



SOUTH UMPQUA SCHOOL DISTRICT

SOUTH UMPQUA SCHOOL DISTRICT #19

Myrtle Creek, Oregon

Annual Financial Report

June 30, 2025

SOUTH UMPQUA SCHOOL DISTRICT NO. 19

558 S.W. Chadwick Lane
Myrtle Creek, Oregon 97457
(541)863-3115

BOARD OF DIRECTORS

JEFF JOHNSON	Board Chair
558 SW Chadwick Lane, Myrtle Creek, OR 97457	

RANDY RICHARDSON	Vice Chair
558 SW Chadwick Lane, Myrtle Creek, OR 97457	

ANANDITA TIWARI	Zone 1 Position 1
558 SW Chadwick Lane, Myrtle Creek, OR 97457	

WILLIAM HILL	Zone 2 Position 1
558 SW Chadwick Lane, Myrtle Creek, OR 97457	

DAVID STEVENS	Zone 2 Position 2
558 SW Chadwick Lane, Myrtle Creek, OR 97457	

QUINN PICKERING	Zone 3 Position 2
558 SW Chadwick Lane, Myrtle Creek, OR 97457	

KELLYN GOODWIN	Zone 3 Position 3
558 SW Chadwick Lane, Myrtle Creek, OR 97457	until May, 2025

ADMINISTRATION

SHY CHAPMAN	Director of Fiscal Services
558 SW Chadwick Lane, Myrtle Creek, OR 97457	

ERIKA BARE	Superintendent
558 SW Chadwick Lane, Myrtle Creek, OR 97457	

SOUTH UMPQUA SCHOOL DISTRICT NO. 19

AUDIT REPORT

June 30, 2025

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AUDIT REPORT

June 30, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
South Umpqua School District No. 19,
558 Chadwick Lane, Myrtle Creek, OR

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, and each major fund of the South Umpqua School District No. 19 as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the South Umpqua School District No. 19's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of South Umpqua School District No. 19 as of June 30, 2025, and the respective changes in financial position in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of South Umpqua School District No. 19 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 South Umpqua School District No. 19's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the South Umpqua School District No. 19'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 South Umpqua School District No. 19's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of revenues, expenditures and changes in fund balances – budget and actuals, and the pension and OPEB schedules 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 and the pension and OPEB schedules in accordance with the auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the South Umpqua School District No. 19's basic financial statements. The supplementary information is presented for the purpose of additional analysis and is not a required part of the basic financial statements of the South Umpqua School District No. 19.

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

Other Information

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


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

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

Reports on Other Legal and Regulatory Requirements

In accordance with Government Auditing Standards, we have also issued our report dated December 8, 2025, on our consideration of the South Umpqua School District No. 19's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of these reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. The reports are an integral part of an audit performed in accordance with Government Auditing Standards in considering South Umpqua School District No. 19's internal control over financial reporting and compliance.

In accordance with the *Minimum Standards for Audits of Oregon Municipal Corporations*, we have issued our report dated December 8, 2025, on our consideration of the South Umpqua School District No. 19's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on the District's compliance.



Ashraf Lakhani Farishta, CPA
Umpqua Valley Financial, LLC
Roseburg, Oregon
December 8, 2025

MANAGEMENT'S
DISCUSSION
AND ANALYSIS

SOUTH UMPQUA SCHOOL DISTRICT NO. 19

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

The discussion and analysis of South Umpqua School District No. 19's financial performance provides an overview of the District's financial activities for the fiscal year that ended June 30, 2025. This discussion and analysis evaluate the District's financial performance as a whole. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

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

- In the government-wide statements, the assets and deferred outflow of District resources exceeded its liabilities and deferred inflows of resources at June 30, 2025, by \$21,861,061. Of this amount, \$14,159,294 represents the District's net investment in capital assets, \$10,165,514 is restricted for debt service and capital projects, and a deficit of (\$2,463,747) is unrestricted.
- The District's net position began the fiscal year at \$20,612,478 and increased by \$1,248,583, ending the year at \$21,861,061, six percent higher than the prior year.
- The District's governmental funds reported a combining ending fund balances of \$12,751,307. This represents an increase of \$830,259 from the prior year; a seven percent increase in the District's financial position as compared to the prior year.
- The General Fund had a fund balance of \$4,584,908. This represents a decrease of (\$491,485) or 10% in the District's financial position as compared to the prior year.
- The total liabilities of the governmental funds at year-end were \$13,727,882, primarily due to increase in net pension liability.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

SOUTH UMPQUA SCHOOL DISTRICT NO. 19

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

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

Fund Financial Statements

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

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

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

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

Notes to the Financial Statements

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

Other Information

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

SOUTH UMPQUA SCHOOL DISTRICT NO. 19

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

As noted earlier, net position provides the perspective of the District as a whole and may serve over time as a useful indicator of a government's financial position. In the case of the District, its assets exceeded its liabilities at June 30, 2025, by \$21,861,061.

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

Summary of Net Position			
	Governmental Activities		Percentage Change
	June 30, 2025	June 30, 2024	
Assets			
Current and Other Assets	\$ 14,220,454	\$ 13,571,369	4.8%
Capital Assets	16,729,294	16,950,825	-1.3%
Total Assets	30,949,748	30,522,194	1.4%
Deferred Outflow of Resources	8,322,829	5,143,214	61.8%
Liabilities			
Long-Term Liabilities	10,599,617	8,014,290	32.3%
Other Liabilities	3,128,265	3,009,021	4.0%
Total Liabilities	13,727,882	11,023,311	24.5%
Deferred Inflow of Resources	3,683,634	4,029,619	-8.6%
Net Position			
Net Investment in Capital Assets	14,159,294	13,615,825	4.0%
Restricted	10,165,514	7,409,609	37.2%
Unrestricted	(2,463,747)	(412,956)	-496.6%
Total Net Position	\$ 21,861,061	\$ 20,612,478	6.1%

Capital assets, which consist of the District's land, buildings, building improvements, and equipment, net of accumulated depreciation, represent about 54.0 percent of total assets. The remaining assets consist mainly of investments, cash, grants, and property taxes receivable. Of these assets, 46.0 percent are current assets.

The District's unrestricted net position declined sharply by 496.6%, from (\$412,956) in the prior year to (\$2,463,747) in the current year. This decrease is primarily due to the reallocation of funds to restricted categories for capital construction and debt service, reducing resources available for unrestricted purposes. Additionally, the District experienced a significant increase in net pension liability, which rose by \$4,746,937, from \$2,087,024 in FY 2023-24 to \$6,833,961 in FY 2024-25, further impacting the unrestricted balance.

SOUTH UMPQUA SCHOOL DISTRICT NO. 19

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

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

Changes in Net Position			
	Governmental Activities		
	2024-25	2023-24	Percentage Change
Revenues			
Program Revenues			
Charges for Services	\$ 678,521	\$ 644,092	5.3%
Operating Grants and Contributions	5,202,699	5,816,612	-10.6%
General Revenues			
Property Taxes	4,241,493	4,052,166	4.7%
State Basic School Support	13,995,191	13,792,903	1.5%
Federal Forest Fees	22,027	164,200	-86.6%
Other	1,031,556	914,130	12.8%
Total Revenues	25,171,487	25,384,103	-0.8%
Program Expenses			
Instruction	11,523,104	9,739,014	18.3%
Support Services	10,920,177	8,837,897	23.6%
Community Services	1,136,038	1,207,679	-5.9%
Interest on Long-Term Debt	343,583	(39,435)	-971.3%
Total Program Expenses	23,922,902	19,745,155	21.2%
Change in Net Position	1,248,585	5,638,948	-77.9%
Beginning Net Position	20,612,476	14,973,530	37.7%
Ending Net Position	\$ 21,861,061	\$ 20,612,478	6.1%

During the current fiscal year, the District's net position for governmental activities increased by \$1,248,583. Total revenues in governmental activities experienced a slight increase, primarily driven by higher property tax collections, charges for services related to student activities, and State Basic School Support. These gains were partially offset by a decrease in ESSER revenues following the conclusion of the federal program.

Current year expenditures totaled \$23,922,902, an increase of \$4,177,747 (21.2%) compared to the prior year. The majority of this increase is attributable to higher support service costs and interest in long-term debt. The remaining increase reflects higher overall administrative expenses during the reporting period.

For Instruction, an additional 18.3% of costs are mainly attributable to annual salary and benefits adjustments.

SOUTH UMPQUA SCHOOL DISTRICT NO. 19

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

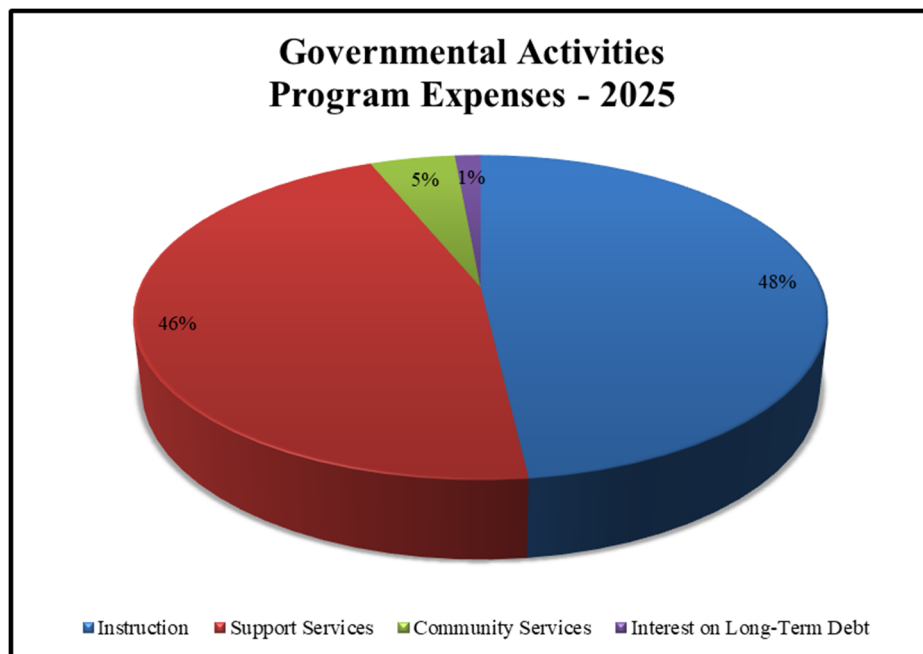
The Statement of Activities shows the cost of program services and the charges for services, grants, and contributions offsetting those services. The following table shows, for governmental activity, the total cost of the four major functional activities of the District. The table also shows each function's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

Governmental Activities

	2024-25		2023-24	
	Total Cost of Services	Net Cost (Profit) of Services	Total Cost of Services	Net Cost (Profit) of Services
Instruction	\$ 11,523,104	\$ 8,514,128	\$ 9,739,014	\$ (6,462,606)
Support Services	10,920,177	9,284,428	\$ 8,837,897	\$ (7,052,859)
Community Services	1,136,038	(100,457)	\$ 1,207,679	\$ 191,579
Interest on Long-Term Debt	343,583	343,583	\$ (39,435)	39,435
Total Program Expenses	<u>\$ 23,922,902</u>	<u>\$ 18,041,682</u>	<u>\$ 19,745,155</u>	<u>\$ (13,284,451)</u>

The dependence on general revenues for general government activities is apparent. For the current year, 76.6% of general government activities are supported through general revenues.

