Santander - 2023 Bus #7	2.97%	42,584	-	20,981	21,603	21,603
Santander - 2023 Bus #18	3.98%	51,792	-	25,391	26,401	26,401
Santander - 2025 Bus Loan #20 & #21	5.80%	-	324,938	39,981	284,957	25,002
		2,153,291	324,938	145,268	2,332,961	113,006
Premium Related to Bond						
2021 Original Issue Premium		165,792	-	7,895	157,897	-
Compensated Absences*		424,964	-	30,558	394,406	92,952
Total Long-Term Obligations		<u>\$ 2,744,047</u>	<u>\$ 324,938</u>	<u>\$ 183,721</u>	<u>\$ 2,885,264</u>	<u>\$ 205,958</u>

* - The change in compensated absences above is a net change for the year.

Future maturities of the general obligation bonds and loans currently outstanding are as follows:

Fiscal Year Ending June 30,	GO Bond		Bus Loans	
	Total Principal	Total Interest	Total Principal	Total Interest
2026	\$ 40,000	\$ 60,000	\$ 73,006	\$ 18,222
2027	45,000	58,800	26,453	15,077
2028	50,000	57,450	27,987	13,543
2029	55,000	55,950	29,610	11,920
2030	60,000	54,300	31,328	10,202
2031-2035	385,000	241,350	144,577	21,543
2036-2040	565,000	173,400	-	-
2041-2045	800,000	75,000	-	-
	<u>\$ 2,000,000</u>	<u>\$ 776,250</u>	<u>\$ 332,961</u>	<u>\$ 90,507</u>

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

9. LEASE LIABILITY

The District leases a copier for five years which will expire in fiscal year ending June 30, 2027. The annual lease payments of \$4,793 are considered immaterial under GASB 87.

10. INTERFUND TRANSFERS

Interfund transfers are comprised of the following at June 30, 2025:

Fund	Transfers Out	Transfers In	Due From	Due To
General Fund:				
General	\$ 896,403	\$ -	\$ 129,366	\$ -
Bus Replacement	-	140,002	-	-
Total General Fund	896,403	140,002	129,366	-
Special Revenue Fund	-	1,525	-	125,515
Federal Lunch Program Fund	-	54,876	-	3,851
Capital Projects Fund	-	700,000	-	-
	<u>\$ 896,403</u>	<u>\$ 896,403</u>	<u>\$ 129,366</u>	<u>\$ 129,366</u>

Transfers were made to fund operations. Interfund receivables and payables are used as a pooling of cash between funds. Interfund receivables and payables are used as a pooling of cash between funds.

11. PROPERTY TAX LIMITATIONS

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

The State of Oregon voters further reduced property taxes by replacing the previous constitutional limits on tax bases with a rate and value limit in 1997. This reduction is accomplished by rolling property values back to their 1995-96 values less 10% and limiting future tax value growth of each property to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempted from the reductions. The State Constitution sets restrictive voter approval requirements for most tax and many fee increases and new bond issues, and requires the State to minimize the impact to school districts from the impact of the tax cuts.

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

12. TAX ABATEMENTS

As of June 30, 2025, the District potentially had tax abatements through various state allowed programs that impacted levied taxes. Based on the information available from the county as of the date of issuance of these basic financial statements, there were no material abatements disclosed by the county for the year ended June 30, 2025 for any program covered under GASB 77.

13. COMMITMENTS AND CONTINGENCIES

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

There is participation in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representative. The deferral audits for these programs for the year ended June 30, 2025 have not been conducted. Accordingly, compliance with grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although such amounts, if any, are expected by management to be immaterial.

