

FOSSIL SCHOOL DISTRICT 21J
WHEELER COUNTY, OREGON

**INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS**

For the Year Ended June 30, 2025



FOSSIL SCHOOL DISTRICT 21J
Wheeler County, Oregon
BOARD OF DIRECTORS AND OFFICIALS
June 30, 2025

<u>NAME</u>	<u>BOARD OF DIRECTORS</u>	<u>POSITION</u>
Herb Winters	PO Box 442 Fossil, OR 97830	Vice-Chair Position 1
Tyler Wright	38884 N Twickenham Rd Mitchell, OR 97750	Position 2
Erin McGreer	PO Box 18 Antelope, OR 97001	Board Chair Position 3
Ben Logan	16047 Winlock Ln Fossil, OR 97830	Position 4
Joseph McNeill	PO Box 405 Fossil, OR 97830	Position 5

ADMINISTRATIVE STAFF

Jon McMurray		Superintendent
Corrina Jaeger		Business Manager

PO Box 206
Fossil, OR 97830
(541) 763-4384

FOSSIL SCHOOL DISTRICT 21J
Wheeler County, Oregon
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*Mitch T. Saul, CPA
Amy K. Walker, CPA
Harmony S. Piazza, CPA
Anna K. Bass*

Robert M. Armstrong, CPA

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Fossil School District 21J
Fossil, Wheeler County, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fossil School District 21J (the district), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the district's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the district's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and GAS, we:

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

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

Report on Summarized Comparative Information

We have previously audited the district's 2024 financial statements of the governmental activities, each major fund, and the aggregate remaining fund information and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 20, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted

of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The schedules of PERS proportionate share of net pension liability and PERS contributions, schedules of proportionate share of RHIA Net OPEB liability and RHIA Contributions, schedules of changes in total OPEB liability and related ratios OEGB health insurance and OEGB contributions, and the budget to actual schedule for the General Fund, as listed in the table of contents, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of American. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the district's basic financial statements. The accompanying budgetary comparison schedules and supplementary schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Reports on Other Legal and Regulatory Requirements

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated October 23, 2025, on our consideration of the district's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the district's internal control over financial reporting and compliance.

Other Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated October 23, 2025, on our consideration of the district'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 compliance.

A handwritten signature in black ink, appearing to read "Matt Haul". The signature is written in a cursive style with a large, stylized initial "M".

For Solutions, CPAs PC
John Day, Oregon
October 23, 2025

FOSSIL SCHOOL DISTRICT 21J
Wheeler County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2025

Fossil School District 21J (the district) management offers the district's financial statements through this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with the financial statements provided in the audit document.

FINANCIAL HIGHLIGHTS

- In the government-wide statements, the district's net position at June 30, 2025 was \$16,561,012. Of this amount, \$4,907,438 represents the district's net investment in capital assets, \$50,911 is restricted for student body and \$11,465 is restricted for special programs, and the balance, \$11,591,198 is unrestricted and available to meet the district's ongoing obligations to citizens and vendors.
- The district's total net position increased by \$3,366,317. This increase is the sum of the change in net position of \$3,429,070 and a (\$62,753) prior period adjustment related to implementation of GASB 101 for Compensated Absences.
- The most significant source of revenues comes from the State School Fund and amounts to \$26,701,495 for the year ended June 30, 2025. Most of this funding is related to enrollment, the bulk of which has come from the K-8 Fossil Distance Learning Program managed by Distance Learning Solutions, Inc.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The Statement of Net Position: The Statement of Net Position presents information on all of the assets and liabilities of the district at year-end. Net position is what remains after the liabilities have been paid or otherwise satisfied. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the district is improving or deteriorating.

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

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

Governmental activities: Most of the district's basic functions are shown here, such as regular and special education, students, instructional staff, administration, business services, food services, and community

FOSSIL SCHOOL DISTRICT 21J
Wheeler County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2025

services. These activities are primarily financed through property taxes, Oregon's State School Fund, other intergovernmental revenues, and private foundation grants.

The government-wide financial statements can be found on pages 14 through 16 of this report.

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

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

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

The district maintains 16 individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance for the General Fund, which is considered a major fund. Data from the other 15 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided as supplemental information. The basic governmental fund financial statements can be found on pages 17 through 20 of this report.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of students within the district and former students who are attending post-secondary educational facilities. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support district programs. The accounting used for fiduciary funds is the same as that used for proprietary funds. The fiduciary fund financial statements can be found on pages 21 through 22 of this report.

Notes to Basic Financial Statements: The notes provide additional information that is essential to fully understand the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 23 through 46 of this report.

FOSSIL SCHOOL DISTRICT 21J
Wheeler County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2025

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning pensions and the General Fund budget and actual schedule. Required supplementary information can be found on page 49 through 54 of this report.

The combining schedules referred to earlier in connection with non-major governmental funds are presented as supplementary information on pages 57 through 65 of this report.

Condensed Statement of Net Position

June 30, 2025

	Governmental Activities	
	June 30, 2025	June 30, 2024
Current and other assets	\$ 12,743,036	\$ 10,076,763
Capital assets	4,913,645	4,242,540
Total assets	17,656,681	14,319,303
Deferred outflow of resources	1,360,936	868,953
Total assets and deferred outflow of resources	19,017,617	15,188,256
Current liabilities	97,345	89,087
Compensated absences	73,290	-
Leases payable	6,207	10,690
Net pension/OPEB liability	2,099,830	1,585,479
Total liabilities	2,276,672	1,685,256
Deferred inflow of resources	179,933	308,305
Total liabilities and deferred outflow of resources	2,456,605	1,993,561
Net position:		
Net investment in capital assets	4,907,438	4,231,850
Restricted	62,376	66,179
Unrestricted	11,591,198	8,896,669
Total net position	\$ 16,561,012	\$ 13,194,698

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the district's financial position. At June 30, 2025, the net position was \$16,561,012.

Capital assets, which consist of the district's land, buildings, building improvements, construction in progress, vehicles, and equipment, represent about 28% of total assets. The remaining assets consist mainly of investments, cash, and property taxes and other receivables.

FOSSIL SCHOOL DISTRICT 21J
Wheeler County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2025

The district's investment in capital assets is derived from a fixed asset inventory completed during 2001, which is updated annually. The inventory is maintained by the district and used to calculate capital asset value. The district uses these capital assets to provide services to students and other district patrons; consequently, these assets are not available for future spending. The district's investment in its capital assets is reported at depreciated values and net of the balance owed on leases payable.

Condensed Statement of Activities

For the year ended June 30, 2025

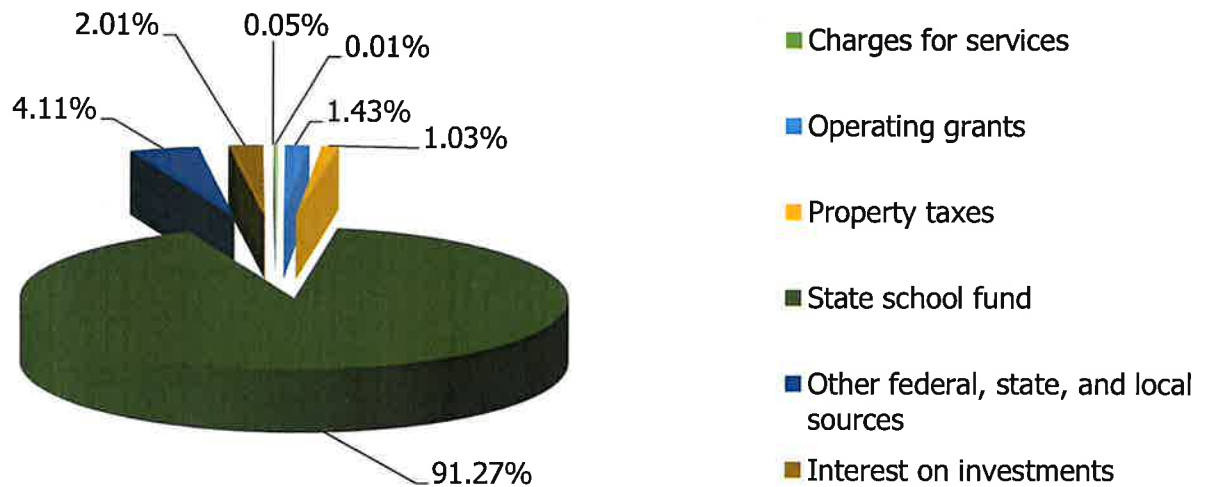
	Governmental Activities	
	June 30, 2025	June 30, 2024
Revenues		
Program revenues		
Charges for services	\$ 15,955	\$ 12,285
Operating grants and contributions	417,764	436,753
General revenues		
Property taxes	300,064	294,564
State school fund – general support	26,701,495	20,222,136
Other federal, state, and local sources	1,203,963	1,418,288
Interest on investments	588,655	443,058
Other	31,092	24,109
Gain on disposal of capital assets	9,080	-
Total revenues	29,268,068	22,851,193
Expenses		
Instruction	24,192,698	18,240,864
Support services	1,506,672	1,247,975
Enterprise and community services	131,716	114,551
Facilities acquisition, const., and impr.	7,630	-
Debt Service	282	4,821
Total expenses	25,838,998	19,608,211
Change in net position	3,429,070	3,242,982
Net position – July 1, as previously reported	13,194,695	9,951,713
Adjustment for implementation of GASB 101	(62,753)	-
Net position – July 1, as restated	13,131,942	9,951,713
Net position – June 30	\$ 16,561,012	\$ 13,194,695