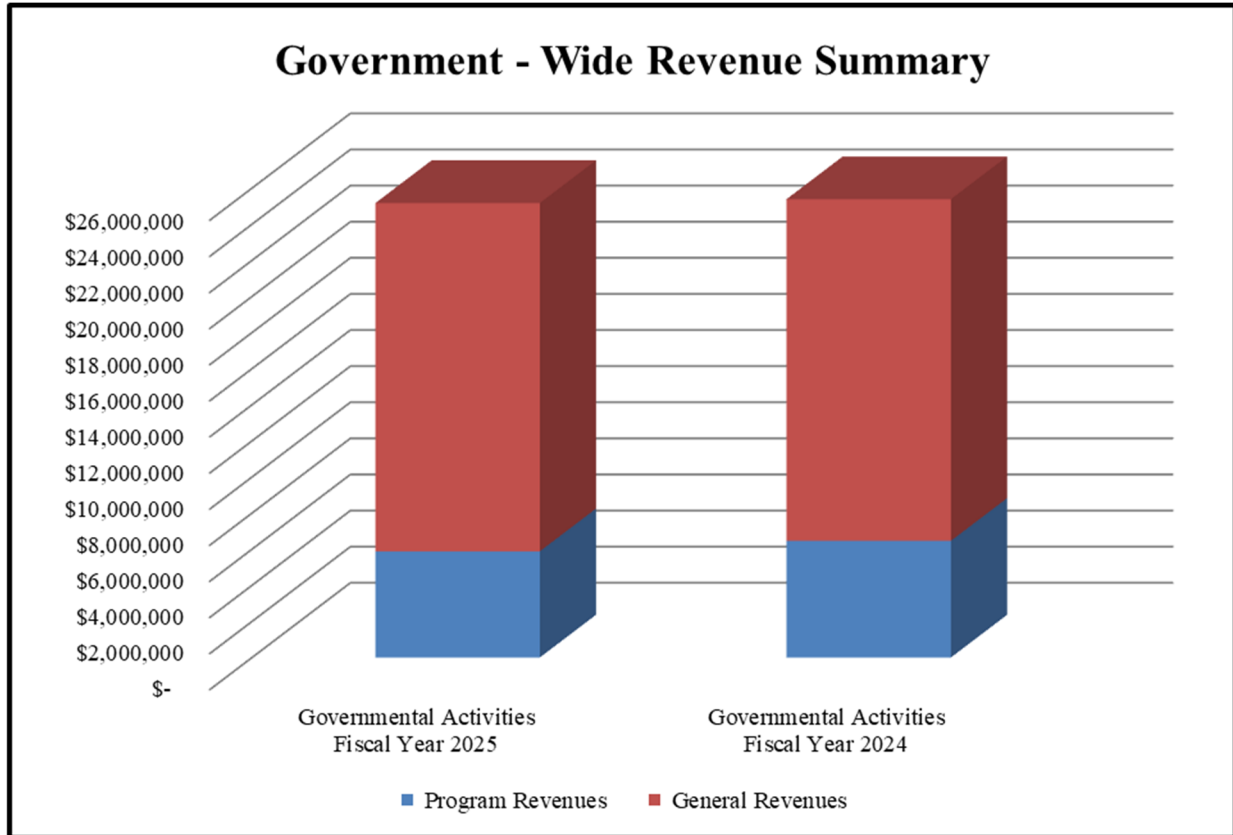
This graph illustrates the expenses of the District's programs by governmental activities. Instruction has the highest expenses, totaling \$11,523,104, compared to Instruction and Community Services, which account for \$10,920,177 and \$1,136,038. The remainder of expenses is interest on Long-Term Debt totaling \$343,583.



SOUTH UMPQUA SCHOOL DISTRICT NO. 19

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

The chart compares revenue from governmental activities between the prior year and the current year, reflecting a decrease in revenue of \$212,616 (.8%).



FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds

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

The financial performance of the District as a whole is reflected in its governmental funds. At the end of the year, the combined fund balance of the governmental funds was \$12,751,307, which is an increase of \$830,259 from the previous year. The fund balance is composed of restricted, committed, and unassigned amounts. Out of the current fund balances, \$7,533,405 is restricted, \$622,426 is committed, and \$4,502,632 is unassigned and can be used by the District as needed.

The General Fund is the primary operating fund of the District. As of June 2025, fund balance was \$4,584,908. The fund balance decreased by 10% due to decrease in state and federal aid.

SOUTH UMPQUA SCHOOL DISTRICT NO. 19

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

BUDGETARY HIGHLIGHTS

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

The General Fund serves as the District's primary operating fund. As of June 2025, the fund balance was \$4,584,908, reflecting a decrease of \$491,485 mainly due to reductions in State Aid and interfund transfers.

As of June 30, 2025, the Special Revenue Fund reported a fund balance of \$632,994, reflecting an increase of \$79,945 compared to the prior fiscal year. The increase is primarily attributable to reduced expenditure during the year. This fund accounts for revenues and related expenditures that are legally restricted for specific programs, including state and federal grant activities.

The Debt Service Fund is used to service long-term debt not financed by the General Fund. As of June 2025, the fund balance was \$5,660,594, an increase of \$886,094 driven in part by higher earnings on investments.

The Capital Fund accounts for the financial resources used to acquire, construct, and maintain major capital facilities. As of June 30, 2025, the fund balance was \$1,872,811, an increase of \$358,705 during the year, mainly due to inter-fund transfers exceeding expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2025, the District had invested \$38,778,706 in capital assets, including school buildings, athletic facilities, land, vehicles, computers, and other equipment and furnishings. This amount represents a prior to depreciation net increase of \$527,839 from last year due to additions of \$717,469 and \$189,630 in deletions.

Total depreciation expense for the year was \$749,370.

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

Long-Term Debt

As of June 30, 2025, the District had \$5,193,398 in outstanding long-term debt. During the year, the District paid \$1,770,000 toward the principal balance and \$343,517 in interest on its total debt.

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

SOUTH UMPQUA SCHOOL DISTRICT NO. 19

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The South Umpqua School District is positioned to enter the 2025–26 fiscal year in a stable financial position. Revenues are projected from local, intermediate, state, and federal sources, with general fund revenues increasing by \$529,296. Most of this growth comes from the State School Fund, which includes a one-time repayment related to underpayments of the Secure Rural Schools Act. Funding for previously approved SIA programs remains steady, allowing the District to continue expanding opportunities for students, remove all “Pay to Play” activity fees, and maintain behavioral and mental health support. Due to low enrollment, the SU Online Academy closed this year, resulting in reduced secretarial staffing for that program.

The proposed budget for the fiscal year 2025-26 has been meticulously prepared under the guidance of the Budget Officer and the Superintendent, in alignment with District policies and applicable local budgetary regulations.

The District's adopted budget for the fiscal year ending June 30, 2025, reflects a total increase of \$3,220,670 (8%) in comparison to the preceding fiscal year. Within this budget, allocations include \$21,817,312 designated for the General Fund, \$5,533,141 for the Special Fund, \$2,200,075 for the Debt Fund, \$2,099,273 for the Capital Fund and \$7,551,218 of unappropriated funds.

The District will levy its maximum permanent property tax rate of \$4.7091 per \$1,000 of assessed property valuation.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

If you have any questions about this report or need additional information, contact the South Umpqua School District No. 19 at 558 Chadwick Lane, Myrtle Creek, Oregon 97457.

BASIC FINANCIAL **STATEMENTS**

Government-Wide **Financial Statements**

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

SOUTH UMPQUA SCHOOL DISTRICT NO. 19**STATEMENT OF NET POSITION****June 30, 2025**

		Governmental Activities
<u>ASSETS:</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 12,804,396	
Property Taxes Receivable	475,658	
Accounts Receivable	600,818	
Prepaid Expenses	92,844	
Prepaid Loan Fees, net of accumulated amortization	1,091	
Total Current Assets		<u>\$ 13,974,807</u>
Restricted Assets:		
Net OPEB Asset (RHIA)	245,647	
Total Restricted Assets		<u>245,647</u>
Capital Assets:		
Capital Assets, Non-Depreciable	1,285,558	
Capital Assets, Depreciable, Net	15,443,736	
Total Capital Assets		<u>16,729,294</u>
Total Assets		<u>30,949,748</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>		
Pension Related Deferrals	8,229,110	
OPEB Related Deferrals - RHIA	6,939	
OPEB Related Deferrals - OEBB and Stipend	86,780	
Total Deferred Outflow of Resources		<u>8,322,829</u>
<u>LIABILITIES:</u>		
Accounts Payable	208,176	
Accrued Interest Payable	592	
Payroll Liabilities	596,852	
Advances from Grantors	1,789	
Compensated Absences	299,490	
Bonds Payable		
Due within one year	1,935,000	
Due in more than one year	2,959,999	
Early Retirement Benefits		
Due within one year	45,085	
Due in more than one year	41,280	
Net OPEB Obligation - OEBB and Stipend	805,657	
Net Pension Liability	6,833,961	
Total Liabilities		<u>13,727,882</u>
<u>DEFERRED INFLOW OF RESOURCES</u>		
Pension Related Deferrals	3,253,885	
OPEB Related Deferrals - RHIA	19,691	
OPEB Related Deferrals - OEBB and Stipend	410,058	
Total Deferred Inflow of Resources		<u>3,683,634</u>
<u>NET POSITION:</u>		
Net Investment in Capital Assets	14,159,294	
Restricted for:		
Debt Service	5,660,594	
Capital Construction & Building Maintenance	4,504,920	
Unrestricted	(2,463,747)	
Total Net Position		<u>\$ 21,861,061</u>

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

SOUTH UMPQUA SCHOOL DISTRICT NO. 19**STATEMENT OF ACTIVITIES****For the Fiscal Year Ended June 30, 2025**

		Program Revenues		Net (Expense) Revenue and Change in Net Position
	(Expenses)	Charges for Services	Operating Grants and Contributions	Governmental Activities
<u>GOVERNMENTAL ACTIVITIES:</u>				
Instruction	\$ 11,523,104	\$ 509,115	\$ 2,499,861	\$ (8,514,128)
Support Services	10,920,177	-	1,635,749	(9,284,428)
Enterprise and Community Services	1,136,038	169,406	1,067,089	100,457
Interest on Long-Term Debt	343,583	-	-	(343,583)
Total Governmental Activities	\$ 23,922,902	\$ 678,521	\$ 5,202,699	\$ (18,041,682)
<u>GENERAL REVENUES:</u>				
Local Sources:				
Property Taxes, Levied for General Purposes				\$ 4,241,493
Earnings on Investments				703,961
Unrestricted State and Local Revenue				108,128
Intermediate Sources				23,952
State School Fund for Education and Support Services				13,995,191
State Common School Fund				195,515
Federal Forest Fees for General Purposes				22,027
Subtotal - General Revenues				<u>19,290,267</u>
Change in Net Position				1,248,585
Net Position, July 1, 2024				20,612,476
Net Position, June 30, 2025				<u>\$ 21,861,061</u>

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

BASIC FINANCIAL
STATEMENTS

Governmental Fund
Financial Statements

SOUTH UMPQUA SCHOOL DISTRICT NO. 19**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2025**

	General Fund #100	Special Revenue Fund #200	Debt Service Fund #300	Capital Projects Fund #400	Total Governmental Funds
<u>ASSETS:</u>					
Cash and Cash Equivalents	\$ 4,873,015	\$ 278,712	\$ 5,660,594	\$ 1,992,075	\$ 12,804,396
Property Taxes Receivable	475,658	-	-	-	475,658
Accounts Receivable	147,499	449,106	-	4,213	600,818
Prepaid Expenses	82,276	10,568	-	-	92,844
Total Assets	\$ 5,578,448	\$ 738,386	\$ 5,660,594	\$ 1,996,288	\$ 13,973,716
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND</u>					
LIABILITIES:					
Accounts Payable	\$ 70,939	\$ 13,760	\$ -	\$ 123,477	\$ 208,176
Payroll Liabilities	507,009	89,843	-	-	596,852
Advances from Grantors	-	1,789	-	-	1,789
Total Liabilities	577,948	105,392	-	123,477	806,817
DEFERRED INFLOWS OF RESOURCES:					
Unavailable Revenue - Property Taxes	415,592	-	-	-	415,592
Total Deferred Inflows of Resources	415,592	-	-	-	415,592
FUND BALANCES:					
Non-spendable	82,276	10,568	-	-	92,844
Restricted for:					
Capital Construction & Building					
Maintenance	-	-	-	1,872,811	1,872,811
Community Projects	-	-	-	-	-
Debt Service	-	-	5,660,594	-	5,660,594
Committed for:					
Special Programs	-	622,426	-	-	622,426
Unassigned	4,502,632	-	-	-	4,502,632
Total Fund Balances	4,584,908	632,994	5,660,594	1,872,811	12,751,307
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 5,578,448	\$ 738,386	\$ 5,660,594	\$ 1,996,288	\$ 13,973,716

SOUTH UMPQUA SCHOOL DISTRICT NO. 19

RECONCILIATION OF THE BALANCE SHEET

June 30, 2025

Total Fund Balances - Governmental Funds	\$ 12,751,307
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Amounts reported for governmental activities in the Statement of Net Position
are different because:

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

Cost of assets	\$ 38,778,706	
Accumulated depreciation	(22,049,411)	
Net Value of Capital Assets		16,729,294

Property taxes receivable that will not be available to pay for current-period
expenditures are deferred in the governmental funds.

