



Financial Statements

and Supplementary Information

**JACKSON COUNTY SCHOOL DISTRICT NO. 5
ASHLAND, OREGON**

For the year ended June 30, 2025

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CPAs, PC

**JACKSON COUNTY SCHOOL DISTRICT NO. 5
ASHLAND, OREGON
YEAR ENDED JUNE 30, 2025**

BOARD OF EDUCATION AS OF JUNE 30, 2025

| | |
|-----------------|------------|
| Rebecca Dyson | Chair |
| Jill Franko | Vice-chair |
| Eva Skuratowicz | Director |
| Dan Ruby | Director |
| Russell Hatch | Director |

All board members receive mail at the address listed below:

**Administrative Office:
885 Siskiyou Blvd.
Ashland, Oregon 97520**

ADMINISTRATIVE STAFF AS OF JUNE 30, 2025

| | |
|-----------------|---------------------------------------|
| Jospeh Hattrick | Superintendent |
| Sherry Ely | Interim Director of Business Services |

JACKSON COUNTY SCHOOL DISTRICT NO. 5 ASHLAND, OREGON

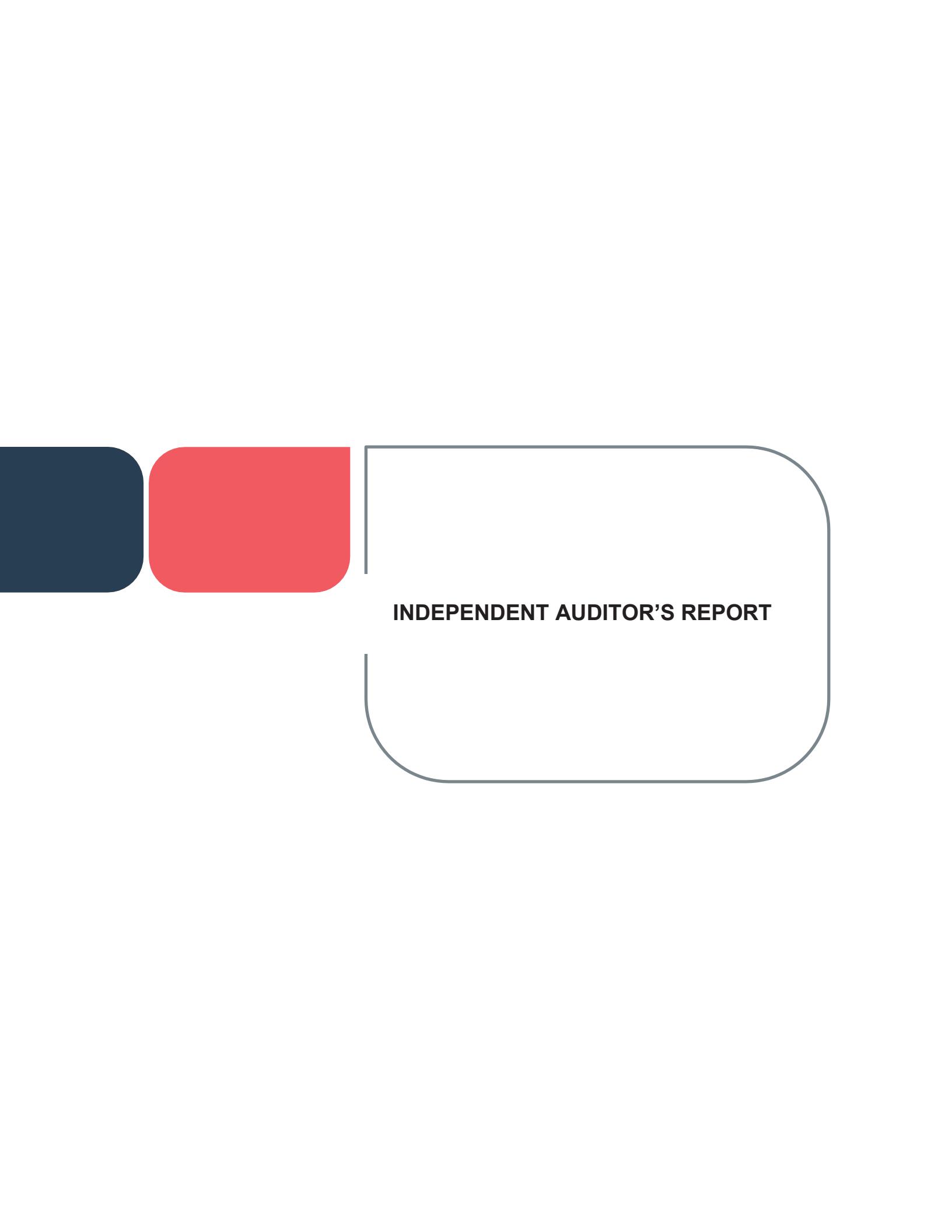
YEAR ENDED JUNE 30, 2025

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INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Jackson County School District No. 5
Ashland, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Jackson County School District No. 5 (the District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 1 to the financial statements, the District changed its method of accounting for compensated absences due to the adoption of GASB 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, certain pension schedules, certain other post-employment benefit schedules, and the general and major special revenue governmental funds budgetary comparison 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 management's discussion and analysis, pension schedules, and other post-employment benefit schedules in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on management's discussion and analysis, pension schedules, and other post-employment benefit schedules because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The general and major special revenue governmental funds budgetary comparison information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the general and major special revenue governmental funds budgetary comparison information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information listed in the Table of Contents is presented for purposes of additional analysis and is not required as part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

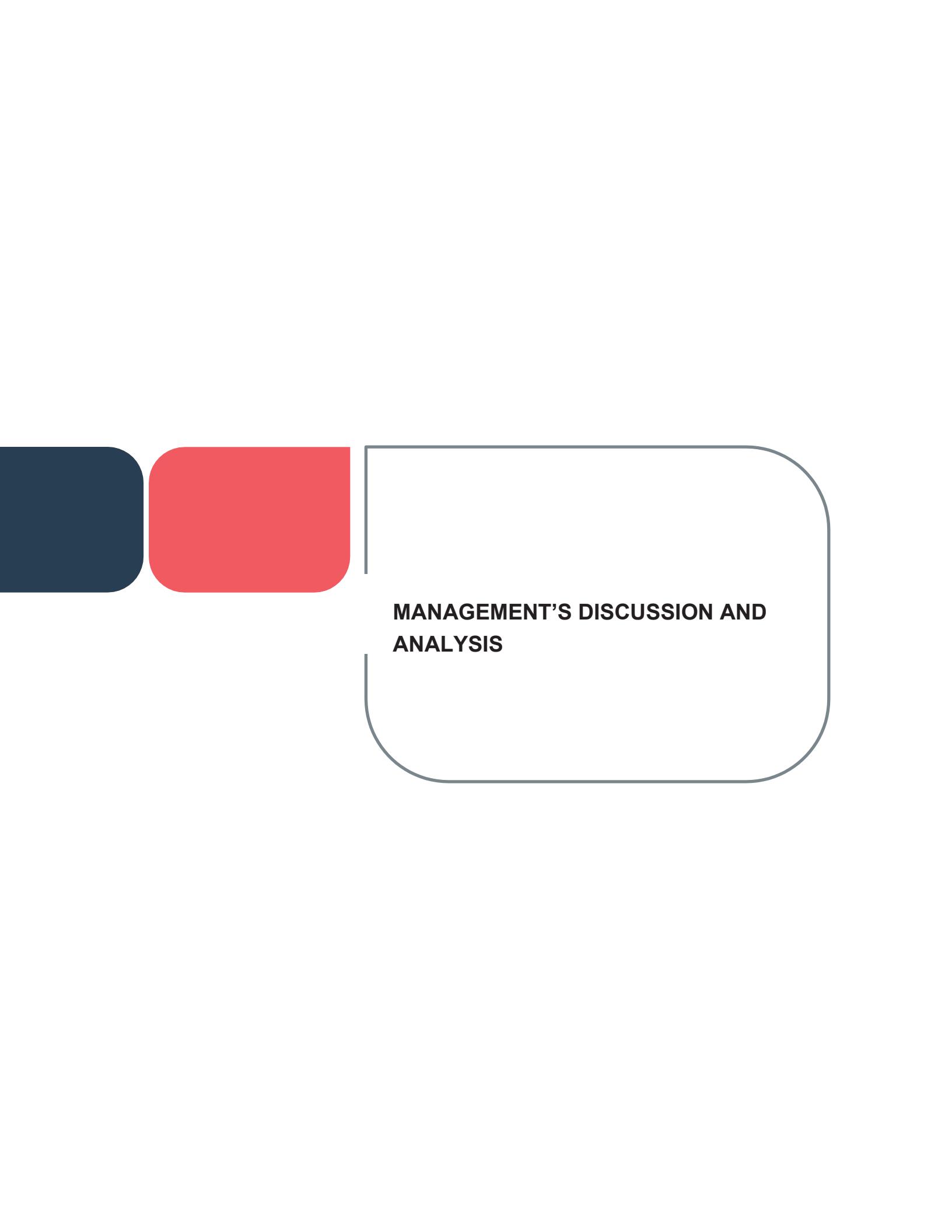
In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

Other Reporting Required by the State of Oregon

In accordance with Oregon State Regulations, we have also issued our report dated December 17, 2025 on our consideration of the District's compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes (ORS) as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*. The purpose of that report is to describe the scope of our testing necessary to address the required provisions of ORS, and not to provide an opinion on compliance with such provisions.



Benjamin R. Cohn, CPA
Sorren CPA's, PC
Medford, Oregon
December 17, 2025



**MANAGEMENT'S DISCUSSION AND
ANALYSIS**

**JACKSON COUNTY SCHOOL DISTRICT NO. 5
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

As management of Jackson County School District No. 5 (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with the basic financial statements and the accompanying notes to those financial statements. It should also be noted that all amounts included in text below are rounded for ease of reading.

FINANCIAL HIGHLIGHTS

- In the government-wide statements, the assets and deferred outflows of the District exceeded liabilities/deferred inflows at June 30, 2025 by \$16.8 million. Of this amount, \$46.2 million represents the District's net investment in capital assets, \$5.7 million is restricted, and the deficit of \$35 million is considered unrestricted.
- For the fiscal year ended, the District's total net position increased by \$1.2 million. In the prior year, the District's total net position decreased by \$1.3 million. The increase in performance during fiscal 2025 compared to fiscal 2024 can mostly be attributed to the Full Faith and Credit loan.
- The District's governmental funds report a combined ending fund balance of \$7.6 million, a decrease of \$7.3 million from the prior year.
- The District's total long-term debt increased by \$18 thousand during the 2024-2025 fiscal year primarily as a result of issuance of new debt. More information may be found in note 4 to the financial statements.
- Capital assets increased by \$12.4 million from \$141.7 million to \$154 million. More information may be found in note 3 to the financial statements.
- The District implemented GASB 101, Compensated Absences, during the current year. This resulted in a reduction to beginning net position of \$3.3 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management's Discussion and Analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components:

1. Government-wide financial statements.
2. Fund financial statements.
3. Notes to the basic financial statements.

This report also contains supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

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

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

**JACKSON COUNTY SCHOOL DISTRICT NO. 5
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Statement of Activities. The *Statement of Activities* presents information showing how the net position of the District changed over the year by tracking revenues, expenses and other transactions that increase or reduce net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

In the government-wide financial statements, the District's activities are shown in one category:

Governmental Activities. Most of the District's basic functions are shown here, such as regular and special education, child nutrition services, transportation, administration, and facilities acquisition and construction. These activities are primarily financed through property taxes, Oregon's State School Fund and other intergovernmental revenues.

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

Fund financial statements

The *fund financial statements* provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are reconciled to the government-wide Statements of Net Position and Activities, respectively.

The District maintains four individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General, Special Revenue, Debt Service, and Capital Projects Funds, all of which are considered to be major funds.

Proprietary Funds are used to accumulate and allocate costs internally among the District's various functions. The District also uses its internal service fund for self-insurance purposes, primarily for employees' unemployment benefits, workers compensation and health insurance.

Fiduciary Funds are used to account for resources held for the benefit of parties by the District in a trustee capacity. These funds include scholarships for students graduating. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the District's own programs.

The basic governmental fund financial statements can be found as listed in the Table of Contents of this report.

**JACKSON COUNTY SCHOOL DISTRICT NO. 5
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Notes to the basic financial statements

The *notes to the basic financial statements* provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Information such as significant accounting policies and detail of certain assets/deferred outflows and liabilities/deferred inflows are included in the notes which should be read in conjunction with the basic financial statements. The notes to the basic financial statements can be found as listed in the Table of Contents of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain *Required Supplementary Information* concerning the District's major governmental funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The District's assets/deferred outflows exceeded liabilities/deferred inflows by \$16.8 million at June 30, 2025. At June 30, 2024 District liabilities/deferred inflows were greater than assets/deferred outflows by \$18.9 million.

Changes in Net Position

Governmental Activities

| | June 30, 2025 | June 30, 2024* | Increase/(Decrease) |
|----------------------------------|----------------------|----------------------|-----------------------|
| Current and other assets | \$ 17,296,863 | \$ 25,827,244 | \$ (8,530,381) |
| Net OPEB asset | 684,897 | 494,234 | 190,663 |
| Net capital assets | 154,100,829 | 141,688,480 | 12,412,349 |
| Total assets | 172,082,589 | 168,009,958 | 4,072,631 |
| Deferred outflow of resources | 18,628,540 | 16,157,320 | 2,471,220 |
| Current liabilities | 24,254,649 | 15,283,628 | 8,971,021 |
| Net pension liability & OPEB | 42,625,795 | 37,295,405 | 5,330,390 |
| Long-term obligations | 102,427,206 | 107,857,646 | (5,430,440) |
| Total liabilities | 169,307,650 | 160,436,679 | 8,870,971 |
| Deferred inflow of resources | 4,616,197 | 4,873,073 | (256,876) |
| Net position: | | | |
| Net investment in capital assets | 46,157,565 | 28,589,727 | 17,567,838 |
| Restricted | 5,677,416 | 18,825,896 | (13,148,480) |
| Unrestricted | (35,047,699) | (28,558,097) | (6,489,602) |
| Total Net Position | \$ 16,787,282 | \$ 18,857,526 | \$ (2,070,244) |

*prior to restatement

**JACKSON COUNTY SCHOOL DISTRICT NO. 5
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

As noted previously, net position may serve over time as a useful indicator of a government's financial position. Net position decreased by \$1.2 million from the prior year.

Capital assets, which consist of the District's land, construction in progress, buildings, building improvements, vehicles and equipment, and right of use assets represent about 80.8% of total assets/deferred outflows. The remaining assets consist mainly of cash and investments, grants and property taxes receivable, notes receivable, prepaids, RHIA, and deferred outflows related to pensions.

The District's largest liabilities consist of long-term debt, PERS pension liability, and other postemployment benefit obligations. Other more current liabilities consist of accounts payable, retainage payable, health insurance claims payable, accrued salaries and benefits, and unearned revenue.

A large portion of the District's net position reflect its investment in capital assets (e.g., land, buildings, vehicles and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students and other District residents; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources (generally property taxes and state school fund support), since the capital assets themselves cannot be used to liquidate these liabilities.

**Changes in Statement of Activities
Governmental Activities**

| | June 30, 2025 | June 30, 2024* | Increase/(Decrease) |
|--|---------------------|-----------------------|---------------------|
| Program Revenues | | | |
| Charges for services | \$ 1,401,835 | \$ 1,654,570 | \$ (252,735) |
| Operating grants and contributions | 6,218,242 | 5,620,069 | 598,173 |
| Capital grants and contributions | 2,551,505 | 2,517,122 | 34,383 |
| General Revenues | | | |
| Property taxes and construction excise tax | 29,871,000 | 29,913,498 | (42,498) |
| State school fund | 14,832,002 | 13,656,975 | 1,175,027 |
| Other state, local, and federal sources | 1,260,146 | 935,525 | 324,621 |
| Earnings on investments | 860,799 | 1,810,117 | (949,318) |
| Contributions and Miscellaneous | 1,509,972 | 403,239 | 1,106,733 |
| Total Revenues | 58,505,501 | 56,511,115 | 1,994,386 |
| Expenses | | | |
| Instruction | 29,881,149 | 29,847,291 | 33,858 |
| Support services | 22,397,688 | 22,718,730 | (321,042) |
| Community services | 1,492,336 | 1,273,402 | 218,934 |
| Facilities acquisition | 339,979 | 722,605 | (382,626) |
| Interest on long-term debt | 3,149,923 | 3,230,420 | (80,497) |
| Total Expenses | 57,261,075 | 57,792,448 | (531,373) |
| Change in Net Position | | | |
| | \$ 1,244,426 | \$ (1,281,333) | \$ 2,525,759 |

* prior to restatement

**JACKSON COUNTY SCHOOL DISTRICT NO. 5
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental funds. The focus of the District's governmental funds is to provide information on relatively short-term cash flow and funding for future basic services. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year.

At June 30, 2025, the District's governmental funds reported combined ending fund balance of \$7.6 million, a decrease of \$7.3 million from the prior year.

General Fund. The General Fund is the chief operating fund of the District. At June 30, 2025, the fund reported a fund balance of \$2.2 million. This is an increase of about \$3.7 million from the previous year. The general fund unassigned fund balance represents 3.39% of total general fund expenditures. This is an increase when compared to 2024.

Special Revenue Fund. The Special Revenue Fund is used to account for Federal, State, and Local grants, as well as our food service and associated student body. All funds are utilized to carry out specific programs, and the majority of the ending fund balance is restricted for student body programs and activities and grant related activities. The fund balance increased by \$2.4 million from the previous year. Special revenue funding has become much more volatile over the last several years as state and federal stimulus programs are established for short periods of time. As general funding continues to be impacted by the economy, our reliance on special revenues increases.

Debt Service Fund. The Debt Service Fund has a total fund balance of \$415 thousand. The increase in fund balance during the current year was about \$263 thousand. This increase can be attributed to the increase of property taxes levied to cover debt service payments for the GO bonds.

Capital Projects Fund. The Capital Projects Fund has a total fund balance of \$4 million, all of which is restricted for ongoing capital projects. The fund balance decreased by \$13.6 million during the current fiscal year as a result of spending for construction projects.

Budgetary Highlights

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

| | Adopted | Final | Actual | Variance with Final Budget |
|-----------------------------------|----------------------|----------------------|----------------------|---------------------------------------|
| Instruction | \$ 23,980,307 | \$ 23,980,307 | \$ 22,928,079 | \$ 1,052,228 |
| Support services | 15,722,693 | 15,722,693 | 15,191,215 | 531,478 |
| Enterprise and community services | 15,000 | 15,000 | 5,585 | 9,415 |
| Contingency | 1,000,000 | 1,000,000 | - | 1,000,000 |
| Total | \$ 40,718,000 | \$ 40,718,000 | \$ 38,124,879 | \$ 2,593,121 |

**JACKSON COUNTY SCHOOL DISTRICT NO. 5
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The District's investment in capital assets includes land, construction in progress, buildings and improvements, machinery, equipment and vehicles, and right-of-use assets. As of June 30, 2025, the District had invested approximately \$154 million in capital assets, net of depreciation, as shown in the following table:

| | Governmental Activities | | |
|-----------------------------------|--------------------------------|-----------------------|----------------------------|
| | June 30, 2025 | June 30, 2024 | Increase/(Decrease) |
| Land | \$ 2,968,809 | \$ 2,968,809 | \$ - |
| Construction-in-progress | 24,914,216 | 11,103,411 | 13,810,805 |
| Buildings and improvements | 123,348,134 | 124,369,284 | (1,021,150) |
| Machinery, equipment and vehicles | 2,676,847 | 3,006,679 | (329,832) |
| Right-of-use assets | 192,823 | 240,297 | (47,474) |
| Total capital assets (net) | \$ 154,100,829 | \$ 141,688,480 | \$ 12,412,349 |

Additional information regarding the District's capital assets can be found in the notes to the basic financial statements of this report.

