



**POWERS  
SCHOOL DISTRICT NO. 31  
Powers, Oregon**



**Annual Financial Report**

**June 30, 2025**

**This page intentionally left blank**

**POWERS SCHOOL DISTRICT No. 31**

PO Box 479  
Powers, OR 97466  
(541) 439-2291

**DISTRICT OFFICIALS**

RAMSEY BUSHNELL PO Box 479, Powers, OR 97466	Board Chair
MERLE KALB PO Box 479, Powers, OR 97466	Vice Chair
ERIC ANDERSON PO Box 479, Powers, OR 97466	Member
JEFF ALLRED PO Box 479, Powers, OR 97466	Member
JENNIFER CALLAHAN PO Box 479, Powers, OR 97466	Member
ERIC ALESKUS PO Box 479, Powers, OR 97466	Member

**ADMINISTRATION**

BOYD BJORKQUIST PO Box 479, Powers, OR 97466	Superintendent
MARISSA ZOUBEK PO Box 479, Powers, OR 97466	Business Manager
PEGGY STALLARD PO Box 479, Powers, OR 97466	Office Manager
LISA HENDON PO Box 479, Powers, OR 97466	Office Assistant

**POWERS SCHOOL DISTRICT NO. 31**

**AUDIT REPORT**

**June 30, 2025**

---

**TABLE OF CONTENTS**

	<b><u>PAGE</u></b>
<b>INDEPENDENT AUDITOR'S REPORT</b>	i-iii
<b>BASIC FINANCIAL STATEMENTS:</b>	
<b><u>Government-Wide Financial Statements:</u></b>	
Statement of Net Position	2
Statement of Activities	3
<b><u>Fund Financial Statements:</u></b>	
Balance Sheet - Governmental Funds	5
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	6
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	7
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	8
<b><u>Notes To The Basic Financial Statements</u></b>	9-41
<b>SUPPLEMENTARY INFORMATION:</b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:	
General Fund #100	43
Special Revenue Fund #200	44
Schedule of Proportionate Share of the Net Pension Liability	45
Schedule of Employer Contributions	46
Schedule of Proportionate Share of the Net OPEB (RHIA) Liability	47
Schedule of Employer Contributions	48
<b>OTHER INFORMATION:</b>	
<b><u>Additional Supporting Schedules:</u></b>	
Schedule of Long-Term Debt Transactions & Future Requirements	50-51
Form 581-3211-C	52
Schedule of Expenditures of Federal Awards	53
<b>REPORT ON LEGAL AND OTHER REGULATORY REQUIREMENTS</b>	
Independent Auditor's Report Required by Oregon State Regulations	55



**INDEPENDENT AUDITOR’S REPORT**

To the Board of Directors  
 POWERS SCHOOL DISTRICT NO. 31  
 Powers, Oregon 97114

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

**Opinions**

We have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund, of Powers School District No. 31 as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Powers School District No. 31’s basic financial statements, as listed in the table of contents.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
Governmental Fund – General Fund	Qualified
Governmental Fund – Special Revenue Fund	Qualified

Qualified Opinions on Government Activities, Governmental Fund – General Fund and Special Revenue Fund

In our opinion, except for the possible effects of the matter discussed in the Basis for Qualified Opinion section of this report, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the Governmental Fund—General Fund and Special Revenue Fund of the Power School District No. 31 as of June 30, 2025, and the respective changes in financial position thereof for the year then ended, in accordance with the basis of accounting described in the notes to the financial statements.

**Basis for Qualified Opinions**

We conducted our audit of the accompanying modified cash basis financial statements of the governmental activities, and each major fund of the Power Schol District No. 31. 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 Power School District No. 31, 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 qualified and unmodified audit opinions.

Matters Giving Rise to Qualified Opinions on Government Activities, Governmental Fund – General Fund and Special Revenue Fund

During our audit of the financial statements of the Power School District No. 31 for the fiscal year ended June 30, 2025, it was found that management has not adopted a methodology for timely reconciling cash balances for all funds. These conditions resulted from uncleared deposits, incomplete accounting entries, and insufficient supporting documentation. Consequently, sufficient appropriate audit evidence regarding cash balances for all funds could not be obtained, and the effects of these matters on the financial statements could not be determined.

**Emphasis of Matter – Basis of Accounting**

We draw attention to the Basis of Accounting note in the Notes to the financial statements, which describe the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

## **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note A, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

## **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 statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Powers School District No. 31's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Powers School District No. 31'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.

## **Other Matters**

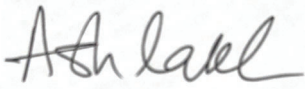
### *Other Information*

Management is responsible for the other information included in the annual report. The other information comprises the management's discussion and analysis and budgetary comparison information 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 or any form of assurance thereon.

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

## Reports on Other Legal and Regulatory Requirements

In accordance with the *Minimum Standards for Audits of Oregon Municipal Corporations*, we have issued our report dated March 31, 2026 , on our consideration of Powers School District No. 31'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.

A handwritten signature in black ink that reads "Ashraf Lakhani". The signature is written in a cursive style with a large initial "A".

Ashraf Lakhani Farishta, CPA  
Umpqua Valley Financial, LLC  
Roseburg, Oregon  
March 31, 2026

**BASIC FINANCIAL**  
**STATEMENTS**

**Government-Wide**  
**Financial Statements**

**POWERS SCHOOL DISTRICT No. 31**  
**STATEMENT OF NET POSITION - MODIFIED CASH BASIS**  
**June 30, 2025**

		<u>Governmental Activities</u>
<b><u>ASSETS:</u></b>		
Current Assets:		
Cash and Cash Equivalents	\$ 1,551,821	
Total Current Assets		<u>1,551,821</u>
Capital Assets:		
Land	45,020	
Construction in Progress	1,996,375	
Land Improvement	133,252	
Building and Building Improvement	3,174,628	
Machinery and Equipment	532,619	
Less: Accumulated Depreciation	<u>(1,120,526)</u>	
Total Capital Assets, Net of Depreciation		<u>4,761,369</u>
<b>Total Assets</b>		<b><u>6,313,190</u></b>
<b><u>LIABILITIES:</u></b>		
Notes Payable		
Due within one year	15,489	
Due in more than one year	<u>18,503</u>	
<b>Total Liabilities</b>		<b><u>33,992</u></b>
<b><u>NET POSITION:</u></b>		
Net Investment in Capital Assets	4,727,377	
Unrestricted	<u>1,551,820</u>	
<b>Total Net Position</b>		<b><u>\$ 6,279,197</u></b>