14. ADJUSTMENT OF BEGINNING BALANCES

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

	6/30/2024		
	Net Position As Previously Reported	Restatement - GASB 101 Implementation	6/30/2024 Net Position As Restated
Government-Wide Governmental Activities	\$ 8,010,940	\$ (420,337)	\$ 7,590,603

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

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ALSEA SCHOOL DISTRICT
BENTON COUNTY

REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2025

PERS

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (NPL)	(c) Employer's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2025	0.044 %	\$ 9,782,652	\$ 3,029,698	322.9 %	79.3 %
2024	0.049	9,109,094	4,928,426	184.8	81.7
2023	0.026	3,958,909	5,173,658	76.5	84.5
2022	0.016	1,973,359	3,254,560	60.6	87.6
2021	0.015	3,305,596	1,527,017	216.5	75.8
2020	0.018	3,042,927	1,336,643	227.7	80.2
2019	0.017	2,623,509	1,805,222	145.3	82.1
2018	0.015	2,030,385	1,194,310	170.0	83.1
2017	0.015	2,294,970	1,057,538	217.0	80.5
2016	0.019	1,067,974	966,773	110.5	91.9

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented.

These schedules are presented to illustrate the requirements to show information for 10 years.

SCHEDULE OF CONTRIBUTIONS

Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2025	\$ 688,656	\$ 688,656	\$ -	\$ 2,726,261	25.3 %
2024	712,210	712,210	-	3,029,698	23.5
2023	1,232,919	1,232,919	-	4,928,426	25.0
2022	1,290,962	1,290,962	-	5,173,658	25.0
2021	1,116,947	1,116,947	-	3,254,560	34.3
2020	529,762	529,762	-	1,527,017	34.7
2019	374,710	374,710	-	1,336,643	28.0
2018	367,844	367,844	-	1,805,222	20.4
2017	289,838	289,838	-	1,194,310	24.3
2016	203,154	203,154	-	1,057,538	19.2

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented.

These schedules are presented to illustrate the requirements to show information for 10 years.

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2025

OPEB - RHIA

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB ASSET/(LIABILITY) FOR RHIA

Year Ended June 30,	(a) District's Proportion of the net OPEB asset/(liability) (NOA/(L))	(b) District's proportionate share of the net OPEB asset/(liability) (NOA/(L))	(c) District's covered payroll	(b/c) NOA/(L) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2025	0.03863	% \$ 156,014	\$ 3,029,698	5.15 %	220.6 %
2024	0.00234	85,565	4,928,426	1.74	201.6
2023	0.01640	58,521	5,173,658	1.13	194.6
2022	0.01920	66,063	3,254,560	2.03	183.9
2021	0.01570	31,958	1,527,017	2.09	150.1
2020	0.01170	22,582	1,336,643	1.69	144.4
2019	0.01078	12,035	1,508,222	0.80	124.0
2018	0.01092	4,557	1,194,310	0.38	108.9
2017	0.01060	(2,888)	1,057,538	(0.27)	90.0

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented.

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

Amounts for covered payroll (c) use the prior year's data to match the measurement date used by the OPEB plan for each year.

SCHEDULE OF CONTRIBUTIONS FOR RHIA

Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	District's covered payroll	Contributions as a percent of covered payroll
2025	\$ N/A	\$ N/A	\$ N/A	\$ 2,726,261	N/A %
2024	N/A	N/A	N/A	3,029,698	N/A
2023	N/A	N/A	N/A	4,928,426	N/A
2022	N/A	N/A	N/A	5,173,658	N/A
2021	N/A	N/A	N/A	3,254,560	N/A
2020	N/A	N/A	N/A	1,527,017	N/A
2019	N/A	N/A	N/A	1,336,643	N/A
2018	N/A	N/A	N/A	1,508,222	N/A
2017	N/A	N/A	N/A	1,194,310	N/A

The amounts presented for each fiscal year were actuarially determined at December 31 and rolled forward to the measurement date of 6/30 for each year presented.