Long-term debt. At the end of the current fiscal year, the District had outstanding long-term debt of \$112.9 million, consisting of the following debt:

| | Governmental Activities | | |
|---|--------------------------------|-----------------------|----------------------------|
| | June 30, 2025 | June 30, 2024 | Increase/(Decrease) |
| General obligation bonds | \$ 92,655,000 | \$ 96,045,000 | \$ (3,390,000) |
| Bond premium | 14,765,579 | 16,332,674 | (1,567,095) |
| Bank loans (direct borrowing) | 11,440 | 22,644 | (11,204) |
| Bus loans payable (direct borrowing) | 355,914 | 489,122 | (133,208) |
| Non-Revolving Credit Facility and Note, Series 2025 | 5,120,000 | - | 5,120,000 |
| Total debt obligations | \$ 112,907,933 | \$ 112,889,440 | \$ 18,493 |

During the current fiscal year, the District's total debt increased by \$18 thousand. This was the result of payments on debt obligations.

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

**JACKSON COUNTY SCHOOL DISTRICT NO. 5
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The District is still working to increase enrollment which decreased pretty dramatically due to COVID and the recent wildfires. Progress has been made at the High School Level with the District being able offer more choices, particularly in the Career and Technical Education field. The District is continuing to see a decline at the elementary level. Overall, the District has improved their financial status – this can be attributed to a change in leadership at the District Office level as well as implementing some cost saving measures.

The District has significantly reduced staff to bring their student to staff ratios in line with education standards. This has had a significant impact on helping to improve the financial health of the District. Administration is continuing to evaluate these “right sizing” strategies to ensure that they don’t fall back into the same fiscally unhealthy practices. In addition, due to cash flow issues that the District had incurred over time and that had come to a critical point at the end of 2023.2024, the District took out a Tax Anticipation Note – which will be converted to a Full Faith and Credit loan in 2025.2026 to allow the District time to recover from what had been a long term issue of overspending.

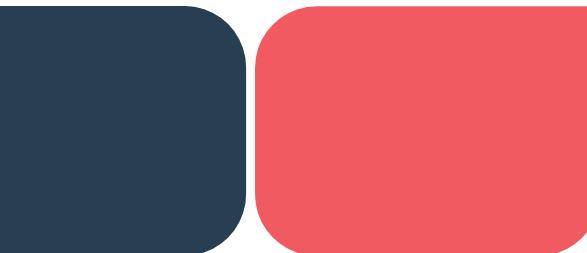
The District presents monthly fiscal reports and projections to the school board. The current Business Director has created new financial reports which include cash flow projections so the Board can keep a closer eye on the fiscal health of the District. District Administration monitors spending and brings issues to the attention of the Superintendent as soon as they arise.

Currently, we are keeping a close eye on what is happening at the Federal level as decisions made there can have a significant impact on funding for Oregon Schools. It is a concern given the reductions to the Department of Education at the Federal level which impact our State Department of Education which, in turn, will impact local school districts.

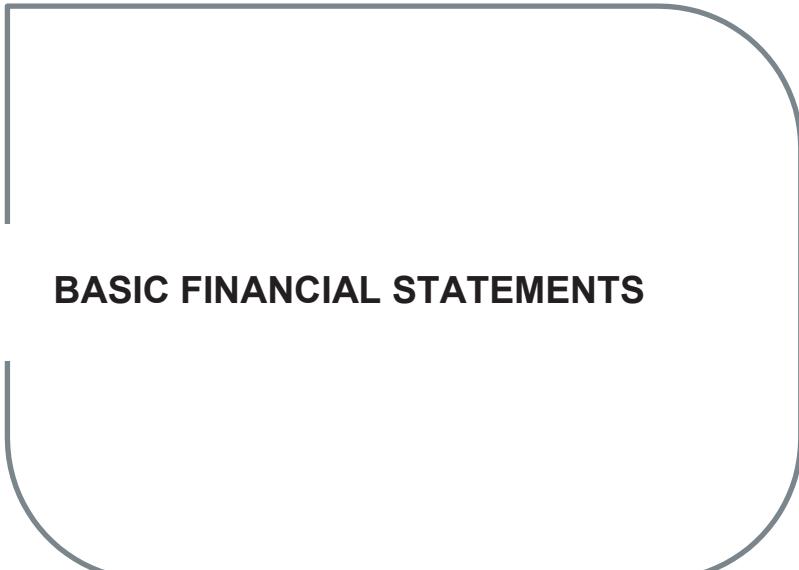
District Administration keeps in close contact with Oregon Department of Education and our various Peer Groups such as the Confederation of Oregon School Administrators and the Oregon Association of School Business Officials to keep a pulse on what funding issues might be looming.

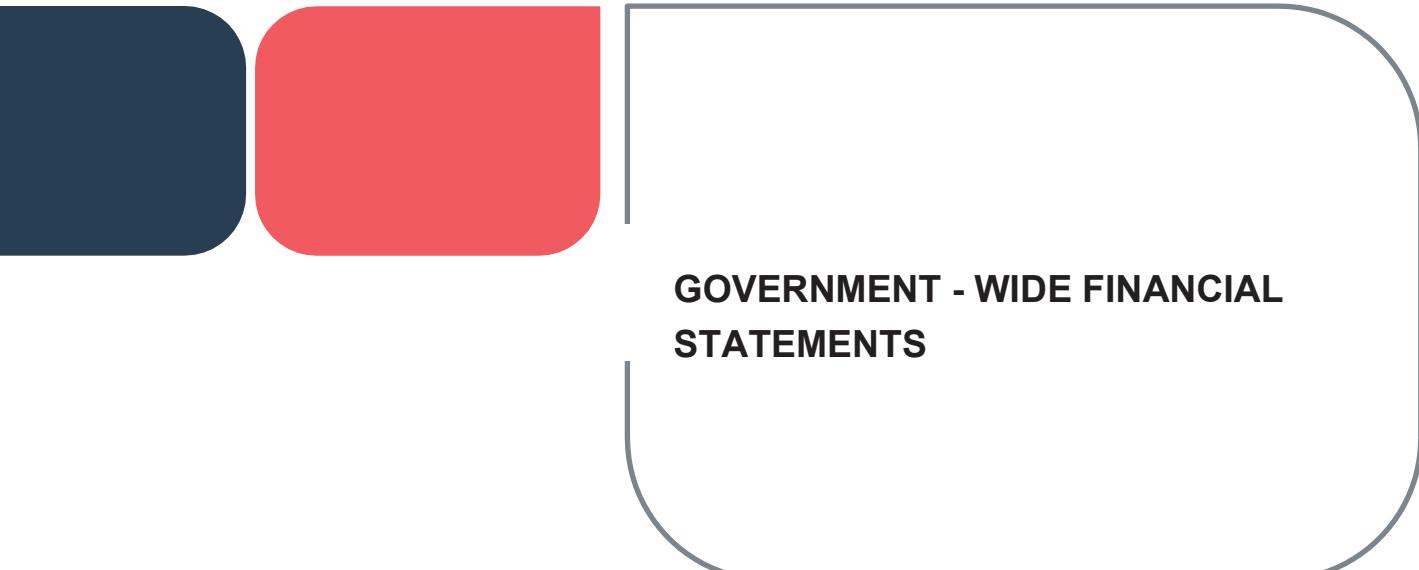
REQUESTS FOR INFORMATION

This financial report is designed to present the user (citizens, taxpayers, investors, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the District's Director of Business Services at 885 Siskiyou Blvd., Ashland, Oregon 97520.



BASIC FINANCIAL STATEMENTS





**GOVERNMENT - WIDE FINANCIAL
STATEMENTS**

JACKSON COUNTY SCHOOL DISTRICT NO. 5
STATEMENT OF NET POSITION
JUNE 30, 2025

| | Governmental Activities |
|--|----------------------------|
| ASSETS AND DEFERRED OUTFLOWS OF RESOURCES: | |
| ASSETS: | |
| Cash and investments | \$ 10,992,960 |
| Restricted cash in escrow | 689,384 |
| Receivables | 3,879,671 |
| Prepaid expenses | 974,848 |
| Notes receivable | |
| Due within one year | 160,000 |
| Due in more than one year | 600,000 |
| Other postemployment benefit (RHIA) | 684,897 |
| Capital assets, net | |
| Land | 2,968,809 |
| Construction in progress | 24,914,216 |
| Buildings and improvements | 123,348,134 |
| Machinery, equipment and vehicles | 2,676,847 |
| Intangible assets: | |
| Right-of-use assets | 192,823 |
| | |
| TOTAL ASSETS | <u>172,082,589</u> |
| DEFERRED OUTFLOWS OF RESOURCES: | |
| Deferred outflows related to pension (OPERS) | 18,266,612 |
| Deferred outflows related to pension (stipend) | 3,073 |
| Deferred outflows related to other postemployment benefits (medical subsidy) | 339,501 |
| Deferred outflows related to other postemployment benefits (RHIA) | 19,354 |
| | |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | <u>18,628,540</u> |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | |
| | <u>190,711,129</u> |
| LIABILITIES AND DEFERRED INFLOWS OF RESOURCES: | |
| LIABILITIES: | |
| Accounts payable | 2,376,050 |
| Retainage payable | 689,384 |
| Health insurance claims payable | 1,258,506 |
| Accrued payroll liabilities | 1,648,568 |
| Accrued interest payable | 365,220 |
| Other postemployment benefit obligation (medical subsidy) | |
| Due within one year | 318,010 |
| Due in more than one year | 2,931,422 |
| Early retirement stipend pension plan obligation | |
| Due within one year | 23,378 |
| Due in more than one year | 297,747 |
| Leases payable | |
| Due within one year | 39,497 |
| Due in more than one year | 115,834 |
| Long-term debt, net of premium | |
| Due within one year | 10,596,561 |
| Due in more than one year | 102,311,372 |
| Compensated absences | |
| Due within one year | 1,363,050 |
| Due in more than one year | 2,347,256 |
| Net pension liability (OPERS) (due in more than one year) | 42,625,795 |
| | |
| TOTAL LIABILITIES | <u>169,307,650</u> |
| DEFERRED INFLOWS OF RESOURCES: | |
| Deferred inflows related to pension (OPERS) | 2,637,992 |
| Deferred inflows related to pension (stipend) | 75,500 |
| Deferred inflows related to other postemployment benefits (medical subsidy) | 1,812,285 |
| Deferred inflows related to other postemployment benefits (RHIA) | 90,420 |
| | |
| TOTAL DEFERRED INFLOWS OF RESOURCES | <u>4,616,197</u> |
| TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES | |
| | <u>173,923,847</u> |
| NET POSITION: | |
| Net investment in capital assets | 46,157,565 |
| Restricted for capital projects | 4,445,874 |
| Restricted for energy conservation - SB 1149 | 17,845 |
| Restricted for technology | 24,682 |
| Restricted for student body | 89,603 |
| Restricted for debt service | 414,515 |
| Restricted for RHIA | 684,897 |
| Unrestricted | (35,047,699) |
| | |
| TOTAL NET POSITION | <u>\$ 16,787,282</u> |

JACKSON COUNTY SCHOOL DISTRICT NO. 5
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

| Functions/Programs: | Expenses | Program Revenues | | | Net (Expense) Revenue and Change in Net Position |
|--|----------------------|----------------------|------------------------------------|----------------------------------|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| | | | | | |
| Governmental Activities: | | | | | |
| Instruction | \$ 29,881,149 | \$ 395,695 | \$ 2,800,441 | \$ - | \$ (26,685,013) |
| Support services | 22,397,688 | 992,807 | 2,279,273 | - | (19,125,608) |
| Community services | 1,492,336 | 13,333 | 1,138,528 | - | (340,475) |
| Facilities acquisition | 339,979 | - | - | 2,551,505 | 2,211,526 |
| Interest expense | 3,149,923 | - | - | - | (3,149,923) |
| Total government activities | <u>\$ 57,261,075</u> | <u>\$ 1,401,835</u> | <u>\$ 6,218,242</u> | <u>\$ 2,551,505</u> | <u>(47,089,493)</u> |
| General revenues: | | | | | |
| Property taxes levied - general fund | | | | | 21,461,184 |
| Property taxes levied - debt service fund | | | | | 8,278,299 |
| Construction excise tax | | | | | 131,517 |
| State school fund | | | | | 14,832,002 |
| Common school fund | | | | | 348,736 |
| Federal forest fees | | | | | 7,771 |
| Unrestricted local and intermediate sources | | | | | 903,639 |
| Earnings on investments | | | | | 860,799 |
| Contributions and donations | | | | | 995,747 |
| Miscellaneous | | | | | <u>514,225</u> |
| Total general revenues | | | | | <u>48,333,919</u> |
| CHANGE IN NET POSITION | | | | | 1,244,426 |
| NET POSITION - BEGINNING OF YEAR, AS RESTATED | | | | | <u>15,542,856</u> |
| NET POSITION - END OF YEAR | | | | | <u>\$ 16,787,282</u> |



FUND FINANCIAL STATEMENTS

JACKSON COUNTY SCHOOL DISTRICT NO. 5
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

| | General Fund | Special Revenue Fund | Debt Service Fund | Capital Projects Fund | Total |
|--|---------------------|----------------------|-------------------|-----------------------|----------------------|
| ASSETS: | | | | | |
| Cash and investments | \$ 2,647,972 | \$ - | \$ 346,142 | \$ 4,585,549 | \$ 7,579,663 |
| Restricted cash in escrow | - | - | - | 689,384 | 689,384 |
| Receivables | 959,826 | 597,411 | 275,225 | 2,047,209 | 3,879,671 |
| Prepays | 898,472 | 10,000 | - | - | 908,472 |
| Interfund receivable | 25,372 | - | - | - | 25,372 |
| TOTAL ASSETS | \$ 4,531,642 | \$ 607,411 | \$ 621,367 | \$ 7,322,142 | \$ 13,082,562 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES: | | | | | |
| LIABILITIES: | | | | | |
| Accounts payable | \$ 110,891 | \$ 4,165 | \$ - | \$ 2,186,884 | \$ 2,301,940 |
| Retainage payable | - | - | - | 689,384 | 689,384 |
| Interfund payable | - | 25,372 | - | - | 25,372 |
| Accrued payroll liabilities | 1,648,568 | - | - | - | 1,648,568 |
| TOTAL LIABILITIES | 1,759,459 | 29,537 | - | 2,876,268 | 4,665,264 |
| DEFERRED INFLOWS OF RESOURCES: | | | | | |
| Unavailable revenue - property taxes | 577,481 | - | 206,852 | - | 784,333 |
| TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES | 577,481 | - | 206,852 | - | 784,333 |
| FUND BALANCES: | | | | | |
| Nonspendable | | | | | |
| Prepaid expense | 898,472 | 10,000 | - | - | 908,472 |
| Restricted | | | | | |
| Energy conservation-SB 1149 | - | 17,845 | - | - | 17,845 |
| Technology | - | 24,682 | - | - | 24,682 |
| Student body | - | 89,603 | - | - | 89,603 |
| Food service | - | 265,667 | - | - | 265,667 |
| Restricted for grants | - | 170,077 | - | - | 170,077 |
| Capital projects | - | - | - | 4,445,874 | 4,445,874 |
| Debt service | - | - | 414,515 | - | 414,515 |
| Unassigned | 1,296,230 | - | - | - | 1,296,230 |
| TOTAL FUND BALANCES | 2,194,702 | 577,874 | 414,515 | 4,445,874 | 7,632,965 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | \$ 4,531,642 | \$ 607,411 | \$ 621,367 | \$ 7,322,142 | \$ 13,082,562 |

JACKSON COUNTY SCHOOL DISTRICT NO. 5
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2025

TOTAL FUND BALANCES \$ 7,632,965

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

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

| | | |
|---|---------------------|-------------|
| Cost | \$ 203,504,900 | |
| Accumulated depreciation and amortization | <u>(49,404,071)</u> | 154,100,829 |

A portion of the District's property taxes are collected after year-end but are not available to pay for current operations, therefore, are not reported as revenue in the governmental funds.

784,333

The other postemployment benefit asset (RHIA) is not reported with the governmental funds as it is not available nor payable currently.

684,897

The net deferred outflow/(inflow) associated with the District's pension and other post employment benefits is not recorded in the governmental funds as it is not available nor payable currently.

14,012,343

Internal Service Funds are used by the District to charge the costs of unemployment benefits, workers compensation, health insurance and liability programs. The assets and liabilities of the internal service fund are only included in the governmental activities in the Statement of Net Position.

2,147,057

Long-term assets not receivable in the current year such as notes receivable are not recorded as governmental fund assets.