Governmental Activities: A comparative analysis discussing and analyzing significant differences follows. During the current fiscal year, the district's net position increased (including prior period adjustment of (\$62,753) by \$3,366,317 compared to the prior year's increase of \$3,242,982. The key elements of the change in the district's net position for the year ending June 30, 2025 are as follows:

FOSSIL SCHOOL DISTRICT 21J
Wheeler County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2025

- Overall expenses of \$25,838,998, an increase of \$6,230,787 compared to the \$19,608,211 reported in 2024. Overall revenue during 2025 of \$29,268,068 was reported, which is an increase of \$6,416,875 from the \$22,851,193 reported in 2024. This increase is primarily as a result of increased enrollment in the K-8 Distance Learning Program managed by Distance Learning Solutions, Inc. which resulted in increased state school funding of \$6,479,359.
- Fossil School District's net position reflects an increase of \$3,366,317, after a negative prior period adjustment of \$62,753 related to GASB 101, Compensated Absences. This increase is reflective of the net position after major accrual adjustments made to the district's financial statements due to GASB 68 requirements. An examination of the reconciliation of net position with the fund balance sheet on page 18 of this report will reflect the impact of GASB 68 reporting requirements. This adjustment should communicate to users of these financial statements the severity of the topic of the PERS unfunded actuarial liability.

GOVERNMENTAL ACTIVITIES REVENUES BY SOURCE



FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The district uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the district's governmental funds is to provide information on relatively short-term cash flow and funding for future basic services.

At June 30, 2025, the district's governmental funds reported combined ending fund balances of \$12,634,141 an increase from \$9,969,185 reported in the prior year. A significant contributing factor to the increase in fund balance was an increase in enrollment, primarily in the K-8 Distance Learning Program managed by Distance Learning Solutions, Inc.

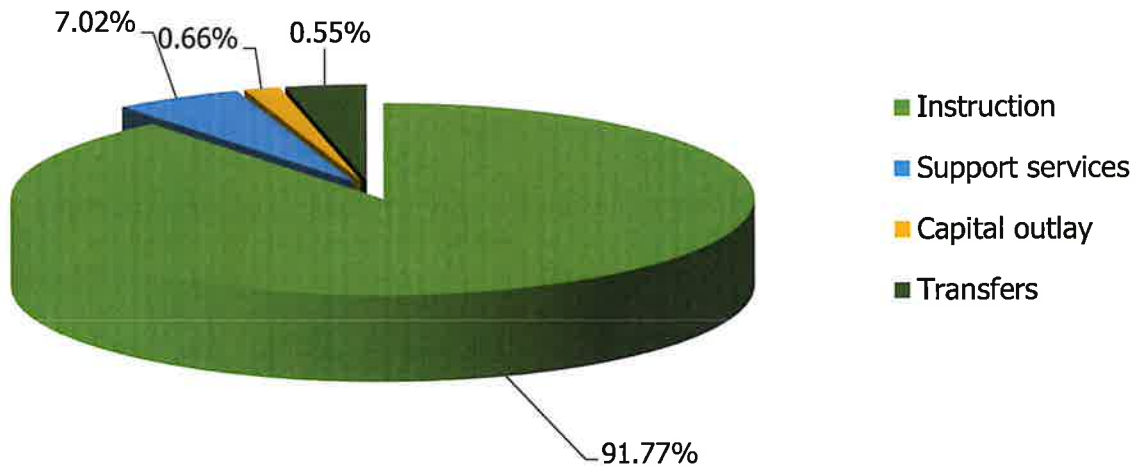
General Fund: The General Fund is the primary operating fund of the district. As of June 30, 2025, the fund balance was \$12,571,775. As a measure of the fund's liquidity, it may be useful to compare total

FOSSIL SCHOOL DISTRICT 21J
Wheeler County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2025

fund balance to total fund expenditures. The fund balance represents approximately 50.2% of total General Fund expenditures.

Transfers from the General Fund to other funds were \$911,765 for the purpose of supporting shortfalls in special programs, supporting food service operations, and funding capital projects.

GENERAL FUND EXPENDITURES BY FUNCTION



GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund total expenditures were \$1,289,367 under the final budgeted amounts. The administration and the governing board take great care to make sure that all expenditures are necessary and are in line with the goals of the district. Revenues came in \$435,485 more than budgeted amount primarily due to increases in local, intermediate and state sources.

CAPITAL ASSET AND LONG-TERM DEBT ADMINISTRATION

Capital Assets: The district's investment in capital assets includes land, buildings and improvements, vehicles and equipment. As of June 30, 2025, the district had invested \$4,907,438 in capital assets, net of accumulated depreciation and leases payable. Additional information on the district's capital assets can be found in note 5 on page 31 of this report.

Long-Term Debt: The district leases equipment. Additional information on the district's leases can be found in notes 6-7 on page 32 of this report. Other long-term debt includes Compensated Absences and Net Pension/OPEB Liability. See note 8 on pages 32-33, and note 9-11 on pages 33-45, respectively.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The most significant economic factor for the district is the State of Oregon's state school fund allocation. Every biennium the State of Oregon legislatures will adopt a budget and make appropriations for K-12 funding. This legislative process and the resulting allocation for K-12 funding is the biggest economic factor for the district. Each legislative session for the State of Oregon is continually monitored by the

FOSSIL SCHOOL DISTRICT 21J
Wheeler County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2025

district administration. This allocation directly impacts the State School Fund Grant allocation for the district.

The district is in the eighth year of a ten-year agreement with Distance Learning Solutions, Inc. for management of their distance learning program. Enrollment of the online virtual charter school over the past couple of years has continued to grow. We anticipate this trend to continue, which will result in an increase in the General Fund budget.

The 2025-26 budget reflects total appropriated funds of \$40,005,302, which includes General Fund budgeted resources of \$51,461,553 (Up from \$28,176,210 in 2024-25). The General Fund comprises about 94.2% of the total appropriated resources.

REQUESTS FOR INFORMATION

This financial report is designed to present the user (citizens, taxpayers, investors, and creditors) with a general overview of the district's finances and to demonstrate the district's accountability. Questions concerning any of the information provided in this report or requests for additional information can be obtained by calling the district's business office at (541)763-4384 between 8:00 a.m. and 4:00 p.m., or by sending a written request to: Fossil School District 21J, PO Box 206, Fossil, OR 97830.

BASIC FINANCIAL STATEMENTS

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FOSSIL SCHOOL DISTRICT 21J
Wheeler County, Oregon
STATEMENT OF NET POSITION
June 30, 2025
(With Comparative Totals for 2024)

	Governmental Activities	
	June 30, 2025	June 30, 2024
ASSETS		
Cash and investments	\$ 11,805,925	\$ 10,054,573
Receivables		
Property taxes	15,071	20,865
Other	922,040	1,325
Capital assets (net of accumulated depreciation and amortization)		
Land	126,052	27,569
Buildings	4,182,207	3,875,907
Equipment	599,526	328,809
Leased equipment (intangible assets)	5,860	10,255
Total capital assets	4,913,645	4,242,540
Total assets	17,656,681	14,319,303
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pension/OPEB	1,360,936	868,953
Total deferred outflows of resources	1,360,936	868,953
Total assets and deferred outflows of resources	19,017,617	15,188,256
LIABILITIES		
Accounts payable	6,058	10,686
Accrued liabilities	91,287	78,401
Accrued compensated absences	73,290	-
Leases payable	6,207	10,690
Net pension/OPEB liability	2,099,830	1,585,479
Total liabilities	2,276,672	1,685,256
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pension/OPEB	179,933	308,305
Total deferred inflows of resources	179,933	308,305
Total liabilities and deferred inflows of resources	2,456,605	1,993,561
NET POSITION		
Net investment in capital assets	4,907,438	4,231,850
Restricted		
Restricted for special programs	11,465	13,646
Restricted for student body	50,911	52,530
Unrestricted	11,591,198	8,896,669
Total net position	\$ 16,561,012	\$ 13,194,695

The Notes to Basic Financial Statements are an integral part of these statements.