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

**POWERS SCHOOL DISTRICT No. 31**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**For the Fiscal Year Ended June 30, 2025**

		<u>Program Revenues</u>		Net (Expense) Revenue and Change in Net Position
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
<b><u>GOVERNMENTAL ACTIVITIES:</u></b>				
Instruction	\$ 2,601,816	\$ 75,415	\$ 818,985	\$ (1,707,416)
Support Services	1,082,982	-	249,809	(833,173)
Enterprise and Community Services	6,000	-	-	(6,000)
Interest on Long-Term Debt	1,813	-	-	(1,813)
<b>Total Governmental Activities</b>	<b><u>\$ 3,692,611</u></b>	<b><u>\$ 75,415</u></b>	<b><u>\$ 1,068,794</u></b>	<b><u>\$ (2,548,402)</u></b>
 <b><u>GENERAL REVENUES:</u></b>				
Property Taxes, Levied for General Purposes				\$ 309,662
Earnings on Investments				72,140
Unrestricted State and Local Revenue				62,010
Intermediate Sources				2,046
State School Fund for Education and Support Services				2,308,716
State Common School Fund				15,186
Subtotal - General Revenues				<u>2,769,760</u>
Change in Net Position				221,358
Net Position, July 1, 2024 - Restated				<u>6,057,839</u>
<b>Net Position, June 30, 2025</b>				<b><u>\$ 6,279,197</u></b>

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

**BASIC FINANCIAL**  
**STATEMENTS**

**Fund Financial Statements**

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

**POWERS SCHOOL DISTRICT No. 31**  
**BALANCE SHEET - MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2025**

---

	<b>General Fund #100</b>	<b>Special Revenue Fund #200</b>	<b>Total Governmental Funds</b>
<b><u>ASSETS:</u></b>			
Cash and Cash Equivalents	\$1,551,821	\$ -	\$ 1,551,821
Due From Other Funds	299,899	-	299,899
<b>Total Assets</b>	<b>1,851,720</b>	<b>-</b>	<b>1,851,720</b>
<b>LIABILITIES:</b>			
Due to Other Funds	-	299,900	299,900
<b>Total Liabilities</b>	<b>-</b>	<b>299,900</b>	<b>299,900</b>
Unassigned	1,851,720	(299,900)	1,551,820
<b>Total Fund Balances</b>	<b>1,851,720</b>	<b>(299,900)</b>	<b>1,551,820</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$1,851,720</b>	<b>\$ -</b>	<b>\$ 1,851,720</b>

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

**POWERS SCHOOL DISTRICT No. 31**

**RECONCILIATION OF THE BALANCE SHEET - MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION -**

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

---

**Total Fund Balances - Governmental Funds** \$ 1,551,820

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	5,881,895	
Accumulated depreciation	<u>(1,120,526)</u>	
<b>Net Value of Capital Assets</b>		4,761,369

Some liabilities are not due and payable in the current period  
and therefore are not reported in the governmental funds.

These liabilities consist of :

Notes Payable	<u>33,992</u>	
<b>Total</b>		<u>(33,992)</u>

**Net Position of Governmental Activities** **\$ 6,279,197**

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

**POWERS SCHOOL DISTRICT No. 31**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**

For the Fiscal Year Ended June 30, 2025

	<b>General Fund #100</b>	<b>Special Revenue Fund #200</b>	<b>Total Governmental Funds</b>
<b><u>REVENUES:</u></b>			
Taxes	\$ 309,662	\$ -	\$ 309,662
Earnings on Investments	71,899	241	72,140
Fees and Charges	-	75,415	75,415
Miscellaneous Revenue	30,932	46,190	77,122
Intermediate Government Aid	2,046	-	2,046
State Aid	2,329,562	339,611	2,669,173
Federal Aid	-	708,411	708,411
<b>Total Revenues</b>	<b><u>2,744,101</u></b>	<b><u>1,169,868</u></b>	<b><u>3,913,969</u></b>
<b><u>EXPENDITURES:</u></b>			
Current:			
Instruction	1,868,916	715,032	2,583,948
Support Services	919,245	223,777	1,143,022
Enterprise and Community Services	6,000	-	6,000
Debt Service	30,433	6,000	36,433
<b>Total Expenditures</b>	<b><u>2,824,594</u></b>	<b><u>944,809</u></b>	<b><u>3,769,403</u></b>
Net Change in Fund Balance	(80,493)	225,059	144,566
Beginning Fund Balance	1,932,213	(524,959)	1,407,254
<b>Ending Fund Balance</b>	<b><u>\$1,851,720</u></b>	<b><u>\$ (299,900)</u></b>	<b><u>\$ 1,551,820</u></b>

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

**POWERS SCHOOL DISTRICT No. 31**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

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

---

<b>Net Changes in Fund Balances - Total Governmental Funds</b>	\$ 144,566
 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	146,939
Less current year depreciation	<u>(104,767)</u>
	42,172
 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:	
Leases	19,510
Notes	<u>15,110</u>
	34,620
 <b>Change in Net Position of Governmental Activities</b>	 <b><u>\$ 221,358</u></b>

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

**BASIC FINANCIAL**  
**STATEMENTS**

**Notes to the Basic**  
**Financial Statements**

**POWERS SCHOOL DISTRICT NO. 31**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2025**

---

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The POWERS SCHOOL DISTRICT NO. 31 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 five-member Board of Directors that appoints 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 POWERS SCHOOL DISTRICT NO. 31 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 POWERS SCHOOL DISTRICT NO. 31 complies with Governmental Accounting Standards Board Statement 14 as amended, "The Financial Reporting Entity." The criteria for including organizations as component units within the District's reporting entity, include whether 1) the organization is legally separate (can sue and be sued in their name); 2) the District holds the corporate powers of the organization; 3) the District appoints a voting majority of the organization's board; 4) the District can impose its will on the organization; 5) the organization has the potential to impose a financial benefit/burden on the District; and 6) there is fiscal dependency by the organization on the District. Based on the aforementioned criteria, POWERS SCHOOL DISTRICT NO. 31 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 interfund 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 statement of activities demonstrates the degree to which direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a program or function and, therefore, are 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.