	415,592
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Deferred inflows and outflows of pension and OPEB contributions and
earnings are not reported in the governmental funds.

Deferred Pension/OPEB Contributions	8,322,829	
Deferred Earnings on Pension/OPEB Assets	(3,683,634)	
Net Value of Deferrals		4,639,195

Amounts paid for loan fees out of refunding bond proceeds are not financial
resources and therefore are not capitalized as a prepaid expense in the
governmental funds.

Original prepaid amount, net of accumulated amortization	1,091
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Some liabilities are not due and payable in the current period
and therefore are not reported in the governmental funds.

These liabilities consist of :

Accrued Interest Payable	592	
Bonds Payable	4,894,999	
Early Retirement Benefits	86,366	
Net Pension Liability	6,833,961	
Net OPEB Obligations	560,010	
Accrued Vacation Benefits	\$ 299,490	
Total		(12,675,418)

Net Position of Governmental Activities	\$ 21,861,061
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SOUTH UMPQUA SCHOOL DISTRICT NO. 19**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS****For the Fiscal Year Ended June 30, 2025**

	General Fund #100	Special Revenue Fund #200	Debt Service Fund #300	Capital Projects Fund #400	Total Governmental Funds
<u>REVENUES:</u>					
Taxes	\$ 4,163,716	\$ -	\$ -	\$ -	\$ 4,163,716
Earnings on Investments	705	-	703,256	-	703,961
Fees and Charges	56,960	505,292	-	-	562,252
Miscellaneous Revenue	170,229	-	1,723,596	54,168	1,947,993
Intermediate Government Aid	147,672	-	-	-	147,672
State Aid	14,200,501	2,530,806	-	-	16,731,307
Federal Aid	26,585	2,530,257	10,512	-	2,567,354
Total Revenues	18,766,368	5,566,355	2,437,364	54,168	26,824,255
<u>EXPENDITURES:</u>					
Current:					
Instruction	9,206,863	2,524,679	-	-	11,731,542
Support Services	8,557,540	1,703,169	-	-	10,260,709
Enterprise and Community Services	5,210	1,107,962	-	-	1,113,172
Capital Outlay:					
Instruction	-	24,205	-	-	24,205
Support Services	72,044	77,586	-	-	149,630
Enterprise and Community Services	-	48,809	-	-	48,809
Facilities Acquisition and Construction	-	-	-	545,463	545,463
Debt Service	-	-	2,120,466	-	2,120,466
Total Expenditures	17,841,657	5,486,410	2,120,466	545,463	25,993,996
Excess (Deficiency) of Revenues					
Over Expenditures	924,711	79,945	316,898	(491,295)	830,259
<u>OTHER FINANCING SOURCES (USES):</u>					
Interfund Transfers In	-	-	566,196	850,000	1,416,196
Interfund Transfers Out	(1,416,196)	-	-	-	(1,416,196)
Total Other Financing Sources (Uses)	(1,416,196)	-	566,196	850,000	-
Net Change in Fund Balance	(491,485)	79,945	883,094	358,705	830,259
Beginning Fund Balance	5,076,393	553,049	4,777,500	1,514,106	11,921,048
Ending Fund Balance	\$ 4,584,908	\$ 632,994	\$ 5,660,594	\$1,872,811	\$ 12,751,307

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

SOUTH UMPQUA SCHOOL DISTRICT NO. 19

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

For the Fiscal Year Ended June 30, 2025

Net Changes in Fund Balances - Total Governmental Funds		\$ 830,259
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense.		
Expenditures for capitalized assets	\$ 527,839	
Less current year depreciation	<u>(749,370)</u>	(221,531)
Prepaid expenses were originally reported in the governmental funds as an expenditure. In the Statement of Activities the amount to be charged each year as an expense over the estimated expense incurred to pay the obligation is amortized, rather than expensed at the time of the prepayment.		
Amount of current year amortization - Bond Discount	<u>(547)</u>	(547)
Repayment of principal on long term debt and leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Retirement of principal is as follows:		
Bonds	<u>1,994,339</u>	1,994,339
Government funds report pension contributions as expenditures. However, in the Statement of Activities, pension expense and changes in deferred inflows and outflows related to the net pension asset/(liability) are recorded based upon an actuarial valuation of such activity.		
This is the net change in pension related items.		(1,029,649)
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
The activities consist of:		
Net increase/(decrease) in accrued interest expense	(66)	
Increase/(decrease) in accrued OPEB	72,898	
Increase/(decrease) in early retirement liability	(54,434)	
Increase/(decrease) in accrued vacation benefits	<u>\$ (196,122)</u>	(177,724)
Change in Net Position of Governmental Activities		<u>\$ 1,248,585</u>

BASIC FINANCIAL
STATEMENTS

Notes to the Basic
Financial Statements

SOUTH UMPQUA SCHOOL DISTRICT NO. 19

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The South Umpqua School District No. 19 was organized under the provisions of Oregon Statutes pursuant to ORS Chapter 332 to operate elementary and secondary schools. The District is governed by a separately elected seven-member Board of Directors who approve the administrative officials. The daily functioning of the District is under the supervision of the Superintendent. As required by generally accepted accounting principles, all activities of the District have been included in the basic financial statements.

The basic financial statements of South Umpqua School District No. 19 have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

Reporting Entity

In determining the financial reporting entity, the South Umpqua School District No. 19 complies with Governmental Accounting Standards Board Statement 14, "The Financial Reporting Entity." The criteria for including organizations as component units within the District's reporting entity, include whether 1) the organization is legally separate (can sue and be sued in their name); 2) the District holds the corporate powers of the organization; 3) the District appoints a voting majority of the organization's board; 4) the District can impose its will on the organization; 5) the organization has the potential to impose a financial benefit/burden on the District; and 6) there is fiscal dependency by the organization on the District. Based on the aforementioned criteria, the South Umpqua School District No. 19 has no component units.

Basis of Presentation

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

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

SOUTH UMPQUA SCHOOL DISTRICT NO. 19

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

Basis of Presentation (Cont.)

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

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

The District reports the following major governmental funds:

General Fund -

The General Fund is the main operating fund of the District. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other funds are accounted for in this fund. General operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are paid from the General Fund.

Special Revenue Fund -

The Special Revenue Fund accounts for various restricted used grants from the federal government, the state government, and other intermediate and local sources that are restricted or committed to expenditure for specific programs, as well as the student body activities.

Debt Service Fund -

The Debt Service Fund accounts for the servicing of long-term debt not being financed by the General Fund. For the District, this includes the 2002, 2003, and 2012 PERS Bonds, and the QZAB and QSCB Bonds. The principal sources of revenues are interest and subsidies and other local revenues.

Capital Projects Fund

The Capital Projects Fund accounts for financial resources used to acquire or construct and maintain major capital facilities. The principal revenue source is debt proceeds.

SOUTH UMPQUA SCHOOL DISTRICT NO. 19

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; the basis of accounting refers to when transactions are recognized in the financial records and reported on the financial statements. The basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized when the liability is incurred.

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

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

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

Budgeting

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

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

SOUTH UMPQUA SCHOOL DISTRICT NO. 19

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

Cash and Investments

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

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

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

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

Receivables

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

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

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

SOUTH UMPQUA SCHOOL DISTRICT NO. 19

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

Inventory

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

Restricted Assets and Liabilities

Assets with use restricted to future bond payments and the related liability are segregated in the statements of net position.

Capital Assets

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

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

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

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

Compensated Absences and Accrued Liabilities:

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

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

SOUTH UMPQUA SCHOOL DISTRICT NO. 19

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

Deferred Inflows/Outflows of Resources

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

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

Long-Term Debt

All bonds, notes, and capital lease payable are recognized in the government-wide financial statements as liabilities of the District. Amounts of the long-term debt due within the following fiscal year are included in the current liabilities section of the Statement of Net Position.

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

Equity Classifications

Government-wide Statements

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

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

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

SOUTH UMPQUA SCHOOL DISTRICT NO. 19

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

Equity Classifications (Cont.)

Governmental Fund Financial Statements

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

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

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

Property Taxes

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

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

SOUTH UMPQUA SCHOOL DISTRICT NO. 19

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as inter-fund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements. Interfund transfers are eliminated in the governmental activities' columns of the Statement of Activities.

Use of Estimates

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

Pensions

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

CASH AND INVESTMENTS:

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

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

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

SOUTH UMPQUA SCHOOL DISTRICT NO. 19

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

CASH AND INVESTMENTS (Cont.):

Deposits - All cash is deposited in compliance with Oregon statutes. The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. FDIC insurance of \$250,000 applies to the deposits in each depository. ORS 295 governs the collateralization of Oregon public funds and provides the statutory requirements for the Oregon Public Funds Collateralization Program (PFCP). Where balances continually exceed \$250,000, ORS 295 requires the depositor to verify that deposit accounts are only maintained at financial institutions on the list of qualified depositories found on the state treasurer's website.

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

As of June 30, 2025, the reported amount of the District's deposits was \$826,687 including Trust Accounts, the bank balance was \$1,023,263. Of the bank balance, the entire amount was insured by the FDIC or covered by the collateral held in a multiple financial institutions collateral pool administered by the Oregon State Treasurer.

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

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

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

Type of Investment	Fair Value	Credit Rating
Oregon State Treasurer's Local Government		
Investment Pool (LGIP)	\$ 11,977,709	N/A
Total Investments	<u>\$ 11,977,709</u>	

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

SOUTH UMPQUA SCHOOL DISTRICT NO. 19

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

CAPITAL ASSETS:

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

<u>Governmental Activities</u>	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balances</u>
Assets not being depreciated:				
Land	\$ 1,238,172	-	-	\$ 1,238,172
Construction in Progress	237,016	-	189,630	47,386
Total assets not being depreciated	1,475,188	-	189,630	1,285,558
Assets being depreciated:				
Land Improvement	2,977,669	-	-	2,977,669
Building and Building Improvement	30,989,991	491,599	-	31,481,590
Machinery and Equipment	2,808,019	225,870	-	3,033,888
Total Depreciable Assets	36,775,679	717,469	-	37,493,147
Less: Accumulated Depreciation				
Land Improvement	340,414	111,341	-	451,754
Building and Building Improvement	19,435,338	465,360	-	19,900,698
Machinery and Equipment	1,524,290	172,669	-	1,696,959
Total Accumulated Depreciation	21,300,042	749,370	-	22,049,411
Net Value of Capital Assets Being Depreciated	15,475,637	(31,901)	-	15,443,736
Total Governmental Activities --				
Net Value of Capital Assets	<u>\$ 16,950,825</u>	<u>\$ (31,901)</u>	<u>\$ 189,630</u>	<u>\$ 16,729,294</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 253,570
Support Services	450,697
Enterprise and Community Services	45,103
Total Depreciation Expense	<u>\$ 749,370</u>

SOUTH UMPQUA SCHOOL DISTRICT NO. 19

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

LONG-TERM DEBT:

Limited Tax Pension Bond 2002

On October 31, 2002, the District issued bonds as part of the Oregon School Boards Association Limited Tax Pension Bond Pool. The proceeds of which were used to finance a portion of the estimated unfunded actuarial liability of each issuer with the Oregon Public Employees Retirement System. The original amount of the obligations was \$6,393,627 with interest rates ranging from 2.06% to 6.10%. On January 31, 2012, the District participated in a partial refund of its Limited Tax Pension Bond- 2002. This partial refund was for the 2021 year for \$450,000. The interest rate for this refunded portion is 2.75%. The bonds are held by Wells Fargo.

Limited Tax Pension Bond 2003

On April 4, 2003, the District participated in a second Limited Tax Pension Bond Pool. The original principal amount is \$6,776,652 with interest ranging from 1.5% to 6.27%. The bonds are held by Wells Fargo. Interest payments on bonds with maturity dates between 2004 and 2023 are made only at the date of maturity. Interest payments on bonds with maturity dates between 2024 and 2028 are paid semi-annually. Unpaid, accrued interest (accreted interest) from the issuance date to the end of the current fiscal year on the 2022 and 2023 bonds is \$771,626. The unpaid interest on the 2022 bonds that will be paid during the fiscal year ending June 30, 2022, will be \$384,702 along with interest accrued during that fiscal year.