FOSSIL SCHOOL DISTRICT 21J
Wheeler County, Oregon
STATEMENT OF ACTIVITIES
For the Year Ended
June 30, 2025
(With Comparative Totals for 2024)

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Governmental activities			
Instruction			
Regular programs	\$ 22,268,739	\$ 11,268	\$ 140,055
Special programs	1,923,959	-	277,709
Supporting services			
Students	116,571	-	-
Instructional staff	101,522	-	-
General administration	125,720	-	-
School administration	289,881	-	-
Business services	872,978	-	-
Enterprise and community services			
Food services	106,937	4,687	-
Community services	24,779	-	-
Facilities acquisition and construction			
Building acquisition, const, and improvement	7,630	-	-
Debt service	282	-	-
Total governmental activities	<u>\$ 25,838,998</u>	<u>\$ 15,955</u>	<u>\$ 417,764</u>

General revenues
Property taxes, levied for general purposes
State school fund
Common school fund
Other unrestricted funds
Other federal revenue
Unrestricted investment earnings
Miscellaneous
Total general revenues
Gain on disposal of capital assets
Changes in net position
Net position - beginning, as previously reported
Restatement for implementation of GASB 101
Net position - beginning, as restated*
Net position - ending

* The restatement of beginning net position reflects the cumulative effect of implementing *GASB Statement No. 101, Compensated Absences*, effective July 1, 2024 (see Note 15).

The Notes to Basic Financial Statements are an integral part of these statements.

Net (Expense) Revenue
and Change in Net Position
Governmental Activities

June 30, 2025	June 30, 2024
\$ (22,117,416)	\$ (16,617,170)
(1,646,250)	(1,220,146)
(116,571)	(102,311)
(101,522)	(86,502)
(125,720)	(103,727)
(289,881)	(216,396)
(872,978)	(739,039)
(102,250)	(41,831)
(24,779)	(27,230)
(7,630)	-
(282)	(4,821)
<u>(25,405,279)</u>	<u>(19,159,173)</u>
300,064	294,564
26,701,495	20,222,136
9,520	2,650
1,170,160	1,312,989
24,283	102,649
588,655	443,058
31,092	24,109
<u>28,825,269</u>	<u>22,402,155</u>
9,080	-
3,429,070	3,242,982
13,194,695	9,951,713
(62,753)	-
<u>13,131,942</u>	<u>9,951,713</u>
<u>\$ 16,561,012</u>	<u>\$ 13,194,695</u>

FOSSIL SCHOOL DISTRICT 21J
Wheeler County, Oregon
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2025
(With Comparative Totals for 2024)

	General Fund	Other Governmental Funds	Total	
			June 30, 2025	June 30, 2024
ASSETS				
Cash and investments	\$ 11,723,086	\$ 82,674	\$ 11,805,760	\$ 10,054,407
Receivables				
Property taxes	15,071	-	15,071	20,865
Other	922,040	-	922,040	1,325
Total assets	<u>\$ 12,660,197</u>	<u>\$ 82,674</u>	<u>\$ 12,742,871</u>	<u>\$ 10,076,597</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 6,058	\$ -	\$ 6,058	\$ 10,686
Accrued liabilities	70,813	20,308	91,121	78,234
Total liabilities	<u>76,871</u>	<u>20,308</u>	<u>97,179</u>	<u>88,920</u>
Deferred inflows of resources				
Unavailable property tax revenue	11,551	-	11,551	18,492
Total deferred inflows of resources	<u>11,551</u>	<u>0</u>	<u>11,551</u>	<u>18,492</u>
Fund balances				
Restricted				
Special programs	-	11,465	11,465	13,646
Student body	-	50,911	50,911	52,530
Unassigned	12,571,775	(10)	12,571,765	9,903,009
Total fund balances	<u>12,571,775</u>	<u>62,366</u>	<u>12,634,141</u>	<u>9,969,185</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 12,660,197</u>	<u>\$ 82,674</u>	<u>\$ 12,742,871</u>	<u>\$ 10,076,597</u>

The Notes to Basic Financial Statements are an integral part of these statements.

FOSSIL SCHOOL DISTRICT 21J
Wheeler County, Oregon
**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO STATEMENT OF NET POSITION**
June 30, 2025

Total Fund Balances		\$ 12,634,141
Capital assets are not financial resources and therefore are not reported in the governmental funds:		
Cost	\$ 7,299,868	
Accumulated depreciation and amortization	<u>(2,386,223)</u>	4,913,645
A portion of the district's property taxes are collected after year-end but are not available soon enough to pay for the current year's operations, and therefore are not reported as revenue in the governmental funds.		
		11,550
District's deferred outflows of resources related to pension/OPEB are not due and payable in the current period, therefore it are not recorded in the governmental funds.		
		1,360,936
District's net pension/OPEB liability are not due and payable in the current period, therefore it are not recorded in the governmental funds.		
		(2,099,830)
District's deferred inflows of resources related to pension/OPEB are not due and payable in the current period, therefore it are not recorded in the governmental funds.		
		(179,933)
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. These liabilities consist of:		
Compensated absences		(73,290)
Leases payable		<u>(6,207)</u>
Total Net Position		<u><u>\$ 16,561,012</u></u>

The Notes to Basic Financial Statements are an integral part of these statements.

FOSSIL SCHOOL DISTRICT 21J
Wheeler County, Oregon
**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**
For the Year Ended
June 30, 2025
(With Comparative Totals for 2024)

	General Fund	Other Governmental Funds	Total	
			June 30, 2025	June 30, 2024
Revenues				
Taxes	\$ 306,975	\$ -	\$ 306,975	\$ 290,263
Intergovernmental	27,666,742	618,119	28,284,861	22,011,554
Miscellaneous	637,978	54,315	692,293	545,110
Total revenues	<u>28,611,695</u>	<u>672,434</u>	<u>29,284,129</u>	<u>22,846,927</u>
Expenditures				
Current				
Instruction				
Regular programs	21,596,373	226,382	21,822,755	16,458,820
Special programs	1,573,777	503,233	2,077,010	1,688,609
Support services				
Students	60,340	57,949	118,289	112,820
Instructional staff	100,644	-	100,644	86,878
General administration	126,264	-	126,264	110,539
School administration	298,049	-	298,049	282,427
Business services	870,219	-	870,219	790,242
Food services	-	112,559	112,559	91,175
Community services	-	24,457	24,457	26,845
Capital outlay	405,499	663,428	1,068,927	126,127
Total expenditures	<u>25,031,165</u>	<u>1,588,008</u>	<u>26,619,173</u>	<u>19,774,482</u>
Excess of revenues over (under) expenditures	<u>3,580,530</u>	<u>(915,574)</u>	<u>2,664,956</u>	<u>3,072,445</u>
Other financing sources (uses)				
Transfer in (out)	<u>(911,764)</u>	<u>911,764</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(911,764)</u>	<u>911,764</u>	<u>0</u>	<u>0</u>
Net change in fund balance	2,668,766	(3,810)	2,664,956	3,072,445
Available fund balance, July 1	<u>9,903,009</u>	<u>66,176</u>	<u>9,969,185</u>	<u>6,896,740</u>
Available fund balance, June 30 - by category				
Restricted for special programs	-	11,465	11,465	13,646
Restricted for student body	-	50,911	50,911	52,530
Unassigned	<u>12,571,775</u>	<u>(10)</u>	<u>12,571,765</u>	<u>9,903,009</u>
Available fund balance, June 30 - Total	<u>\$ 12,571,775</u>	<u>\$ 62,366</u>	<u>\$ 12,634,141</u>	<u>\$ 9,969,185</u>

The Notes to Basic Financial Statements are an integral part of these statements.