**POWERS SCHOOL DISTRICT NO. 31**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2025**

---

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 on the following major governmental funds:

General Fund #100 - 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 Fund expenditures are categorized by "Instruction," which is the direct teaching of students or the interaction between teacher and students. "Support Services" covers all the support activities for students, teachers, and facilities. Major activities in support services are transportation, maintenance of facilities (i.e., heating, phones, electricity), administration, counseling for students, and technology support.

Special Revenue Fund #200 - The Special Revenue Fund accounts for the majority of state and federal grant money received and disbursed by the District. The principal receipt sources are state and federal grants. The primary disbursements are costs associated with the school nutrition program. The principal source of receipts is National School Lunch reimbursement and sale of lunches. Also accounted for in the fund are the fundraising and student fees earmarked for cocurricular activities and projects.

**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.

The financial statements are reported on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America but are accepted for governmental financial reporting under Oregon law (ORS 294.333) which leaves the selection of the method of accounting to the discretion of the district. This basis of accounting involves modifications to the cash basis of accounting to report in the Statement of Net Position and Balance Sheet cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. For the Statement of Net Position, such reported balances include capital assets, payroll liabilities, and long-term liabilities arising from cash transactions. For the Balance Sheet, such reported balances include payroll liabilities arising from cash transactions.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected and other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods or services received but not yet paid, and other accrued expenses and liabilities) other economic assets, deferred outflows, liabilities, and deferred inflows of resources that do not arise from a cash transaction or event that would be reported in GAAP basis financial statements are not reported in this modified cash basis presentation, and the measurement of reported assets and liabilities does not involve adjustment to fair value.

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

**POWERS SCHOOL DISTRICT NO. 31**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2025**

---

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):**

**Budgeting**

Generally, Oregon local budget law requires annual budgets to be adopted for all funds except agency funds. The modified cash basis of accounting is used for all budgets. All annual appropriations lapse at fiscal year-end.

The district begins its budgeting process by appointing budget committee members in the fall of each year. Budget recommendations are developed by management through early spring, within the budget committee meeting, and approved by the budget document in late spring. Public notices of the budget hearing are generally published in May or June, and the hearing is held in June. The board adopts the budget, makes appropriations, and declares the tax levy no later than June 30th. Expenditure on the above appropriations may not be legally made except in the case of grant revenues and bond sale proceeds, which could not be reasonably estimated at the time the budget was adopted.

The resolution authorizing appropriations for each fund sets the level at which expenditures cannot legally exceed appropriations. The district established the levels of budgetary control at the instruction, support services, community services, facilities acquisition, and debt service levels for all funds.

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

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

**Cash and Investments**

For the purposes of the statement of cash flows, 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.

Investments are stated at amortized cost, except for the investment in mutual funds, which is stated at fair value.

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

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

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

**POWERS SCHOOL DISTRICT NO. 31**  
**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 (expenses/expenditure) until then. Currently, the District has two items that qualify for reporting in this category, deferred pension contributions and other post-employment benefits (OPEB)-related amounts. The District is reporting on a Modified Cash Basis and therefore, deferred outflows are not reported.

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 a 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. The District is reporting on a Modified Cash Basis and therefore, deferred outflows are not reported.

Long-Term Debt

Under the modified basis of accounting, the District has elected to recognize bonds, notes, capital leases, and other long-term payables in the government-wide financial statements as liabilities of the District. In the governmental fund financial statements, proceeds of long-term debt and acquisitions under capital leases, if any, are reported as other financing sources. Principal and interest payments on long-term debt are recorded as debt service in the expenditure and expense sections of the statements. In the statement of activities, the district only reports interest expenses, while payments toward principal are accounted for as a reduction in the related liability and therefore reflected on the statement of net position.

Capital Assets

Under the modified basis of accounting, the District has elected to report capital assets on the statement of net position.

Equity Classifications

*Government-wide Statements*

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

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

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

**POWERS SCHOOL DISTRICT NO. 31**  
**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 a 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, by selected staff members delegated by the District Council, 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

Ad valorem property taxes are levied and become an enforceable lien on property as of July 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.

Under the Modified Cash Basis of Accounting, uncollected property taxes are not recorded on the statement of net position. Uncollected taxes are deemed to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established.

**POWERS SCHOOL DISTRICT NO. 31**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2025**

---

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):**

**Inter-Fund Transactions**

Quasi-external transactions are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers in the fund financial statements. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other inter-fund transfers are reported as operating transfers. For the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

**Use of Estimates**

The preparation of financial statements, using the modified cash basis of accounting, only requires management to make estimates and assumptions that affect the reported note disclosure amounts of capital assets, when reported, as well as disclosures of contingent assets and liabilities, if any, at the date of the financial. Actual results could differ from those estimates.

**Pensions**

Using modified cash basis of accounting, no amounts are reported in the financial statements for net pension liability, net OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions or OPEB, and pension and OPEB expense. Information is included in the Notes to the Financial Statements regarding pension and OPEB. For purposes of measuring the net pension and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the Oregon Public Employees Retirement Fund (OPERF), the Oregon Public Service Retirement Plan (OPSRP), Oregon Public Service Retirement Plan Retirement Health Plan (RHIA). and additions to/deductions from OPERF's, OPSRP's, and RHIA fiduciary net position have been determined on the same basis as they are reported by PERS. For purposes of measuring the OPEB liabilities, deferred outflows of resources and deferred inflows of resources, and OPEB expense related to implicit rate subsidies, information was obtained from actuarial reports provided by the District's health insurance provider, OEBS.

**CASH AND INVESTMENTS:**

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

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

Investments, including amounts held in pool cash and investments, are stated at fair value. In accordance with the Governmental Accounting Standards Board (GASB) Statement No. 31, Accounting and Financial Reporting for Certain Investments and 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.

**POWERS SCHOOL DISTRICT NO. 31**  
**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 \$27,243, the bank balance was \$311,519. 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, bankers’ 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 counterpart 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:

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Oregon State Treasurer's Local Government Investment Pool (LGIP)	\$ 1,524,577	N/A
Total Investments	<u>\$ 1,524,577</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.