QSCB 2010

On October 12, 2010, the District issued Qualified School Construction Bonds for \$500,000. The monies were used for repairs, upgrades, and weatherization projects throughout the District. The QSCBs are eligible to receive subsidy payments from the US Treasury. The District plans to apply any subsidy payments received to offset the interest component of the financing, but those subsidy payments are not pledged for this purpose. Interest is payable semi-annually on December 31 and June 30. The final maturity on the bonds is June 30, 2027. The District will receive approximately \$212,000 in direct subsidy payments from the US Treasury over the life of the bond.

QSCB 2012

On January 19, 2012, the District issued Qualified School Construction Bonds in the amount of \$350,000. The monies are for repairs and weatherization projects throughout the District. The QSCBs are eligible to receive subsidy payments from the US Treasury. The interest rate on the bonds is 4.80%.

Full Faith Obligation Bonds - 2021

On March 15, 2021, the District entered into a Full Faith and Credit Obligation financing agreement with JP Morgan Chase for the amount of \$1,600,000. The agreement is structured with five annual principal installment payments on June 1, and semiannual accrued interest payments on the first of June and December beginning June 1, 2022. The interest rate for the tax-exempt bonds sold is 1.50%.

SOUTH UMPQUA SCHOOL DISTRICT NO. 19

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

LONG-TERM DEBT (cont.)

The following is a schedule of transactions during the year:

SOUTH UMPQUA SCHOOL DISTRICT NO. 19

SCHEDULE OF LONG-TERM DEBT TRANSACTIONS

For the Fiscal Year Ended June 30, 2025

	Outstanding Balance July 1, 2024	Additions	Reductions	Interest Paid	Outstanding Balance June 30, 2025	Due Within One Year
Bonds Payable:						
Limited Tax Pension Bond 2002	\$ 2,689,999	\$ -	\$ 685,000	\$ 149,296	\$ 2,004,999	\$ 765,000
Limited Tax Pension Bond 2003	2,895,000	-	735,000	164,436	2,160,000	820,000
QSCB 2010	90,000	-	30,000	4,545	60,000	30,000
QSCB 2012	350,000	-	-	16,187	350,000	-
Full Faith Obligation Bonds - 2021	640,000	-	320,000	9,600	320,000	320,000
Total Bonds Payable	6,664,999		1,770,000	344,064	4,894,999	1,935,000
Bond Discount	(1,638)	-	-	(547)	(1,091)	-
Total Bonds Payable, net of Discount	6,663,361	-	1,770,000	343,517	4,893,908	1,935,000
Compensated Absences	75,151	224,339 *	-	-	299,490	-
Total Long-Term Debt	\$ 6,738,512	\$ 224,339	\$ 1,770,000	\$ 343,517	\$ 5,193,398	\$ 1,935,000

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

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

Bonds Payable:	Due Fiscal Year Ending June 30,	Principal	Interest	Total
	2026	\$ 1,935,000	\$ 259,499	\$ 2,194,499
	2027	1,785,000	161,120	1,946,120
	2028	825,000	62,535	887,535
	2029	-	16,188	16,188
	2030	350,000	16,188	366,188
	Total	\$ 4,895,000	\$ 515,530	\$ 5,410,530

The District has no unused lines of credit.

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

SOUTH UMPQUA SCHOOL DISTRICT NO. 19

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

PENSION PLAN:

South Umpqua School District No. 19 offers various retirement plans to qualified employees as described below.

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

Organization

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

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

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

Plan Membership

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

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

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

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

SOUTH UMPQUA SCHOOL DISTRICT NO. 19

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

PENSION PLAN (Cont.):

Plan Benefits

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

a. Pension Benefits

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

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

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

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

b. Death Benefits

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

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

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

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

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

SOUTH UMPQUA SCHOOL DISTRICT NO. 19

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

PENSION PLAN (Cont.):

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

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

c. Disability Benefits

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

d. Benefit Changes After Retirement

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

2. OPSRP Pension Program

a. Pension Benefits

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

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

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

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

SOUTH UMPQUA SCHOOL DISTRICT NO. 19

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

PENSION PLAN (Cont.):

b. Death Benefits

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

c. Disability Benefits

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

d. Benefit Changes After Retirement

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

3. Individual Account Program (IAP)

a. Benefit Terms

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

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

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

b. Death Benefits

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

c. Recordkeeping

PERS contracts with Voya Financial to maintain IAP participant records.

SOUTH UMPQUA SCHOOL DISTRICT NO. 19

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

PENSION PLAN (Cont.):

4. Postemployment Healthcare Benefits

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

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

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

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

Contributions

Description of Funding and Contributions for PERS Benefit Plans

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

Member Contributions

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

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

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

SOUTH UMPQUA SCHOOL DISTRICT NO. 19

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

PENSION PLAN (Cont.):

a. Employee Pension Stability Accounts (EPSA)

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

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

b. Target-Date Funds

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

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

Employer Contributions

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

a. PERS Defined Benefit Plan (ORS 238)

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

b. OPSRP Pension Program (ORS 238A)

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

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

SOUTH UMPQUA SCHOOL DISTRICT NO. 19

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

PENSION PLAN (Cont.):

District Employer Contributions

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

The District's employer required contributions for the year ended June 30, 2025 were \$3,160,938 for Defined Benefits and IAP excluding amounts to fund employer specific liabilities.

Amortization of the PERS Side Account resulted in a PERS savings to the District of \$2,598,813 for FY 2024-2025 from the required PERS contribution above, netting to a net contribution of \$(5,238) for the Defined Benefit portion.

The current year contribution rates in effect for PERS have been reduced while the District receives amortization of the PERS Side Account, funded with PERS retirement bonds (described in Long Term Debt). Because of the side account amortization, the adjusted PERS contribution rates in effect for the period July 1, 2023 to June 30, 2025 were: Tier1/Tier2 – 0.00% and OPSRP General Service – 0.00%.

District Member Contributions

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

During FY 2024-2025 approximately \$588,362 in employee IAP contributions were paid or picked up by the district.

Pension Plan ACFR

Oregon PERS produces an independently audited ACFR which can be found at:

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

Actuarial Valuations

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

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

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

SOUTH UMPQUA SCHOOL DISTRICT NO. 19

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

PENSION PLAN (Cont.):

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

Actuarial Methods and Assumptions Used in Developing Total Pension Liability

Actuarial Methods and Assumptions Used in Developing Total Pension Liability:	
Valuation Date	December 31, 2022
Measurement Date	June 30, 2024
Experience Study	2022, published July 20, 2023
Actuarial assumptions:	
Actuarial cost method	Entry Age Normal
Inflation rate	2.40 percent
Long-term expected rate of return	6.90 percent
Discount rate	6.90 percent
Projected salary increases	3.40 percent
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disable Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

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

Discount Rate

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

SOUTH UMPQUA SCHOOL DISTRICT NO. 19

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

PENSION PLAN (Cont.):

Depletion Date Projection

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

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

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

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

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

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

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

SOUTH UMPQUA SCHOOL DISTRICT NO. 19

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

PENSION PLAN (Cont.):

Long-Term Expected Rate of Return

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

<u>Long Term Expected Rate of Return¹</u>	Target	Annual	20-Year	Annual
Asset Class	Allocation	Arithmetic	Annualized	Standard
		Return²	Geometric Mean	Deviation
Global Equity	27.50%	8.57%	7.07%	17.99%
Private Equity	25.50%	12.89%	8.83%	30.00%
Core Fixed Income	25.00%	4.59%	4.50%	4.22%
Real Estate	12.25%	6.90%	5.83%	15.13%
Master Limited Partnerships	0.75%	9.41%	6.02%	27.04%
Infrastructure	1.50%	7.88%	6.51%	17.11%
Hedge Fund of Funds - Multistrategy	1.25%	6.81%	6.27%	9.04%
Hedge Fund Equity - Hedge	0.63%	7.39%	6.48%	12.04%
Hedge Fund - Macro	5.62%	5.44%	4.83%	7.49%
Assumed Inflation - Mean			2.35%	1.41%

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

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

Sensitivity Analysis

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

	1% Decrease	Discount Rate	1% Increase
	5.90%	6.90%	7.90%
Employer's proportionate share of the net pension liability	\$ 10,780,296	\$ 6,833,961	\$ 3,528,713

SOUTH UMPQUA SCHOOL DISTRICT NO. 19

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

PENSION PLAN (Cont.):

Changes Since Last Valuation

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

Changes in Actuarial Methods and Allocation Procedures

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

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

Changes in Assumptions

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

SOUTH UMPQUA SCHOOL DISTRICT NO. 19

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

PENSION PLAN (Cont.):

Mortality Rates

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

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

SOUTH UMPQUA SCHOOL DISTRICT NO. 19

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

PENSION PLAN (Cont.):

Changes Subsequent to the Measurement Date

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

Deferred Items

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

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

Employer Contributions

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

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

Elements of Changes in Net Position

This information can be found in the Schedule of Changes in Net Pension Liability found on page 96, of the June 30, 2024 Oregon PERS ACFR. <https://www.oregon.gov/pers/Documents/Financials/ACFR/2024-ACFR.pdf>

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

At June 30, 2025, the employer reported a liability of \$6,833,961 for its proportionate share of the net pension liability. The net pension liability/(asset) was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on a projection of the employer's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

At June 30, 2024, the employer's proportion was 0.03074588%.

For the year ended June 30, 2025, the employer recognized pension expense of \$1,110,810.

SOUTH UMPQUA SCHOOL DISTRICT NO. 19

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

PENSION PLAN (Cont.):

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 404,849	\$ 16,310
Changes of assumptions	687,089	880
Net difference between projected and actual earnings on investments	434,148	-
Changes in proportionate share	3,542,086	1,830,017
Differences between employer contributions and employer's proportionate share of system contributions	-	1,406,678
Total Deferred Outflows/Inflows	\$ 5,068,172	\$ 3,253,885
Post-measurement date contributions	3,160,938	N/A
Total Deferred Outflow/(Inflow) of Resources	<u>\$ 8,229,110</u>	<u>\$ 3,253,885</u>
Net Deferred Outflow/(Inflow) of Resources prior to post-measurement date contributions		<u>\$ 1,814,287</u>

Contributions of \$3,160,938 less amortization of the District's Side Account for PERS defined benefits, were made subsequent to the measurement date, but prior to the end of the District's reporting period. These contributions, which are reported as deferred outflows of resources related to pensions, will be included as a reduction of the net pension liability in next fiscal year.

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

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
1st Fiscal Year	\$ (49,516)
2nd Fiscal Year	814,711
3rd Fiscal Year	432,371
4th Fiscal Year	441,973
5th Fiscal Year	174,748
Thereafter	-
Total	<u>\$ 1,814,287</u>

Net Pension Liability

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

SOUTH UMPQUA SCHOOL DISTRICT NO. 19

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

OTHER POST-EMPLOYMENT BENEFITS (OPEB) RHIA:

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

Plan Description

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

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

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

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

Funding Policy

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

Contributions

The District's contributions to OPERS' RHIA for the years ended June 30, 2025, 2024, and 2023 were (\$3), \$54, and \$1,118 respectively, which equaled the required contributions for the year.

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

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

SOUTH UMPQUA SCHOOL DISTRICT NO. 19

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

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

Actuarial Methods and Assumptions - OPEB Plans - RHIA	
	RHIA
Valuation Date	December 31, 2022
Measurement Date	June 30, 2024
Experience Study	2022, published July 20, 2023
Actuarial assumptions:	
Actuarial cost method	Entry Age Normal
Inflation rate	2.40 percent
Long-term expected rate of return	6.90 percent
Discount rate	6.90 percent
Projected salary increases	3.40 percent
Retiree healthcare participation	Healthy retirees: 25.0% Disabled retirees: 15%
Healthcare cost trend rate	Not applicable
Mortality	Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disable Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2020 Experience Study which is reviewed for the four-year period ending July 20, 2021.