FOSSIL SCHOOL DISTRICT 21J
Wheeler County, Oregon
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES**
For the Year Ended
June 30, 2025

Net Change in Fund Balance \$ 2,664,956

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

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

Expenditures for capital assets	\$ 1,059,872	
Add gain on disposal	(9,120)	
Less current year depreciation and amortization	<u>(379,647)</u>	671,105

Current year PERS contributions are deferred outflows of resources that will be recognized expense in the subsequent period.	487,657
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Changes in net pension/OPEB liability, the related changes in deferred outflows and deferred inflows of resources are not recognized as expenses in the government funds.	(381,653)
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Long-term changes are reported as other financing sources and expenditures in governmental funds. In the Statement of Net Position, however, changes increase or decrease liabilities.

Lease payments	4,483
Accrued compensated absences	(10,537)

Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the Statement of Activities property taxes are recognized as revenue when levied.

Change in Net Position	<u><u>\$ 3,429,070</u></u>
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FOSSIL SCHOOL DISTRICT 21J
Wheeler County, Oregon
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2025
(With Comparative Totals for 2024)

	Private Purpose Trust Funds	
	June 30, 2025	June 30, 2024
ASSETS		
Cash and investments	\$ 580,281	\$ 549,976
Total assets	580,281	549,976
NET POSITION		
Held in trust for scholarships	580,281	549,976
Total net position	\$ 580,281	\$ 549,976

The Notes to Basic Financial Statements are an integral part of these statements.

FOSSIL SCHOOL DISTRICT 21J
Wheeler County, Oregon
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended
June 30, 2025
(With Comparative Totals for 2024)

	Private Purpose Trust Funds	
	June 30, 2025	June 30, 2024
Additions		
Local sources	\$ 47,608	\$ 42,689
Total additions	47,608	42,689
Deductions		
Scholarships	17,303	6,658
Total deductions	17,303	6,658
Changes in fiduciary net position	30,305	36,031
Fiduciary net position, July 1	549,976	513,945
Fiduciary net position, June 30	\$ 580,281	\$ 549,976

The Notes to Basic Financial Statements are an integral part of these statements.

FOSSIL SCHOOL DISTRICT 21J
Wheeler County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

Note 1. Summary of Significant Accounting Policies

School districts in the state of Oregon are created by legislative action. Fossil School District 21J (the district) was organized under authority of ORS 619 in 1957. In 2008 the district received charter school status under ORS 338.035. The administration of the district is vested in a five-member board of directors, a superintendent/principal, and a deputy clerk.

The accounting policies of the district conform to accounting principles generally accepted in the United States of America, as applicable to governmental units. The following is a summary of significant accounting policies used by the district in the preparation of the accompanying financial statements.

A. Reporting Entity

A five-member board of directors' exercises governance responsibilities over all entities related to public elementary and secondary school education within the jurisdiction of the district as set by the state of Oregon. The board receives funding from local, state, and federal sources. However, the district is not included in any other governmental reporting entity as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards. Board members are elected by the public and have decision-making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters.

In evaluating how to define the district for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in accounting principles generally accepted in the United States of America. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the primary government's financial accountability. The criteria used to determine financial accountability include whether the primary government appoints a voting majority, the primary government can impose its will on the component unit, whether there is financial benefit or burden on the primary government, and if the component unit has a fiscal dependency on the primary government. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the district is financially accountable. No other entities met requirements for inclusion in the district.

B. Basis of Presentation

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the district. These statements include the governmental financial activities of the overall district, except fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities are financed primarily through property taxes, inter-governmental revenues, and charges for services.

The Statement of Activities presents a comparison between direct expenses and program revenues for each of its functions/programs. Direct expenses are those that are specifically

FOSSIL SCHOOL DISTRICT 21J
Wheeler County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

associated with a function and, therefore, are clearly identifiable to that function. Eliminations have been made to minimize the double counting of internal activities in the Statement of Activities. Program revenues include: (1) charges to students or others for tuition, fees, rentals, material, supplies or services provided and (2) operating grants and contributions. Revenues that are not classified as program revenues, including property taxes and state support, are presented as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

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

Fund Financial Statements

The fund financial statements provide information about the district's funds including those of a fiduciary nature. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as other governmental funds.

The district reports the following major governmental fund:

General Fund – The General Fund is the primary operating fund of the district. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Additionally, the district reports the following fund types:

Fiduciary Funds - The private purpose trust fund is used to account for scholarship resources held by the district in a fiduciary capacity for use by students. Disbursements from this fund are made in accordance with the trust agreement.

C. Measurement Focus and Basis of Accounting

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

FOSSIL SCHOOL DISTRICT 21J
Wheeler County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

assets available to finance the program. It is the district's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (when they are measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The district considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt, which is recognized when the obligations are expected to be liquidated with expendable available financial resources. Property taxes, interest and special assessments are susceptible to accrual. Other receipts and taxes become measurable and available when the cash is received by the government and are recognized as revenue at that time. Entitlements and shared revenues are recorded at the time of receipt or earlier if the "susceptible to accrual" criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Capital asset acquisitions are reported as expenditures in governmental funds and proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

D. Budgets and Budgetary Accounting

A budget is prepared for each district fund in accordance with the modified accrual basis of accounting and legal requirements set forth in the Oregon local budget law. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total instruction, support services, enterprise and community services and contingencies by fund are the levels of control. The detailed budget document, however, is required to contain more specific, detailed information for the above-mentioned expenditure categories. Appropriations lapse on June 30.

Unexpected additional resources may be added to the budget by a supplemental budget and appropriations resolution. A supplemental budget may require hearings before the public, publications in newspapers, and approval by the board of directors. Original and supplemental budgets may be modified by using appropriations transfers between the levels of control. Such transfers require approval from the board of directors. The budget for the General Fund and special revenue funds includes capital outlay expenditures in each program for capital outlay applicable to that program. The district does not utilize encumbrance accounting for budgeted funds.

E. Deposits and Investments

The district's cash and cash equivalents are considered cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. All short-term cash surpluses are maintained in savings accounts and the

FOSSIL SCHOOL DISTRICT 21J
Wheeler County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

Oregon State Treasury Local Government Investment Pool and allocated to each fund based on the excess cash each fund has deposited.

Oregon statutes and local ordinances authorize the district to invest (short-term and long-term) in certificates of deposit (considered investments for risk categorization purposes), certain bond obligations of civil subdivisions, general obligations of the United States, U.S. agency issues, general obligations of the states of Oregon, Washington, Idaho and California, certain interest bearing bonds of a county, port or school district, certain interest bearing bonds on any city in the state of Oregon, life insurance and annuity contracts, pooled deferred compensation trusts, banker's acceptances, and certain corporate bonds. All investments are stated at market value.

F. Receivables and Payables

Property taxes assessed in prior years, but not yet collected or accrued, are reported on the balance sheet, but are offset by deferred revenue accounts. The district levies taxes on a fiscal year from July 1 to June 30. The current levy becomes a lien on July 1. Taxes are due November 15 and become delinquent May 15. Foreclosure is started three years after taxes become delinquent. The district turns all tax collection duties over to Wheeler County, Oregon.

The government reports deferred revenues on its governmental funds Balance Sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the district receives resources before it has legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or when the district has a legal claim to the resources, the liability for deferred revenue is removed from the Balance Sheet and revenue is recognized.

G. Inventory

Inventories of supplies are charged to expenditures when purchased. The items in inventory remain at a relatively constant level and the amount is not material. No physical inventory of supplies was taken during the year.

H. Capital Assets

Capital assets are recorded at original or estimated original cost. Donated capital assets are recorded at their estimated fair market value on the date donated. The district defines capital assets as assets with an initial cost of more than \$5,000 and an estimated life more than one year. The cost of normal maintenance and repairs that do not add value to the asset or materially extend assets' lives are not capitalized. Capital assets are depreciated using the straight-line method over the following useful lives:

Land improvements	10 to 20 years
Buildings and improvements	10 to 50 years
Equipment	5 to 15 years

FOSSIL SCHOOL DISTRICT 21J
Wheeler County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

I. Compensated Absences

District employees earn paid time off for vacation and sick leave in accordance with district policy. Under GASB Statement No. 101, *Compensated Absences*, the district recognizes a liability for leave that is (a) attributable to services already rendered and (b) expected to be used in future periods.