**POWERS SCHOOL DISTRICT NO. 31**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2025**

**LONG-TERM DEBT:**

The following is a summary of debt service transactions for the year ended June 30, 2025:

On June 15, 2012, an agreement was reached between the District and the Oregon Department of Energy to secure a loan to finance the purchase, construction, and equipping of small-scale energy projects in the local area. The loan amount was \$202,000 and carried an interest rate of 2.5 percent per annum until it was fully paid off. The loan is set to be repaid in 180 monthly installments of equal value, with each installment being \$1,347.

During the 2017-2018 fiscal year, the District engaged in capital lease agreements to procure buses. The initial lease amount was \$215,551, and the total cost of the leased items amounted to \$215,869. As of June 30, 2022, the leased items had accumulated depreciation of \$61,650, resulting in a net book value of \$154,219. The lease payments of \$20,269 are payable annually, with an interest rate of 3.85 percent applied to both leases. Moreover, a down payment of \$90,000 was made at the inception of the lease agreement.

The following is a schedule of transactions during the year:

	Outstanding Balance July 1, 2024	Principal Paid	Interest Paid	Outstanding Balance June 30, 2025	Due Within One Year
<b>Leases Payable:</b>					
Bus Leases	\$ 19,510	\$ 19,510	\$ 759	\$ -	\$ -
<b>Total Leases Payable</b>	<b>\$ 19,510</b>	<b>\$ 19,510</b>	<b>\$ 759</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Notes Payable:</b>					
Oregon Department of Energy Cool Schools Loan	\$ 49,102	\$ 15,110	\$ 1,054	\$ 33,992	\$ 15,489
<b>Total Notes Payable</b>	<b>\$ 49,102</b>	<b>\$ 15,110</b>	<b>\$ 1,054</b>	<b>\$ 33,992</b>	<b>\$ 15,489</b>
<b>Total Long-Term Debt</b>	<b>\$ 68,612</b>	<b>\$ 34,620</b>	<b>\$ 1,813</b>	<b>\$ 33,992</b>	<b>\$ 15,489</b>

**POWERS SCHOOL DISTRICT NO. 31**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2025**

---

**LONG-TERM DEBT (Cont.):**

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

<b>Notes Payable:</b>	Due Fiscal Year			
	Ending June	Principal	Interest	Total
	<u>30,</u>			
	2026	\$ 15,489	\$ 675	\$ 16,164
	2027	15,881	283	16,164
	2028	<u>2,622</u>	<u>8</u>	<u>2,630</u>
	Total	<u>\$ 33,992</u>	<u>\$ 966</u>	<u>\$ 34,958</u>

The District has no unused lines of credit.

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

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

**POWERS SCHOOL DISTRICT NO. 31**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2025**

---

**PENSION PLAN:**

POWERS SCHOOL DISTRICT NO. 31 offers various retirement plans to qualified employees as described below.

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

**Name of Pension Plan**

POWERS SCHOOL DISTRICT NO. 31 participates with other state agencies in the Oregon Public Employees Retirement System (OPERS) which is a cost-sharing multiple-employer defined benefit pension plan.

**Organization**

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

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

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

**Plan Membership**

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

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

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

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

**POWERS SCHOOL DISTRICT NO. 31**  
**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.

**POWERS SCHOOL DISTRICT NO. 31**  
**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.

**POWERS SCHOOL DISTRICT NO. 31**  
**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.

**POWERS SCHOOL DISTRICT NO. 31**  
**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.

**POWERS SCHOOL DISTRICT NO. 31**  
**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.

**POWERS SCHOOL DISTRICT NO. 31**  
**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 \$513,741 for Defined Benefits and IAP employee contributions, excluding amounts to fund employer specific liabilities.

The contribution rates in effect for the period July 1, 2023 to June 30, 2025 were: Tier1/Tier2 – 27.87 % and OPSRP General Service – 25.03%.

*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 \$99,372 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.

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.

**POWERS SCHOOL DISTRICT NO. 31**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2025**

**PENSION PLAN (Cont.):**

Actuarial Methods and Assumptions Used in Developing Total Pension Liability

<b>Actuarial Methods and Assumptions Used in Developing Total Pension Liability:</b>	
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	<p><b>Healthy retirees and beneficiaries:</b>            Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><b>Active members:</b>            Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><b>Disabled retirees:</b>            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.</p>

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.

**POWERS SCHOOL DISTRICT NO. 31**  
**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 Allocation<sup>2</sup></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 <sup>1</sup>	0.0% - 5.0%	0.0%	Opportunity Portfolio	2.7%
Total		<u>100%</u>	Total	<u>100%</u>

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

**POWERS SCHOOL DISTRICT NO. 31**  
**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.

<b><u>Long Term Expected Rate of Return<sup>1</sup></u></b>	Target	Annual	20-Year	Annual
<u>Asset Class</u>	Allocation	Arithmetic	Annualized	Standard
		Return <sup>2</sup>	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%
<b>Assumed Inflation - Mean</b>			<b>2.35%</b>	<b>1.41%</b>

<sup>1</sup>Based 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.

<sup>2</sup>The 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	\$ 3,843,163	\$ 2,436,299	\$ 1,257,982

**POWERS SCHOOL DISTRICT NO. 31**  
**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](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.

**POWERS SCHOOL DISTRICT NO. 31**  
**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
<b>Healthy Annuitant Mortality</b>	<b>Pub-2010 Healthy Retiree, Sex Distinct, Generational Projection with Unisex Social Security Data Scale</b>	<b>Pub-2016 Healthy Retiree, Sex Distinct, Generational Projection with Unisex Social Security Data Scale</b>
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
<b>Disabled Retiree Mortality</b>	<b>Pub-2010 Disabled Retiree, Sex Distinct, Generational Projection with Unisex Social Security Data Scale</b>	<b>Pub-2016 Disabled Retiree, Sex Distinct, Generational Projection with Unisex Social Security Data Scale</b>
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
<b>Non-Annuitant Mortality</b>	<b>Pub-2010 Employee, Sex Distinct, Generational Projection with Unisex Social Security Data Scale</b>	<b>Pub-2016 Employee, Sex Distinct, Generational Projection with Unisex Social Security Data Scale</b>
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

**POWERS SCHOOL DISTRICT NO. 31**  
**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 \$2,436,299 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 0.01096087%

For the year ended June 30, 2025, the employer recognized pension expense of \$413,894.