760,000

Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather recognized as an expenditure when due. These liabilities consist of:

| | | |
|---|--------------------|---------------|
| Accrued interest payable | \$ (365,220) | |
| Leases payable | (155,331) | |
| Long-term debt | (112,907,933) | |
| Pension liability (Stipend) | (321,125) | |
| Pension liability (OPERS) | (42,625,795) | |
| Other postemployment benefit obligation (medical subsidy) | (3,249,432) | |
| Accrued compensated absences payable | <u>(3,710,306)</u> | (163,335,142) |

TOTAL NET POSITION

\$ 16,787,282

JACKSON COUNTY SCHOOL DISTRICT NO. 5
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

| | General Fund | Special Revenue Fund | Debt Service Fund | Capital Projects Fund | Total |
|--|---------------------|----------------------------|-------------------------|-----------------------------|---------------------|
| REVENUES | | | | | |
| Property taxes and other taxes | \$ 21,595,002 | \$ - | \$ 8,327,814 | \$ 131,517 | \$ 30,054,333 |
| Intergovernmental | 16,012,419 | 6,139,958 | - | 2,551,505 | 24,703,882 |
| Charges for services | 606,633 | 65,070 | - | - | 671,703 |
| Local grants and contributions | 995,747 | 158,013 | - | - | 1,153,760 |
| Investment earnings | 660,557 | - | 10 | 200,232 | 860,799 |
| Miscellaneous | 129,331 | 101,072 | - | 42,499 | 272,902 |
| TOTAL REVENUES | 39,999,689 | 6,464,113 | 8,327,824 | 2,925,753 | 57,717,379 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Instruction | 22,928,079 | 3,187,388 | - | - | 26,115,467 |
| Support services | 15,137,233 | 2,272,160 | - | 348,567 | 17,757,960 |
| Enterprise and community services | 5,585 | 1,315,819 | - | - | 1,321,404 |
| Facilities acquisition | - | - | - | 16,956,241 | 16,956,241 |
| Debt service | 141,907 | - | 8,064,396 | - | 8,206,303 |
| TOTAL EXPENDITURES | 38,212,804 | 6,775,367 | 8,064,396 | 17,304,808 | 70,357,375 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 1,786,885 | (311,254) | 263,428 | (14,379,055) | (12,639,996) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Apportionment of funds | (3,599) | (7,000) | - | - | (10,599) |
| Proceeds from sale of fixed assets | 160,000 | - | - | - | 933,632 |
| Issuance of lease liability | 87,925 | - | - | - | 87,925 |
| Debt issuance | 2,124,189 | 2,222,179 | - | 773,632 | 5,120,000 |
| Transfers in | - | 525,000 | - | - | 525,000 |
| Transfer out | (500,000) | - | - | - | (500,000) |
| TOTAL OTHER FINANCING SOURCES (USES) | 1,868,515 | 2,740,179 | - | 773,632 | 6,155,958 |
| NET CHANGE IN FUND BALANCE | 3,655,400 | 2,428,925 | 263,428 | (13,605,423) | (6,484,038) |
| FUND BALANCE, BEGINNING OF YEAR | (1,460,698) | (1,851,051) | 151,087 | 18,051,297 | 14,890,635 |
| FUND BALANCE, END OF YEAR | \$ 2,194,702 | \$ 577,874 | \$ 414,515 | \$ 4,445,874 | \$ 7,632,965 |

JACKSON COUNTY SCHOOL DISTRICT NO. 5
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

NET CHANGE IN FUND BALANCE \$ (6,484,038)

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

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation or amortization expense. This is the amount by which capital outlay exceeded depreciation and amortization in the current period:

| | | |
|---|--------------------|------------|
| Expenditures for capital assets | \$ 16,760,268 | |
| Less current year depreciation and amortization | <u>(4,347,919)</u> | 12,412,349 |

Governmental funds report revenues pertaining to long-term notes receivable, which are not reported in the Statement of Activities. These activities are reported at the government-wide level in the Statement of Net Position. This is the revenue reported in the governmental funds. (160,000)

Long-term debt and lease proceeds are reported as other financing sources in governmental funds. In the Statement of Net Position, however, issuing long-term debt and leases increase 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 activity related to those transactions:

| | | |
|----------------------------|--------------------|--------|
| Lease principal repaid | \$ 141,907 | |
| Debt principal repaid | 3,534,413 | |
| Bond premium amortization | 1,567,094 | |
| Issuance of long-term debt | <u>(5,120,000)</u> | |
| Issuance of lease payable | <u>(87,925)</u> | 35,489 |

In the Statement of Activities interest is accrued on long-term debt, whereas in the governmental funds it is recorded as an interest expense when due. This is the amount by which the interest paid exceeded the interest expense. (15,927)

Property taxes which are not measurable and available are unavailable in the governmental funds. In the Statement of Activities property taxes are recognized when levied. (183,333)

Compensated absences are recognized as an expenditure in the governmental funds when they are paid. In the Statement of Activities compensated absences are recognized as an expenditure when earned. (263,075)

In the Statement of Activities, contributions for other certain pension and other postemployment benefits (stipend and medical subsidy) greater than the actuarially determined amount decrease the certain pension and other postemployment benefit obligation. In the governmental funds, the entire contribution is recognized as an expenditure. This is the amount by which the obligation decreased. 151,182

Government funds report pension contributions as expenditures. In the Statement of Activities, the cost of pension benefits (actuarially determined) is reported as either pension expense or income. This is the net change in pension related items (OPERS, including deferred outflows and inflows). (2,508,920)

Government funds report other postemployment benefits (OPEB-RHIA) contributions as expenditures. In the Statement of Activities, the cost of OPEB-RHIA (actuarially determined) is reported as either pension expense or income. This is the net change in OPEB-RHIA related items (including deferred outflows and inflows). 155,036

Internal service funds used by the District to charge the costs of unemployment benefits, workers compensation, health insurance and liability programs. The change in net position in the internal service fund is reported with the governmental activities. (1,120,705)

CHANGE IN NET POSITION \$ 2,018,058

JACKSON COUNTY SCHOOL DISTRICT NO. 5
STATEMENT OF NET POSITION
INTERNAL SERVICE FUND
JUNE 30, 2025

| | Internal Service Fund |
|---------------------------------|--------------------------------------|
| ASSETS: | |
| Cash and investments | \$ 3,413,297 |
| Prepays | <u>66,376</u> |
| TOTAL ASSETS | <u>3,479,673</u> |
| LIABILITIES | |
| Accounts payable | 74,110 |
| Health insurance claims payable | <u>1,258,506</u> |
| TOTAL LIABILITIES | <u>1,332,616</u> |
| NET POSITION: | |
| Unrestricted | <u>2,147,057</u> |
| TOTAL NET POSITION | <u>\$ 2,147,057</u> |

JACKSON COUNTY SCHOOL DISTRICT NO. 5
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUND
YEAR ENDED JUNE 30, 2025

| | Internal Service Fund |
|--|--------------------------------------|
| OPERATING REVENUE: | |
| Services provided to other funds | \$ 6,592,145 |
| Employee and retiree contributions | 730,061 |
| Miscellaneous | <u>241,394</u> |
| TOTAL ADDITIONS | <u>7,563,600</u> |
| OPERATING EXPENSES: | |
| Support services | <u>8,659,305</u> |
| OPERATING INCOME (LOSS) | (1,095,705) |
| TRANSFERS OUT | <u>(25,000)</u> |
| CHANGE IN NET POSITION | (1,120,705) |
| NET POSITION, BEGINNING OF YEAR | <u>3,267,762</u> |
| NET POSITION, END OF YEAR | <u>\$ 2,147,057</u> |

JACKSON COUNTY SCHOOL DISTRICT NO. 5
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND
YEAR ENDED JUNE 30, 2025

| | Internal Service Fund |
|--|--------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Cash from services provided | \$ 6,837,157 |
| Cash from employee and retirement contributions | 730,061 |
| Cash paid for services | <u>(8,649,303)</u> |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u>(1,082,085)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | |
| Transfers out | <u>(25,000)</u> |
| NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES | <u>(25,000)</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (1,107,085) |
| CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR | <u>4,520,382</u> |
| CASH AND CASH EQUIVALENTS - END OF YEAR | <u>\$ 3,413,297</u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING INCOME | |
| Operating income (loss) | \$ (1,095,705) |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | |
| Change in assets and liabilities: | |
| Receivables | 3,618 |
| Prepays | 73,478 |
| Accounts payable | <u>(53,218)</u> |
| Health insurance claims payable | <u>(10,258)</u> |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u>\$ (1,082,085)</u> |

JACKSON COUNTY SCHOOL DISTRICT NO. 5
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2025

| | Private Purpose Trust Fund |
|--------------------------------------|---|
| ASSETS: | |
| Cash and investments | <u>\$ 57,281</u> |
| TOTAL ASSETS | <u>57,281</u> |
| NET POSITION: | |
| Reserved for scholarships | 43,530 |
| Permanent endowment for scholarships | <u>13,751</u> |
| TOTAL NET POSITION | <u>\$ 57,281</u> |

JACKSON COUNTY SCHOOL DISTRICT NO. 5
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
YEAR ENDED JUNE 30, 2025

| | Private Purpose Trust Fund |
|--|---|
| ADDITIONS: | |
| Donations | <u>\$ 131,150</u> |
| TOTAL ADDITIONS | <u>131,150</u> |
| DEDUCTIONS: | |
| Community services | <u>158,015</u> |
| TOTAL DEDUCTIONS | <u>158,015</u> |
| CHANGE IN NET POSITION | <u>(26,865)</u> |
| NET POSITION, BEGINNING OF YEAR | <u>84,146</u> |
| NET POSITION, END OF YEAR | <u><u>\$ 57,281</u></u> |



NOTES TO THE BASIC FINANCIAL STATEMENTS

**JACKSON COUNTY SCHOOL DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Jackson County School District No. 5 (the District), Ashland, Oregon, was organized under provisions of Oregon Statutes pursuant to ORS Chapter 332 for the purpose of operating elementary and secondary schools. The District is governed by a separately elected Board of Education (Board) who approves the administrative officials. The daily functioning of the District is under the supervision of the Superintendent. As required by generally accepted accounting principles (GAAP), all activities of the District have been included in the basic financial statements.

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

The more significant of the District's accounting policies are presented below.

Basis of Presentation

The financial statements of the District 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.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District. These statements include the governmental financial activities of the overall District. As a general rule, eliminations have been made to minimize the double counting of internal activities. Governmental activities are financed primarily through property taxes, intergovernmental revenues, and charges for services.

The Statement of Activities presents a comparison between direct expenses and program revenues for each of its functions/programs. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to that function. Eliminations have been made to minimize the double counting of internal activities in the Statement of Activities. Program revenues include: (1) charges to students or others for tuition, fees, rentals, materials, supplies or services provided, (2) operating grants and contributions, and (3) capital grants and contributions. Revenues that are not classified as program revenues, including property taxes and state support, are presented as general revenues.

Separate financial statements are provided for governmental funds, internal service funds and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. The District's internal service fund is reported as a proprietary fund.

Net Position is reported as restricted when constraints placed on asset use are either externally restricted, imposed by creditors (such as through grantors, contributors or laws) or through constitutional provisions or enabling resolutions.

Fund Financial Statements

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

**JACKSON COUNTY SCHOOL DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements (continued)

The District reports the following major governmental funds:

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

Special Revenue Fund - This fund accounts for funds received through Federal, State and Private grant sources. It is also used to account for the District's school lunch program, major curriculum and technology purchases, and special revenues derived from associated student body activities.

Debt Service Fund - This fund provides for the payment of principal and interest on general obligation bonded debt of the District. Principal revenue sources are property taxes and charges to other funds.

Capital Projects Fund - This fund accounts for activities related to the acquisition, construction, equipping and furnishing of facilities. Principal revenue sources are proceeds from the sale of bonds, state grants, construction excise tax, interest earnings and transfers from other funds.

Additionally, the following proprietary fund is reported:

Internal Service Fund - This fund accounts for costs incurred by the District under self-insurance programs for unemployment benefits, workers compensation, and health insurance. These services are provided to other governmental funds on a cost reimbursement basis. Internal activity is eliminated on the government-wide financial statements.

Additionally, the following fiduciary fund is reported:

Private-Purpose Trust Fund – This fund is used to account for scholarship resources from private donations held by the District in a fiduciary capacity for scholarships for graduating students. Disbursements from this fund are made in accordance with the trust agreements.

Measurement Focus and Basis of Accounting

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

**JACKSON COUNTY SCHOOL DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (continued)

Government fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Property taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and claims and judgments, which are recognized as expenditures to the extent they have matured, certain compensated absences which are recognized when the obligations are expected to be liquidated with expendable available financial resources, and early retirement benefits which are recorded when paid. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt and acquisitions under leases are reported as other financing sources.

The District's proprietary fund distinguishes between operating and nonoperating revenues and expenses. Operating revenues and expenses of the District's internal service fund consist of charges for services and the cost of providing those services. All other revenues and expenses are reported as nonoperating.

Cash and Investments

The District's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less. Short-term investments are stated at cost, which approximates fair value.

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

The Oregon State Treasury administers the LGIP. It is an open-ended no-load diversified portfolio offered to any agency, political subdivision or public corporation of the State that by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments, the Oregon Legislature established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment options of the LGIP.

Restricted Cash and Retainage Payable

The District reports restricted cash for amounts held with US Bank for the retainage portion of ongoing construction projects. This amount is also reported as retainage payable on the fund financial statements and Statement of Net Position.

Investment Income

Investment income is composed of interest and net changes in the fair value of applicable investments. Investment income is included in investment earnings in the fund financial statements and is allocated monthly to all funds based on the fund's average cash balance.

**JACKSON COUNTY SCHOOL DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes Receivable

Ad valorem property taxes are levied on all taxable property as of January 1 preceding the beginning of the fiscal year. Property taxes are levied and become a lien on July 1. Collection dates are November 15, February 15, and May 15 following the lien date. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

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

Accounts and Other Receivables

Accounts receivable and other receivables consist primarily of charges for services, state school support and claims for reimbursement of costs under various federal and state grant programs, and refunds of prior year expenditures. Due to the nature of the receivables and the likelihood of collection, no provision for uncollectible receivables has been made.

Grants

Unreimbursed expenditures due from grantor agencies are reflected in the basic financial statements as inter-governmental receivables and revenues. Grant revenues are recorded at the time eligible expenditures are incurred. Grant monies received prior to the occurrence of qualifying expenditures are recorded as unearned revenue.

Leases

Leases are recognized in accordance with GASB Statement No. 87, *Leases*.

A lessee is required to recognize a lease payable and an intangible right-of-use lease asset. A lease payable is recognized at the net present value of future lease payments, and is adjusted over time by interest and payments. Future lease payments used to calculate the lease liability include only fixed payments. The right-of-use asset is initially recorded at the amount of the lease liability plus prepayments less any lease incentives received prior to lease commencement, and is subsequently amortized over the life of the lease.

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

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

The District has chosen not to implement GASB 87 for the budgetary basis of accounting. For both the budgetary basis of accounting and for leases that do not meet the criteria for valuation under GASB 87, the District will report inflows of cash for lessor leases and outflows of cash for lessee leases.

**JACKSON COUNTY SCHOOL DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets are recorded at original or estimated original cost. Donated capital assets are recorded at their estimated fair market value on the date donated. The District defines capital assets as assets with an initial cost of more than \$5,000 and an estimated life in excess of one reporting period. Right of Use Assets are depreciated the duration of the lease term as outlined in the lease agreement. Interest incurred during construction is not capitalized. Maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Capital assets are depreciated using the straight-line method over the following useful lives:

| | |
|-----------------------------------|-------------------------------|
| Building improvements | 10 to 50 years |
| Machinery, equipment and vehicles | 5 to 30 years |
| Right-of-use assets | Depends on terms of the lease |

Pensions

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

The District offers its employees a tax deferred annuity plan established pursuant to Section 403(b) of the Internal Revenue Code.

Additionally, the District offers eligible employees who elect early retirement a monthly stipend. Such costs are recorded as expense in the General Fund and funded as stipend benefits become due.

Postemployment Health Benefits

Certain District employees are participants in the State of Oregon Public Employees Retirement System (OPERS) - Retirement Health Insurance Account (RHIA). Contributions to OPERS RHIA are made on a current basis as required by the plan and are charged as expenses.

Additionally, the District offers eligible employees who elect early retirement payment of group medical insurance premiums. The District also allows eligible retirees to purchase health insurance at the same rate as active employees. In the government-wide financial statements, the District reports its liability for other postemployment benefits consistent with established generally accepted accounting principles and to reflect an actuarially determined liability for the present value of projected future benefits for retired and active employees. Such costs are recorded as expenses in the General Fund and funded as premiums become due.

Compensated Absences

The District's employee vacation and sick leave policies generally provide for granting vacation and sick leave with pay. The current and long-term liabilities for vested or accumulated vacation and sick leave are reported on the government-wide financial statements. The full amount of vacation time accrued as a liability at year end as vacation time is payable in full at time of employee leave or resignation. Sick time is accrued based on the portion more likely than not to be used during the course of employment and expensed when used on a last in first out basis. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee leave or resignation.

**JACKSON COUNTY SCHOOL DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Term Debt

In the government-wide financial statements, long-term debt is reported as a liability in the Statement of Net Position. Bond premiums and discounts and deferred charges associated with advanced refunding are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premiums and discounts. Bond issuance costs are expensed as incurred.

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

Deferred Outflows/Inflows of Resources

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

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

Additionally, the District has one type of deferred inflows which arises only under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet.

Net Position and Fund Balance

In the government-wide financial statements, equity is classified as net position and displayed in three components:

- *Net investment in capital assets* – consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.
- *Restricted net position* – consists of net position with constraints placed on the use by either (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.
- *Unrestricted net position* – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

It is the District's policy to first use restricted net position prior to the use of unrestricted net position when an expenditure is incurred for purposes for which both restricted and unrestricted net position are available.

**JACKSON COUNTY SCHOOL DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position and Fund Balance (continued)

In the fund financial statements, governmental fund equity is classified in the following categories:

- *Non-Spendable* – Includes items not immediately converted to cash, such as prepaid items and inventory.
- *Restricted* – Includes items that are restricted by external creditors, grantors, or contributors, or restricted by legal constitutional provisions.
- *Committed* – Includes items committed by the District's Board of Education, by formal board action.
- *Assigned* – Includes items assigned for specific purposes, authorized by the District's Superintendent and/or Director of Business Services.
- *Unassigned* – This is the residual classification used for those balances not included in another category.

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

To preserve a sound financial system and to provide a stable financial base, the governing body has adopted a minimum fund balance policy. The minimum Fund Balance policy requires a reserve for economic uncertainties consisting of unassigned amounts equal to not less than one month of General Fund operating expenditures or eight percent of General Fund expenditures.

Budget

A budget is prepared and legally adopted for each governmental fund type on the modified accrual basis of accounting. The budgetary basis of accounting is the same as accounting principles generally accepted in the United States of America for the governmental fund types, except capital outlay expenditures (including items below the District's capitalization level) and debt service which are budgeted by major function in governmental fund types. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations.

Appropriations are established at the major function level (instruction, support services, enterprise and community services, facilities acquisition and construction, debt service, operating contingency and transfers) for each fund. The detailed budget document, however, is required to contain more specific, detailed information for the aforementioned expenditure categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget and/or appropriation resolution.

Supplemental budgets less than 10% of a fund's original budget may be adopted by the Board at a regular meeting. A supplemental budget greater than 10% of a fund's original budget requires hearings before the public, publication in newspapers and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control (major function levels) with Board approval. Appropriations lapse at the end of each fiscal year.

**JACKSON COUNTY SCHOOL DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budget (continued)

During the fiscal year ended June 30, 2025, the District was in compliance with Local Budget Law, except as noted in the independent auditor's report required by Oregon State Regulations.

Additionally, the District exceeded its appropriation authority in the following category:

Special Revenue Fund:
Enterprise and community services \$ (24,228)

Use of Estimates

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

Adoption of New GASB Pronouncements

During the year ended June 30, 2025, the District implemented the following GASB Pronouncements:

GASB Statement No. 101, Compensated Absences. Issued in June 2022, this Statement updates recognition and measurement guidelines for compensated absences. The implementation of this Statement is reflected in accrued compensated absences in the Statement of Net Position and Note 8 – *Accrued Compensated Absences*.

GASB Statement No. 102, *Certain Risk Disclosures*. This standard requires governments to disclose essential information about risks related to vulnerabilities due to certain concentrations or constraints. There is no effect on the District's financial statements as a result of this Statement.

Future GASB Pronouncements

The following GASB pronouncements have been issued, but are not effective as of June 30, 2025:

GASB Statement No. 103, Financial Reporting Model Improvements. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. This Statement will be effective for the District for fiscal year ending June 30, 2026.

This Statement will be effective for the District for fiscal year ending June 30, 2026. GASB Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. This Statement also requires additional disclosures for assets held for sale. This Statement will be effective for the District for fiscal year ending June 30, 2026.

**JACKSON COUNTY SCHOOL DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Future GASB Pronouncements (continued)

The District will implement new GASB pronouncements no later than the required effective date. The District is currently evaluating whether or not the above listed new GASB pronouncements will have a significant impact to the District's financial statements.