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

All statutorily required contributions were made and are included within PERS contributions (See p. 40)

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS

June 30, 2025

ANNUAL OPEB Cost and Net OPEB Obligation relating to Early Retirement Plan: Healthcare

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

Year Ended June 30,	Total OPEB Liability - Beginning	Service Cost	Interest	Changes of			Differences			Total OPEB Liability - End of Year	Estimated Covered Payroll	Total OPEB Liability as a % of Covered Payroll
				Benefit Terms	Changes of Assumptions	Between Expected and Actual	Benefit Payments					
2025	\$ 60,760	\$ 10,372	\$ 2,801	\$ -	\$ (8,132)	\$ -	\$ (2,219)	\$ 63,582	\$ 3,196,342	\$ 60,760	4,462,999	2.0%
2024	51,017	10,147	2,272	-	(1,498)	-	(1,178)	60,760	4,462,999	51,017	N/A	1.4%
2023	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

The above table presents the most recent actuarial valuations for the District's post-retirement benefit

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

**ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For The Year Ended June 30, 2025**

GENERAL FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Local Sources	\$ 688,098	\$ 688,098	\$ 1,062,911	\$ 374,813
Intermediate Sources	7,600	7,600	14,311	6,711
State Sources	<u>4,568,907</u>	<u>4,568,907</u>	<u>4,264,691</u>	<u>(304,216)</u>
Total Revenues	<u>5,264,605</u>	<u>5,264,605</u>	<u>5,341,913</u>	<u>77,308</u>
EXPENDITURES:				
Instruction	2,834,856	2,834,856 (1)	2,177,829	657,027
Support Services	3,332,429	3,332,429 (1)	2,559,288	773,141
Contingency	<u>500,000</u>	<u>500,000 (1)</u>	<u>-</u>	<u>500,000</u>
Total Expenditures	<u>6,667,285</u>	<u>6,667,285</u>	<u>4,737,117</u>	<u>1,930,168</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,402,680)</u>	<u>(1,402,680)</u>	<u>604,796</u>	<u>2,007,476</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	-	-	38,582	38,582
Transfers Out	<u>(963,407)</u>	<u>(963,407) (1)</u>	<u>(896,403)</u>	<u>67,004</u>
Total Other Financing Sources (Uses)	<u>(963,407)</u>	<u>(963,407)</u>	<u>(857,821)</u>	<u>105,586</u>
Net Change in Fund Balance	<u>(2,366,087)</u>	<u>(2,366,087)</u>	<u>(253,025)</u>	<u>2,113,062</u>
Beginning Fund Balance	<u>6,700,000</u>	<u>6,700,000</u>	<u>6,716,065</u>	<u>16,065</u>
Ending Fund Balance	<u>\$ 4,333,913</u>	<u>\$ 4,333,913</u>	<u>\$ 6,463,040</u>	<u>\$ 2,129,127</u>
Reconciliation to governmental fund balance as required by GASB No. 54				
Ending fund balance:				
Bus Replacement Fund			162,159	
Total			<u>\$ 6,625,199</u>	

(1) Appropriation level

**ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For The Year Ended June 30, 2025**

SPECIAL REVENUE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Local Sources	\$ 91,000	\$ 94,000	\$ 3,500	\$ (90,500)
Intermediate Sources	45,000	45,000	14,973	(30,027)
State Sources	746,908	1,565,400	861,850	(703,550)
Federal Sources	<u>409,934</u>	<u>820,606</u>	<u>379,483</u>	<u>(441,123)</u>
Total Revenues	<u>1,292,842</u>	<u>2,525,006</u>	<u>1,259,806</u>	<u>(1,265,200)</u>
EXPENDITURES:				
Instruction	909,087	1,871,271	(1)	919,748
Support Services	262,205	436,193	(1)	269,260
Enterprise and Community Services	3,000	7,000	(1)	6,938
Facilities Acquisitions & Construction	<u>139,500</u>	<u>231,492</u>	<u>(1)</u>	<u>91,992</u>
Total Expenditures	<u>1,313,792</u>	<u>2,545,956</u>	<u>1,287,938</u>	<u>1,258,018</u>
Other Financing Sources (Uses)				
Transfers In	-	-	1,525	1,525
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>1,525</u>	<u>1,252,361</u>
Net Change in Fund Balance	(20,950)	(20,950)	(26,607)	(5,657)
Beginning Fund Balance	<u>20,950</u>	<u>20,950</u>	<u>33,194</u>	<u>12,244</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,587</u>	<u>\$ 6,587</u>