**POWERS SCHOOL DISTRICT NO. 31**  
**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	\$ 144,328	\$ 5,815
Changes of assumptions	244,946	314
Net difference between projected and actual earnings on investments	154,773	-
Changes in proportionate share	75,337	145,697
Differences between employer contributions and employer's proportionate share of system contributions	121,567	72,745
(prior to post-measurement date contributions)	\$ 740,951	\$ 224,571
Post-measurement date contributions	513,741	N/A
Total Deferred Outflow/(Inflow) of Resources	\$ 1,254,692	\$ 224,571
Net Deferred Outflow/(Inflow) of Resources prior to post-measurement date contributions		\$ 516,380

Contributions of \$513,741 for PERS defined benefits, and IAP contributions for employees, were made subsequent to the measurement date, but prior to the end of the District's reporting period. These contributions, which are reported as deferred outflows of resources related to pensions, will be included as a reduction of the net pension liability in next fiscal year.

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

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
1st Fiscal Year	\$ (4,121)
2nd Fiscal Year	273,932
3rd Fiscal Year	150,922
4th Fiscal Year	79,757
5th Fiscal Year	15,890
Total	\$ 516,380

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.

As a result of the use of the modified cash basis of accounting in this report the amount of net OPEB liability (asset) for RHIA will not be reported on the Statement of Net Position.

**POWERS SCHOOL DISTRICT NO. 31**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2025**

---

**OTHER POST-EMPLOYMENT BENEFITS (OPEB) RHIA:**

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

**Plan Description**

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

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

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

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

**Funding Policy**

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

**Contributions**

The District's contributions to OPERS' RHIA for the years ended June 30, 2025, 2024, and 2023 were \$0, \$86, and \$205, 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>

**POWERS SCHOOL DISTRICT NO. 31**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2025**

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

Actuarial Methods and Assumptions - OPEB Plans - RHIA	
	<b>RHIA</b>
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	<p><b>Healthy retirees and beneficiaries:</b>            Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><b>Active members:</b>            Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><b>Disabled retirees:</b>            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.</p>

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

**Discount Rate**

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

**POWERS SCHOOL DISTRICT NO. 31**  
**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	Discount Rate	1% Increase
	5.90%	6.90%	7.90%
Employer's proportionate share of the net OPEB liability	\$ (36,760)	\$ (39,710)	\$ (42,251)

**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 \$(39,710) 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 0.00983149 percent. OPEB RHIA expense/(income) recorded for the year ended June 30, 2025 was \$ (3,327).

**POWERS SCHOOL DISTRICT NO. 31**  
**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	\$ -	\$ 777
Changes of assumptions	-	502
Net difference between projected and actual earnings on investments	1,121	-
Changes in proportionate share (prior to post-measurement date contributions)	1,180	-
Post-measurement date contributions	\$ 2,301	\$ 1,279
Total Deferred Outflow/(Inflow) of Resources	\$ 2,301	\$ 1,279
Net Deferred Outflow/(Inflow) of Resources prior to post-measurement date contributions		\$ 1,022

Contributions of \$0 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	\$ (1,168)
2nd Fiscal Year	1,454
3rd Fiscal Year	607
4th Fiscal Year	129
Total	\$ 1,022

**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.

As a result of the use of the modified cash basis of accounting in this report the amount of net OPEB liability (asset) for RHIA will not be reported on the Statement of Net Position.

**POWERS SCHOOL DISTRICT NO. 31**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2025**

---

**OTHER POST-EMPLOYMENT BENEFITS (OPEB) OEGB:**

*OEGB Health Insurance Subsidy*

Plan Description

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

Funding Policy

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

At June 30, 2025, the District reported an estimated net OPEB OEGB liability/(asset) of \$51,185 for its proportionate share of the net OPEB liability/(asset). The OPEB OEGB liability/(asset) was measured as of June 30, 2024, and the total OPEB OEGB liability/(asset) used to calculate the net OPEB OEGB liability/(asset) was determined by an actuarial valuation as of July 1, 2023. Consistent with GASB Statement No. 75, paragraph 59(a), The District’s proportion of the net OPEB OEGB liability/(asset) is determined by comparing the employer’s actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers. Based on the measurement date of June 30, 2024, the District’s estimated OPEB OEGB expense/(income) for the year ended June 30, 2025 was \$9,750.

Actuarial Methods and Assumptions

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

**POWERS SCHOOL DISTRICT NO. 31**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2025**

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

<b>Discount Rate</b>	3.54%	3.93%	3.93%
<b>Other Key Actuarial Assumptions and Methods</b>			
Valuation date	July 1, 2023	July 1, 2023	July 1, 2023
Measurement date	June 30, 2022	June 30, 2023	June 30, 2024
Inflation	2.40%	2.40%	2.40%
Salary increases	3.40%	3.40%	3.40%
Withdrawal, retirement, and mortality rates	December 31, 2022 Oregon PERS valuation	December 31, 2022 Oregon PERS valuation	December 31, 2022 Oregon PERS valuation
Election and Lapse Rates	35% of eligible employees 50% of male members and 35% of female members will elect spouse coverage 5% annual lapse rate	35% of eligible employees 50% of male members and 35% of female members will elect spouse coverage 5% annual lapse rate	35% of eligible employees 50% of male members and 35% of female members will elect spouse coverage 5% annual lapse rate
Actuarial cost method	Entry Age Normal	Entry Age Normal	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 active 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).