Restatement of Beginning Net Position

As required by the adoption of GASB 101, *Compensated Absences*, leave which is attributable to services already rendered, accumulates, and is more likely than not to be used should be accrued as a compensated absence. The implementation of this statement resulted in the following changes in net position as of July 1, 2024:

| | Net Position at June 30, 2024 (as previously reported) | Restatement | Net Position at June 30, 2024 (as restated) |
|-------------------------|--|----------------|---|
| Governmental Activities | \$ 18,857,526 | \$ (3,314,670) | \$ 15,542,856 |

NOTE 2 – CASH AND INVESTMENTS

The District maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and investments."

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

| | |
|--|----------------------|
| Cash and investments are comprised of the following as of June 30, 2025: | |
| Petty cash | \$ 1,690 |
| Carrying amount of demand deposits | 5,116,563 |
| Carrying amount of investments | <u>6,621,372</u> |
| Total cash and investments | <u>\$ 11,739,625</u> |

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

| | |
|--------------------------------------|----------------------|
| Statement of Net Position: | |
| Cash and investments | \$ 10,992,960 |
| Restricted cash in escrow | 689,384 |
| Statement of Fiduciary Net Position: | |
| Cash and investments | <u>57,281</u> |
| Total cash and investments | <u>\$ 11,739,625</u> |

Deposits. The Governmental Accounting Standards Boards has adopted accounting principles generally accepted in the United States of America (GAAP), which include standards to categorize deposits to give an indication of the level of custodial credit risk assumed by the District at June 30, 2025. If bank deposits at year end are not entirely insured or collateralized with securities held by the District or by its agent in the District's name, the District must disclose the custodial credit risk that exists.

**JACKSON COUNTY SCHOOL DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

Deposits with financial institutions are comprised of bank demand deposits. At year-end, the District's net carrying amount of deposits was \$5,116,563 and the bank balance was \$5,528,255. Of these deposits, \$5,028,255 was not covered by the Federal Depository Insurance Corporation (FDIC). However, this balance was covered by the State of Oregon shared liability structure for participating bank depositories in Oregon. As required by Oregon Revised Statutes, Chapter 295, deposits in excess of insurance limits were held at qualified depositories for public funds.

Effective July 1, 2008, House Bill 2901 created a shared liability structure for participating bank depositories in Oregon. Barring any exceptions, a qualifying bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of the quarter-end public fund deposits if they are adequately capitalized, or 110% of the quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public bank depositories is available to repay the deposits of public funds of governmental entities.

Custodial Credit Risk. Custodial credit risk for deposits is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk.

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

Investments. The District has invested funds in the State Treasurer's Oregon Short-term Fund Local Government Investment Pool during fiscal year 2025. The Oregon Short-term Fund is the local government investment pool for local governments and was established by the State Treasurer.

It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). Local Government Investment Pool (LGIP) is an external investment pool managed by the State Treasurer's office, which allow governments within the state to pool their funds for investment purposes. The amounts invested in the pool are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry form as defined by GASB statement No. 40, the LGIP is not rated.

In addition, the Oregon State Treasury LGIP distributes investment income on an amortized cost basis and participants' equity in the pool is determined by the amount of participant deposits, adjusted for withdrawals and distributed income. Accordingly, the adjustment to fair value would not represent an expendable increase in the District's cash position.

Investments in the Oregon State Treasury LGIP are made under the provisions of ORS 294.035 and 294.810. These funds are held in the District's name and are not subject to collateralization requirements of ORS 295.015. Investments are stated at amortized cost, which approximated fair value.

Custodial credit risk, for investments, is the risk that, in the event of the failure of the counter-party, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the District's total investments, the District has no custodial credit risk.

Credit Risk - State Statutes authorize the District to invest primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, banker's acceptances, certain commercial papers, and the State Treasurer's Investment Pool, among others. The District has no formal investment policy that further restricts its investment choices.

JACKSON COUNTY SCHOOL DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk - The District is required to provide information about the concentration of credit risk associated with its investments in one issuer that represents 5 percent or more of the total investments, excluding investments in external investment pools or those issued and explicitly guaranteed by the U.S. Government. The District has no such investments.

Interest Rate Risk - The District has no formal investment policy that explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates.

The “weighted average maturity in years” calculation assumes that all investments are held until maturity.

As a means of limiting its exposure to fair value losses arising from rising interest rates, the District’s investment policy limits investments to no more than 18 months.

Disclosures about Fair Value of Assets - Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 - Unadjusted inputs using quoted prices in active markets for identical investments.

Level 2 - Other significant observable inputs other than level 1 prices, including, but are not limited to, quoted prices for similar investments, inputs other than quoted prices that are observable for investments (such as interest rates, prepayment speeds, credit risk, etc.) or other market corroborated inputs.

Level 3 - Significant inputs based on the best information available in the circumstances, to the extent observable inputs are not available.

| Investments Measured at Fair Value: | Totals as of 06/30/25 | | | | Amortized Cost Not Measured at Fair Value |
|--|--------------------------|-------------|-------------|-------------|---|
| | Level One | Level Two | Level Three | | |
| Local government investment pool | \$ 6,621,372 | \$ - | \$ - | \$ - | \$ 6,621,372 |
| | <u>\$ 6,621,372</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 6,621,372</u> |

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

| | Total Investments | Investment Maturities | | |
|-------------------------------------|---------------------|-----------------------|-------------|-------------|
| | | Less than 1 yr | 1-5 years | 6-10 years |
| Local government investment pool | \$ 6,621,372 | \$ 6,621,372 | \$ - | \$ - |
| Total investments | <u>\$ 6,621,372</u> | <u>\$ 6,621,372</u> | <u>\$ -</u> | <u>\$ -</u> |

JACKSON COUNTY SCHOOL DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

| | Moody's Rating | Standard & Poor Rating | Percentage of Total Investments |
|-------------------------------------|-------------------|---------------------------|------------------------------------|
| Local government investment pool | N/R | N/R | 100% |
| Total investments | | | <u>100%</u> |

NOTE 3 – CAPITAL ASSETS

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

| | Balance July 1, 2024 | Additions | Deletions | Transfers | Balance June 30, 2025 |
|---|-------------------------|-----------------------|--------------------|---------------------|--------------------------|
| Capital assets not being depreciated or amortized: | | | | | |
| Land | \$ 2,968,809 | \$ - | \$ - | \$ - | \$ 2,968,809 |
| Construction-in-progress | 11,103,411 | 14,508,110 | - | (697,305) | 24,914,216 |
| Total capital assets not being depreciated or amortized | <u>\$ 14,072,220</u> | <u>\$ 14,508,110</u> | <u>\$ -</u> | <u>\$ (697,305)</u> | <u>\$ 27,883,025</u> |
| Capital assets being depreciated or amortized: | | | | | |
| Buildings and improvements | \$ 164,767,123 | \$ 2,123,067 | \$ - | \$ 697,305 | \$ 167,587,495 |
| Machinery, equipment and vehicles | 7,452,454 | 41,166 | - | - | 7,493,620 |
| Intangible assets: | | | | | |
| Right-of-use | 498,780 | 87,925 | (45,945) | - | 540,760 |
| Total capital assets being depreciated or amortized | <u>\$ 172,718,357</u> | <u>\$ 2,252,158</u> | <u>\$ (45,945)</u> | <u>\$ 697,305</u> | <u>\$ 175,621,875</u> |
| Less accumulated depreciation or amortization for: | | | | | |
| Buildings and improvements | \$ (40,397,839) | \$ (3,841,522) | \$ - | \$ - | \$ (44,239,361) |
| Machinery, equipment and vehicles | (4,445,775) | (370,998) | - | - | (4,816,773) |
| Intangible assets: | | | | | |
| Right-of-use | (258,483) | (135,399) | 45,945 | - | (347,937) |
| Total accumulated depreciation or amortization | <u>\$ (45,102,097)</u> | <u>\$ (4,347,919)</u> | <u>\$ 45,945</u> | <u>\$ -</u> | <u>\$ (49,404,071)</u> |
| Total capital assets, net: | | | | | |
| Land | \$ 2,968,809 | \$ - | \$ - | \$ - | \$ 2,968,809 |
| Construction-in-progress | 11,103,411 | 14,508,110 | - | (697,305) | 24,914,216 |
| Buildings and improvements | 124,369,284 | (1,718,455) | - | 697,305 | 123,348,134 |
| Machinery, equipment and vehicles | 3,006,679 | (329,832) | - | - | 2,676,847 |
| Intangible assets: | | | | | |
| Right-of-use | 240,297 | (47,474) | - | - | 192,823 |
| Total net capital assets | <u>\$ 141,688,480</u> | <u>\$ 12,412,349</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 154,100,829</u> |

Depreciation and amortization expense for the year ended June 30, 2025 was charged to the following programs:

| Program | |
|--------------------|---------------------|
| Instruction | \$ 2,580,925 |
| Support services | 1,670,036 |
| Community services | 96,958 |
| Total | <u>\$ 4,347,919</u> |

Right-of-Use Assets

A lease is defined as a contract that conveys control of the right of use of another entity's nonfinancial asset as specified in a contract for a period of time in an exchange or exchange-like transaction. The District is party to a variety of lease contracts as lessee for which this right-of-use (ROU) has been recognized as an asset on the balance sheet. Further information on these transactions can be found in Note 9.

**JACKSON COUNTY SCHOOL DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 4 – LONG-TERM DEBT

General Obligation Bonds

During the 2018-19 fiscal year, the District issued General Obligation Bonds in the amount of \$107,380,000, which matures on June 15, 2044. Pursuant to ORS 287A.315, the General Obligation bonds are a direct obligation and pledge the full faith and credit of the District. The purpose of this bond was to finance the costs for constructing, improving, and upgrading various schools within the District. The interest rate is 4-5% and is payable semi-annually. The bond was sold at a premium of \$22,436,690. The agreement contains a provision that in an event of default the bonds are secured by the Oregon School Bond Guaranty, to the extent they are available or sufficient. There are no significant default or terminations clauses on the bonds, and the bonds are not subject to any acceleration clauses under GASB 88.

Bus Loans

During the 2016-17 fiscal year, the District entered into a financed purchase in the amount of \$358,119 for three replacement school buses with Santander Municipal Lease Program. The interest rate for two of them is 3.05% and for the third the interest rate is 2.75%, the payments are payable annually. There are no significant default or termination clauses on the loan. The financed purchase for one bus matured during the fiscal year 2024, the other two matured on July 15, 2024.

During the 2018-19 fiscal year, the District entered into a financed purchase in the amount of \$118,487 for school buses with US Bancorp Government Leasing and Finance, Inc. The interest rate is 3.026% and payments are payable annually. There are no significant default or termination clauses on the loan. The financed purchase matures on December 1, 2028.

During the 2019-20 fiscal year, the District entered into a financed purchase in the amount of \$445,640 for school buses with US Bancorp Government Leasing and Finance, Inc. The interest rate is 3.48% and payments are payable annually. There are no significant default or termination clauses on the loan. The financed purchase matures on February 15, 2028.

During the 2021-22 fiscal year, the District entered into a financed purchase in the amount of \$382,743 for three school buses with US Bancorp Government Leasing and Finance, Inc. The interest rate is 3.39% and payments are payable annually. There are no significant default or termination clauses on the loan. The financed purchase matures on April 8, 2027.

Bank Loan

During the 2020-21 fiscal year, the district secured a bank loan through U.S. Bankcorp in the amount of \$54,891 for a school bus from Western Bus Sales & Service. The interest rate is 2.1%, payable annually, with a five-year term to maturity. There are no significant default or termination clauses on the loan. The bank loan matures on April 14, 2026.

Full Faith and Credit Non-Revolving Credit Facility and Note, Series 2025

During the 2024-25 fiscal year, the District issued a Note in the amount of \$5,120,000, which matures on December 15, 2025. Pursuant to ORS 287A.315, the District would pledge its full faith and credit and taxing power within the restrictions of Sections 11 and 11b, Article XI of the Oregon Constitution to pay the Note. The purpose of this Note was to provide interim financing for the District to cover operating cash flows and pay costs of issuance. The interest rate is 5.60% per annum on the outstanding balance to the maturity date or date of prepayment in full. The agreement contains a provision that in an event of default, the Bank may exercise any remedies as provided in the facility. There are no significant default or terminations clauses on the bonds, and the bonds are not subject to any acceleration clauses under GASB 88.

JACKSON COUNTY SCHOOL DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

NOTE 4 – LONG-TERM DEBT (CONTINUED)

During the fiscal year ended June 30, 2025, the following changes occurred in long-term obligations:

| | Balance June 30, 2024 | Additions | Reductions | Balance June 30, 2025 | Due Within One Year |
|---|--------------------------|---------------------|-----------------------|--------------------------|------------------------|
| General obligation bonds | \$ 96,045,000 | \$ - | \$ (3,390,000) | \$ 92,655,000 | \$ 3,825,000 |
| Bond premium | 16,332,673 | - (1,567,094) | 14,765,579 | 1,502,401 | |
| Bank loans (direct borrowing) | 22,644 | - (11,204) | 11,440 | 11,439 | |
| Bus loans payable (direct borrowing) | 489,123 | - (133,209) | 355,914 | 137,721 | |
| Non-Revolving Credit Facility and Note, Series 2025 | - 5,120,000 | - - | 5,120,000 | 5,120,000 | |
| Total | \$ 112,889,440 | \$ 5,120,000 | \$ (5,101,507) | \$ 112,907,933 | \$ 10,596,561 |

Future maturities of long-term debt currently outstanding are as follows:

| Year ending June 30, | GO Bond Principal | GO Bond Interest | GO Bond Premium | Direct Borrowing Principal | Direct Borrowing Interest | Non-revolving Credit Facility Principal | Non-revolving Credit Facility Interest | Total |
|-------------------------|----------------------|----------------------|----------------------|----------------------------------|---------------------------------|---|--|-----------------------|
| 2026 | \$ 3,825,000 | \$ 4,504,900 | \$ 1,502,401 | \$ 149,161 | \$ 12,248 | \$ 5,120,000 | \$ 152,394 | \$ 15,266,104 |
| 2027 | 4,285,000.00 | 4,313,650.00 | 1,429,928.00 | 142,386 | 7,342.21 | - | - | 10,178,306 |
| 2028 | 4,780,000.00 | 4,099,400.00 | 1,349,083.00 | 75,807 | 2,915.23 | - | - | 10,307,205 |
| 2029 | 5,305,000.00 | 3,860,400.00 | 1,259,358.00 | - | - | - | - | 10,424,758 |
| 2030 | 5,870,000.00 | 3,595,150.00 | 1,160,078.00 | - | - | - | - | 10,625,228 |
| 2031-2035 | 22,255,000.00 | 14,888,500.00 | 4,489,107.00 | - | - | - | - | 41,632,607 |
| 2036-2040 | 21,345,000.00 | 9,241,500.00 | 2,897,234.00 | - | - | - | - | 33,483,734 |
| 2041-2045 | 24,990,000.00 | 3,255,000.00 | 678,390.00 | - | - | - | - | 28,923,390 |
| | \$ 92,655,000 | \$ 47,758,500 | \$ 14,765,579 | \$ 367,354 | \$ 22,505 | \$ 5,120,000 | \$ 152,394 | \$ 160,841,332 |

Interest expense on the above debt was \$3,144,265 for the year ended June 30, 2025, which included a \$1,567,094 reduction in interest related to the amortization of the G.O Bond premium.

NOTE 5 – RECEIVABLES

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

| | Property Taxes | Accounts | Grants/Other | Total |
|--------------------------|---------------------|------------------|---------------------|---------------------|
| General fund | \$ 755,858 | \$ 22,619 | \$ 181,349 | \$ 959,826 |
| Special revenue fund | - | - | 597,411 | 597,411 |
| Debt service fund | 275,225 | - | - | 275,225 |
| Capital project fund | - | - | 2,047,209 | 2,047,209 |
| Total receivables | \$ 1,031,083 | \$ 22,619 | \$ 2,825,969 | \$ 3,879,671 |

**JACKSON COUNTY SCHOOL DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 6 – NOTES RECEIVABLE

In May 2018, the District entered into an agreement with the City of Ashland and Ashland Parks and Recreation District for the sale of two pieces of property. The total amount of the sale was for \$2,040,000 with the District receiving two notes receivable totaling \$1,880,000. The remaining amount, less fees, was received as a cash payment by the District.

The first note receivable is from the City of Ashland for \$1,430,000. The note bears interest at 0.00% per annum and is to be paid at \$110,000 per year for 13 years beginning April 2019.

The second note receivable is from the City of Ashland Parks and Recreation Commission for \$450,000. The note bears interest at 0.00% per annum and is to be paid at \$50,000 per year for 9 years beginning April 2019.

During the fiscal year ended June 30, 2025, the following changes occurred in notes receivable:

| | Balance at 06/30/2024 | Additional Lending | Reduction in Principal | Balance at 06/30/2025 | Current Portion |
|--|--------------------------|-----------------------|---------------------------|--------------------------|-------------------|
| City of Ashland | \$ 770,000 | \$ - | \$ (110,000) | \$ 660,000 | \$ 110,000 |
| City of Ashland Parks and Recreation Commission | 150,000 | - | (50,000) | 100,000 | 50,000 |
| | <u>\$ 920,000</u> | <u>\$ -</u> | <u>\$ (160,000)</u> | <u>\$ 760,000</u> | <u>\$ 160,000</u> |

NOTE 7 – INTERFUND TRANSACTIONS

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

| | Transfers | |
|------------------------|--------------------------|--------------------------|
| | In | Out |
| General fund | \$ - | \$ 500,000 |
| Special revenue fund | 525,000 | - |
| Internal service fund | - | 25,000 |
| Total Transfers | <u>\$ 525,000</u> | <u>\$ 525,000</u> |

The amount of state appropriated general purpose or undesignated revenues must be transferred to the Non-Profit School Food Service Fund account must in order to meet the general cash assistance match for school year 2024-2025.

Interfund receivables and payables for the year ended June 30, 2025 are as follows:

| | Interfund Receivable | Interfund Payable |
|----------------------|-------------------------|----------------------|
| General fund | \$ 25,372 | \$ - |
| Special revenue fund | - | 25,372 |
| | <u>\$ 25,372</u> | <u>\$ 25,372</u> |

Certain obligations and payments for the General Fund were paid for by the Special Revenue Fund, these obligations and payments are then accounted for as interfund receivable and payable to or from the various funds affected.

JACKSON COUNTY SCHOOL DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

NOTE 8 – ACCRUED COMPENSATED ABSENCES

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

| Balance | | Balance | Due Within |
|----------------------|---------------------|----------------------|---------------------|
| June 30, 2024 | Change | June 30, 2025 | One Year |
| <u>(as restated)</u> | <u>Change</u> | <u>June 30, 2025</u> | <u>One Year</u> |
| <u>\$ 4,203,561</u> | <u>\$ (493,255)</u> | <u>\$ 3,710,306</u> | <u>\$ 1,363,050</u> |

NOTE 9 – LEASES PAYABLE

The District has entered into several non-cancellable lease agreements for copiers and equipment, which are qualified leases under GASB 87. The leases have periods covering various ranges, with the latest expiring in April 2030, and with interest rates ranging from 3.0% to 4.48%. During the year ended June 30, 2025, lease principal and interest payments of \$147,565 and \$5,658 were made, respectively.