(1) Appropriation level

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ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

SUPPLEMENTARY INFORMATION

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**ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For The Year Ended June 30, 2025**

FEDERAL LUNCH PROGRAM FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Local Sources	\$ 4,500	\$ 19,596	\$ 1,788	\$ (17,808)
State Sources	18,458	18,458	7,358	(11,100)
Federal Sources	<u>128,518</u>	<u>128,518</u>	<u>135,067</u>	<u>6,549</u>
Total Revenues	<u>151,476</u>	<u>166,572</u>	<u>144,213</u>	<u>(22,359)</u>
EXPENDITURES:				
Enterprise and Community Services	<u>274,881</u>	<u>289,977</u>	(1) 199,089	90,888
Total Expenditures	<u>274,881</u>	<u>289,977</u>	199,089	90,888
Excess of Revenues Over (Under) Expenditures	(123,405)	(123,405)	(54,876)	68,529
Other Financing Sources (Uses)				
Transfers In	<u>123,405</u>	<u>123,405</u>	(2) 54,876	(68,529)
Total Other Financing Sources (Uses)	<u>123,405</u>	<u>123,405</u>	<u>54,876</u>	<u>90,888</u>
Net Change in Fund Balance	-	-	-	-
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(1) Appropriation Level

(2) Included in this transfer from the General Fund is the required state revenue match of \$896 the District must transfer to the Federal Lunch Program Fund for National School Lunch Support in order to meet the general cash assistance match.

**ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For The Year Ended June 30, 2025**

STUDENT BODY FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Local Sources	\$ 54,500	\$ 54,500	\$ 24,661	\$ (29,839)
Total Revenues	<u>54,500</u>	<u>54,500</u>	<u>24,661</u>	<u>(29,839)</u>
 EXPENDITURES:				
Instruction	89,500	89,500	(1) 19,423	70,077
Total Expenditures	<u>89,500</u>	<u>89,500</u>	<u>19,423</u>	<u>70,077</u>
Net Change in Fund Balance	(35,000)	(35,000)	5,238	40,238
Beginning Fund Balance	35,000	35,000	46,946	11,946
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,184</u>	<u>\$ 52,184</u>

(1) Appropriation Level

**ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON**

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

DEBT SERVICE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES:				
Local Sources	\$ 95,540	\$ 95,540	\$ 101,575	\$ 6,035
Total Revenues	<u>95,540</u>	<u>95,540</u>	<u>101,575</u>	<u>6,035</u>
EXPENDITURES:				
Debt Service	96,050	96,050 (1)	96,050	-
Total Expenditures	<u>96,050</u>	<u>96,050</u>	<u>96,050</u>	<u>-</u>
Net Change in Fund Balance	(510)	(510)	5,525	6,035
Beginning Fund Balance	<u>22,392</u>	<u>22,392</u>	<u>29,107</u>	<u>6,715</u>
Ending Fund Balance	<u>\$ 21,882</u>	<u>\$ 21,882</u>	<u>\$ 34,632</u>	<u>\$ 12,750</u>

(1) Appropriation level

**ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON**

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

CAPITAL PROJECTS FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Local Sources	\$ 12,000	\$ 12,000	\$ 24,040	\$ 12,040
State Sources	<u>2,980,080</u>	<u>2,980,080</u>	<u>993,915</u>	<u>(1,986,165)</u>
Total Revenues	<u>2,992,080</u>	<u>2,992,080</u>	<u>1,017,955</u>	<u>(1,974,125)</u>
 EXPENDITURES:				
Facilities Acquisitions & Construction	4,854,828	4,854,828	(1) 2,252,605	2,602,223
Total Expenditures	<u>4,854,828</u>	<u>4,854,828</u>	<u>2,252,605</u>	<u>2,602,223</u>
Excess of Revenues Over (Under) Expenditures	(1,862,748)	(1,862,748)	(1,234,650)	628,098
 Other Financing Sources (Uses)				
Transfers In	700,000	700,000	700,000	-
Total Other Financing Sources (Uses)	<u>700,000</u>	<u>700,000</u>	<u>700,000</u>	<u>-</u>
Net Change in Fund Balance	(1,162,748)	(1,162,748)	(534,650)	628,098
Beginning Fund Balance	1,162,748	1,162,748	1,476,612	313,864
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 941,962</u>	<u>\$ 941,962</u>