Discount Rate

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

SOUTH UMPQUA SCHOOL DISTRICT NO. 19

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

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

Long-Term Expected Rate of Return

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

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

Sensitivity Analysis

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

	1% Decrease 5.90%	Discount Rate 6.90%	1% Increase 7.90%
Employer's proportionate share of the net OPEB liability	\$ (227,394)	\$ (245,647)	\$ (261,363)

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

At June 30, 2025, the District reported a net OPEB RHIA liability/(asset) of \$(245,647) for its proportionate share of the net OPEB RHIA liability/(asset). The OPEB liability/(asset) was measured as of June 30, 2024, and the total OPEB RHIA liability/(asset) used to calculate the net OPEB RHIA liability/(asset) was determined by an actuarial valuation as of December 31, 2022. Consistent with GASB Statement No. 75, paragraph 59(a), The District's proportion of the net OPEB RHIA liability/(asset) is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers. As of the measurement date of June 30, 2024, the District's proportion was 0.06081745 percent. OPEB RHIA expense/(income) recorded for the year ended June 30, 2025 was \$(47,954).

SOUTH UMPQUA SCHOOL DISTRICT NO. 19

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 4,804
Changes of assumptions	-	3,107
Net difference between projected and actual earnings on	6,936	-
Changes in proportionate share	-	11,780
Total Deferred Outflows/Inflows	\$ 6,936	\$ 19,691
Post-measurement date contributions	3	N/A
Total Deferred Outflow/(Inflow) of Resources	<u>\$ 6,939</u>	<u>\$ 19,691</u>
Net Deferred Outflow/(Inflow) of Resources prior to post-measurement date contributions		<u>\$ (12,755)</u>

Contributions of \$3 were made subsequent to the measurement date, but prior to the end of the District's reporting period. These contributions, which are reported as deferred outflows of resources related to OPEB, will be included as a reduction of the net OPEB liability in the next fiscal year.

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

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
1st Fiscal Year	\$ (25,012)
2nd Fiscal Year	7,704
3rd Fiscal Year	3,752
4th Fiscal Year	801
Total	<u>\$ (12,755)</u>

Changes Subsequent to the Measurement Date

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

SOUTH UMPQUA SCHOOL DISTRICT NO. 19

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

OTHER POST-EMPLOYMENT BENEFITS (OPEB) OEBB and EARLY RETIREMENT PROGRAM:

The District follows GASB Statement No. 73 *Accounting and Financial Reporting for Pension and Related Assets that are not within the scope of GASB Statement No. 68*, and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This requires the District to report its liability for other post-employment benefits consistent with generally accepted accounting principles and to reflect an actuarially determined liability for the present value projected future benefits for retired and active employees on the financial statements. The District maintains single employer post-employment benefit programs (commonly referred to as early retirement). These programs cover licensed and administrative personnel of the District, individual employees, and certain retired employees. The Early Retirement Program is not funded, as determined by the July 1, 2024 actuarial valuation.

OEBB Health Insurance Subsidy- GASB 75

Plan Description

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

Funding Policy

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

At June 30, 2025, the District reported an estimated net OPEB OEBB liability/(asset) of \$786,123 for its proportionate share of the net OPEB liability/(asset). The OPEB OEBB liability/(asset) was measured as of June 30, 2024, and the total OPEB OEBB liability/(asset) used to calculate the net OPEB OEBB liability/(asset) was determined by an actuarial valuation as of July 1, 2023. Consistent with GASB Statement No. 75, paragraph 59(a), The District’s proportion of the net OPEB OEBB liability/(asset) is determined by comparing the employer’s actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers. Based on the measurement date of June 30, 2024, the District’s estimated OPEB OEBB expense/(income) for the year ended June 30, 2025 was \$24,625.

Actuarial Methods and Assumptions

The District engaged an actuary to perform an evaluation as of July 1, 2024 using entry age normal Actuarial Cost Method. The assumptions are generally based upon those used for valuing pension benefits under Oregon PERS, and were developed in consultation with Milliman. The total OPEB liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date:

SOUTH UMPQUA SCHOOL DISTRICT NO. 19

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

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

Key Actuarial Assumptions and Methods	Independent Actuaries, Inc.
Discount Rate	5.25%
Other Key Actuarial Assumptions and Methods	
Valuation date	July 1, 2024
Measurement date	June 30, 2025
General Inflation	2.50%
Payroll Growth	3.50%
Mortality Rates	Active employees: PUB 2010 Employee Tables for Teachers, sex distinct, projected generationally.
Participation	75% of retirees with District-paid benefits are assumed to remain enrolled once benefits end. 70% of future retirees electing coverage are assumed to cover a spouse as well.
Actuarial cost method	Entry Age Normal

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

The Discount Rate

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

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

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

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

SOUTH UMPQUA SCHOOL DISTRICT NO. 19

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

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

Sensitivity Analysis

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

	1% Decrease 4.25%	Discount Rate 5.25%	1% Increase 6.25%
Total OPEB liability from Implicit and Explicit Rate Subsidy	\$ 836,382	\$ 786,183	\$ 739,061
Trend Rate	1% Decrease	Trend Rate	1% Increase
Total OPEB liability from Implicit and Explicit Rate Subsidy	\$ 709,114	\$ 786,183	\$ 877,141

Participation

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

Covered participants at Measurement Date Implicit Healthcare Benefit GASB 75	June 30, 2024
Active Employees	182
Inactive Employees	8
Total Participants	190

Changes in Net (OPEB) OEGB Liability

Changes in Total OPEB Liability June 30, 2024 to June 30, 2025	Increase (Decrease) Total OPEB Liability
Balance as of June 30, 2022	\$ 1,020,919
Changes for the year:	
Benefit payments	(68,977)
Service Cost	82,179
Interest	42,744
Changes in assumptions or other inputs	(176,656)
Net OPEB Liability at June 30, 2025	\$ 786,183

SOUTH UMPQUA SCHOOL DISTRICT NO. 19

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

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

Components of (OPEB) OEGB Expense

OPEB Expense	July 1, 2023 to June 30, 2024
Service cost	\$ 82,179
Interest on total OPEB liability	42,744
Recognition of Deferred (Inflows)/Outflows of Resources	
Recognition of economic/demographic (gains) or losses	3,907
Recognition of assumption changes	(104,205)
OPEB Expense	<u>\$ 24,625</u>

Schedule of Deferred Inflows and Outflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 76,280	\$ 98,823
Changes of assumptions or inputs	8,791	297,303
(prior to post-measurement date contributions)	<u>\$ 85,071</u>	<u>\$ 396,126</u>
Net Deferred Outflow/(Inflow) of Resources prior to post-measurement date contributions		<u>\$ (311,055)</u>

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

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
1st Fiscal Year	\$ (43,716)
2nd Fiscal Year	(52,503)
3rd Fiscal Year	(59,156)
4th Fiscal Year	(47,734)
5th Fiscal Year	(47,729)
Thereafter	(60,217)
Total	<u>\$ (311,055)</u>

Changes Subsequent to the Measurement Date

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

SOUTH UMPQUA SCHOOL DISTRICT NO. 19

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

OTHER POST-EMPLOYMENT BENEFITS (OPEB) EARLY RETIREMENT PROGRAM – GASB 73:

The District maintains a single-employer defined benefit pension early retirement supplemental plan for eligible retirees from the District. The Early Retirement Plan (ERP) is composed of three components: a salary-based early retirement stipend, Explicit Medical Benefit - District-paid health premiums, (together referred to below as Stipend Benefit), and continued access to the group health plan (Implicit Medical benefit (OEGB) – as described above).

Retirement Eligibility: The retiree must be receiving benefits from Oregon PERS, under Oregon PERS eligibility requirements.

Early Retirement Stipend and Explicit Medical Benefit Plans

Retirement Stipend Plan Benefits

Administrative and Licensed: Eligible administrative and licensed retirees must be at least 58 years of age and have at least 15 years of service with the District. Licensed employees must have been hired by the District on or before September 1, 1990 to be eligible. Additionally, one current retiree is receiving benefits as part of an Early Retirement Option (ERO).

Benefit Amount: For both classes of retirees, the eligible benefit amount is \$300 per month. However, retirees are required to be available to volunteer for fifteen days of work, annually, in order to receive full benefits. Volunteer hours cover Explicit Medical benefits described below as well.

Benefit Duration: Monthly payments continue until the earlier of the retiree's age 62 or death. The ERO benefit ends at age 65.

Funding Policy and Contributions

The benefits from the Retirement Stipend plan are fully paid by the District and, consequently, no monetary contributions by employees are required. The District funds this benefit as it comes due and the amount paid by the district for the benefit for the period ended June 30, 2025, was \$8,578. There are no assets accumulated in a trust for this program.

Explicit Medical Benefits

Eligibility: Same as Retirement Stipend above, Confidential/Central Office and Supervisors/Directors – Age 58 with at least 15 years of service with the District.

Benefit Amount:

Administrative and Supervisors/Directors – Employee only medical coverage.

Classified - \$400 per month.

Confidential/Central Office – Full family medical, dental, and vision coverage.

Licensed - \$200 per month.

All retirees, except for Supervisors/Directors, are required to be available to volunteer fifteen days annually, (120 hours for Classified) in order to receive full stipend benefits. For Administrative and Licensed retirees, these volunteer hours cover both the Retirement Stipend, and Explicit Medical Benefits.

Benefit Duration: Monthly payments continue until the earlier of the retiree's age 62 (age 65 for Classified retirees), or death.

SOUTH UMPQUA SCHOOL DISTRICT NO. 19

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

OTHER POST-EMPLOYMENT BENEFITS (OPEB) EARLY RETIREMENT PROGRAM (Cont.):

Funding Policy and Contributions

The benefits from the Early Retirement Stipend Plan, and Explicit Medical benefit are fully paid by the District and, consequently, no monetary contributions by employees are required. The District funds this benefit as it comes due and the amount paid by the district for the benefit for the period ended June 30, 2024 was \$4,535. There are no assets accumulated in a trust for this program.

Actuarial Methods and Assumptions Used for Total Stipend Liability

The District's total stipend liability at June 30, 2025 of \$19,474 was measured as of June 30, 2025, and was determined by an actuarial valuation as of July 1, 2024.

Key Actuarial Assumptions and Methods	Independent Actuaries, Inc.
Discount Rate	5.25%
Other Key Actuarial Assumptions and Methods	
Valuation date	July 1, 2024
Measurement date	June 30, 2025
General Inflation	2.50%
Payroll Growth	3.50%
Mortality Rates	Active employees: PUB 2010 Employee Tables for Teachers, sex distinct, projected generationally.
Participation	75% of retirees with District-paid benefits are assumed to remain enrolled. 70% of future retirees electing coverage are assumed to cover a spouse as well.
Actuarial cost method	Entry Age Normal

Sensitivity Analysis

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

	1% Decrease	Discount Rate	1% Increase
	4.25%	5.25%	6.25%
Total OPEB liability from Early Retirement Stipend Plan and Explicit Benefit Plan	\$ 20,019	\$ 19,474	\$ 18,947

SOUTH UMPQUA SCHOOL DISTRICT NO. 19

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

OTHER POST-EMPLOYMENT BENEFITS (OPEB) EARLY RETIREMENT PROGRAM (Cont.):

Changes in Net (OPEB) Stipend Liability

Changes in Total OPEB Stipend Liability	Increase (Decrease)
June 30, 2024 to June 30, 2025	Total OPEB Liability
Balance as of June 30, 2024	\$ 11,348
Changes for the year:	
Benefit payments	(8,578)
Service Cost	441
Interest	300
Effect of changes to benefit terms	-
Effect of economic/ demographic gains or losses	17,028
Changes in assumptions or other inputs	(1,065)
Net OPEB Liability at June 30, 2025	\$ 19,474

Components of (OPEB) Stipend Expense

OPEB Implicit Stipend and Explicit Benefit Expense	July 1, 2024 to June 30, 2025
Service cost	\$ 441
Interest on total OPEB liability	300
Benefit payments	(8,578)
Recognition of Deferred (Inflows)/Outflows of Resources	
Recognition of economic/demographic (gains) or losses	17,028
Recognition of assumption changes	(1,065)
OPEB Expense	\$ 8,126

Schedule of Deferred Inflows and Outflows of Resources

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,709	\$ -
Service Cost	-	13,932
(prior to post-measurement date contributions)	<u>\$ 1,709</u>	<u>\$ 13,932</u>
Net Deferred Outflow/(Inflow) of Resources prior to post-measurement date contributions		<u>\$ (12,223)</u>

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

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
1st Fiscal Year	\$ 3,023
2nd Fiscal Year	3,025
3rd Fiscal Year	3,244
4th Fiscal Year	2,931
Total	<u>\$ 12,223</u>

SOUTH UMPQUA SCHOOL DISTRICT NO. 19

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

CONTINGENT LIABILITIES:

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

RISK MANAGEMENT:

To reduce the risk of loss from liability, fire, theft, accident, medical costs, and error and omissions, the District maintains various commercial insurance policies.