The changes in leases payable for the year ended June 30, 2025 consisted of the following:

| Balance | | | Balance | Due Within |
|-----------------------|-------------------|------------------|-------------------|-------------------|
| July 1, 2024 | Additions | Reductions | June 30, 2025 | One Year |
| <u>Leases Payable</u> | <u>\$ 209,313</u> | <u>\$ 87,925</u> | <u>\$ 141,907</u> | <u>\$ 155,331</u> |
| | | | | <u>\$ 39,497</u> |

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

| Year | | Principal | Interest | Total |
|--------|-------------------|------------------|-------------------|-------|
| Ending | | | | |
| 2026 | \$ 39,497 | \$ 4,293 | \$ 43,790 | |
| 2027 | 38,137 | 3,090 | 41,227 | |
| 2028 | 38,346 | 1,868 | 40,214 | |
| 2029 | 23,961 | 813 | 24,774 | |
| 2030 | 15,390 | 212 | 15,602 | |
| | <u>\$ 155,331</u> | <u>\$ 10,276</u> | <u>\$ 165,607</u> | |

NOTE 10 – PENSION AND RETIREMENT PLANS

Tax Sheltered Annuity Plan

The District offers its employees a tax deferred annuity program established pursuant to Section 403(b) of the Internal Revenue Code (the Code). Contributions are made through salary reductions from participating employees up to the amounts specified in the Code. 230 employees are currently participating in the plan and received matching contributions of \$129,020 for the year ended June 30, 2025.

Early Retirement Stipend Pension Plan

Plan Description – The District provides a single-employer defined benefit early retirement stipend program. Different contracts govern the employees.

**JACKSON COUNTY SCHOOL DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 10 – PENSION AND RETIREMENT PLANS (CONTINUED)

Early Retirement Stipend Pension Plan (continued)

For Administrative staff members hired before July 1, 2004, the early retirement incentive program is for current employees who are PERS eligible due to retirement and who have a minimum of twenty (20) years' experience with the District at retirement. Administrative staff hired on or after July 1, 2004 and prior to July 1, 2007, who are PERS eligible due to retirement and who have at least 14 years of service with the District at retirement are also eligible. In return for this stipend, retirees, if available, agree to work a minimum of three days per year at no cost to the District. The maximum participation allowed by the District is 84 months, until the participant dies, or becomes eligible for Medicare, whichever comes earliest. Eligible Administrative staff members will receive \$225 per month, plus additional amounts based on accumulated unused sick leave.

Classified employees are eligible if they meet the following requirements:

- Employee must be at least one-half (1/2) time throughout their employment with the District.
- Hired prior to July 1, 1993 and have at least 15 years of service with the District at retirement.
- Hired on or after July 1, 1993 and prior to July 1, 2000 and have at least 18 years of service with the District at retirement.

Additionally, classified employees must be PERS eligible due to retirement to be eligible for this program. Employees hired on or after July 1, 2000 will not receive supplemental retirement benefits. Eligible Classified employees will receive a one-time payment of \$4 for each hour of accumulated sick leave at the time of retirement.

Confidential and Supervisory employees, included in Appendix A of the July 1, 2007 collective bargaining agreement, may be eligible if they meet the following requirements:

- Employee must have averaged at least one-half (112) time throughout their years of employment with the District.
- Confidential employees hired prior to October 1, 1993 who has at least 20 years of service with the District at retirement.
- Supervisory employees hired on or after October 1, 1993 and prior to July 1, 2004 who has at least 20 years of service with the District at retirement.

Additionally, Confidential and Supervisory employees must be PERS eligible due to retirement to be eligible for this program. Confidential and Supervisory employees hired on or after July 1, 2004 will not receive supplemental retirement benefits. Eligible Confidential and Supervisory employees will receive monthly benefits until the participant dies or until they become eligible for Medicare, whichever comes earliest. The amount of benefits is dependent upon the employee's amount of unused sick leave at retirement. Those with 150 to 200 days will receive \$50, those with 200 to 250 days will receive \$75, and those with 250 or greater will receive \$100 per month.

Licensed employees listed in Article 14, Section A of the 2012-2015 collective bargaining agreement, who have 15 or 20 years of service upon retirement, depending upon which section of the list they are in, are eligible to receive benefits. Employees hired on or after July 1, 2007 will not receive supplemental retirement benefits. The maximum participation allowed by the District is 84 months, until the participant dies, or becomes eligible for Medicare, whichever comes earliest. Eligible Licensed retirees will receive \$225 per month. All amounts are prorated if the employee worked less than the full-time equivalent.

Funding Policy – The benefits from this program are fully paid by the District and, consequently, no contributions by employees are required. The District funds this benefit as it comes due and the amount estimated to be paid by the District for this benefit for the period ended June 30, 2025 was \$31,424. There are no assets accumulated in a trust.

**JACKSON COUNTY SCHOOL DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 10 – PENSION AND RETIREMENT PLANS (CONTINUED)

Early Retirement Stipend Pension Plan (continued)

Employees Covered by Benefit Terms – As of June 30, 2025, the following employees were covered by the stipend benefit terms:

| Participant Counts: | | |
|---------------------|-----------|--|
| Active | 37 | |
| Inactive | 21 | |
| | <u>58</u> | |

Total Stipend Pension Liability – The District's total stipend pension liability of \$321,125 was measured as of June 30, 2025 and was determined by an actuarial valuation date as of June 30, 2024.

Actuarial Assumptions and Other Inputs – The Total OPEB Liability for the current year was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| Input | Assumption |
|-----------------------------|--|
| Actuarial Cost Method | Entry age normal funding method |
| Interest/Discount Rate | 4.93% |
| Projected Payroll Increases | 2.4% with a Salary Merit Scale increase |
| Mortality Rates | Pub-2010 Sex Distinct Mortality Table adjusted with generational mortality adjustments using the Unisex Security Data Mortality Projection Scale |
| Withdrawal Rates | As developed for the valuation of benefits under Oregon PERS, depending on YOS |
| Disability Rates | As developed for the valuation of benefits under Oregon PERS, age dependent |
| Retirement Rates | As developed for the valuation of benefits under Oregon PERS |
| Participation | 85% of future retirees are assumed to elect medical coverage if they have district-paid benefits. 40% of future retirees are assumed to elect medical coverage if they do not have district-paid benefits. 70% of future retirees electing coverage are assumed to cover a spouse as well. |
| Marital Status | Actual spouse information is used for current retirees. Future retired members who elect to participate in the plan are assumed to be married at a rate of 60%. Males are assumed to be 3 years older than females. |
| Health Care Cost Trend Rate | Trends based on actual renewal rates. |
| Retiree Contributions | Retiree contributions are a weighted average of all retiree contributions for the prior year. |

Changes in the Total Stipend Pension Liability –

| | | |
|--|-----------------|----------------|
| Stipend Pension Liability at June 30, 2024 | \$ | 341,055 |
| Changes for the year: | | |
| Service cost | 10,087 | |
| Interest | 14,565 | |
| Differences between expected and actual experience | | |
| Changes of assumptions or other input | (13,158) | |
| Benefit payments | <u>(31,424)</u> | |
| Stipend Pension Liability at June 30, 2025 | \$ | <u>321,125</u> |

JACKSON COUNTY SCHOOL DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

NOTE 10 – PENSION AND RETIREMENT PLANS (CONTINUED)

Early Retirement Stipend Pension Plan (continued)

Sensitivity of the Total Stipend Pension Liability to Changes in the Discount Rate – The following presents the total stipend pension liability of the District, as well as what the District's total pension stipend liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate:

| District's Stipend Pension Asset/(Liability) | 1% Decrease (3.93%) | Current Discount Rate (4.93%) | 1% Increase (5.93%) |
|--|------------------------|----------------------------------|------------------------|
| Single Employer Stipend | \$ (337,677) | \$ (321,125) | \$ (305,416) |

Since the stipend benefit is not dependent on healthcare trends, there is no sensitivity to healthcare cost trends.

Stipend Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources – For the year ended June 30, 2025, the District recognized a decrease in stipend pension expense of \$15,414, which was charged to various functions as follows: 48% instruction, 49% supporting services, and 3% community services.

As of June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to the stipend pension from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Difference between expected and actual experience | \$ - | \$ 49,008 |
| Changes of assumptions or other input | <u>3,073</u> | <u>26,492</u> |
| Total | <u>\$ 3,073</u> | <u>\$ 75,500</u> |

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

| Year Ended June 30 | Deferred Outflow/(Inflow) of Resources |
|-----------------------|--|
| 2026 | \$ (46,973) |
| 2027 | (24,269) |
| 2028 | (1,185) |
| 2029 | - |
| Thereafter | - |
| Total | <u>\$ (72,427)</u> |

Changes in Assumptions –Interest / discount rate increased from 4.34% to 4.93% based on the average of multiple 6/30/2025 municipal bond rate sources. Decrement tables and Salary Merit Scale updated per the December 2022 Actuarial Section of Oregon Public Employees' Retirement System Actuarial Report.

**JACKSON COUNTY SCHOOL DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 10 – PENSION AND RETIREMENT PLANS (CONTINUED)

OPERS Plan

Plan Description

Employees are provided pensions as participants under one or more plans currently available through Oregon Public Employees Retirement System (OPERS), a cost-sharing multiple-employer defined benefit plan administered in accordance with Oregon Revised Statutes (ORS) Chapter 238, Chapter 238A, and Internal Revenue Service Code Section 401(a). Oregon legislature has delegated authority to the Oregon Public Employees Retirement Board (Board) to administer and manage the system.

There are currently two programs within OPERS, with eligibility determined by the date of employment. Those employed prior to August 29, 2003 are OPERS Program members, and benefits are provided based on whether a member qualifies for Tier One or Tier Two described below. Those employed on or after August 29, 2003 are Oregon Public Service Retirement Plan (OPSRP) Program members. OPSRP is a hybrid retirement plan with two components: 1) the Pension Program (defined benefit; established and maintained as a tax-qualified governmental defined benefit plan), and 2) the Individual Account Program (IAP) (defined contribution; established and maintained as a tax-qualified governmental defined contribution plan).

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

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

Beginning January 1, 2004, OPERS active Tier One and Tier Two members became members of the Individual Account Program (IAP) or OPSRP. OPERS members retain their existing Regular or Variable (if applicable) accounts, but member contributions are now deposited into the member's IAP account. Accounts are credited with earnings and losses net of administrative expenses.

Tier One/Tier Two (Chapter 238)

Pension Benefits - The OPERS retirement allowance is payable monthly for life. Members may select from 13 retirement benefit options that are actuarially equivalent to the base benefit. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for Police and Fire employees, 1.67 percent for General Service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results. Monthly payments must be a minimum of \$200 per month or the member will receive a lump-sum payment of the actuarial equivalent of benefits to which they are entitled.

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

**JACKSON COUNTY SCHOOL DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 10 – PENSION AND RETIREMENT PLANS (CONTINUED)

OPERS Plan (continued)

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 One General Service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and Fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The plans are closed to new members hired on or after August 29, 2003.

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

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

As of 2020, the Legislature introduced an Optional Spouse Death Benefit (OSDB) which may provide higher survivor benefit than the standard per-retirement death benefit described above. To be eligible for the OSDB, the member must have died before retiring, named their spouse or other person who is constitutionally required to be treated in the same manner as the spouse as their pre-retirement beneficiary, and met the following conditions:

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

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

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

**JACKSON COUNTY SCHOOL DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 10 – PENSION AND RETIREMENT PLANS (CONTINUED)

OPERS Plan (continued)

Benefit Changes After Retirement – Members may choose to continue participation in their variable account after retiring and may experience annual benefit fluctuations due to changes in the fair value of the underlying global equity investments of that account.

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

OPSRP Pension Program (Chapter 238A)

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

Police and Fire – 1.8 percent multiplied by the number of years of service and the final average salary. Normal retirement age for a Police and Fire members is age 60 or age 53 with 25 years of retirement credit. To retire under the Police and Fire classification, the individual's last 60 months of retirement credit preceding retirement eligibility must be classified as retirement credit for service as a police officer or a firefighter. 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 as indicated above, 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 multiplied by the number of years of service and the final average salary. Normal retirement age for General Service members is age 65, or age 58 with 30 years of retirement credit.

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

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

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

**JACKSON COUNTY SCHOOL DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 10 – PENSION AND RETIREMENT PLANS (CONTINUED)

OPSRP Pension Program (Chapter 238A) (continued)

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

Contributions

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

Member Contributions – Beginning January 1, 2004, all member contributions, except for contributions by judge members, were placed in the OPSRP Individual Account Program (IAP). Prior to that date, all member contributions were credited to the Defined Benefit Pension Plan. Member contributions are set by statute at 6.0 or 7.0% of salary and are remitted by participating employers. The contributions are either deducted from member salaries or paid by the employers on the members' behalf.

Employer Contributions – OPERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the OPERS Defined Benefit Plan and OPEB plans.

Employer contributions during the period July 1, 2024 through June 30, 2025, were based on the December 31, 2022 actuarial valuation, which became effective July 1, 2024. For the period July 1, 2024 through June 30, 2025, net employer contribution rates were 27.87% for Tier 1/Tier 2 employees and 25.03% for OPSRP General Employees. Employer contributions for the year ended June 30, 2025 were \$5,103,557.

Pension Plan Annual Comprehensive Financial Report (ACFR)

OPERS prepares their financial statements in accordance with generally accepted accounting principles in the United States of America as set forth in Governmental Accounting Standards Board (GASB) pronouncements that apply to governmental accounting for fiduciary funds and enterprise funds. The accrual basis of accounting is used for all funds. Contributions are recognized when due, pursuant to legal (or statutory) requirements. Benefits and withdrawals are recognized when they are currently due and payable in accordance with the terms of the plan. Investments are recognized at fair value, the amount that could be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

OPERS produces an independently audited ACFR which can be found at:

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

Actuarial Valuation

The employer contribution rates effective July 1, 2023 through June 30, 2025, were set using the entry age normal actuarial cost method. Under this cost method, each active member's entry age present value of projected benefits is allocated over the member's service from the member's date of entry until their assumed date of exit, taking into consideration expected future compensation increases.

**JACKSON COUNTY SCHOOL DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 10 – PENSION AND RETIREMENT PLANS (CONTINUED)

Actuarial Methods and Assumptions Used in Developing Total Pension Liability

| | |
|-----------------------------------|--|
| Valuation date | December 31, 2022 |
| Measurement date | June 30, 2024 |
| Experience study | 2022, published July 24, 2023 |
| Actuarial assumptions: | |
| Actuarial cost method | Entry age normal |
| Inflation rate | 2.40 percent |
| Long-term expected rate of return | 6.90 percent |
| Discount rate | 6.90 percent |
| Projected salary increases | 3.40 percent |
| Cost of living adjustments (COLA) | Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service. |
| Mortality | <p><i>Healthy retirees and beneficiaries:</i> 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><i>Active members:</i> Pub-2010 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><i>Disabled retirees:</i> Pub-2010 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> |

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

Discount Rate

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

JACKSON COUNTY SCHOOL DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

NOTE 10 – PENSION AND RETIREMENT PLANS (CONTINUED)

Assumed Asset Allocation

| Asset Class | Target Allocation |
|-------------------------|-------------------|
| Cash | 0.0% |
| Debt securities | 25.0% |
| Public equity | 27.5% |
| Private equity | 20.0% |
| Real estate | 12.5% |
| Real assets | 7.5% |
| Diversifying strategies | 7.5% |
| Total | <u>100.0%</u> |

Long-term Expected Rate of Return

In January 2023, the PERS Board sought to develop an analytical basis for selecting the long-term expected rate of return assumption. The Board reviewed long-term assumptions developed by both Milliman's Capital Market Assumptions Team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns; instead, they are based on a forward-looking capital market economic model.

The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at the time based on the OIC long-term target asset allocation. The OIC's description of each asset was used to map the target allocation to the asset classes shown below:

| Asset Class | Target Allocation | 20-Year Annualized Geometric Mean |
|--------------------------------------|-------------------|-----------------------------------|
| Global equity | 27.50% | 7.07% |
| Private equity | 25.50% | 8.83% |
| Core fixed income | 25.00% | 4.50% |
| Real estate | 12.25% | 5.83% |
| Master limited partnerships | 0.75% | 6.02% |
| Infrastructure | 1.50% | 6.51% |
| Hedge funds of funds - multistrategy | 1.25% | 6.27% |
| Hedge fund equity - hedge | 0.63% | 6.48% |
| Hedge fund - macro | 5.62% | 4.83% |
| Total | <u>100%</u> | |
| Assumed inflation - mean | | 2.35% |

JACKSON COUNTY SCHOOL DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

NOTE 10 – PENSION AND RETIREMENT PLANS (CONTINUED)

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

As of June 30, 2025, the District reported a liability of \$42,625,795 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. The District's proportion of the net pension liability was based on the District's long-term contribution effort to the pension plan compared with the total projected long-term contribution effort of all participating employers, actuarially determined. As of June 30, 2024 (measurement date), the District's proportion was approximately 0.19177275 percent.

For the year ended June 30, 2025, the District recognized an increase in pension expense of \$2,508,920. The \$2,508,920 was treated as an increase of payroll related expense in Statement of Activities and allocated to Instruction, Support Services and Community Services using the allocation percentages of 48%, 49% and 3%, respectively.

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

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ 2,525,184 | \$ 101,734 |
| Changes of assumptions | 4,285,611 | 5,490 |
| Net difference between projected and actual earnings investments | 2,707,930 | - |
| Changes in proportionate share | 1,455,346 | 1,326,865 |
| Differences between employer contributions and employer's proportionate share of system contributions | 2,188,984 | 1,203,903 |
| Contributions subsequent to measurement date | <u>5,103,557</u> | <u>-</u> |
| Total | <u>\$ 18,266,612</u> | <u>\$ 2,637,992</u> |

The \$5,103,557 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2026.

**JACKSON COUNTY SCHOOL DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 10 – PENSION AND RETIREMENT PLANS (CONTINUED)

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

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

| Year ended June 30, | Deferred Outflow/(Inflow) of Resources |
|------------------------|--|
| 2026 | \$ 605,376 |
| 2027 | 5,273,831 |
| 2028 | 2,884,161 |
| 2029 | 1,487,707 |
| 2030 | 273,988 |
| Thereafter | - |
| Total | <u>\$ 10,525,063</u> |

Sensitivity for the District's Proportionate Share of the Net Pension Liability to Changes in Discount Rate

The following presents the District's proportionate share of the net pension 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:

| District's Net Pension Asset/(Liability) | 1% Decrease (5.90%) | Current Discount Rate (6.90%) | 1% Increase (7.90%) |
|---|------------------------|----------------------------------|------------------------|
| Defined Benefit Pension Plan | \$ (67,240,460) | \$ (42,625,795) | \$ (22,009,810) |

Changes in Assumptions and Methods

A summary of key changes implemented since the December 31, 2022 valuation are noted below. Additional detail and list of changes can be found in the December 31, 2023 Actuarial Valuation, which can be found at:

<https://www.oregon.gov/pers/Documents/Financials/Actuarial/2024/12312023-Actuarial-Valuation.pdf>

Assumption Changes

- The retirement assumptions for OPSRP Police & Fire members were revised to estimate possible changes in retirement patterns that could arise from the plan changes included in House Bills 4045.