(1) Appropriation level

**ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For The Year Ended June 30, 2025**

BUS REPLACEMENT FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES:				
Local Sources	\$ 10,277	\$ 10,277	\$ 24,620	\$ 14,343
State Sources	-	-	1,450	1,450
Total Revenues	<u>10,277</u>	<u>10,277</u>	<u>26,070</u>	<u>15,793</u>
EXPENDITURES:				
Debt Service	116,013	116,013	(1)	91,228
Capital Outlay	334,938	334,938	(1)	324,920
Contingency	64,266	64,266	(1)	64,266
Total Expenditures	<u>515,217</u>	<u>515,217</u>	<u>416,148</u>	<u>24,785</u>
Excess of Revenues Over (Under) Expenditures	(504,940)	(504,940)	(390,078)	114,862
Other Financing Sources (Uses)				
Lease Purchase	334,938	334,938	324,918	(10,020)
Transfers In	140,002	140,002	140,002	-
Total Other Financing Sources (Uses)	<u>474,940</u>	<u>474,940</u>	<u>464,920</u>	<u>228,696</u>
Net Change in Fund Balance	(30,000)	(30,000)	74,842	104,842
Beginning Fund Balance	30,000	30,000	87,317	57,317
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 162,159</u>	<u>\$ 162,159</u>

(1) Appropriation Level

Note: This fund's activities have been combined with the General Fund activities in accordance with GASB 54 due to its financing resources being derived primarily from General Fund transfers.

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

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

UNEMPLOYMENT FUND (INTERNAL SERVICES)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Local Sources	\$ 183,679	\$ 183,679	\$ 186,639	\$ 2,960
Interest	-	-	5,055	5,055
Total Revenues	<u>183,679</u>	<u>183,679</u>	<u>191,694</u>	<u>2,960</u>
 EXPENDITURES:				
Support Services	<u>183,679</u>	<u>183,679</u>	<u>(1) 10,533</u>	<u>173,146</u>
Total Expenditures	<u>183,679</u>	<u>183,679</u>	<u>10,533</u>	<u>173,146</u>
Net Change in Fund Balance	-	-	181,161	181,161
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 181,161</u>	<u>\$ 181,161</u>

(1) Appropriation level

**ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON**

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

PERS RESERVE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES:				
Local Sources	\$ 500	\$ 500	\$ 32,981	\$ 32,481
Total Revenues	500	500	32,981	32,481
 EXPENDITURES:				
Support Services	32,000	32,000	(1)	32,000
Total Expenditures	32,000	32,000	-	32,000
Net Change in Fund Balance	(31,500)	(31,500)	32,981	64,481
Beginning Fund Balance	31,500	31,500	-	(31,500)
Ending Fund Balance	\$ -	\$ -	\$ 32,981	\$ 32,981

(1) Appropriation level

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ALSEA SCHOOL DISTRICT
LANE COUNTY, OREGON

OTHER INFORMATION

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ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
As required by the Oregon Department of Education
For the Year Ended June 30, 2025