The District came under the State Unemployment Act as of July 1, 1974. The District has elected to pay State Unemployment insurance to the State to pay for any claims paid to former employees. Any reimbursements are paid by the fund incurring the liability to the Employment Division of the State of Oregon. The estimated liability for unpaid claims is calculated as the present value of expected unpaid claims based on historical experience and going concern assessments. The District's estimated liability for unpaid unemployment claims is immaterial. Therefore, no liability amount appears on the District's statement of net position or balance sheet.

Certain employees have health care coverage provided by a third-party insurance company. Premiums to the insurance company are paid by employer contributions for eligible employees.

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

RISK DUE TO CONCENTRATIONS AND CONSTRAINTS:

The District is subject to a concentration risk related to its reliance on state funding for operational and instructional expenditures. For the fiscal year ended June 30, 2025, approximately 76% of the District's total governmental fund revenues were derived from state apportionments and grants.

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

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

A concentration is a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. At June 30, 2025, the District had approximately 42 employees who were accounted for under the governmental activities of the District. Of this total, 17 are certified staff under the Certified Bargaining Agreement, with the current agreement and contract set to expire in 2026; 21 are classified staff covered under the Classified Bargaining Agreement, with the current agreement and contract set to expire in 2027; three are administrative staff, with the current agreements and contract set to expire in 2026; and one is confidential with the current agreement and contract set to expire in 2027.

SOUTH UMPQUA SCHOOL DISTRICT NO. 19

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:

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

	Transfers Out	Transfers In
General Fund #100	\$ 1,416,196	\$ -
Debt Service Fund #300	-	566,196
Building & Repair Fund #400	-	850,000
Total	<u>\$ 1,416,196</u>	<u>\$ 1,416,196</u>

The transfers out of the General Fund to the other funds represent the District's election to provide general fund support to the programs and activities of those funds.

SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 8, 2025, the date on which the financial statements were available to be issued.

REQUIRED
SUPPLEMENTARY
INFORMATION

SOUTH UMPQUA SCHOOL DISTRICT NO. 19**Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual****General Fund #100****For the Fiscal Year Ended June 30, 2025**

	Budgeted Amounts		Variance with Original Budget-- over (under) Final Budget	Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget-- over (under) Actual Amounts
	Original	Final			
<u>REVENUES:</u>					
Taxes	\$ 4,105,724	\$ 4,105,724	\$ -	\$ 4,163,716	\$ 57,992
Earnings on Investments	500	500	-	705	205
Fees and Charges	58,000	58,000	-	56,960	(1,040)
Miscellaneous Revenue	114,800	114,800	-	170,229	55,429
Intermediate Government Aid	158,254	158,254	-	147,672	(10,582)
State Aid	14,511,860	14,511,860	-	14,200,501	(311,359)
Federal Aid	152,000	152,000	-	26,585	(125,415)
Total Revenues	19,101,138	19,101,138	-	18,766,368	(334,770)
<u>EXPENDITURES:</u>					
Instruction	10,375,533	10,375,533	-	9,206,863	(1,168,670)
Support Services	10,012,744	10,012,744	-	8,629,584	(1,383,160)
Enterprise and Community Services	7,692	7,692	-	5,210	(2,482)
Total Expenditures	20,395,969	20,395,969	-	17,841,657	(2,554,312)
Excess (Deficiency) of Revenues Over Expenditures	(1,294,831)	(1,294,831)	-	924,711	2,219,542
<u>OTHER FINANCING SOURCES (USES):</u>					
Interfund Transfers Out	(1,440,334)	(1,440,334)	-	(1,416,196)	(24,138)
Total Other Financing Sources (Uses)	(1,440,334)	(1,440,334)	-	(1,416,196)	(24,138)
Net Change in Fund Balance	(2,735,165)	(2,735,165)	-	(491,485)	2,195,404
Beginning Fund Balance	4,109,745	4,109,745	-	5,076,393	966,648
Ending Fund Balance	\$ 1,374,580	\$ 1,374,580	\$ -	\$ 4,584,908	\$ 3,210,328

SOUTH UMPOUA SCHOOL DISTRICT NO. 19**Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual****Special Revenue Fund #200****For the Fiscal Year Ended June 30, 2025**

	Budgeted Amounts		Variance with Original Budget-- over (under) Final Budget	Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget-- over (under) Actual Amounts
	Original	Final			
<u>REVENUES:</u>					
Fees and Charges	\$ 368,227	\$ 368,227	\$ -	\$ 505,292	\$ 137,065
Miscellaneous Revenue	3,256	3,256	-	-	(3,256)
State Aid	2,958,836	3,040,779	81,943	2,530,806	(509,973)
Federal Aid	3,100,996	3,218,496	117,500	2,530,257	(688,239)
Total Revenues	6,431,315	6,630,758	199,443	5,566,355	(1,064,403)
<u>EXPENDITURES:</u>					
Instruction	3,230,917	3,230,917	-	2,548,884	(682,033)
Support Services	1,942,608	2,142,051	199,443	1,780,755	(361,296)
Enterprise and Community Services	1,376,747	1,376,747	-	1,156,771	(219,976)
Total Expenditures	6,550,272	6,749,715	199,443	5,486,410	(1,263,305)
Net Change in Fund Balance	(118,957)	(118,957)	-	79,945	198,902
Beginning Fund Balance	408,958	408,958	-	553,049	144,091
Ending Fund Balance	\$ 290,001	\$ 290,001	\$ -	\$ 632,994	\$ 342,993

SOUTH UMPQUA SCHOOL DISTRICT NO. 19**SCHEDULE OF PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY****PERS****Last 10 Fiscal Years***

Fiscal Year Ended June 30, ¹	Measurement Date	(a) Employer's proportion of the net pension liability (asset)	(b) Employer's proportionate share of the net pension liability (asset)	(c) Employer's covered payroll as of Measurement Date	(b/c) Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2025	June 30, 2024	0.03074588%	\$ 6,833,961	\$ 9,148,073	74.70%	79.3%
2024	June 30, 2023	0.01114227%	2,087,024	8,654,084	24.12%	81.7%
2023	June 30, 2022	0.02743413%	4,200,716	7,636,778	55.01%	84.5%
2022	June 30, 2021	0.01497476%	1,791,952	6,768,376	26.48%	87.6%
2021	June 30, 2020	0.02147217%	4,685,966	6,916,883	67.75%	75.8%
2020	June 30, 2019	0.01354634%	2,343,192	6,742,538	34.75%	80.2%
2019	June 30, 2018	0.02880186%	4,363,102	6,631,395	65.79%	82.1%
2018	June 30, 2017	0.01800157%	2,426,618	6,303,231	38.50%	83.1%

¹Measurement date is one year in arrears.

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

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

SOUTH UMPQUA SCHOOL DISTRICT NO. 19**SCHEDULE OF EMPLOYER CONTRIBUTIONS****PERS****Last 10 Fiscal Years ***

Year Ended June 30,	(a) Contractually required contribution	(b) Contributions in relation to the contractually required contribution	(a-b) Contribution deficiency (excess)	(c) Employer's covered payroll	(b/c) Contributions as a percent of covered payroll
2025	\$ 3,160,938	\$ 3,160,938	\$ -	\$ 9,281,462	34.06%
2024	3,082,933	3,082,933	-	9,148,073	33.70%
2023	2,715,304	2,715,304	-	8,654,084	31.38%
2022	2,234,475	2,234,475	-	7,636,778	29.26%
2021	2,194,085	2,194,085	-	6,768,376	32.42%
2020	2,274,314	2,274,314	-	6,916,883	32.88%
2019	1,409,278	1,409,278	-	6,742,538	20.90%
2018	(91,717)	(91,717)	-	6,631,395	-1.38%
2017	(62,948)	(62,948)	-	6,303,231	-1.00%

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

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

SOUTH UMPQUA SCHOOL DISTRICT NO. 19**SCHEDULE OF PROPORTIONATE SHARE OF THE
NET OPEB LIABILITY****OPEB RHIA****Last 10 Fiscal Years***

Fiscal Year Ended June 30, ¹	Measurement Date	(a) Employer's proportion of the net OPEB liability (asset)	(b) Employer's proportionate share of the net OPEB liability (asset)	(c) Employer's covered payroll as of Measurement Date	(b/c) Employer's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2025	June 30, 2024	0.06081745%	\$ (245,647)	\$ 9,148,073	-2.69%	220.6%
2024	June 30, 2023	0.05671488%	(207,671)	8,654,084	-2.40%	201.6%
2023	June 30, 2022	0.04638635%	(164,827)	7,636,778	-2.16%	194.6%
2022	June 30, 2021	0.05046069%	(173,282)	6,768,376	-2.56%	183.9%
2021	June 30, 2020	0.08851991%	(180,368)	6,916,883	-2.61%	150.1%
2020	June 30, 2019	0.05540854%	(107,069)	6,742,538	-1.59%	144.4%
2019	June 30, 2018	0.06395113%	(71,387)	6,631,395	-1.08%	124.0%
2018	June 30, 2017	0.06456119%	(26,944)	6,303,231	-0.43%	108.9%

¹Measurement date is one year in arrears.

*This schedule is presented to illustrate the requirement to show information for 10 years.
The full 10-year trend will be presented for those years for which information is available

SOUTH UMPQUA SCHOOL DISTRICT NO. 19**SCHEDULE OF EMPLOYER CONTRIBUTIONS****OPEB RHIA****Last 10 Fiscal Years***

Year Ended June 30,	(a) Contractually required contribution	(b) Contributions in relation to the contractually required contribution	(a-b) Contribution deficiency (excess)	(c) Employer's covered payroll	(b/c) Contributions as a percent of covered payroll
2025	\$ 3	\$ 3	\$ -	\$ 9,281,462	0.00%
2024	54	54	-	9,148,073	0.00%
2023	1,118	1,118	-	8,654,084	0.01%
2022	1,143	1,143	-	7,636,778	0.01%
2021	1,350	1,350	-	6,768,376	0.02%
2020	6,321	6,321	-	6,916,883	0.09%
2019	27,462	27,462	-	6,742,538	0.41%
2018	30,965	30,965	-	6,631,395	0.47%

*This schedule is presented to illustrate the requirement to show information for 10 years.
The full 10-year trend will be presented for those years for which information is available

SOUTH UMPOUA SCHOOL DISTRICT NO. 19

SCHEDULE OF RELATED RATIOS

IMPLICIT RATE SUBSIDIES, HEALTH INSURANCE

GASB 75

Last 10 Fiscal Years*

	2025	2024	2023	2022	2021
Total OPEB Liability					
Service cost	\$ 82,179	\$ 82,603	69,567	82,560	55,843
Interest on total OPEB liability	42,744	38,633	35,677	23,799	21,676
Effect of economic/demographic gains or losses	(114,026)	-	47,786	-	162,443
Effect of assumption changes or inputs	(176,656)	(16,644)	(102,949)	(79,972)	(115,875)
Benefit payments	(68,977)	(62,540)	(41,973)	(61,625)	(51,294)
Net change in total OPEB liability **	(234,736)	42,052	8,108	(35,238)	72,793
Total OPEB liability, beginning	1,020,919	978,867	970,759	1,005,997	933,204
Total OPEB liability, ending (a) **	<u>\$ 786,183</u>	<u>\$ 1,020,919</u>	<u>\$ 978,867</u>	<u>\$ 970,759</u>	<u>\$ 1,005,997</u>
Covered payroll	\$ 9,148,073	\$ 8,654,084	\$ 7,636,778	\$ 6,768,376	\$ 6,916,883
Total OPEB OEGB liability as a % of covered payroll	8.59%	11.80%	12.82%	14.34%	14.54%