Vacation Leave

Classified employees who are employed on a twelve-month basis earn ten (10) working days of paid vacation each year. After ten (10) years of continuous service, employees earn fifteen (15) working days annually. Vacation leave is generally taken between June 15 and August 15 unless otherwise approved by the principal or superintendent and may not interfere with assigned duties. Accumulated vacation is not payable upon termination or retirement and therefore does not result in a compensated absences liability.

Sick Leave

District employees earn eighty (80) hours of sick leave per year, which may be carried over from year to year. Accumulated sick leave is not paid out at separation from service or retirement. Based on historical usage patterns, the district estimated its compensated absences liability using a three-year lookback period to determine the proportion of accrued sick leave expected to be used over each employee's service period. The resulting liability represents the estimated amount of earned sick leave expected to be used in future periods.

J. Leases

Leases are recognized in accordance with GASB Statement No. 87, *Leases*. A lessee is required to recognize a lease payable and an intangible right-to-use lease asset. A lease payable is recognized at the net present value of future lease payments and is adjusted over time by interest and payments.

Future lease payments used in the calculation of the lease liability include only fixed payments. The right-to-use asset is initially recorded at the amount of the lease liability plus prepayments less any lease incentives received prior to lease commencement and is subsequently amortized over the life of the lease.

In government-wide financial statements, lease liabilities (deferred inflows related to lessor leases and any respective lessee right-to-use assets) are reported in the Statement of Net Position. In the governmental fund financial statements, the present value of lease payments is reported as other financing sources. Under modified accrual accounting, new lease agreements are recorded as Support Services expenses and proceeds from other financing sources and thereafter are recorded as Debt Service.

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

The district has chosen not to implement GASB 87 for the budgetary basis of accounting. For both the budgetary basis of accounting and for leases that do not meet the criteria for

FOSSIL SCHOOL DISTRICT 21J
Wheeler County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

valuation under GASB 87, the district will report inflows of cash for lessor leases and outflows of cash for lessee leases.

K. Deferred Outflows/Inflows 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 represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until then. The district has one item that qualifies for reporting in this category. It is the deferred amounts relating to pensions/OPEB. This amount is deferred and recognized as an outflow of resources in the period when the district recognizes pension expense/expenditures. Deferred outflows are included in the government-wide Statement of Net Position.

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 represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The district has two items that qualify for reporting in this category. Unavailable revenue from property taxes is reported in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that amount becomes available. The district also reports deferred amounts related to pensions/OPEB. This amount is deferred and recognized as an inflow of resources in the period when the district recognizes pension income. Deferred inflows are included in the government-wide Statement of Net Position.

L. Pensions

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

M. Other Post-Employment Benefits (OPEB)

PERS – Retirement Health Insurance Account

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

FOSSIL SCHOOL DISTRICT 21J
Wheeler County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

Medical Insurance Implicit Rate Subsidy

For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources to OPEB, and OPEB expense, the district has relied on actuarial reports. The district allows retired employees to purchase health insurance at the same rates as active employees. The related expense is recognized as the district pays premiums to OEGB or when claims are paid to health providers, depending on which insurance plan the retirees participate in.

N. Use of Estimates

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

O. Fund Balances

In the fund financial statements, the fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Non-spendable fund balance is the portion of net resources that cannot be spent because they are either (a) in a non-spendable form or (b) legally or contractually required to be maintained intact. Fund balance is reported as restricted when the constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Fund balance is reported as committed when the board of directors passes an ordinance or resolution that places specific constraints on how the resources may be used. The board action that imposed the limitation would need to occur no later than the close of the reporting period. The board of directors can modify or rescind the legislative action at any time through passage of an additional ordinance or resolution.

The net resources that are constrained by the district's intent to use them are reported as assigned fund balance. Intent is expressed when the board of directors approves which resources should be set aside for specific purposes during the adoption of the annual budget. The board of directors and deputy clerk use that information to determine whether those resources should be classified as assigned in the district's financial statements. Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been restricted, committed, or assigned within the General Fund.

The district applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts

FOSSIL SCHOOL DISTRICT 21J
Wheeler County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

P. Prior Period Comparative Data

The basic financial statements include certain prior year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the district's financial statements for the year ended June 30, 2024, from which the summarized information was derived.

Q. Recent Accounting Pronouncements

The district implemented *GASB Statement No. 100, Accounting Changes and Error Corrections*, which provides guidance on accounting for and reporting of changes in accounting principles, changes in accounting estimates, and corrections of errors. GASB 100 clarifies the criteria for accounting changes and error corrections and establishes the reporting requirements in the financial statements. Implementation of this statement did not have a material effect on the district's financial position or results of operations.

The district also implemented *GASB Statement No. 101, Compensated Absences*, which updates guidance on accounting and financial reporting for compensated absences. This statement requires that liabilities for compensated absences (such as vacation and certain sick leave) be reported in the financial statements if the obligation is attributable to services already rendered and is not contingent on future events. The district has applied this guidance prospectively and has updated its policies for accruing and reporting compensated absences. See Note 15 for details.

Note 2. Deposits and Investments

At June 30, 2025 the carrying amount of the district's deposits was \$238,755 and the bank balance was \$335,182. The district maintains depository relationships with area financial institutions that are Federal Depository Insurance Corporation (FDIC) insured institutions. The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. FDIC insurance of \$250,000 applies to the deposits in each depository. Where balances continually exceed \$250,000, ORS 295 requires the depositor to verify that deposit accounts are only maintained at financial institutions on the list of qualified depositories found on the state treasurer's Oregon Public Funds Collateralization Program (PFCP) web site. Oregon Revised Statute Chapter 295 requires all Oregon bank depositories holding public fund deposits to maintain securities totaling a value not less than 110 percent of the greater of:

- a. All public funds held by the bank depository; or
- b. The average of the balances of public funds held by the bank depository, as shown on the last four immediately preceding treasurer reports.

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Custodial credit risk is the risk that in the event of a financial institution failure, the district's deposits may not be returned to it. The district does not have a policy for custodial credit risk. However, the balances in excess of the FDIC insurance are considered collateralized by PFCP. As of June 30, 2025 the district had no balances exposed to custodial credit risk.

As of June 30, 2025 the district had the following investments:

Investment	Maturities	Fair Value
Local government investment pool	Varies	\$ 11,648,775
Mass Mutual fixed annuity	Varies	389,235
Oregon Community Foundation	Varies	109,441
Total		\$ 12,147,451

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The district has no policy for managing interest rate or credit risk. Investments with Mass Mutual are rated AAA/Aa1 by Standard and Poor's and Moody's respectively. Investments with the Local Government Investment Pool and Oregon Community Foundation are not rated.

The Oregon Short Term Fund is the LGIP for local governments and was established by the Oregon State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short Term Fund Board and approved by the Oregon Investment Council.

Cash and investments are reported in the following fund types:

	Cash	Investments	Total
Governmental Funds	\$ 157,150	\$ 11,648,775	\$ 11,805,925
Trust Funds	81,605	498,676	580,281
Total cash and investments	\$ 238,755	\$ 12,147,451	\$ 12,386,206

Note 3. Receivables

Receivables are presented net of reserve for bad debt (if any). The district expects all receivables to be collected within one year. Receivables are comprised of the following as of June 30, 2025:

Property Taxes	\$ 15,071
Grants	922,040
Total	\$ 937,111

Note 4. Interfund Transfers

Transfers generally move revenues from the General Fund to support programs accounted for in special revenue funds. A transfer was made from the General Fund to the Food Service Fund

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to provide for the operation of the Food Service program. The General Fund also transferred funds to the Capital Project Fund for the purchase of property. Transfers were also made from the General Fund to various special revenue funds to assist with funding shortfall. The details of interfund transfers for the fiscal year ending June 30, 2025 are as follows:

Fund	Transfers In	Transfers Out
General Fund	\$ -	\$ 911,765
Nonmajor funds	911,765	-
	\$ 911,765	\$ 911,765

Note 5. Changes in Capital Assets

The following is a summary of changes in capital assets:

Capital assets	Balance June 30, 2024	Additions	Deletions	Balance June 30, 2025
<i>Capital assets not being depreciated</i>				
Land	\$ 27,569	\$ 98,483	\$ -	\$ 126,052
Construction In Progress	-	-	-	-
Total non-depreciable assets	27,569	98,483	0	126,052
<i>Capital assets being depreciated/amortized</i>				
Buildings and improvements	5,334,632	565,046	-	5,899,678
Equipment	916,232	396,343	60,411	1,252,164
Leased assets (intangible assets)	21,975	-	-	21,975
Total depreciable capital assets	6,272,839	961,389	60,411	7,173,817
Accumulated depr./amort.				
Buildings and improvements	1,458,724	258,746	-	1,717,470
Equipment	587,424	116,506	51,291	652,639
Leased assets (intangible assets)	11,720	4,395	-	16,115
Total accumulated depr./amort.	2,057,868	379,647	51,291	2,386,224
Net depreciable capital assets	4,214,971	581,742	9,120	4,787,593
Net capital assets	\$ 4,242,540	\$ 680,225	\$ 9,120	\$ 4,913,645

Depreciation and amortization expense has been allocated to the following functions on the Statement of Activities:

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Instruction		
Regular programs	\$	327,192
Special programs		28,269
Supporting services		
Students		1,713
Instructional staff		1,492
General administration		1,847
School administration		4,259
Business services		12,827
Enterprise and community services		
Food services		1,571
Community services		364
Total depreciation and amortization		\$ 379,647

Note 6. Right to Use Assets

The following is a summary of the right to use leased assets:

Balance June 30, 2025	Gross Asset Balance	Accumulated Amortization	Net Asset Balance	Current Amortization Expense
Canon Copier Lease	\$ 21,975	\$ 16,115	\$ 5,860	\$ 4,395
Total	\$ 21,975	\$ 16,115	\$ 5,860	\$ 4,395

Note 7. Lease Obligations

The following is a summary of lease obligations:

	Principal Allocated Balance at June 30, 2024	Additions	Reductions	Principal Allocated Balance at June 30, 2025	Due in one Year
Canon Copier Lease	\$ 10,690	\$ -	\$ 4,483	\$ 6,207	\$ 4,630
Total	\$ 10,690	\$ 0	\$ 4,483	\$ 6,207	\$ 4,630

The district entered into an agreement for a Canon imageRUNNER copy machine with Pacific Office Automation in October of 2021. The lease terms include 60 payments of \$397 per month from November of 2021 through October of 2026. At the end of the lease term, the district has the option to initiate a new lease under agreed upon terms.

During the fiscal year ending June 30, 2025, the organization paid a total of \$4,764 for this lease. As of June 30, 2025, the organization had future minimum payments under these leases as follows:

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Fiscal Year Ending June 30,	Principal Allocation	Interest Allocation	Total required Payments
2026	\$ 4,630	\$ 133	\$ 4,763
2027	1,577	11	1,588
Total	<u>\$ 6,207</u>	<u>\$ 144</u>	<u>\$ 6,351</u>

Note 8. Compensated Absences

The district reports the net change in compensated absences liability on the Statement of Activities rather than presenting gross increases and decreases separately.

	Balance at June 30, 2024	Net Change	Balance at June 30, 2025	Estimated Amounts due within one year
Compensated Absences	\$ 62,753	\$ 10,537	\$ 73,290	\$ 73,290
Total	<u>\$ 62,753</u>	<u>\$ 10,537</u>	<u>\$ 73,290</u>	<u>\$ 73,290</u>

Note 9. Pension Plan

Name of pension plan

The Oregon Public Employees Retirement System consists of a single cost-sharing multiple employer defined benefit pension plan.

Description of benefit terms

Plan Benefits

All benefits of the System are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A.

A. PERS Pension Chapter 238 (Tier One/Tier Two Retirement Benefit).

1. Pension Benefits

The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members on or after August 29, 2003.

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit result.

2. Death Benefits

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary

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will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

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

3. Disability Benefits

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

4. Benefit Changes After Retirement

Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA in fiscal year 2025 and beyond will vary based on the amount of the annual benefit.

B. OPSRP Pension Program (OPSRP DB)

1. Pension Benefits

The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003.

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

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

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

2. Death Benefits

Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

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3. Disability Benefits

A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

4. Benefit Changes After Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA in fiscal year 2025 and beyond will vary based on the amount of the annual benefit.

C. OPSRP Individual Account Program (OPSRP IAP)

1. Pension Benefits

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

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

2. Death Benefits

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

3. Recordkeeping

PERS contracts with VOYA Financial to maintain IAP participant records.

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 the Other Postemployment Benefit Plans.

Employer contribution rates during the period were based on the December 31, 2022, actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2023. The state of Oregon and certain schools, community colleges, and political subdivisions have made lump sum unfunded actuarial liability payments to establish side accounts, and their rates have been reduced.

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Employer contributions for the year ended June 30, 2025 were \$487,657 excluding amounts to fund employer specific liabilities. The rates, presented as a percentage of covered payroll, for the district in effect for the fiscal year ended June 30, 2025 were:

Rate Category	Normal Cost Rate	Combined UAL Rate	Net Rate
PERS general service	14.48%	13.39%	27.87%
OPSRP general service	9.89%	15.14%	25.03%

Pension Plan Annual Comprehensive Financial Report (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 projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (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.

For the OPSRP Pension Program component of the PERS 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 16 years.

Actuarial Methods and Assumptions

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 adjustment (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> Decision; blend based on service.

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Mortality	<p>Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Active Members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>
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Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2022 Experience Study which reviewed experience for the four-year period ending on December 31, 2022.

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. 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 asset class, calculated using both arithmetic and geometric means, see PERS’ audited financial statements at <https://www.oregon.gov/pers/Documents/Financials/ACFR/2024-ACFR.pdf>.

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

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plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1% Decrease 5.90%	Discount Rate 6.90%	1% Increase 7.90%
District's proportionate share of the net pension liability (asset)	\$ 3,247,552	\$ 2,058,723	\$ 1,063,021

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

On June 30, 2025, the district reported a liability of \$2,058,723 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The district's proportion of the net pension liability was based on a projection of the district's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2025, the district's proportion was 0.00926216 percent.

For the year ended June 30, 2025, the district recognized pension expense of \$476,230. Pension expense includes the district's proportionate share of system pension expense (adjusted for amortization of deferred amounts) of \$382,223 and employee contributions picked up by the district of \$94,007.

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

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 121,960	\$ 4,913
Changes in assumptions	206,985	265
Net difference between projected and actual earnings on pension plan investments	130,786	-
Changes in proportion and differences between District contributions and proportionate share of contributions	387,640	110,246
Total (prior to post-MD contributions)	847,371	115,424
District contributions subsequent to the measurement date	495,371	-
Net deferred outflow/(inflow) of resources	\$ 1,227,318	

\$495,371 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year	Deferred Outflow or (Inflow) of Resources
2026	\$ 86,725
2027	299,749
2028	189,551
2029	127,463
2030	28,459
Thereafter	-
Total	\$ 731,947

Changes in Plan Provisions Subsequent to Measurement Date

There were no changes subsequent to the June 30, 2024 measurement date that would require a brief description under GASB 68.

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Note 10. Other Post-Employment Benefits (OPEB) - RHIA

Plan Description

Organization

The Oregon Public Employees Retirement System administers the Retirement Health Insurance Account (RHIA) cost-sharing, multiple-employer defined benefit Other Post-Employment Benefit (OPEB) plan (the plan) for political subdivisions such as the district. Plan assets may be used to pay the benefits of the employees of any employer that provides OPEB through the plan.

Plan Membership

RHIA was established by ORS 238.420. 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 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.

Contribution

Contributions are mandatory for each employer that is a member of PERS. For the fiscal year ended June 30, 2025, the district's contribution rate was 0.00 percent of PERS subject to wages. Employees are not required to contribute to the plan.

Net OPEB Liability

The district's net OPEB liability was measured as of June 30, 2024 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022.

Actuarial Methods and Assumptions

Valuation Date	December 31, 2022
Measurement Date	June 30, 2024
Experience Study	2022, published July 24, 2023
Actuarial Assumptions:	
Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.40 percent
Long-term expected rate of return	6.90 percent
Discount Rate	6.90 percent
Projected Salary Increases	3.40 percent
Retiree Healthcare Participation	Healthy retirees: 27.5%; Disabled retirees: 15%
Healthcare cost trend rate	Not Applicable
Mortality	Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

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	<p>Active Members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>
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Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2022 Experience Study which reviewed experience for the four-year period ending on December 31, 2022.

Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent for the OPEB 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 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.

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. 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 asset class, calculated using both arithmetic and geometric means, see PERS' audited financial statements at <https://www.oregon.gov/pers/Documents/Financials/ACFR/2024-ACFR.pdf>.