Federal Grantor/Pass Through Grantor/ Program Title	Pass Through Organization	Federal AL Number	Pass Through Entity Number	Grant Period	Expenditures
U.S. DEPARTMENT OF AGRICULTURE					
Child Nutrition Cluster					
School Breakfast Program	Oregon Department of Education	10,553	N/A	7/1/2024 - 6/30/2025	\$ 44,969
National School Lunch Program	Oregon Department of Education	10,555	N/A	7/1/2024 - 6/30/2025	90,098
Fresh Fruit and Vegetable Program	Oregon Department of Education	10,582	N/A	7/1/2024 - 6/30/2025	3,233
TOTAL U.S. DEPARTMENT OF AGRICULTURE					
U.S. DEPARTMENT OF EDUCATION					
Title I A of ESEA					
Title I A/D- Grants to LEAs	Oregon Department of Education	84,01	76,417	7/1/2023-9/30/2024	\$ 6,285
Title I A/D- Grants to LEAs	Oregon Department of Education	84,01	82,100	7/1/2024-9/30/2025	48,504
Title I A/D- Grants to LEAs	Oregon Department of Education	84,01	79,368	7/1/2024-9/30/2025	51,291
Title I A/D- Grants to LEAs	Oregon Department of Education	84,01	N/A	7/1/2024-9/30/2025	54,607
SUBTOTAL TITLE I A/D-GRANTS TO LEAs					
Title II-A - Teacher Quality	Oregon Department of Education	84,367	76,614	7/1/2023-9/30/2024	\$ 3,006
Title II-A - Teacher Quality	Oregon Department of Education	84,367	82,363	7/1/2024-9/30/2025	1,153
SUBTOTAL TITLE II-A TEACHER QUALITY					
Title III - English Language Acquisition	Oregon Department of Education	84,365	83,939	7/1/2024-9/30/2025	224
SUBTOTAL TITLE III-ENGLISH LANGUAGE ACQUISITION					
Title IV-A - Student Support and Academic Enrichment	Oregon Department of Education	84,424	77,049	7/1/2023-9/30/2024	10,000
SUBTOTAL TITLE IV-A STUDENT SUPPORT AND ACADEMIC ENRICHMENT					
TOTAL TITLE I GRANTS to LOCAL EDUCATION AGENCIES					
Special Education Cluster					
IDEA Part B Section 611 Pass-Thru	Oregon Department of Education	84,027	83,297	7/1/2024-9/30/2026	56,938
IDEA Part B Section 611 Pass-Thru	Oregon Department of Education	84,027	77,909	7/1/2023-9/30/2025	18,268
Total IDEA					75,206
Elementary Secondary School Relief Fund					
LEA ESSER III Fund	Oregon Department of Education	84,425	64,824	3/1/2020-9/30/2024	91,992
Total ESSER					91,992
Vocational Education - Grants to State	Linn Benton Community College	84,048	N/A	7/1/2023-6/30/2024	7,523
Preemployment Transition Program	Department of Human Services	84,126	N/A	7/1/2024-6/30/2025	23,059
TOTAL U.S. DEPARTMENT OF EDUCATION					
TOTAL FEDERAL EXPENDITURES					
Total expended under \$750,000. No Single Audit required.					\$ 514,550
Reconciliation to Federal Revenue					
Total Federal Awards Expended					
Accrual/Deferrals					
Total Federal Revenue Recognized					
					\$ 514,550

**ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON**

**SUPPLEMENTAL INFORMATION
As Required by The Oregon Department of Education
For The Year Ended June 30, 2025**

A. Energy bills for heating - all funds:		<u>Objects 325 and 326 and 327</u>
	Function 2540	\$ 54,033
	Function 2550	2,437

B. Replacement of equipment - General Fund:

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

Exclude these functions:

				<u>Amount</u>
1113, 1122 & 1132	Co-curricular activities	4150	Construction	\$ -
1140	Pre-kindergarten	2550	Pupil transportation	
1300	Continuing education	3100	Food service	
1400	Summer school	3300	Community services	

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

INDEPENDENT AUDITORS' REPORT REQUIRED BY
OREGON STATE REGULATIONS

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December 23, 2025

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of Alsea School District 7J (the District) as of and for the year ended June 30, 2025, and have issued our report thereon dated December 23, 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 Alsea School District's the basic financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of basic 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 investments 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.

OAR 162-10-0230 Internal Control

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

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

Roy R. Rogers
ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C.