**POWERS SCHOOL DISTRICT NO. 31**  
**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 one 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
	2.93%	3.93%	4.93%
Total OPEB liability from Implicit Rate Subsidy	\$ 53,716	\$ 51,185	\$ 48,696
Trend Rate	1% Decrease	Trend Rate	1% Increase
Total OPEB liability from Implicit Rate Subsidy	\$ 46,215	\$ 51,185	\$ 56,837

Participation

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

As of Valuation Date	<b>July 1, 2023</b>
Active Employees	18
Eligible Retirees	0
Spouses of Ineligible Retirees	0
Total Participants	18
Spouses of Eligible Retirees	0

Changes in Net (OPEB) OEGB Liability

	Increase (Decrease)		
<b>Changes in Total OPEB Liability June 30, 2024 to June 30, 2025</b>	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
<b>Balance per actuarial as of June 30, 2024</b>	<b>\$ 43,509</b>	<b>\$ -</b>	<b>\$ 43,509</b>
<b>Changes for the year:</b>			
Service Cost	8,030	-	8,030
Interest	1,854	-	1,854
Effect of economic/ demographic gains or losses	-	-	-
Changes in assumptions or other inputs	(678)	-	(678)
Employer Contributions	-	-	-
Benefit payments	(1,530)	-	(1,530)
<b>Net OPEB Liability per actuarial at June 30, 2025</b>	<b>\$ 51,185</b>	<b>\$ -</b>	<b>\$ 51,185</b>

**POWERS SCHOOL DISTRICT NO. 31**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2025**

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

Components of (OPEB) OEGB Expense

<b>OPEB Expense</b>	<u>July 1, 2024 to June 30, 2025</u>
Service cost	\$ 8,030
Interest on total OPEB liability	1,854
Recognition of Deferred (Inflows)/Outflows of Resources	
Recognition of assumption changes	<u>(134)</u>
 OPEB Expense	 <u>\$ 9,750</u>

Schedule of Deferred Inflows and Outflows of Resources

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions or inputs	<u>(744)</u>	<u>-</u>
Total Deferred Outflows/Inflows (prior to post-measurement date contributions)	<u>\$ (744)</u>	<u>\$ -</u>
Net Deferred Outflow/(Inflow) of Resources prior to post-measurement date contributions		<u>\$ (744)</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:

<u>Employer subsequent fiscal years</u>	<u>Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)</u>
1st Fiscal Year	\$ (134)
2nd Fiscal Year	(134)
3rd Fiscal Year	(134)
4th Fiscal Year	(134)
5th Fiscal Year	(130)
Thereafter	<u>(78)</u>
Total	<u>\$ (744)</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.

As a result of the use of the cash basis of accounting in this report the amount of net OPEB liability (asset) for OEGB will not be reported on the Statement of Net Position.

**POWERS SCHOOL DISTRICT NO. 31**  
**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 it is any, of expenditures that 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. The potential effects of an illegal act or material revenue derived from transactions involving illegal acts or significant unusual risks may constitute a liability of the applicable fund. The District expects such a liability amount, if any, to be immaterial.

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

**RISK:**

To reduce the risk of loss from liability, fire, theft, accident, medical costs, and errors 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 but unpaid claims based on historical experience and ongoing 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 prior years, and settlements have not exceeded insurance coverage in the past three years.

**DEFICIT FUND BALANCE:**

The ending fund balance in the Special Revenue Fund 200 is (\$299,900).

**PRIOR PERIOD ADJUSTMENTS:**

To correct previous duplication entries, the District has elected to make changes to the prior period balance for the General Fund (100) for \$35,505, and Special Revenue Fund (223) for \$64,899, that affect beginning fund balance and beginning net position for the current year.

**SUBSEQUENT EVENTS:**

An over-request and collection of grant revenues in Fund 217 will be re-paid and corrected in fiscal year 2025-2026 in the amount of \$32,035.

**OVER-EXPENDITURE of APPROPRIATIONS:**

<u>Fund   Category</u>	<u>Appropriation</u>	<u>Expenditure</u>	<u>Over - Expenditure Variance</u>
Special Revenue Fund/Debt Service	-	6,000	6,000

**SUPPLEMENTARY**  
**INFORMATION**

**POWERS SCHOOL DISTRICT No. 31**  
**Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balance - Modified Cash Basis - Budget and Actual**  
**General Fund #100**  
**For the Fiscal Year Ended June 30, 2025**

	<u>Budgeted Amounts</u>		Variance with Original Budget-- over (under) Final Budget	Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>			
<b><u>REVENUES:</u></b>					
Taxes	\$ 283,000	\$ 283,000	\$ -	\$ 309,662	\$ 26,662
Earnings on Investments	15,000	15,000	-	71,899	56,899
Miscellaneous Revenue	15,000	15,000	-	30,932	15,932
Intermediate Government Aid	1,500	1,500	-	2,046	546
State Aid	2,062,500	2,062,500	-	2,329,562	267,062
Federal Aid	500	500	-	-	(500)
<b>Total Revenues</b>	<b><u>2,377,500</u></b>	<b><u>2,377,500</u></b>	<b><u>-</u></b>	<b><u>2,744,101</u></b>	<b><u>366,601</u></b>
<b><u>EXPENDITURES:</u></b>					
Instruction	1,920,093	1,920,093	-	1,868,916	(51,177)
Support Services	1,257,406	1,257,406	-	919,245	(338,161)
Enterprise and Community Services	6,000	6,000	-	6,000	-
Debt Service	60,000	60,000	-	30,433	(29,567)
Contingency	184,000	184,000	-	-	(184,000)
<b>Total Expenditures</b>	<b><u>3,427,500</u></b>	<b><u>3,427,500</u></b>	<b><u>-</u></b>	<b><u>2,824,594</u></b>	<b><u>(602,906)</u></b>
Net Change in Fund Balance	(1,050,000)	(1,050,000)	-	(80,493)	969,507
Beginning Fund Balance	1,300,000	1,300,000	-	1,932,213	632,213
<b>Ending Fund Balance</b>	<b><u>\$ 250,000</u></b>	<b><u>\$ 250,000</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,851,720</u></b>	<b><u>\$ 1,601,720</u></b>

**POWERS SCHOOL DISTRICT No. 31**  
**Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balance - Modified Cash Basis - Budget and Actual**  
**Special Revenue Fund #200**  
**For the Fiscal Year Ended June 30, 2025**