	2020	2019	2018	2017	2016
Total OPEB Liability					
Service cost	53,955	54,989	53,648	53,648	-
Interest on total OPEB liability	38,634	42,239	39,816	38,718	-
Effect of economic/demographic gains or losses	-	(70,483)	-	-	-
Effect of assumption changes or inputs	61,549	(325,599)	-	-	-
Benefit payments	(51,021)	(45,788)	(59,035)	(62,923)	-
Net change in total OPEB liability **	103,117	(344,642)	34,429	29,443	-
Total OPEB liability, beginning	830,087	1,174,729	1,140,300	1,110,857	-
Total OPEB liability, ending (a) **	<u>\$ 933,204</u>	<u>\$ 830,087</u>	<u>\$ 1,174,729</u>	<u>\$ 1,140,300</u>	<u>\$ -</u>
Covered payroll	\$ 6,742,538	\$ 6,631,395	\$ 6,303,231	\$ -	\$ -
Total OPEB OEGB liability as a % of covered payroll	13.84%	12.52%	18.64%	-	-

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

**Totals may not agree due to rounding.

SOUTH UMPQUA SCHOOL DISTRICT NO. 19

SCHEDULE OF RELATED RATIOS

STIPEND BENEFITS FOR EARLY RETIREMENT

Last 10 Fiscal Years*

	2025	2024	2023	2022	2021
Total OPEB Liability					
Service cost	\$ 441	445	389	471	741
Interest on total OPEB liability	300	495	589	436	449
Effect of economic/demographic gains or losses	17,028	-	946	-	2,259
Effect of assumption changes or inputs	(1,065)	(74)	(2,044)	(564)	(198)
Benefit payments	(8,578)	(4,535)	(2,630)	(2,960)	(4,190)
Net change in total OPEB liability **	8,126	(3,669)	(2,750)	(2,617)	(939)
Total OPEB liability, beginning	11,348	15,017	17,767	20,384	21,323
Total OPEB liability, ending (a) **	<u>\$ 19,474</u>	<u>\$ 11,348</u>	<u>\$ 15,017</u>	<u>\$ 17,767</u>	<u>\$ 20,384</u>
Covered payroll	\$ 9,148,073	\$ 8,654,084	\$ 7,636,778	\$ 6,768,376	\$ 6,916,883
Total OPEB OEBB liability as a % of covered payroll	0.21%	0.13%	0.20%	0.26%	0.29%

	2020	2019	2018	2017	2015
Total OPEB Liability					
Service cost	716	714	697	697	
Interest on total OPEB liability	777	1,020	1,061	1,025	
Effect of economic/demographic gains or losses	-	510	-	-	
Effect of assumption changes or inputs	505	(4,510)	-	-	
Benefit payments	(4,320)	(5,041)	(1,553)	188	
Net change in total OPEB liability **	(2,322)	(7,307)	205	1,910	-
Total OPEB liability, beginning	23,645	30,952	30,747	28,837	-
Total OPEB liability, ending (a) **	<u>\$ 21,323</u>	<u>\$ 23,645</u>	<u>\$ 30,952</u>	<u>\$ 30,747</u>	<u>\$ -</u>
Covered payroll	\$ 6,742,538	\$ 6,631,395	\$ 6,303,231	\$ -	\$ -
Total OPEB OEBB liability as a % of covered payroll	0.32%	0.36%	0.49%	0.00%	-

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

SUPPLEMENTARY
INFORMATION

SOUTH UMPQUA SCHOOL DISTRICT NO. 19

**Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual**

Debt Service Fund #300 (A Major Fund)

For the Fiscal Year Ended June 30, 2025

	Budgeted Amounts		Variance with Original Budget-- over (under) Final Budget	Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget-- over (under) Actual Amounts
	Original	Final			
<u>REVENUES:</u>					
Earnings on Investments	\$ 493,820	\$ 493,820	\$ -	\$ 703,256	\$ 209,436
Miscellaneous Revenue	1,733,732	1,733,732	-	1,723,596	(10,136)
Federal Aid	20,508	20,508	-	10,512	(9,996)
Total Revenues	2,248,060	2,248,060	-	2,437,364	189,304
<u>EXPENDITURES:</u>					
Debt Service	2,117,264	2,117,264	-	2,120,466	3,202
Total Expenditures	2,117,264	2,117,264	-	2,120,466	3,202
Excess (Deficiency) of Revenues Over Expenditures	130,796	130,796	-	316,898	186,102
<u>OTHER FINANCING SOURCES (USES):</u>					
Interfund Transfers In	580,334	580,334	-	566,196	(14,138)
Total Other Financing Sources (Uses)	580,334	580,334	-	566,196	(14,138)
Net Change in Fund Balance	711,130	711,130		883,094	171,964
Beginning Fund Balance	4,198,110	4,198,110	-	4,777,500	579,390
Ending Fund Balance	\$ 4,909,240	\$ 4,909,240	\$ -	\$ 5,660,594	\$ 751,354

SOUTH UMPQUA SCHOOL DISTRICT NO. 19**Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual****Capital Projects Fund #400 (A Major Fund)****For the Fiscal Year Ended June 30, 2025**

	Budgeted Amounts		Variance with Original Budget-- over (under) Final Budget	Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget-- over (under) Actual Amounts
	Original	Final			
<u>REVENUES:</u>					
Miscellaneous Revenue	\$ 46,651	\$ 46,651	\$ -	\$ 54,168	\$ 7,517
Total Revenues	46,651	46,651	-	54,168	7,517
<u>EXPENDITURES:</u>					
Facilities Acquisition and Construction	1,813,097	1,813,097	-	545,463	(1,267,634)
Total Expenditures	1,813,097	1,813,097	-	545,463	(1,267,634)
Excess (Deficiency) of Revenues Over Expenditures	(1,766,446)	(1,766,446)	-	(491,295)	1,275,151
<u>OTHER FINANCING SOURCES (USES):</u>					
Interfund Transfers In	850,000	850,000	-	850,000	-
Total Other Financing Sources (Uses)	850,000	850,000	-	850,000	-
Net Change in Fund Balance	(916,446)	(916,446)		358,705	1,275,151
Beginning Fund Balance	1,516,446	1,516,446	-	1,514,106	(2,340)
Ending Fund Balance	\$ 600,000	\$ 600,000	\$ -	\$ 1,872,811	\$ 1,272,811

OTHER INFORMATION

**ADDITIONAL SUPPORTING
SCHEDULES**

SOUTH UMPQUA SCHOOL DISTRICT NO. 19**SCHEDULE OF LONG-TERM DEBT TRANSACTIONS****For the Fiscal Year Ended June 30, 2025****Limited Tax Pension Bond 2002**

On October 31, 2002, the District issued bonds as part of the Oregon School Boards Association Limited Tax Pension Bond Pool. The proceeds of which were used to finance a portion of the estimated unfunded actuarial liability of each issuer with the Oregon Public Employees Retirement System. The original amount of the obligations was \$6,393,627 with interest rates ranging from 2.06% to 6.10%. On January 31, 2012, the District participated in a partial refund of its Limited Tax Pension Bond- 2002. This partial refund was for the 2021 year for \$450,000. The interest rate for this refunded portion is 2.75%. The bonds are held by Wells Fargo.

Current Year Activity:

	Outstanding Balance July 1, 2024	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2025	Due Within One Year
Principal	\$ 2,689,999	\$ -	\$ 685,000	\$ 2,004,999	\$ 765,000
Interest	-	149,296	149,296	-	111,278
Total	<u>\$ 2,689,999</u>	<u>\$ 149,296</u>	<u>\$ 834,296</u>	<u>\$ 2,004,999</u>	<u>\$ 876,278</u>

Future Requirements:

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2026	\$ 765,000	\$ 111,278	\$ 876,278	5.50-5.55%
	2027	845,000	68,820	913,820	5.50-5.55%
	2028	395,000	21,923	416,923	5.50-5.55%
Total		<u>\$ 2,005,000</u>	<u>\$ 202,021</u>	<u>\$ 2,207,021</u>	

SOUTH UMPQUA SCHOOL DISTRICT NO. 19
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS

For the Fiscal Year Ended June 30, 2025

Limited Tax Pension Bond 2003

On April 4, 2003, the District participated in a second Limited Tax Pension Bond Pool. The original principal amount is \$6,776,652 with interest ranging from 1.5% to 6.27%. The bonds are held by Wells Fargo. Interest payments on bonds with maturity dates between 2004 and 2023 are made only at the date of maturity. Interest payments on bonds with maturity dates between 2024 and 2028 are paid semi-annually. Unpaid, accrued interest (accrued interest) from the issuance date to the end of the current fiscal year on the 2022 and 2023 bonds is \$771,626. The unpaid interest on the 2022 bonds that will be paid during the fiscal year ending June 30, 2022, will be \$384,702 along with interest accrued during that fiscal year.

Current Year Activity:

	Outstanding Balance July 1, 2024	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2025	Due Within One Year
Principal	\$ 2,895,000	\$ -	\$ 735,000	\$ 2,160,000	\$ 820,000
Interest	-	164,436	164,436	-	122,688
Total	<u>\$ 2,895,000</u>	<u>\$ 164,436</u>	<u>\$ 899,436</u>	<u>\$ 2,160,000</u>	<u>\$ 942,688</u>

Future Requirements:

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2026	\$ 820,000	\$ 122,688	\$ 942,688	5.68%
	2027	910,000	76,112	986,112	5.68%
	2028	430,000	24,424	454,424	5.68%
Total		<u>\$ 2,160,000</u>	<u>\$ 223,224</u>	<u>\$ 2,383,224</u>	

SOUTH UMPQUA SCHOOL DISTRICT NO. 19
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS

For the Fiscal Year Ended June 30, 2025

OSCB 2010

On October 12, 2010, the District issued Qualified School Construction Bonds for \$500,000. The monies were used for repairs, upgrades, and weatherization projects throughout the District. The QSCBs are eligible to receive subsidy payments from the US Treasury. The District plans to apply any subsidy payments received to offset the interest component of the financing, but those subsidy payments are not pledged for this purpose. Interest is payable semi-annually on December 31 and June 30. The final maturity on the bonds is June 30, 2027. The District will receive approximately \$212,000 in direct subsidy payments from the US Treasury over the life of the bond.

Current Year Activity:

	Outstanding Balance July 1, 2024	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2025	Due Within One Year
Principal	\$ 90,000	\$ -	\$ 30,000	\$ 60,000	\$ 30,000
Interest	-	4,545	4,545	-	4,545
Total	<u>\$ 90,000</u>	<u>\$ 4,545</u>	<u>\$ 34,545</u>	<u>\$ 60,000</u>	<u>\$ 34,545</u>

Future Requirements:

	Fiscal Year Ended June 30,	Principal	Interest & Federal Subsidy	Total	Interest Rate
	2026	\$ 30,000	\$ 4,545	\$ 34,545	3.55%
	2027	30,000	-	30,000	3.55%
Total		<u>\$ 60,000</u>	<u>\$ 4,545</u>	<u>\$ 64,545</u>	

SOUTH UMPQUA SCHOOL DISTRICT NO. 19**SCHEDULE OF LONG-TERM DEBT TRANSACTIONS****For the Fiscal Year Ended June 30, 2025****QSCB 2012**

On January 19, 2012, the District issued Qualified School Construction Bonds in the amount of \$350,000. The monies are for repairs and weatherization projects throughout the District. The QSCBs are eligible to receive subsidy payments from the US Treasury. The interest rate on the bonds is 4.80%.

Current Year Activity:

	Outstanding Balance July 1, 2024	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2025	Due Within One Year
Principal	\$ 350,000	\$ -	\$ -	\$ 350,000	\$ -
Interest	-	16,187	16,187	-	16,188
Total	<u>\$ 350,000</u>	<u>\$ 16,187</u>	<u>\$ 16,187</u>	<u>\$ 350,000</u>	<u>\$ 16,188</u>

Future Requirements:

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2026	\$ -	\$ 16,188	\$ 16,188	4.80%
	2027	-	16,188	16,188	4.80%
	2028	-	16,188	16,188	4.80%
	2029	-	16,188	16,188	4.80%
	2030	350,000	16,188	366,188	4.80%
Total		<u>\$ 350,000</u>	<u>\$ 80,940</u>	<u>\$ 430,940</u>	

SOUTH UMPQUA SCHOOL DISTRICT NO. 19

SCHEDULE OF LONG-TERM DEBT TRANSACTIONS

For the Fiscal Year Ended June 30, 2025

Full Faith Obligation Bonds - 2021

On March 15, 2021, the District entered into a Full Faith and Credit Obligation financing agreement with JP Morgan Chase for the amount of \$1,600,000. The agreement is structured with five annual principal installment payments on June 1, and semiannual accrued interest payments on the first of June and December beginning June 1, 2022. The interest rate for the tax-exempt bonds sold is 1.50%.