Actuarial Method Changes

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

**JACKSON COUNTY SCHOOL DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 10 – PENSION AND RETIREMENT PLANS (CONTINUED)

Plan Changes

House Bill 4045 from the 2024 legislative session lowered the normal retirement age for OPSRP Police & Fire from age 60 to 55, effective January 1, 2025. Members still qualify for earlier unreduced retirement if age 53 with 25 or more years of service. This plan change is reflected in the December 31, 2023 actuarial valuation.

House Bill 4045 also made the following changes which are not reflected in the December 31, 2022 actuarial valuation:

- Effective January 1, 2025, forensic scientists and elected District Attorneys are now included in the "Police & Fire" definition of membership.
- Effective January 1, 2030, a new hazardous position member classification was created for OPSRP members with benefit levels and retirement eligibilities that fall in between existing classifications for General Service and Police & Fire members. The hazardous position membership classification is statutorily limited to emergency telecommunicators employees at Oregon State Hospital with direct patient contact.

Defined Contribution Plan – Individual Account Program (IAP)

Benefit Terms – The IAP is an individual account-based program under the PERS tax-qualified governmental plan as defined under ORS 238A.400. An IAP member becomes vested on the date the employee account is established. Employers have the option to make employer contributions for a member under ORS 238A.340. Contributions for these accounts are deposited into a separate employer-funded account. The member becomes vested in this optional employer-funded account on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies. The accounts fall under Internal Revenue Code Section 414(k).

Upon retirement, a member of the IAP may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15, or 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

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

Contributions – Starting July 1, 2020, Senate Bill 1049 required a portion of member contributions to their IAP accounts to be redirected to the Defined Benefit fund. In 2023, if a member earns more than \$3,570 per month, 0.75 percent (if OPSRP member) or 2.5 percent (if Tier One/Tier Two member) of the member's contributions that were previously contributed to the member's IAP now fund the new Employee Pension Stability Accounts (EPSA). The EPSA accounts will be used to help fund the cost of future pension benefits without changing those benefits, which means reduced contributions to the member's IAP account. Members may elect to make voluntary IAP contributions equal to the amount redirected.

EPSA redirect is only triggered when the member's gross pay in a month exceeds the monthly salary threshold, tied to the annual Consumer Price Index (All Urban Consumers, West Region).

**JACKSON COUNTY SCHOOL DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 10 – PENSION AND RETIREMENT PLANS (CONTINUED)

Defined Contribution Plan – Individual Account Program (IAP) (continued)

During 2025, the District, as an employee benefit, paid the employee portion of the contribution. Employer contributions for the year ended June 30, 2025 were \$1,130,303 of which \$992,621 was deposited into the individual members' accounts.

NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

Plan Description – The District operates a single-employer retiree benefit plan that provides postemployment health benefits to eligible employees and their spouses, children and/or domestic partners. Benefits and eligibility for members are established through the collective bargaining agreements.

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

Funding Policy – The benefits from the single-employer defined benefit OPEB plan are paid by the District based on bargaining agreement language and contributions by employees are also required. The plan is not accounted for in a pension trust fund; therefore, designated funds are not legally restricted to pay future benefits. The benefits from the healthcare plan established in accordance with ORS 243.303 are paid by the retired employees on a self-pay basis and the required contribution is based on projected pay-as-you go financing requirements. There is no obligation on the part of the District to fund these benefits in advance. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Employees Covered by Benefit Terms – For Administrative staff members hired before July 1, 2004, the program is for current employees who are PERS eligible due to retirement and who have a minimum of twenty (20) years' experience with the District at retirement. Administrative staff hired on or after July 1, 2004 and prior to July 1, 2007, who are PERS eligible due to retirement and who have at least 14 years of service with the District at retirement are also eligible. Coverage for retirees and eligible dependents continues until the participant dies or is eligible for Medicare, whichever comes first. The District shall contribute the same premium offered active administrators toward the purchase of full family medical insurance.

Classified employees are eligible if they meet the following requirements:

- Employee must be at least one-half (1/2) time throughout their employment with the District.
- Hired prior to July 1, 1993 and have at least 15 years of service with the District at retirement.
- Hired on or after July 1, 1993 and prior to July 1, 2000 and have at least 18 years of service with the District at retirement.
- Additionally, classified employees must be PERS eligible due to retirement to be eligible for this program.

Employees hired on or after July 1, 2000 will not receive supplemental retirement benefits. Coverage for eligible classified employees will be offered for 120 months or is eligible for Medicare, whichever comes earliest. The District will pay for the medical only coverage for the retiree. Retirees choosing to purchase medical coverage for their spouse or dependents will contribute no more than twice the out-of-pocket amount that regular employees pay for the insurance benefit coverage that is then in existence within the District on a year-to-year basis.

**JACKSON COUNTY SCHOOL DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

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

Confidential and Supervisory employees may be eligible if they meet the following requirements:

- Employee must have averaged at least one-half (1/2) time throughout their years of employment with the District.
- Supervisory employee hired on or before July 1, 2004 who has at least 20 years of service with the District at retirement.
- Confidential employee hired on or after July 1, 1993 who has continuous employment for 20 years or more with the District at retirement.
- Additionally, confidential and supervisory employees must be PERS eligible due to retirement to be eligible for this program. Confidential and supervisory employees hired on or after July 1, 2004 will not receive supplemental retirement benefits. Coverage for eligible Confidential and Supervisory employees will be offered for 120 months or is eligible for Medicare, whichever comes earliest. The District will pay for the medical only coverage for the retiree. Retirees choosing to purchase medical coverage for their spouse or dependents will contribute no more than twice the out-of-pocket amount that regular employees pay for the insurance benefit coverage that is then in existence within the District on a year-to-year basis.

Licensed employees listed in Article 14, Section A of the 2021-2024 collective bargaining agreement, who have 15 or 20 years of service upon retirement, depending upon which section of the list they are in, are eligible to receive benefits. Employees hired on or after July 1, 2007 will not receive supplemental retirement benefits. Coverage for eligible licensed retirees and eligible dependents continues until the participant is eligible for Medicare. The retiree will pay the same percentage of the premium for Medical Insurance as the percentage paid by full time employees for their full insurance coverage. This applies to spouses, domestic partners and children. District will pay for the "medical only" coverage for the retiree.

For all classes of employees:

- Qualified spouses and domestic partners (as well as dependent children of participants) may qualify for coverage until the participant becomes eligible for Medicare.
- Only dependents covered at the time of retirement will be eligible.

As of June 30, 2025, the following employees were covered by the implicit benefit terms:

| | |
|--|------------------------|
| Active plan members | 355 |
| Inactive employees or beneficiaries currently receiving benefit payments | 33 |
| | <hr/> <hr/> 388 |

Total OPEB Liability – The District's total OPEB liability of \$3,249,432 was measured as of June 30, 2025, and was determined by an actuarial valuation date as of June 30, 2024.

JACKSON COUNTY SCHOOL DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

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

Actuarial Assumptions and Other Inputs – The Total OPEB Liability for the current year was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| Input | Assumption |
|-----------------------------|--|
| Actuarial Cost Method | Entry age normal funding method |
| Interest/Discount Rate | 4.93% |
| Projected Payroll Increases | 2.4% with a Salary Merit Scale increase |
| Mortality Rates | Pub-2010 Sex Distinct Mortality Table adjusted with generational mortality adjustments using the Unisex Security Data Mortality Projection Scale |
| Withdrawal Rates | As developed for the valuation of benefits under Oregon PERS, depending on YOS |
| Disability Rates | As developed for the valuation of benefits under Oregon PERS, age dependent |
| Retirement Rates | As developed for the valuation of benefits under Oregon PERS |
| Participation | 85% of future retirees are assumed to elect medical coverage if they have district-paid benefits. 40% of future retirees are assumed to elect medical coverage if they do not have district-paid benefits 70% of future retirees electing coverage are assumed to cover a spouse as well |
| Marital Status | Actual spouse information is used for current retirees. Future retired members who elect to participate in the plan are assumed to be married at a rate of 60%. Males are assumed to be 3 years older than females |
| Health Care Cost Trend Rate | Trends based on actual renewal rates |
| Retiree Contributions | Retiree contributions are a weighted average of all retiree contributions for the prior year |

Changes in the Total OPEB Liability –

| | |
|--|---------------------|
| OPEB Liability at June 30, 2024 | \$ 3,438,431 |
| Changes for the year: | |
| Service cost | 134,133 |
| Interest | 147,748 |
| Differences between expected and actual experience | |
| Assumptions or other input | (130,819) |
| Benefit payments | <u>(340,061)</u> |
| OPEB Liability at June 30, 2025 | <u>\$ 3,249,432</u> |

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate:

| District's OPEB Asset/(Liability) | 1% Decrease (3.93%) | Current Discount (4.93%) | 1% Increase (5.93%) |
|--|------------------------|-----------------------------|------------------------|
| Single Employer Defined Benefit Health Care Plan | \$ (3,423,299) | \$ (3,249,432) | \$ (3,085,548) |

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates:

| District's OPEB Asset/(Liability) | 1% Decrease in Trend Rate | Current Trend Rate | 1% Increase in Trend Rate |
|--|------------------------------|-----------------------|------------------------------|
| Single Employer Defined Benefit Health Care Plan | \$ (3,021,176) | \$ (3,249,432) | \$ (3,506,322) |

**JACKSON COUNTY SCHOOL DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

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

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources – For the year ended June 30, 2025, the District recognized a reduction of expense related to OPEB of \$135,768, which was charged to various functions as follows: 48% instruction, 49% supporting services, and 3% community services.

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

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Difference between expected and actual experience | \$ - | \$ 1,068,953 |
| Changes of assumptions or other input | <u>339,501</u> | <u>743,332</u> |
| Total | <u>\$ 339,501</u> | <u>\$ 1,812,285</u> |

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

| <u>Year Ended June 30</u> | <u>Deferred Outflow/(Inflow) of Resources</u> |
|-------------------------------|---|
| 2026 | \$ (145,691) |
| 2027 | (145,691) |
| 2028 | (145,691) |
| 2029 | (145,691) |
| 2030 | (145,691) |
| Thereafter | <u>(744,329)</u> |
| Total | <u>\$ (1,472,784)</u> |

Changes in Assumptions –The changes in assumptions for the Single-Employer Defined Benefit Healthcare Plan are identical to the changes in assumptions related to the Stipend Pension Plan disclosed in Note 10.

**JACKSON COUNTY SCHOOL DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Retirement Health Insurance Account (RHIA)

Plan Description

As a member of Oregon Public Employees Retirement System (OPERS), the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. ORS 238.420 established the RHIA and authorizes a payment of up to \$60 from RHIA toward the monthly cost of health insurance for eligible OPERS members. The plan was closed to new entrants hired on or after August 29, 2003.

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

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

Contributions

Employer Contributions - PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and OPEB plans. The contribution rates in effect for the period July 1, 2024 through June 30, 2025 for the OPEB program were: Tier1/Tier 2 - 0.00%, and OPSRP General Service - 0.00%. The District contributed \$16 for the year ended June 30, 2025.

Actuarial Valuation

The actuarial valuation used for RHIA is identical to the actuarial valuation details related to the OPERS Plan disclosed in *NOTE 10 Pension and Retirement Plans* except the table listed below:

Actuarial assumptions:

| | |
|-----------------------------------|---|
| Retiree healthcare participation | Healthy retirees: 25%; Disabled retirees: 15% |
| Healthcare cost trend rate | Not applicable |
| Cost-of-living adjustments (COLA) | Not applicable |

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

At June 30, 2025, the District reported \$684,897 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2022. The District's proportion of the net OPEB asset was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2025 the District's proportion was approximately 0.16956725 percent.

For the year ended June 30, 2025, the District recognized a decrease of OPEB expense related to RHIA of \$155,036. The \$155,036 was treated as a decrease of payroll related expense in the Statement of Activities and allocated to Instruction, Support Services and Community Services, using allocation percentages of 48%, 49% and 3% respectively.

**JACKSON COUNTY SCHOOL DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Retirement Health Insurance Account (RHIA) (continued)

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

| | Deferred Outflows of Resources | Deferred inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Difference between expected and actual experience | \$ - | \$ 13,395 |
| Changes in assumptions | - - | 8,663 |
| Net difference between projected and actual earnings on investments | 19,338 | - |
| Changes in proportionate share | - - | 68,362 |
| Contributions subsequent to the measurement date | 16 | - |
| Total | \$ 19,354 | \$ 90,420 |

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

| Year Ended June 30 | Deferred Outflow/(Inflow) of Resources |
|-----------------------|--|
| 2026 | \$ (101,353) |
| 2027 | 17,576 |
| 2028 | 10,462 |
| 2029 | 2,233 |
| 2030 | - - |
| Thereafter | - - |
| Total | \$ (71,082) |

Sensitivity for the District's Proportionate Share of the Net OPEB Asset to Changes in Discount Rate. The following presents the District's proportionate share of the net OPEB asset calculated using the discount rate of 6.90 percent, as well as what the District's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1-percentage point lower (5.90 percent) or 1-percentage point higher (7.90 percent) than the current rate:

| District's Net Pension Asset/(Liability) | 1% Decrease (5.90%) | Current Discount Rate (6.90%) | 1% Increase (7.90%) |
|--|------------------------|----------------------------------|------------------------|
| Retirement Health Insurance Account | \$ 634,006 | \$ 684,897 | \$ 728,715 |

Sensitivity of District's Proportionate Share of the Net OPEB Asset to Changes in Healthcare Cost Trend Rate

The RHIA OPEB is unaffected by healthcare cost trends due to the benefit being limited to \$60 monthly payments toward Medicare companion insurance premiums.

Changes in Assumptions

The changes in assumptions used for RHIA are identical to the changes in assumptions related to the OPERS Plan disclosed in *NOTE 10 – Pension and Retirement Plans*.

**JACKSON COUNTY SCHOOL DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 12 – SELF-INSURANCE (INTERNAL SERVICE FUND)

The District's self-insurance fund is used to fund the self-insured health insurance program, which provides coverage for medical, dental, and vision benefits for employees and their families. The self-insured health insurance program also covers retirees under this plan. The District pays claims up to a stop loss of \$200,000 per employee. The District carries commercial insurance for claims above the stop loss amount. As of June 30, 2025, an estimated liability for payment of incurred and unpaid claims of \$1,257,506 is included in the accompanying statement of net position and represents the District's required reserve under OAR 836-011-0255. The District's liability was actuarially determined based on historical claims information.

The District is responsible for all unemployment claims. The unemployment and worker's compensation programs receive an internal assessment through the District's payroll process based on employee wages or hours worked.

NOTE 13 – CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The District's operations are concentrated within Jackson County. In addition, substantially all the District's revenues for continuing operations are from federal, state, and local government agencies. In the normal course of operations, the District receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

NOTE 14 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The District carries commercial insurance for these risks of loss. Worker's compensation insurance is provided through SAIF for workers compensation claims up to an aggregate maximum limit of \$2,000,000 per incident. There has been no significant reduction in insurance coverage from the prior year.

NOTE 15 – CONTINGENCIES

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

JACKSON COUNTY SCHOOL DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

NOTE 16 – TAX ABATEMENTS

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

For the fiscal year ended June 30, 2025, the District's abated property taxes totaled \$22,359 under these programs:

| | <u>Abated Taxes</u> | <u>Percent of Code Area</u> | <u>Reduced Property Taxes</u> |
|--------------------------|---------------------|-----------------------------|-------------------------------|
| Enterprise Zone | 13,593 | 28.34% | 3,852 |
| Enterprise Zone | 27,091 | 28.34% | 7,678 |
| Enterprise Zone | 12,074 | 28.34% | 3,422 |
| Enterprise Zone | 13,593 | 14.04% | 1,908 |
| Enterprise Zone | 27,091 | 14.04% | 3,804 |
| Enterprise Zone | 12,074 | 14.04% | <u>1,695</u> |
| Total Tax Abatements | | | <u>\$ 22,359</u> |

NOTE 17 – COMMITMENTS

The District has various active construction obligations at June 30, 2025. The total project costs of these obligations are as follows:

| <u>Contractor</u> | <u>Project</u> | <u>Contract Amount</u> | <u>Completed at June 30, 2025</u> | <u>Remaining Commitment</u> |
|-------------------|-----------------|------------------------|-----------------------------------|-----------------------------|
| KNCC/Outlier | AHS Humanities | \$ 21,618,760 | \$ 21,386,760 | \$ 232,000 |
| Outlier | Science Seismic | 3,478,652 | 2,384,111 | 1,094,541 |
| | | <u>\$ 25,097,412</u> | <u>\$ 23,770,871</u> | <u>\$ 1,326,541</u> |

NOTE 18 – NET INVESTMENTS IN CAPITAL ASSETS

The composition of net investment in capital assets, for the governmental activities as of June 30, 2025, was as follows:

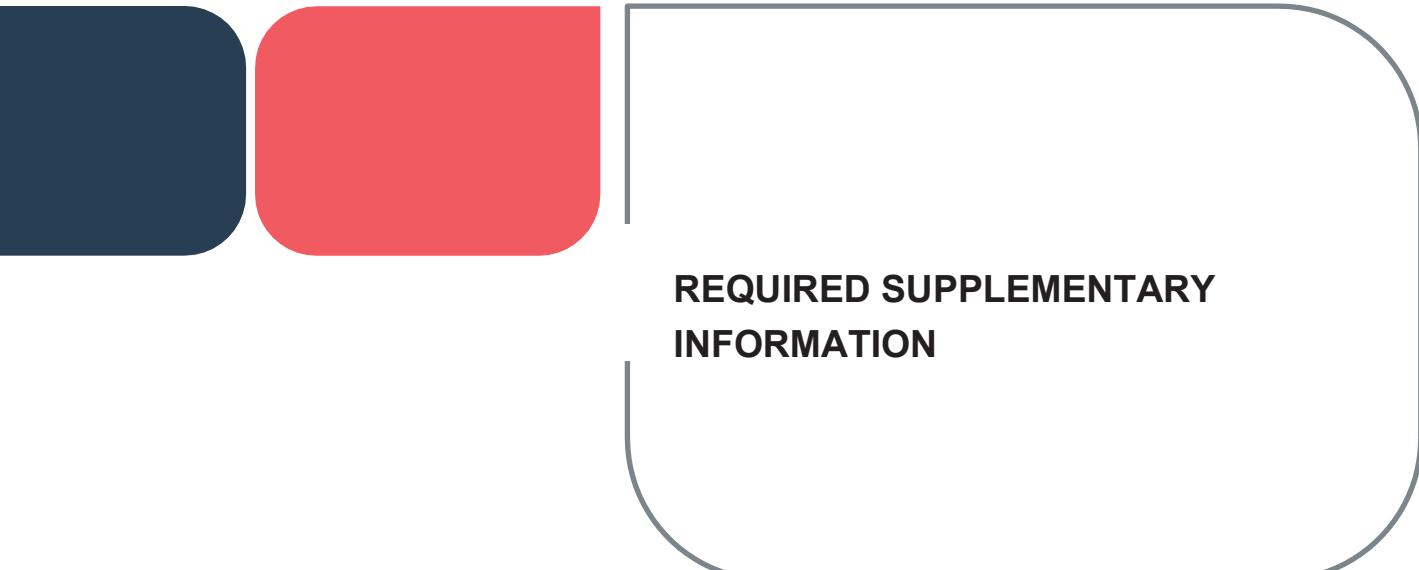
| | |
|---|--------------------------|
| Capital assets: | |
| Capital assets not being depreciated | \$ 2,968,809 |
| Capital assets being depreciated/amortized, net | <u>151,132,020</u> |
| | <u>154,100,829</u> |
| Related debt: | |
| General obligation bonds | 92,655,000 |
| Bond premium | 14,765,579 |
| Bank loans | 11,440 |
| Bus loans payable | 355,914 |
| Lease liabilities | <u>155,331</u> |
| | <u>107,943,264</u> |
| Net investment in capital assets | <u>\$ 46,157,565</u> |

**JACKSON COUNTY SCHOOL DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 19 – SUBSEQUENT EVENTS

On December 4, 2025, the District issued a Full Faith and Credit Financing Agreement, Series 2025 Note (the Note), in the principal amount of \$5,358,564, with 6% interest and maturing on June 15, 2032. The Note was issued to provide cash flow for operational expenditures of the District.