	<u>Budgeted Amounts</u>		Variance with Original Budget-- over (under) Final Budget	Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>			
<b><u>REVENUES:</u></b>					
Earnings on Investments	\$ 250	\$ 250	-	\$ 241	\$ (9)
Fees and Charges	75,000	75,000	-	75,415	415
Miscellaneous Revenue	25,000	25,000	-	46,190	21,190
State Aid	75,000	75,000	-	339,611	264,611
Federal Aid	774,305	774,305	-	708,411	(65,894)
<b>Total Revenues</b>	<b>949,555</b>	<b>949,555</b>	<b>-</b>	<b>1,169,868</b>	<b>220,313</b>
<b><u>EXPENDITURES:</u></b>					
Instruction	715,187	715,187	-	715,032	(155)
Support Services	331,368	331,368	-	223,777	(107,591)
Debt Service	-	-	-	6,000	6,000
<b>Total Expenditures</b>	<b>1,046,555</b>	<b>1,046,555</b>	<b>-</b>	<b>944,809</b>	<b>(101,746)</b>
Net Change in Fund Balance	(97,000)	(97,000)	-	225,059	322,059
Beginning Fund Balance	97,000	97,000	-	(524,959)	(621,959)
<b>Ending Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (299,900)</b>	<b>\$ (299,900)</b>

**POWERS SCHOOL DISTRICT No. 31**

**SCHEDULE OF PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY**

**PERS**

**Last 10 Fiscal Years\***

---

Fiscal Year Ended June 30, <sup>1</sup>	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	0.01096087%	\$ 2,436,299	\$ 1,459,453	166.93%	79.3%
2024	June 30, 2023	0.01163815%	2,179,905	1,031,553	211.32%	81.7%
2023	June 30, 2022	0.01111786%	1,702,367	1,136,872	149.74%	84.5%
2022	June 30, 2021	0.01080505%	1,292,984	938,088	137.83%	87.6%
2021	June 30, 2020	0.01211554%	2,644,028	898,086	294.41%	75.8%
2020	June 30, 2019	0.01183184%	2,046,625	847,917	241.37%	80.2%
2019	June 30, 2018	0.01149934%	1,741,999	815,348	213.65%	82.1%
2018	June 30, 2017	0.00977201%	1,317,271	720,919	182.72%	83.1%
2017	June 30, 2016	0.01274848%	1,913,843	760,292	251.72%	80.5%
2016	June 30, 2015	0.01558265%	894,672	758,121	118.01%	91.9%

<sup>1</sup>Measurement date is one year in arrears.

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

**POWERS SCHOOL DISTRICT No. 31**  
**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	\$ 513,741	\$ 513,741	\$ -	\$ 1,532,744	33.52%
2024	495,125	495,125	-	1,459,453	33.93%
2023	331,332	331,332	-	1,031,553	32.12%
2022	367,022	367,022	-	1,136,872	32.28%
2021	360,466	360,466	-	938,088	38.43%
2020	343,094	343,094	-	898,086	38.20%
2019	280,869	280,869	-	847,917	33.12%
2018	246,566	246,566	-	815,348	30.24%
2017	211,094	211,094	-	720,919	29.28%
2016	192,879	192,879	-	760,292	25.37%

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

**POWERS SCHOOL DISTRICT No. 31**

**SCHEDULE OF PROPORTIONATE SHARE OF THE  
NET OPEB LIABILITY  
OPEB RHIA  
Last 10 Fiscal Years\***

Fiscal Year Ended June 30, <sup>1</sup>	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	0.00983149%	\$ (39,710)	\$ 1,459,453	-2.72%	220.6%
2024	June 30, 2023	0.01040233%	(38,090)	1,031,553	-3.69%	201.6%
2023	June 30, 2022	0.01070195%	(38,028)	1,136,872	-3.34%	194.6%
2022	June 30, 2021	0.01076043%	(36,951)	938,088	-3.94%	183.9%
2021	June 30, 2020	0.01347174%	(27,450)	898,086	-3.06%	150.1%
2020	June 30, 2019	0.00876965%	(16,946)	847,917	-2.00%	144.4%
2019	June 30, 2018	0.00813525%	(9,081)	815,348	-1.11%	124.0%
2018	June 30, 2017	0.00814599%	(3,400)	720,919	-0.47%	108.9%
2017	June 30, 2016	0.00774418%	2,103	760,292	0.28%	94.2%

<sup>1</sup>Measurement 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

**POWERS SCHOOL DISTRICT No. 31**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

**OPEB RHIA**

**Last 10 Fiscal Years\***

---

<u>Year Ended June 30,</u>	<u>(a) Contractually required contribution</u>	<u>(b) Contributions in relation to the contractually required contribution</u>	<u>(a-b) Contribution deficiency (excess)</u>	<u>(c) Employer's covered payroll</u>	<u>(b/c) Contributions as a percent of covered payroll</u>
2025	\$ -	\$ -	\$ -	\$ 1,532,744	0.00%
2024	86	86	-	1,459,453	0.01%
2023	205	205	-	1,031,553	0.02%
2022	264	264	-	1,136,872	0.02%
2021	288	288	-	938,088	0.03%
2020	962	962	-	898,086	0.11%
2019	4,346	4,346	-	847,917	0.51%
2018	3,939	3,939	-	815,348	0.48%
2017	4,057	4,057	-	720,919	0.56%
2016	3,702	3,702	-	760,292	0.49%

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

**OTHER INFORMATION**

**Additional Supporting Schedules**

**POWERS SCHOOL DISTRICT No. 31**  
**SCHEDULE OF LONG-TERM DEBT TRANSACTIONS**  
**For the Fiscal Year Ended June 30, 2025**

---

**Oregon Department of Energy Cool Schools Loan**

On June 15, 2012, an agreement was reached between the District and the Oregon Department of Energy to secure a loan to finance the purchase, construction, and equipping of small-scale energy projects in the local area. The loan amount was \$202,000 and carried an interest rate of 2.5 percent per annum until it was fully paid off. The loan is set to be repaid in 180 monthly installments of equal value, with each installment being \$1,347.