Current Year Activity:

	Outstanding Balance July 1, 2024	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2025	Due Within One Year
Principal	\$ 640,000	\$ -	\$ 320,000	\$ 320,000	\$ 320,000
Interest	-	9,600	9,600	-	4,800
Total	<u>\$ 640,000</u>	<u>\$ 9,600</u>	<u>\$ 329,600</u>	<u>\$ 320,000</u>	<u>\$ 324,800</u>

Future Requirements:

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2026	<u>\$ 320,000</u>	<u>\$ 4,800</u>	<u>\$ 324,800</u>	1.50%
Total		<u>\$ 320,000</u>	<u>\$ 4,800</u>	<u>\$ 324,800</u>	

SOUTH UMPQUA SCHOOL DISTRICT NO. 19

Oregon Department of Education Form 581-3211-C

For the Fiscal Year Ended June 30, 2025

SUPPLEMENTAL INFORMATION 2024-2025

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

B. Energy Bills for Heating - All Funds:

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

	Objects 325 & 326 & *327
Function 2540	\$ 379,361
Function 2550	\$ -

C. Replacement of Equipment - General Fund:

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

Exclude these functions:

1113,1122 & 1132 Extra-curricular Activities
1140 Pre-Kindergarten
1300 Continuing Education
1400 Summer School

Exclude these functions:

4150 Construction
2550 Pupil Transportation
3100 Food Service
3300 Community Services

\$ 66,759

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

REPORT ON LEGAL
AND OTHER
REGULATORY REQUIREMENTS

SOUTH UMPQUA SCHOOL DISTRICT NO. 19

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

As of June 30, 2025

To the Governing Body of the South Umpqua School District No. 19
Myrtle Creek, Oregon

We have audited the basic financial statements of the South Umpqua School District No. 19 as of and for the year ended June 30, 2025, and have issued our report thereon dated December 16, 2025. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Audit Standards.

Compliance

As part of obtaining reasonable assurance about whether the South Umpqua School District No. 19's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

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

- Original appropriation resolution amounts did not agree with budgeted amounts in certain instances. A revised Resolution correcting the issues was adopted by the Board of Directors in November 2023.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures 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.

This report is intended solely for the information and use of the Board of Directors and management of South Umpqua School District No. 19 and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.



Ashraf Lakhani Farishta, CPA
Umpqua Valley Financial
Roseburg, Oregon
December 8, 2025

SOUTH UMPQUA SCHOOL DISTRICT NO. 19

SINGLE AUDIT SECTION



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

To the Board of Directors
South Umpqua School District No. 19

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of South Umpqua School District No. 19, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise South Umpqua School District No. 19's basic financial statements and have issued our report thereon dated December 8, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered South Umpqua School District No. 19's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of South Umpqua School District No. 19's internal control. Accordingly, we do not express an opinion on the effectiveness of South Umpqua School District No. 19's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether South Umpqua School District No. 19's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads 'Ashraf Lakhani'.

Ashraf Lakhani Farishta, CPA
Umpqua Valley Financial, LLC
Roseburg, Oregon
December 8, 2025



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

To the Board of Directors
South Umpqua School District No. 19

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited South Umpqua School District No. 19's compliance with the types of compliance requirements described in the OMB *Circular Compliance Supplement* that could have a direct and material effect on each of South Umpqua School District No. 19's major federal programs for the year ended June 30, 2025. South Umpqua School District No. 19's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, South Umpqua School District No. 19 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of South Umpqua School District No. 19 and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinions on compliance for each major federal program. Our audit does not provide a legal determination of South Umpqua School District No. 19's compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to South Umpqua School District No. 19'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 South Umpqua School District No. 19'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 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 South Umpqua School District No. 19's compliance with the requirements of each major program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding South Umpqua School District No. 19's compliance with the compliance requirements referred to above and performing such other procedures as we have considered necessary in the circumstances.
- Obtain an understanding of South Umpqua School District No. 19'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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of South Umpqua School District No. 19'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.

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on South Umpqua School District No. 19's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. South Umpqua School District No. 19's response was not subjected to the other auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

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

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

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



Ashraf Lakhani Farishta, CPA
Umpqua Valley Financial, LLC
Roseburg, Oregon
December 8, 2025

SOUTH UMPQUA SCHOOL DISTRICT NO. 19
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED June 30, 2025

Federal Grantor/Pass Through Grantor/ Program Title	Federal Awarding Agency Prefix	AL Three- Digit Extension	Additional Award Identification	Federal Program Name	Cluster Name	Grant Fund	Federal CFDA Number	Grant Period	Original Program or Grant Amount	(Receivable)/ Deferred Revenue June 30, 2024	Cash Received	Expenditures	(Receivable)/ Deferred Revenue June 30, 2025
US. DEPARTMENT OF EDUCATION													
<u>Passed Through Oregon Department of Education:</u>													
Elementary & Secondary School Emergency Relief, III	84	425U	COVID-19	Elementary and Secondary School Emergency Relief Fund	Educational Stabilization Fund	232	84.425U	2019-20	\$ 5,109,980	\$ (128,890)	\$ 192,305	\$ 63,415	\$ -
ARP Homeless Children & Youth (HCY)	84	425U	COVID-19	Elementary and Secondary School Emergency Relief Fund	Educational Stabilization Fund	201-727	84.425U	2022-23	27,620	-	27,620	27,620	-
Total Elementary & Secondary School Relief Fund									5,137,600	(128,890)	219,925	91,035	-
Title I-A - Grants to Local Education Agencies	84	010				200-100	84.010	2024-25	807,732	-	452,131	585,311	(133,181)
Title I-A - Grants to Local Education Agencies	84	010				200-100	84.010	2023-24	807,392	(123,141)	322,749	199,608	-
Total Title IA									1,615,124	(123,141)	774,879	784,919	(133,181)
Title II-A Teacher Quality	84	367				201-200	84.367	2023-24	91,398	(16,305)	67,234	50,929	-
Title II-A Teacher Quality	84	367				201-200	84.367	2024-25	91,640	-	56,855	91,455	(34,599)
Total Title II-A									183,038	(16,305)	124,089	142,384	(34,599)
Title IV-A Student Support and Academic Enrichment	84	424				201-400	84.424	2023-24	45,348	(7,057)	9,996	2,939	-
Title IV-A Student Support and Academic Enrichment	84	424				201-400	84.424	2024-25	62,122	-	8,890	9,322	(432)
Total Title IV-A									107,470	(7,057)	18,887	12,262	(432)
Title V Rural Education	84	358				201-500	84.358	2024-25	58,705	-	54,030	54,030	-
Title V Rural Education	84	358				201-500	84.358	2023-24	40,218	(313)	31,492	31,179	-
Total Rural Education									98,923	(313)	85,522	85,209	-
IDEA - Special Education Grants to States(Part B Sec.611)	84	027				201-300	84.027	2023-24	356,951	(63,409)	230,525	167,116	-
IDEA - Special Education Grants to States(Part B Sec.611)	84	027				201-300	84.027	2024-25	332,587	-	112,426	164,561	(52,135)
IDEA - Special Education Grants to States(Part B Sec.619)	84	173				201-300	84.173	2023-24	3,304	-	3,304	3,304	-
Total IDEA									692,841	(63,409)	346,254	334,980	(52,135)
Foster Care Student Transportation Reimbursement Grant	93	658				100-4201	93.658	2023-24	4,557	-	4,557	-	-
Total Foster Care Grants									4,557	-	4,557	-	-
Total Passed through Oregon Department of Education									\$ 7,839,554	\$ (339,115)	\$ 1,574,113	\$ 1,450,788	\$ (220,347)
<u>Passed through Douglas Education Service District:</u>													
Carl Perkins Career & Technical Education	84	048				201-350	84.048	2024-25	\$ 27,827	\$ -	\$ 18,695	\$ 19,521	\$ (826)
Carl Perkins Career & Technical Education	84	048				201-350	84.048	2023-24	47,397	(2,874)	3,051	177	-
Total Carl Perkins Career & Technical Education									75,224	(2,874)	21,746	19,698	(826)
Qualified School Construction Bonds, QCSB Assistance	84	354A				100	84.354A	2024-25	10,512	-	10,512	10,512	-
Total QCSB Assistance									10,512	-	10,512	10,512	-
Total Passed through Douglas Education Service District									\$ 85,736	\$ (2,874)	\$ 32,258	\$ 30,210	\$ (826)
Total U.S. Department of Education									\$ 7,925,290	\$ (341,988)	\$ 1,606,371	\$ 1,480,999	\$ (221,173)
U.S. DEPARTMENT OF JUSTICE													
COPS - Community Oriented Policing Services	16	710				201-911	16.710	2024-25	\$ 118,574	\$ -	\$ 27,074	\$ 77,586	\$ (50,512)
Total COPS - Community Oriented Policing Services									118,574	-	27,074	77,586	(50,512)
Total U.S. Department of Justice									\$ 118,574	\$ -	\$ 27,074	\$ 77,586	\$ (50,512)
U.S. DEPARTMENT OF AGRICULTURE													
Commodities	10	555				299	10.555	2024-25	\$ 75,052	\$ -	\$ 75,051	\$ 75,051	\$ -
Commodities-Riddle	10	555				299	10.555	2024-25	17,291	-	17,291	17,291	-
National School Lunch Program - Breakfast	10	553				299	10.553	2024-25	254,224	(7,157)	266,257	263,448	(4,348)
National School Lunch Program - Lunch	10	555				299	10.555	2024-25	556,051	(15,744)	603,570	597,559	(9,732)
Local Food for School (LFS) Cooperative	10	185				299	10.185	2024-25	9,083	-	9,083	9,083	-
Summer Food Program- Admin	10	559				299	10.559	2024-25	2,531	(1,071)	2,577	1,825	(319)
Summer Food Program (Federal - not State Funded)	10	559				299	10.559	2024-25	24,482	(10,415)	24,987	17,619	(3,046)
CNP Block Summer Food - HLTH INSP FY 24	10	559				299	10.559	2024-25	310	-	310	310	-
Total National School Lunch Program									939,024	(34,388)	999,128	982,186	(17,446)
Schools and Roads Grants to States, Federal Forest Fees	10	665				100	10.665	2024-25	22,027	-	22,027	22,027	-
Total Federal Forest Fees									22,027	-	22,027	22,027	-
Total U.S. Department of Agriculture									\$ 961,051	\$ (34,388)	\$ 1,021,155	\$ 1,004,213	\$ (17,446)
TOTALS									\$ 9,004,914	\$ (376,376)	\$ 2,654,599	\$ 2,562,797	\$ (289,131)
<i>This schedule is prepared using the modified accrual basis of accounting.</i>													
RECONCILIATION TO REVENUE:													
Cash Receipts per Schedule Above											\$ 2,654,599		
Grants Receivable/Deferred Revenue Beginning of Year											(376,376)		
Grants Receivable/Deferred Revenue End of Year											289,131		
Federal Revenue Recognized per Financial Statements											\$ 2,567,354		

SOUTH UMPQUA SCHOOL DISTRICT NO. 19

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

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of federal awards (the “Schedule”) includes the federal award activity of South Umpqua School District No. 19 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 South Umpqua School District No. 19, it is not intended to and does not present the financial position, changes in net assets, or cash flows of South Umpqua School District No. 19.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 – INDIRECT COSTS RATE

South Umpqua School District No. 19 has elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance, or other approved rate that is lower.

South Umpqua School District No. 19

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

Section I—Summary of Auditor’s Results

1. The auditor’s report expresses an unqualified opinion on the financial statements of South Umpqua School District No. 19 in accordance with GAAP.
2. No material weaknesses or significant deficiencies in internal control related to the financial statement audit were identified which are required to be reported.
3. No instances of noncompliance material to the financial statements of South Umpqua School District No. 19 were disclosed during the audit.
4. The auditor’s report on compliance for the major federal award program expresses an unmodified opinion.
5. The audit did not disclose any findings that are required to be reported.
6. The programs tested as a major program were the
 - Grants to Local Education Agencies (Title I) AL# 84.010
7. The threshold for distinguishing between Type A and B programs was \$750,000.
8. The District was determined to be a low-risk auditee.

Section II—Financial Statements Findings

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

Section III—Findings and Questioned Costs for Federal Awards.

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

Section IV—Summary Schedule of Prior Audit Findings

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