The Note is payable from and secured by a pledge of unrestricted revenues, including but not limited to ad valorem property taxes, state apportionments, and other local sources received during the fiscal year. The District expects to fully retire the Note on or before the stated maturity date using pledged revenues or to refinance the Note.



**REQUIRED SUPPLEMENTARY
INFORMATION**

JACKSON COUNTY SCHOOL DISTRICT NO. 5
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/(LIABILITY) AND SCHEDULE OF THE
DISTRICT'S CONTRIBUTIONS - OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)
LAST 10 FISCAL YEARS ENDING JUNE 30

Jackson County School District No. 5 Proportionate Share of Net Pension Asset / (Liability) as of the measurement date

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| District's proportion of the net pension asset/(liability) | 0.1917728% | 0.1991139% | 0.1877499% | 0.1827487% | 0.1883845% | 0.2041128% | 0.2028324% | 0.2163244% | 0.2028324% | 0.2163244% |
| District's proportion of the net pension asset/(liability) | \$(42,625,795) | \$(37,295,405) | \$(28,748,277) | \$(21,868,590) | \$(41,111,982) | \$(35,306,630) | \$(30,726,431) | \$(29,160,608) | \$(34,567,392) | \$(15,256,628) |
| District's covered-employee payroll | \$ 24,077,747 | \$ 24,443,136 | \$ 21,736,718 | \$ 18,580,455 | \$ 17,704,665 | \$ 16,696,248 | \$ 15,683,955 | \$ 14,526,304 | \$ 15,665,008 | \$ 14,860,812 |
| District's proportionate share of the net pension asset/(liability) as a percentage of its covered-employee payroll | 177.03% | 152.58% | 132.26% | 117.70% | 232.21% | 211.46% | 195.91% | 200.74% | 220.67% | 102.66% |
| Plan fiduciary net position as a percentage of the total pension liability | 79.30% | 81.70% | 84.50% | 87.57% | 75.79% | 80.20% | 82.10% | 83.12% | 80.52% | 91.88% |

Jackson County School District No. 5 Pension Contributions

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Contractually required contributions | \$ 5,103,557 | \$ 6,327,666 | \$ 5,684,841 | \$ 5,403,577 | \$ 5,216,923 | \$ 5,100,479 | \$ 3,974,148 | \$ 3,821,397 | \$ 2,948,199 | \$ 2,854,768 |
| Contribution in relation to the contractually required | \$ (5,103,557) | \$ (6,327,666) | \$ (5,684,841) | \$ (5,403,577) | \$ (5,216,923) | \$ (5,100,479) | \$ (3,974,148) | \$ (3,821,397) | \$ (2,948,199) | \$ (2,854,768) |
| Contributions deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| District's covered - employee payroll | \$ 22,315,939 | \$ 24,077,747 | \$ 24,443,136 | \$ 21,736,718 | \$ 18,580,455 | \$ 17,704,665 | \$ 16,696,248 | \$ 15,683,955 | \$ 14,526,304 | \$ 15,665,008 |
| Contributions as a percentage of covered-employee payroll | 22.87% | 26.28% | 23.26% | 24.86% | 28.08% | 28.81% | 23.80% | 24.37% | 20.30% | 18.22% |

Note to schedule:

A summary of key changes implemented since the December 31, 2022 valuation are described in *Note 10* in the Notes to the Basic Financial Statements.

JACKSON COUNTY SCHOOL DISTRICT NO. 5
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB ASSET/(LIABILITY) AND SCHEDULE OF THE
DISTRICT'S CONTRIBUTIONS - OPERS RETIREMENT HEALTH INSURANCE ACCOUNT (RHIA)
LAST 10 FISCAL YEARS ENDING JUNE 30 (For Years Information is Available)

Jackson County School District No. 5 Proportionate Share of Net OPEB (Liability) / Asset

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| District's proportion of the net OPEB RHIA asset/(liability) | 0.16956725% | 0.13497551% | 0.12455517% | 0.12121661% | 0.24142223% | 0.15170470% | 0.14960826% | 0.14252495% |
| District's proportion of the net OPEB RHIA asset/(liability) | \$ 684,897 | \$ 494,234 | \$ 442,588 | \$ 416,259 | \$ 491,922 | \$ 293,148 | \$ 167,003 | \$ 59,481 |
| District's covered-employee payroll | \$ 24,077,747 | \$ 24,443,136 | \$ 21,736,718 | \$ 18,580,455 | \$ 17,704,665 | \$ 16,696,248 | \$ 15,683,955 | \$ 14,526,304 |
| District's proportionate share of the net OPEB RHIA asset/(liability) as a percentage of its covered-employee payroll | 2.84% | 2.02% | 2.04% | 2.24% | 2.78% | 1.76% | 1.06% | 0.41% |
| Plan fiduciary net position as a percentage of the total pension liability | 220.60% | 201.60% | 194.60% | 183.90% | 150.10% | 144.40% | 123.90% | 108.88% |

Jackson County School District No. 5 Contributions

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Contractually required contributions | \$ 16 | \$ 823 | \$ 2,660 | \$ 4,032 | \$ 3,888 | \$ 23,042 | \$ 90,530 | \$ 88,386 |
| Contribution in relation to the contractually required | \$ (16) | \$ (823) | \$ (2,660) | \$ (4,032) | \$ (3,888) | \$ (23,042) | \$ (90,530) | \$ (88,386) |
| Contributions deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| District's covered - employee payroll | \$ 22,315,939 | \$ 24,077,747 | \$ 24,443,136 | \$ 21,736,718 | \$ 18,580,455 | \$ 17,704,665 | \$ 16,696,248 | \$ 15,683,955 |
| Contributions as a percentage of covered-employee payroll | 0.00% | 0.00% | 0.01% | 0.02% | 0.02% | 0.13% | 0.54% | 0.56% |

Note to schedule:

A summary of assumption changes implemented since the last valuation are outlined briefly in *Note 11* to the financial statements.

Other Information:

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

JACKSON COUNTY SCHOOL DISTRICT NO. 5
STATEMENT OF CHANGE IN THE DISTRICT'S TOTAL PENSION (STIPEND)
LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS ENDING JUNE 30 (For Years Information is Available)

| Total Pension Liability (Stipend): | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Service cost | \$ 10,087 | \$ 11,052 | \$ 11,862 | \$ 18,957 | \$ 18,894 | \$ 10,829 | \$ 11,155 | \$ 10,830 | \$ 10,830 |
| Interest | 14,565 | 17,525 | 17,725 | 13,004 | 15,050 | 14,094 | 15,844 | 16,956 | 18,816 |
| Differences between expected and actual experience | - | (76,947) | - | (58,383) | - | - | (9,206) | - | - |
| Changes of assumptions of other inputs | (13,158) | (5,090) | (2,690) | (48,575) | - | - | (37,369) | - | - |
| Benefit payments | (31,424) | (41,267) | (39,976) | (59,782) | (62,336) | (47,189) | (53,325) | (73,046) | (85,437) |
| Net change in total pension liability (Stipend) | (19,930) | (94,727) | (13,079) | (134,779) | (28,392) | (22,266) | (72,901) | (45,260) | (55,791) |
| Total Pension Liability (Stipend) - beginning | \$ 341,055 | \$ 435,782 | \$ 448,861 | \$ 583,640 | * \$ 606,930 | * \$ 365,114 | \$ 438,015 | \$ 483,275 | \$ 539,066 |
| Total Pension liability (Stipend) - ending | <u>\$ 321,125</u> | <u>\$ 341,055</u> | <u>\$ 435,782</u> | <u>\$ 448,861</u> | <u>\$ 578,538</u> | <u>\$ 342,848</u> | <u>\$ 365,114</u> | <u>\$ 438,015</u> | <u>\$ 483,275</u> |
| Estimated Covered - employee payroll | \$ 3,001,658 | \$ 2,931,306 | \$ 3,959,522 | \$ 3,866,721 | \$ 4,128,000 | \$ 4,265,350 | \$ 5,079,950 | \$ 5,489,098 | \$ 5,329,221 |
| Total pension liability (Stipend) as a percentage of estimated covered - employee payroll | 10.70% | 11.63% | 11.01% | 11.61% | 14.01% | 8.04% | 7.19% | 7.98% | 9.07% |

Notes to Schedule:

Significant methods and assumptions used in calculating the actuarially determined contributions:

Significant methods and assumptions used in calculating the actuarially determined contributions are described in Note 10 to the financial statements. No assets are accumulated in a trust to pay related benefits.

Changes in benefit terms:

None noted.

Other information:

This schedule is presented to illustrate required supplementary information for a 10 year period. The District adopted GASB 73 during fiscal 2017, as a result, only nine years of information are presented.

* OPEB liability recalculated by new actuary.

JACKSON COUNTY SCHOOL DISTRICT NO. 5
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB (MEDICAL SUBSIDY)
LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS ENDING JUNE 30 (For Years Information is Available)

| Total OPEB Liability: | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Service cost | \$ 134,133 | \$ 159,963 | \$ 171,396 | \$ 249,886 | \$ 249,915 | \$ 260,118 | \$ 192,739 | \$ 187,125 | \$ 187,125 |
| Interest | 147,748 | 149,981 | 150,343 | 120,217 | 134,686 | 287,335 | 198,664 | 200,379 | 208,939 |
| Changes of benefit terms | - | - | - | - | - | - | - | - | - |
| Differences between expected and actual experience | - | (233,644) | - | (718,351) | - | - | 223,212 | - | - |
| Changes of assumptions of other inputs | (130,819) | 49,364 | (23,084) | (692,930) | - | - | 253,473 | - | - |
| Benefit payments | (340,061) | (349,379) | (405,994) | (468,114) | (519,821) | (481,438) | (483,504) | (581,316) | (667,362) |
| Net change in total OPEB liability | (188,999) | (223,715) | (107,339) | (1,509,292) | (135,220) | 66,015 | 384,584 | (193,812) | (271,298) |
| Total OPEB liability - beginning | \$ 3,438,431 | \$ 3,662,146 | \$ 3,769,485 | \$ 5,278,777 | * \$ 5,331,917 | * \$ 5,731,295 | \$ 5,346,711 | \$ 5,540,523 | \$ 5,811,821 |
| Total OPEB liability - ending | <u>\$ 3,249,432</u> | <u>\$ 3,438,431</u> | <u>\$ 3,662,146</u> | <u>\$ 3,769,485</u> | <u>\$ 5,196,697</u> | <u>\$ 5,797,310</u> | <u>\$ 5,731,295</u> | <u>\$ 5,346,711</u> | <u>\$ 5,540,523</u> |
| Estimated Covered - employee payroll | \$ 18,715,740 | \$ 18,277,090 | \$ 19,742,389 | \$ 19,279,677 | \$ 17,508,000 | \$ 16,057,770 | \$ 15,964,185 | \$ 13,610,493 | \$ 13,214,071 |
| Total OPEB liability as a percentage of estimated covered - employee payroll | 17.36% | 18.81% | 18.55% | 19.55% | 29.68% | 36.10% | 35.90% | 39.28% | 41.93% |

Notes to Schedule:

Significant methods and assumptions used in calculating the actuarially determined contributions:

Significant methods and assumptions used in calculating the actuarially determined contributions are described in Note 11 to the financial statements. No assets are accumulated in a trust to pay related benefits.

Changes in benefit terms:

None noted.

Other information:

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

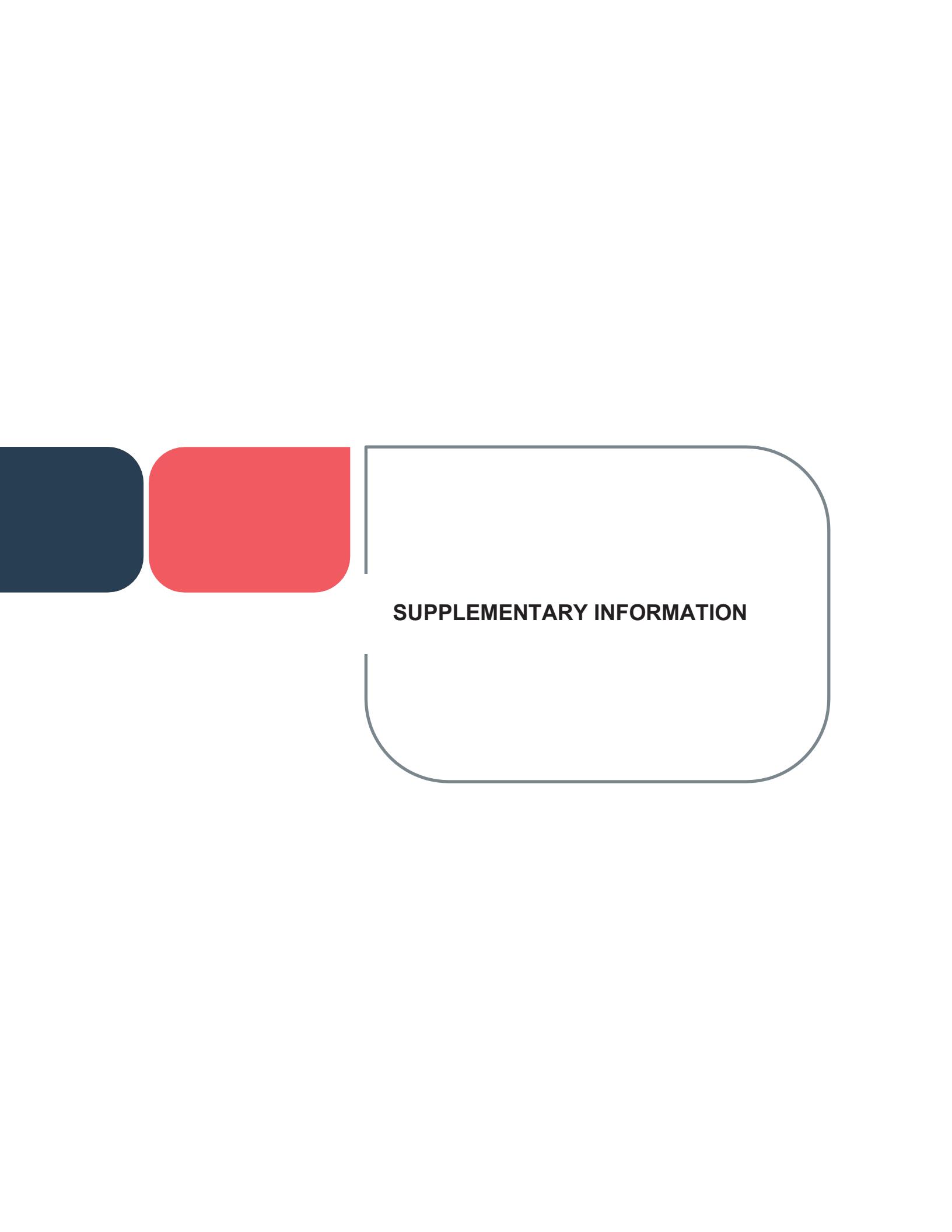
* OPEB liability recalculated by new actuary.

JACKSON COUNTY SCHOOL DISTRICT NO. 5
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2025

| | Budget | | | Variance with Final Budget Positive (Negative) |
|--|--------------------|--------------------|---------------------|---|
| | Adopted | Final | Actual | |
| REVENUES | | | | |
| Local sources: | | | | |
| Property taxes | \$ 22,675,000 | \$ 22,675,000 | \$ 21,595,002 | \$ (1,079,998) |
| Charges for services | 1,035,000 | 1,035,000 | 606,633 | (428,367) |
| Donations | 25,000 | 25,000 | 995,747 | 970,747 |
| Interest on investments | 900,000 | 900,000 | 660,557 | (239,443) |
| Miscellaneous | 100,000 | 100,000 | 129,331 | 29,331 |
| Intermediate sources: | | | | |
| Intergovernmental | 800,000 | 800,000 | 819,410 | 19,410 |
| State sources: | | | | |
| Basic school support | 14,004,000 | 14,004,000 | 14,832,002 | 828,002 |
| Intergovernmental | 504,000 | 504,000 | 353,236 | (150,764) |
| Federal sources: | | | | |
| Intergovernmental | 40,000 | 40,000 | 7,771 | (32,229) |
| TOTAL REVENUE | 40,083,000 | 40,083,000 | 39,999,689 | (83,311) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Instruction | 23,980,307 | 23,980,307 | 22,928,079 | 1,052,228 |
| Support services | 15,722,693 | 15,722,693 | 15,191,215 | 531,478 |
| Enterprise and community services | 15,000 | 15,000 | 5,585 | 9,415 |
| Contingency | 1,000,000 | 1,000,000 | - | 1,000,000 |
| TOTAL EXPENDITURES | 40,718,000 | 40,718,000 | 38,124,879 | 2,593,121 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (635,000) | (635,000) | 1,874,810 | 2,509,810 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Apportionment of funds | - | - | (3,599) | (3,599) |
| Debt issuance | - | - | 2,124,189 | 2,124,189 |
| Proceeds from sale of fixed assets | 160,000 | 160,000 | 160,000 | - |
| Transfers out | (525,000) | (525,000) | (500,000) | 25,000 |
| TOTAL OTHER FINANCING SOURCES (USES) | (365,000) | (365,000) | 1,780,590 | 2,145,590 |
| NET CHANGE IN FUND BALANCE | (1,000,000) | (1,000,000) | 3,655,400 | 4,655,400 |
| FUND BALANCE, BEGINNING OF YEAR | 1,000,000 | 1,000,000 | (1,460,698) | (2,460,698) |
| FUND BALANCE, END OF YEAR | \$ - | \$ - | \$ 2,194,702 | \$ 2,194,702 |