**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	\$ 49,102	\$ -	\$ 15,110	\$ 33,992	\$ 15,489
Interest	-	1,054	1,054	-	675
<b>Total</b>	<b>\$ 49,102</b>	<b>\$ 1,054</b>	<b>\$ 16,164</b>	<b>\$ 33,992</b>	<b>\$ 16,164</b>

**Future Requirements:**

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2026	\$ 15,489	\$ 675	\$ 16,164	2.50%
	2027	15,881	283	16,164	2.50%
	2028	2,622	8	2,630	2.50%
<b>Total</b>		<b>\$ 33,992</b>	<b>\$ 966</b>	<b>\$ 34,958</b>	

**POWERS SCHOOL DISTRICT No. 31**  
**SCHEDULE OF LONG-TERM DEBT TRANSACTIONS**  
**For the Fiscal Year Ended June 30, 2025**

---

**Bus Leases**

During the 2017-2018 fiscal year, the District engaged in capital lease agreements to procure buses. The initial lease amount was \$215,551, and the total cost of the leased items amounted to \$215,869. As of June 30, 2022, the leased items had accumulated depreciation of \$61,650, resulting in a net book value of \$154,219. The lease payments of \$20,269 are payable annually, with an interest rate of 3.85 percent applied to both leases. Moreover, a down payment of \$90,000 was made at the inception of the lease agreement.

**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	\$ 19,510	\$ -	\$ 19,510	\$ -	\$ -
Interest	-	759	759	-	-
Total	<u>\$ 19,510</u>	<u>\$ 759</u>	<u>\$ 20,269</u>	<u>\$ -</u>	<u>\$ -</u>

**Future Requirements:**

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
Total		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

**POWERS SCHOOL DISTRICT No. 31**

**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	\$ 51,598
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  
1140  
1300  
1400

Extra-curricular Activities  
Pre-Kindergarten  
Continuing Education  
Summer School

Exclude these functions:

4150 Construction  
2550 Pupil Transportation  
3100 Food Service  
3300 Community Services

\$	-
----	---

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

**POWERS SCHOOL DISTRICT No. 31**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

YEAR ENDED June 30, 2025

Assistance Listing (AL) #		Federal Awarding Agency Prefix		AL Three-Digit Extension		Additional Award Identification		Federal Program Name		Cluster Name		Grant Period		Original Program or Grant Amount		(Receivable)/Deferred Revenue June 30, 2024		(Receivable)/Deferred Revenue June 30, 2025			
Federal Agency Prefix	AL Three-Digit Extension	Additional Award Identification	Federal Program Name	Cluster Name	Grant Fund	Federal Assistance Listing Number	Grant Period	Original Program or Grant Amount	(Receivable)/Deferred Revenue June 30, 2024	Cash Received	Expenditures	(Receivable)/Deferred Revenue June 30, 2025									
<b>U.S. DEPARTMENT OF EDUCATION</b>																					
<b>Passed Through Oregon Department of Education:</b>																					
Title IA - Grants to Local Education Agencies																					
84	010			210	84-010	2023-24	\$ 83,561	\$ (23,884)	\$ 35,027	\$ 11,143	\$ -										
84	010			210	84-010	2024-25	140,070	-	80,635	140,913	(60,278)										
84	010			217	84-010	2021-22	40,946	32,035	-	-	32,035										
Total Title I																					
84	367			240	84-367	2024-25	18,654	-	-	18,556	(7,905)										
84	367			240	84-367	2023-24	7,905	-	-	7,905	-										
84	367			240	84-367	2022-23	8,282	-	8,282	8,282	-										
Total Title II-A																					
84	424			211/241	84-424	2024-25	10,981	(10,168)	-	20,981	(31,149)										
84	424			211/241	84-424	2023-24	10,000	(10,000)	10,000	-	-										
84	424			211/241	84-424	2022-23	10,763	-	6,915	6,915	-										
Total Title II - Student Support and Academic Enrichment																					
Elementary and Secondary School Emergency Relief, III																					
84	425	COVID-19, 84-425D	Elementary and Secondary School Emergency Relief Fund	219	84-425	2020-24	540,295	(507,195)	516,301	9,105	-										
84	425	COVID-19, 84-425C	Elementary and Secondary School Emergency Relief Fund	204	84-425	2022-23	7,536	(7,513)	7,536	24	-										
Total Educational Stabilization Fund																					
84	027			224	84-027	2023-24	32,080	-	19,689	25,450	(5,762)										
84	027			224	84-027	2022-23	36,767	219	196	415	-										
84	173			224	84-173	2022-23	1,971	-	1,596	1,596	-										
Total IDEA																					
Total Passed through Oregon Department of Education																					
																	\$ 949,811	\$ (526,507)	\$ 686,177	\$ 251,285	\$ (91,615)
<b>U.S. Department of Education - Direct</b>																					
84	060			205	84-048	2024-25	11,250	(2,762)	11,250	8,488	\$ -										
84	3584			214	84-196	2024-25	10,984	(2,325)	10,984	8,659	\$ -										
Total Received / Expended from U.S. Department of Education - Direct																					
																	\$ 22,234	\$ (5,088)	\$ 22,234	\$ 17,146	\$ -
Total U.S. Department of Education																					
																	\$ 972,045	\$ (531,595)	\$ 708,411	\$ 268,431	\$ (91,615)
<b>TOTALS</b>																					
																	\$ 972,045	\$ (531,595)	\$ 708,411	\$ 268,431	\$ (91,615)

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

**RECONCILIATION TO REVENUE:**  
Cash Receipts per Schedule Above \$ 708,411

Federal Revenue Recognized per Financial Statements (Modified Cash Basis) \$ 708,411

**REPORTS ON OTHER LEGAL**  
**AND**  
**REGULATORY REQUIREMENT**

# **POWERS SCHOOL DISTRICT NO. 31**

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

**As of June 30, 2025**

---

To the Governing Body of the POWERS SCHOOL DISTRICT NO. 31  
Powers, Oregon

We have audited the basic financial statements of the POWERS SCHOOL DISTRICT NO. 31 as of and for the year ended June 30, 2025, and have issued our report thereon dated March 31, 2026. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

### **Compliance**

As part of obtaining reasonable assurance about whether the POWERS SCHOOL DISTRICT NO. 31's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

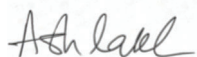
In connection with our testing nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000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

- **Expenditure exceeded budget appropriations in one fund. See the Notes to the Financial Statement.**

### **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. A separate letter to the Board of Directors of the School District addresses our determination of the significant deficiencies and material weaknesses in the School District's internal control existed during the fiscal year.

This report is intended solely for the information and use of the Board of Directors and management of POWERS SCHOOL DISTRICT NO. 31 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, LLC  
Roseburg, Oregon  
March 31, 2026