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

The following presents the district's proportionate share of the net OPEB liability calculated using the discount rate of 6.90 percent, as well as what the district's proportionate share of the net

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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 5.90%	Discount Rate 6.90%	1% Increase 7.90%
District's proportionate share of the net OPEB liability (asset)	\$ (31,044)	\$ (33,536)	\$ (35,681)

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

At June 30, 2025, the district reported an asset of \$33,536 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The district's proportion of the net OPEB liability was based on a projection of the district's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2025, the district's proportion was 0.00830280 percent.

For the year ended June 30, 2025, the district recognized expense of \$6,095. At June 30, 2025, the district 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	\$ -	\$ 656
Changes in assumptions	-	424
Net difference between projected and actual earnings on OPEB plan investments	947	-
Changes in proportion and differences between District contributions and proportionate share of contributions	10,326	865
Total	\$ 11,273	\$ 1,945

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

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Fiscal Year	Deferred outflow or (inflow) of Resources
2026	\$ 6,622
2027	2,084
2028	512
2029	109
2030	-
Thereafter	-
Total	\$ 9,327

Changes in Plan Provisions Subsequent to Measurement Date

There were no changes subsequent to the June 30, 2024 measurement date that would require a brief description under GASB standard.

Note 11. Other Post-Employment Benefits (OPEB) – OEGB Health Insurance Subsidy

Plan Description

A single-employer retiree benefit plan that provides post-employment health benefits to eligible employees and their spouses. There are active and retired members in the plan.

The post-retirement healthcare plan is established in accordance with Oregon Revised Statutes (ORS) 243.303. ORS stipulated that for the purpose of establishing healthcare premiums, the rate must be based on all plan members, both active employees and retirees. The difference between retiree claims cost, which because of the effect of age is generally higher in comparison to all plan members, and the amount of retiree healthcare premiums represents the district’s implicit employer contribution.

The district did not establish an irrevocable trust (or equivalent arrangement) to account for the plan.

Funding Policy

The benefits from this program are paid by the retired employees on a self-pay basis and the required contribution is based on projected pay-as-you go financing requirements. There is no obligation on the part of the district to fund these benefits in advance.

Annual OPEB Cost and Total OPEB Liability

The annual other post-employment benefit (OPEB) cost is calculated based on the Total OPEB Liability; an amount actuarially determined in accordance with the parameters of GASB Statement 75. The annual OPEB expense is an accounting item designed to recognize certain changes to the Total OPEB Liability in the current period income statement. Additionally, changes to the Total OPEB Liability not fully recognized in a given year’s OPEB expense will be tracked as deferred inflows and outflows and recognized incrementally in the OPEB expense over time.

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See Schedule of Changes in Total OPEB Liability and Related Ratios for detailed information and a table showing the components of the district’s annual OPEB costs and liabilities.

Actuarial Methods and Assumptions

Valuation Date	July 1, 2023
Measurement Date	June 30, 2024
Actuarial Assumptions:	
Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.40 percent
Discount Rate	3.54 percent
Projected Salary Increases	3.40 percent
Withdrawal, retirement, and mortality rates	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
Demographic Assumptions:	<p>Mortality: Non-annuitant male: 125% of the combined 80% Pub-2010 Teacher / 20% Pub-2010 General Employee male table. Non-annuitant female: 100% of Pub-2010 Teacher Employee female table. Annuitant male: 80% of Pub-2010 Healthy Teacher Retiree male table and 20% of Pub-2010 Health General Retiree male table. Annuitant female: 100% of Pub-2010 Healthy Teacher Retiree female table. Future mortality improvement: Unisex Social Security Data Scale</p> <p>Disability: Not used</p> <p>Withdrawal: Based on Oregon PERS assumptions. Annual rates are based on gender and duration of employment.</p>

The Total OPEB Liability for the current year was determined as part of the July 1, 2023 actuarial valuation using the entry age normal method. Actuarial valuations of an ongoing plan involve estimates of the value or reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The following table shows sensitivity of the Total OPEB Liability to changes in discount and trend rates, as determined by the July 1, 2023 actuarial valuation.

FOSSIL SCHOOL DISTRICT 21J
Wheeler County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

	1% Decrease	Discount Rate	1% Increase
District's proportionate share of the net OPEB liability (asset)	\$ 81,059	\$ 74,643	\$ 69,029

	1% Decrease	Trend Rate	1% Increase
District's proportionate share of the net OPEB liability (asset)	\$ 65,171	\$ 74,643	\$ 86,069

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ (44,486)	\$ -
Changes in assumptions	(18,078)	1,523
Benefit Payments	-	5,398
Total	\$ (62,564)	\$ 6,921

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

Fiscal Year	Deferred outflow or (inflow) of Resources
2026	\$ (17,306)
2027	(15,289)
2028	(10,753)
2029	(8,145)
2028	(6,293)
Thereafter	(3,255)
Total	\$ (61,041)

Program membership consisted of 27 active participants as of July 1, 2023.

Note 12. Commitments and Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by these agencies, principally the federal government and the state of Oregon. Any disallowed claims, including amounts already collected, may constitute a liability to the district. The

FOSSIL SCHOOL DISTRICT 21J
Wheeler County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time, although district management expects such amounts, if any, to be immaterial.

The district is dependent on the state of Oregon for a substantial portion of its operating funds. Due to funding uncertainties at the state level, future funding for school districts may be reduced. The ultimate effect of this possible reduction in funding on the district's future operations is not yet determinable.

On May 19, 2025, the Fossil School District Board approved a new five-year agreement with Distance Learning Solutions to provide instructional and administrative services for a public charter school authorized under ORS Chapter 338. The agreement covers the period from July 1, 2025, through June 30, 2030, and is subject to oversight by the Oregon Department of Education.

For the fiscal year ending June 30, 2026, the district has committed \$21,299,705 in payments to Distance Learning Solutions. This amount reflects the projected Average Daily Membership (ADM) for the charter school and is calculated in accordance with ORS 338.155 and applicable OAR 581-026 provisions. Annual payments are based on ADM reported by the charter school and verified by the district. The per-student rate aligns with the State School Fund distribution formula, adjusted for administrative fees and applicable deductions. The district retains authority to audit ADM calculations and adjust payments accordingly.

The charter school is subject to annual performance reviews and financial audits under ORS 338.095 and ORS 338.105. The district may withhold or adjust payments for noncompliance, material breach, or failure to meet performance benchmarks. The agreement includes provisions for termination, renewal, and amendment as outlined in ORS 338.065.

While the current-year commitment is fixed at \$21,299,705, future payments under the agreement will vary based on ADM fluctuations, legislative changes to funding formulas, and potential modifications to the charter contract.

Note 13. Risk Management

The district is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; errors and omissions; and natural disasters for which the district carries commercial insurance. The district does not engage in risk financing activities where the risk is retained (self-insurance). Settled claims have not exceeded commercial coverage in any of the past three fiscal years.

The district is exposed to risk of loss due to unemployment claims. Unemployment claims are administered through the state employment division and the district reimburses the state for all employment benefits paid out through the General Fund as claims are filed. The district does not have a policy for determining accruals for benefits or evaluating the adequacy of the cash balance. No accruals have been made for unpaid insurance claims.

Note 14. Deficit Fund Balance

At June 30, 2025, the district had a deficit fund balance in Fund 271 – SPED Stipend Fund. The district plans to address this deficit through grant funding in subsequent years.

FOSSIL SCHOOL DISTRICT 21J
Wheeler County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

Note 15. Restatement of Beginning Net Position

Implementation of GASB Statement No. 101, *Compensated Absences*, required recognition of compensated absences in accordance with the new measurement criteria. As a result, beginning net position for governmental activities decreased by \$62,753 at July 1, 2024.

Description	Governmental Activities
Net position - beginning, as previously reported	\$ 13,194,695
Adjustment for implementation of GASB 101	(62,753)
Net position - beginning, as restated	\$ 13,131,942

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REQUIRED SUPPLEMENTARY INFORMATION

FOSSIL SCHOOL DISTRICT 21J
Wheeler County, Oregon
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
OREGON PUBLIC RETIREMENT SYSTEM
Last 10 Fiscal Years*

Year Ended, June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (asset) (NPL/A)	(c) District covered payroll	(b/c) NPL/A as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2025	0.00926216%	\$ 2,058,723	\$ 1,521,973	135.27%	79.30%
2024	0.00840483%	\$ 1,574,282	\$ 1,450,765	108.51%	81.70%
2023	0.00806540%	\$ 1,234,975	\$ 1,210,054	102.06%	84.50%
2022	0.00913647%	\$ 1,093,314	\$ 1,034,568	105.68%	87.60%
2021	0.08858650%	\$ 1,933,262	\$ 929,849	207.91%	75.80%
2020	0.00976469%	\$ 1,689,058	\$ 769,548	219.49%	80.20%
2019	0.01867449%	\$ 2,828,939	\$ 751,548	376.41%	82.10%
2018	0.01646454%	\$ 2,219,426	\$ 1,370,469	161.95%	83.10%
2017	0.01402521%	\$ 2,105,510	\$ 1,210,563	173.93%	80.50%
2016	0.01550183%	\$ 890,032	\$ 925,856	96.13%	91.88%

* The amounts presented for each fiscal year were determined as of June 30.