JACKSON COUNTY SCHOOL DISTRICT NO. 5
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2025

| | Budget | | | Variance with Final Budget Positive (Negative) |
|--|---------------------|---------------------|--------------------|---|
| | Adopted | Final | Actual | |
| REVENUES | | | | |
| Local sources: | | | | |
| Charges for services | \$ 150,000 | \$ 150,000 | \$ 65,070 | \$ (84,930) |
| Donations | 450,000 | 450,000 | 158,013 | (291,987) |
| Miscellaneous | - | - | 101,072 | 101,072 |
| Intermediate sources: | | | | |
| Intergovernmental | 50,000 | 50,000 | 19,519 | (30,481) |
| State sources: | | | | |
| Intergovernmental | 4,615,000 | 4,615,000 | 3,927,215 | (687,785) |
| Federal sources: | | | | |
| Intergovernmental | 2,705,000 | 2,705,000 | 2,193,224 | (511,776) |
| TOTAL REVENUE | 7,970,000 | 7,970,000 | 6,464,113 | (1,505,887) |
| EXPENDITURES | | | | |
| Current | | | | |
| Instruction | 4,752,000 | 4,752,000 | 3,187,388 | 1,564,612 |
| Support services | 2,648,000 | 2,648,000 | 2,272,160 | 375,840 |
| Enterprise and community services | 1,291,591 | 1,291,591 | 1,315,819 | (24,228) |
| Facilities acquisition and construction | 40,000 | 40,000 | - | 40,000 |
| TOTAL EXPENDITURES | 8,731,591 | 8,731,591 | 6,775,367 | 1,956,224 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (761,591) | (761,591) | (311,254) | 450,337 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Apportionment of funds | - | - | (7,000) | (7,000) |
| Debt issuance | - | - | 2,222,179 | 2,222,179 |
| Transfers in | 375,000 | 375,000 | 525,000 | 150,000 |
| Transfers out | (25,000) | (25,000) | - | 25,000 |
| TOTAL OTHER FINANCING SOURCES (USES) | 350,000 | 350,000 | 2,740,179 | 2,390,179 |
| NET CHANGE IN FUND BALANCE | (411,591) | (411,591) | 2,428,925 | 2,840,516 |
| FUND BALANCE, BEGINNING OF YEAR | (400,000) | (400,000) | (1,851,051) | (1,451,051) |
| FUND BALANCE, END OF YEAR | \$ (811,591) | \$ (811,591) | \$ 577,874 | \$ 1,389,465 |



SUPPLEMENTARY INFORMATION

JACKSON COUNTY SCHOOL DISTRICT NO. 5
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2025

| | Budget | | | Variance with Final Budget Positive (Negative) |
|--|-------------------|-------------------|-------------------|---|
| | Adopted | Final | Actual | |
| REVENUES | | | | |
| Local sources: | | | | |
| Property taxes | \$ 8,264,400 | \$ 8,264,400 | \$ 8,327,814 | \$ 63,414 |
| Interest on investments | - - | - - | 10 | 10 |
| TOTAL REVENUES | 8,264,400 | 8,264,400 | 8,327,824 | 63,424 |
| EXPENDITURES | | | | |
| Debt service | 8,064,400 | 8,064,400 | 8,064,396 | 4 |
| TOTAL EXPENDITURES | 8,064,400 | 8,064,400 | 8,064,396 | 4 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | | | | |
| | 200,000 | 200,000 | 263,428 | 63,428 |
| FUND BALANCE, BEGINNING OF YEAR | (100,000) | (100,000) | 151,087 | 251,087 |
| FUND BALANCE, END OF YEAR | \$ 100,000 | \$ 100,000 | \$ 414,515 | \$ 314,515 |

JACKSON COUNTY SCHOOL DISTRICT NO. 5
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL PROJECT FUND
YEAR ENDED JUNE 30, 2025

| | Budget | | | Variance with Final Budget Positive (Negative) |
|--|---------------------|---------------------|---------------------|---|
| | Adopted | Final | Actual | |
| REVENUES | | | | |
| Local sources: | | | | |
| Construction excise tax | \$ 125,000 | \$ 125,000 | \$ 131,517 | \$ 6,517 |
| Interest on investments | 300,000 | 300,000 | 200,232 | (99,768) |
| Miscellaneous | - | - | 42,499 | 42,499 |
| State sources: | | | | |
| Intergovernmental | <u>2,500,000</u> | <u>2,500,000</u> | <u>2,551,505</u> | <u>51,505</u> |
| TOTAL REVENUE | <u>2,925,000</u> | <u>2,925,000</u> | <u>2,925,753</u> | <u>753</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Support services | 1,635,000 | 1,635,000 | 348,567 | 1,286,433 |
| Facilities acquisition and construction | <u>23,625,000</u> | <u>23,625,000</u> | <u>16,956,241</u> | <u>6,668,759</u> |
| TOTAL EXPENDITURES | <u>25,260,000</u> | <u>25,260,000</u> | <u>17,304,808</u> | <u>7,955,192</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(22,335,000)</u> | <u>(22,335,000)</u> | <u>(14,379,055)</u> | <u>7,955,945</u> |
| OTHER FINANCING SOURCES | | | | |
| Debt issuance proceeds | - | - | 773,632 | 773,632 |
| TOTAL OTHER FINANCING SOURCES | <u>-</u> | <u>-</u> | <u>773,632</u> | <u>773,632</u> |
| NET CHANGE IN FUND BALANCE | <u>(22,335,000)</u> | <u>(22,335,000)</u> | <u>(13,605,423)</u> | <u>8,729,577</u> |
| FUND BALANCE, BEGINNING OF YEAR | <u>22,335,000</u> | <u>22,335,000</u> | <u>18,051,297</u> | <u>(4,283,703)</u> |
| FUND BALANCE, END OF YEAR | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 4,445,874</u> | <u>\$ 4,445,874</u> |

JACKSON COUNTY SCHOOL DISTRICT NO. 5
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
INTERNAL SERVICE SERVICE FUND
YEAR ENDED JUNE 30, 2025

| | Budget | | | Variance with Final Budget Positive (Negative) |
|--|---------------------------|---------------------------|----------------------------|---|
| | Adopted | Final | Actual | |
| REVENUES | | | | |
| Local sources: | | | | |
| Services provided other funds | \$ 7,340,000 | \$ 7,340,000 | \$ 6,592,145 | \$ (747,855) |
| Charges for services | 95,000 | 95,000 | 730,061 | 635,061 |
| Miscellaneous | <u>40,000</u> | <u>40,000</u> | <u>241,394</u> | <u>201,394</u> |
| TOTAL REVENUES | <u>7,475,000</u> | <u>7,475,000</u> | <u>7,563,600</u> | <u>88,600</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Support services | 8,660,000 | 8,660,000 | 8,659,305 | 695 |
| Contingency | <u>4,075,000</u> | <u>3,397,159</u> | <u>-</u> | <u>3,397,159</u> |
| TOTAL EXPENDITURES | <u>12,735,000</u> | <u>12,057,159</u> | <u>8,659,305</u> | <u>3,397,854</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | | | | |
| | <u>(5,260,000)</u> | <u>(4,582,159)</u> | <u>(1,095,705)</u> | <u>3,486,454</u> |
| OTHER FINANCING SOURCES | | | | |
| Transfers out | (25,000) | (25,000) | (25,000) | - |
| TOTAL OTHER FINANCING SOURCES | <u>(25,000)</u> | <u>(25,000)</u> | <u>(25,000)</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | <u>(5,285,000)</u> | <u>(4,607,159)</u> | <u>(1,120,705)</u> | <u>3,486,454</u> |
| FUND BALANCE, BEGINNING OF YEAR | <u>5,285,000</u> | <u>5,285,000</u> | <u>3,267,762</u> | <u>(2,017,238)</u> |
| FUND BALANCE, END OF YEAR | <u>\$ -</u> | <u>\$ 677,841</u> | <u>\$ 2,147,057</u> | <u>\$ 1,469,216</u> |

JACKSON COUNTY SCHOOL DISTRICT NO. 5
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FIDUCIARY FUND
YEAR ENDED JUNE 30, 2025

| | Budget | | | Variance with Final Budget Positive (Negative) |
|--|------------------|------------------|------------------|---|
| | Adopted | Final | Actual | |
| REVENUES | | | | |
| Local sources: | | | | |
| Donations | \$ 200,000 | \$ 200,000 | \$ 131,150 | \$ (68,850) |
| TOTAL REVENUES | 200,000 | 200,000 | 131,150 | (68,850) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Enterprise and community services | 200,000 | 200,000 | 158,015 | 41,985 |
| TOTAL EXPENDITURES | 200,000 | 200,000 | 158,015 | 41,985 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | | | | |
| | - | - | (26,865) | (26,865) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 10,000 | 10,000 | - | (10,000) |
| Transfers out | (10,000) | (10,000) | - | 10,000 |
| NET CHANGE IN FUND BALANCE | - | - | (26,865) | (26,865) |
| FUND BALANCE, BEGINNING OF YEAR | 33,750 | 33,750 | 84,146 | 50,396 |
| FUND BALANCE, END OF YEAR | \$ 33,750 | \$ 33,750 | \$ 57,281 | \$ 23,531 |

JACKSON COUNTY SCHOOL DISTRICT NO. 5
SCHEDULE OF PROPERTY TAX TRANSACTIONS
YEAR ENDED JUNE 30, 2025

| | | Uncollected July 1, 2024 | Levy as Extended by Assessor | Discounts, Interest and Other Adjustments | Collections Per Treasurer | Uncollected June 30, 2025 |
|----------------------------------|-----------|--------------------------------|------------------------------------|--|---------------------------------|---------------------------------|
| <u>GENERAL FUND:</u> | | Tax Year | | | | |
| Current | 2024-2025 | \$ 22,538,638 | \$ (835,027) | \$ 21,367,128 | | 336,483 |
| Prior | 2023-2024 | \$ 517,872 | - | 17,272 | \$ 335,930 | 199,214 |
| | 2022-2023 | 203,972 | - | 17,017 | 108,864 | 112,125 |
| | 2021-2022 | 92,774 | - | 13,861 | 58,448 | 48,187 |
| | 2020-2021 | 40,557 | - | 6,595 | 31,863 | 15,289 |
| | 2019-2020 | 12,895 | - | 1,236 | 4,921 | 9,210 |
| | 2018-2019 | 8,471 | - | 573 | 2,179 | 6,865 |
| | Prior | 31,638 | - | 1,954 | 5,107 | 28,485 |
| Total prior | | 908,179 | - | 58,508 | 547,312 | 419,375 |
| TOTAL GENERAL FUND | | \$ 908,179 | \$ 22,538,638 | \$ (776,519) | \$ 21,914,440 | \$ 755,858 |
| <u>DEBT SERVICE FUND:</u> | | | | | | |
| Current | 2024-2025 | \$ 8,706,926 | \$ (322,580) | \$ 8,254,359 | | 129,987 |
| Prior | 2023-2024 | \$ 200,059 | - | 6,673 | \$ 129,772 | 76,960 |
| | 2022-2023 | 66,383 | - | 6,572 | 42,042 | 30,913 |
| | 2021-2022 | 29,715 | - | 4,962 | 20,923 | 13,754 |
| | 2020-2021 | 14,073 | - | 2,289 | 11,056 | 5,306 |
| | 2019-2020 | 4,347 | - | 417 | 1,659 | 3,105 |
| | 2018-2019 | 3,005 | - | 204 | 773 | 2,436 |
| | Prior | 13,919 | - | 708 | 1,863 | 12,764 |
| Total prior | | 331,501 | - | 21,825 | 208,088 | 145,238 |
| TOTAL DEBT SERVICE FUND | | \$ 331,501 | \$ 8,706,926 | \$ (300,755) | \$ 8,462,447 | \$ 275,225 |

SUPPLEMENTAL INFORMATION

School District Business Managers and Auditors:

This page is a required part of your annual audited financial statements. Please make sure it is included.
Part A is needed for computing Oregon's full allocation for ESSA, Title I & other Federal Funds for Education.

A. Energy Bill for Heating - All Funds:

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

| Objects 325 & 326 & *327 | |
|--------------------------|------------|
| Function 2540 | \$ 897,311 |
| Function 2550 | \$ 12,442 |

B. Replacement of Equipment – General Fund:

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

Exclude these functions:

\$ -0-

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

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



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

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

Board of Education
Jackson County School District No. 5
Ashland, Oregon

We have audited the basic financial statements of Jackson County School District No. 5 (the District) as of and for the year ended June 30, 2025, and have issued our report thereon dated December 17, 2025. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not the objective of our audit, and accordingly, we do not express such an opinion.

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

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

In connection with our audit, nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administration Rules 162-010-0000 through 162-010-0330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, with the following exceptions:

- The District was not in compliance with local budget law as disclosed in Note 1 of the financial statements.
- Negative budgeted fund balances are a violation of Local Budget Law. For the 2024-25 fiscal year the District budgeted a negative beginning fund balance in the Special Revenue Fund and Debt Service Fund.
- Resolutions provided were unsigned by the Board of Education.

OAR 162-010-0230 Internal Control

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did identify a deficiency in internal control that is described in the accompanying schedule of findings and questioned costs as item 2025-001, that we consider to be a significant deficiency.

Restrictions on Use

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



Benjamin R. Cohn, CPA
Sorren CPA's, P.C.
Medford, Oregon
December 17, 2025



**ITEMS REQUIRED BY THE UNIFORM
GUIDANCE**

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

Board of Education
Jackson County School District No. 5
Ashland, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund, and the aggregate remaining fund information of Jackson County School District No. 5 (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 17, 2025.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as 2025-001 to be a significant deficiency.

Report on Compliance and Other Matters

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

District's Response to Findings

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

Purpose of this Report

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



Benjamin R. Cohn, CPA
Sorren CPA's, P.C
Medford, Oregon
December 17, 2025

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

Board of Education
Jackson County District No. 5
Ashland, Oregon

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Jackson County District No. 5's (the District) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2025. The District's major federal programs are identified in the summary of auditor's result section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control over Compliance

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

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

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

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



Benjamin R. Cohn, CPA
Sorren CPA's, P.C.
Medford, Oregon
December 17, 2025

JACKSON COUNTY SCHOOL DISTRICT NO. 5
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Assistance Listing Number | Pass-Through Grantors Number | Federal Expenditures |
|--|----------------------------------|-------------------------------------|-----------------------------|
| U.S. Department of Agriculture: | | | |
| Passed Through Oregon Department of Education: | | | |
| School Breakfast Program | 10.553 | N/A | \$ 118,568 |
| National School Lunch Program (NSLP) | 10.555 | N/A | 512,319 |
| National School Lunch Program Commodities | 10.555 | N/A | 68,158 |
| Summer Food Service Program for Children (SFSP) | 10.559 | N/A | 19,010 |
| Total Child Nutrition Cluster | | | <u>718,055</u> |
| Total U.S. Department of Agriculture | | | <u>718,055</u> |
| U.S. Department of Education: | | | |
| Passed Through Oregon Department of Education: | | | |
| Title I Grants to Local Education Agencies | 84.010 | 76422 | 164,469 |
| Title I Grants to Local Education Agencies | 84.010 | 82105 | 711,483 |
| Total AL 84.010 | | | <u>875,952</u> |
| Special Education - Grants to States (IDEA, Part B) | 84.027 | 83302 | 474,765 |
| Special Education - Preschool Grants (IDEA Preschool) | 84.173 | 83505 | 7,002 |
| Total Special Education (IDEA) Cluster | | | <u>481,767</u> |
| Supporting Effective Instruction - State Grants | 84.367 | 82368 | 55,301 |
| Total AL 84.367 | | | <u>55,301</u> |
| Student Support and Academic Enrichment Program | 84.424 | 82565 | 62,149 |
| Total AL 84.424 | | | <u>62,149</u> |
| Total U.S. Department of Education | | | <u>1,475,169</u> |
| Total Federal Expenditures | | | <u>\$ 2,193,224</u> |
| U.S. Department of Agriculture: | | | |
| Passed Through Southern Oregon ESD: | | | |
| Schools and Roads - Grants to States | 10.665 | N/A | 7,771 |
| Total Forest Service Schools and Roads Cluster | | | <u>\$ 7,771</u> |
| Total Federal Funds | \$ 2,200,995 | | |

**JACKSON COUNTY SCHOOL DISTRICT NO. 5
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025**

NOTE A – BASIS OF PRESENTATION

The schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Jackson County District No. 5 (the District) under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, and changes in fund balance of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed for the year ended June 30, 2025, the District received food commodities totaling \$68,158.

NOTE D – INDIRECT COST RATE

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

NOTE E – DISTRICTS AND ROADS – GRANTS TO STATES

The District includes Schools and Roads – Grants to States in the schedule due to requirements of the Oregon Department of Education. These expenditures are not subject to the Uniform Guidance audit due to the treatment based on guidance provided by both the Oregon Department of Education and the United States Department of Agriculture.

NOTE F – SUBRECIPIENTS

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

**JACKSON COUNTY SCHOOL DISTRICT NO. 5
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025**

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Internal control over financial reporting:

| | | |
|---|---|--|
| • Material weakness(es) identified? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| • Significant deficiency(ies) identified? | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> None reported |

Noncompliance material to financial statements noted?

| | |
|------------------------------|--|
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
|------------------------------|--|

Federal Awards

Internal control over major federal programs:

| | | |
|---|------------------------------|---|
| • Material weakness(es) identified? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| • Significant deficiency(ies) identified? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> None reported |

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

| | |
|------------------------------|--|
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
|------------------------------|--|

Identification of major federal programs:

| <u>AL Number(s)</u> | <u>Name of Federal Program or Cluster</u> | <u>Type of Opinion on Compliance</u> |
|-------------------------|--|--------------------------------------|
| #10.553, 10.555, 10.559 | Child Nutrition Cluster | Unmodified |
| #84.010 | Title I Grants to Local Education Agencies | Unmodified |

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

Auditee qualified as a low-risk auditee? Yes No

**JACKSON COUNTY SCHOOL DISTRICT NO. 5
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025**

SECTION II – FINANCIAL STATEMENT FINDINGS

2025-001 – Significant Deficiency – *Financial Reporting: Audit Adjustments (repeat finding)*

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

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

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

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

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

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

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

AUDIT

None reported

**JACKSON COUNTY SCHOOL DISTRICT NO. 5
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2025**

FINANCIAL STATEMENT FINDINGS

2024-001 – Significant Deficiency – Financial Reporting: Audit Adjustments

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

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

Current Status: This finding was not resolved. A significant deficiency has been noted in the fiscal year 2025 audit. This matter was repeated as finding 2025-001.

2024-002 – Material Weakness, Noncompliance – General Obligation Bond, Series 2019 Compliance

Statement of Condition: GO Bond proceeds are restricted to finance capital costs to improve District schools and pay costs of bond issuance. Additionally, ORS 294.468 states that loans shall not be made from moneys credited to any fund when, under applicable constitutional provisions, the moneys are restricted to specific uses unless the purpose for which the loan is to be made is a use allowed under such constitutional provisions.

Recommendations: We recommend that the District develop policies and procedures to maintain compliance with Bond agreements and Oregon Revised Statutes.

Current Status: This finding has been resolved.

2024-003 – Material Noncompliance; Material Weakness in Internal Control over Compliance – Allowable Activities/Cost Principles

U.S. Department of Education - Title I Grants to Local Education Agencies (AL # 84.010)

Statement of Condition: The District was not in compliance with the Uniform Guidance as it was noted that management of the District was not preparing time and effort distribution records and could not produce source documentation to support the time and effort applied to payroll expense that was charged to Title I Grants to Local Education Agencies.

Recommendations: We recommend the District review their internal controls to strengthen processes and improve procedures. We recommend the District complete all required time and effort certifications in a timely manner.

Current Status: This finding has been resolved.