SCHEDULE OF DISTRICT CONTRIBUTIONS
OREGON PUBLIC RETIREMENT SYSTEM
Last 10 Fiscal Years*

Year Ended, June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	District covered payroll	Contributions as a percent of covered payroll
2025	\$ 487,656	\$ 487,656	\$ -	\$ 1,831,317	26.63%
2024	\$ 383,811	\$ 383,811	\$ -	\$ 1,521,973	25.22%
2023	\$ 345,659	\$ 345,659	\$ -	\$ 1,450,765	23.83%
2022	\$ 289,095	\$ 289,095	\$ -	\$ 1,210,054	23.89%
2021	\$ 297,974	\$ 297,974	\$ -	\$ 1,034,568	28.80%
2020	\$ 251,979	\$ 251,979	\$ -	\$ 929,849	27.10%
2019	\$ 191,885	\$ 191,885	\$ -	\$ 769,548	24.93%
2018	\$ 189,216	\$ 189,216	\$ -	\$ 751,548	25.18%
2017	\$ 279,934	\$ 279,934	\$ -	\$ 1,370,469	20.43%
2016	\$ 252,188	\$ 252,188	\$ -	\$ 1,210,563	20.83%

* The amounts presented for each fiscal year were determined as of June 30.

FOSSIL SCHOOL DISTRICT 21J
Wheeler County, Oregon
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY
RETIREE HEALTH INSURANCE ACCOUNT PERS
Last 10 Fiscal Years*

Year Ended, June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net OPEB liability (asset) (NOL/A)	(c) District covered payroll	(b/c) NOL/A as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2025	0.00830280%	\$ (33,536)	\$ 1,521,973	-2.20%	220.60%
2024	0.01387071%	\$ (50,790)	\$ 1,450,765	-3.50%	201.60%
2023	0.01172939%	\$ (41,679)	\$ 1,210,054	-3.44%	194.60%
2022	0.01877196%	\$ 64,463	\$ 1,034,568	6.23%	183.90%
2021	0.00354471%	\$ 7,223	\$ 929,849	0.78%	150.10%
2020	0.00730812%	\$ (14,122)	\$ 769,548	-1.84%	64.90%
2019	0.00734851%	\$ (8,203)	\$ 751,548	-1.09%	123.99%
2018	0.01363690%	\$ (5,691)	\$ 1,370,469	-0.42%	108.90%

* The amounts presented for each fiscal year were determined as of June 30. Additional years will be added to the schedule as information becomes available.

SCHEDULE OF DISTRICT CONTRIBUTIONS
RETIREE HEALTH INSURANCE ACCOUNT PERS
Last 10 Fiscal Years*

Year Ended, June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	District covered payroll	Contributions as a percent of covered payroll
2025	\$ -	\$ -	\$ -	\$ 1,831,317	0.00%
2024	\$ 297	\$ 297	\$ -	\$ 1,521,973	0.02%
2023	\$ 288	\$ 288	\$ -	\$ 1,450,765	0.02%
2022	\$ 556	\$ 556	\$ -	\$ 1,210,054	0.05%
2021	\$ 225	\$ 225	\$ -	\$ 1,034,568	0.02%
2020	\$ 3,626	\$ 3,626	\$ -	\$ 929,849	0.39%
2019	\$ 3,527	\$ 3,527	\$ -	\$ 769,548	0.46%
2018	\$ 6,789	\$ 6,789	\$ -	\$ 751,548	0.90%

* The amounts presented for each fiscal year were determined as of June 30. Additional years will be added to the schedule as information becomes available.

FOSSIL SCHOOL DISTRICT 21J
Wheeler County, Oregon
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
OEBB HEALTH INSURANCE
Last 10 Fiscal Years*

Year Ended, June 30,	Total OPEB Liability Beginning	Service Cost	Interest	Econ/Demo Gains or losses	Changes of Assumptions
2025	\$ 61,987	\$ 13,542	\$ 2,722	\$ -	\$ (1,709)
2024	\$ 91,922	\$ 16,736	\$ 3,729	\$ (29,301)	\$ (14,381)
2023	\$ 79,910	\$ 18,346	\$ 2,095	\$ -	\$ (5,904)
2022	\$ 97,885	\$ 16,049	\$ 2,461	\$ (26,177)	\$ (5,130)
2021	\$ 77,667	\$ 14,332	\$ 3,191	\$ -	\$ 4,338
2020	\$ 106,515	\$ 25,327	\$ 4,960	\$ (50,568)	\$ (1,167)
2019	\$ 82,435	\$ 24,549	\$ 3,786	\$ -	\$ (1,766)
2018	\$ 61,620	\$ 24,600	\$ 2,423	\$ -	\$ (3,820)

* The amounts presented for each fiscal year were determined as of June 30. Additional years will be added to the schedule as information becomes available.

SCHEDULE OF DISTRICT CONTRIBUTIONS
OEBB HEALTH INSURANCE
Last 10 Fiscal Years*

Year Ended, June 30,	Actuarially Determined Contribution	Contributions During Year	Difference	District covered payroll	Contributions as a percent of covered payroll
2025	\$ 5,398	\$ 5,398	\$ -	\$ 1,856,571	0.29%
2024	\$ 1,899	\$ 1,899	\$ -	\$ 1,606,188	0.12%
2023	\$ 6,718	\$ 6,718	\$ -	\$ 1,497,607	0.45%
2022	\$ 2,525	\$ 2,525	\$ -	\$ 1,225,493	0.21%
2021	\$ 5,178	\$ 5,178	\$ -	\$ 1,046,010	0.50%
2020	\$ 1,643	\$ 1,643	\$ -	\$ 1,053,119	0.16%
2019	\$ 7,400	\$ 7,400	\$ -	\$ 895,954	0.83%
2018	\$ 2,489	\$ 2,489	\$ -	\$ 895,784	0.28%

* The amounts presented for each fiscal year were determined as of June 30. Additional years will be added to the schedule as information becomes available.

<u>Benefit Payments</u>	<u>Total OPEB Liability Ending</u>	<u>Estimated Covered Payroll</u>	<u>Total OPEB Liability as a % of Covered Payroll</u>
\$ (1,899)	\$ 74,643	\$ 1,606,188	4.65%
\$ (6,718)	\$ 61,987	\$ 1,497,607	4.14%
\$ (2,525)	\$ 91,922	\$ 1,225,493	7.50%
\$ (5,178)	\$ 79,910	\$ 1,046,010	7.64%
\$ (1,643)	\$ 97,885	\$ 1,053,119	9.29%
\$ (7,400)	\$ 77,667	\$ 895,954	8.67%
\$ (2,489)	\$ 106,515	\$ 895,784	11.89%
\$ (2,388)	\$ 82,435	\$ 1,565,581	5.27%

FOSSIL SCHOOL DISTRICT 21J
Wheeler County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended
June 30, 2025

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
Taxes	\$ 306,975	\$ 291,000	\$ 291,000	\$ (15,975)
Local sources	637,978	341,305	341,305	(296,673)
Intermediate sources	942,425	1,215,000	1,215,000	272,575
State sources	26,711,015	26,326,405	26,326,405	(384,610)
Federal sources	13,302	2,500	2,500	(10,802)
Total revenues	<u>28,611,695</u>	<u>28,176,210</u>	<u>28,176,210</u>	<u>(435,485)</u>
Expenditures				
1000 Instruction	23,173,949	23,844,753	23,844,753	670,804
2000 Supporting services	1,857,216	2,041,838	2,221,838	364,622
3000 Enterprise and community svcs	-	1,459	1,459	1,459
6000 Contingency	-	400,000	252,482	252,482
Total expenditures	<u>25,031,165</u>	<u>26,288,050</u>	<u>26,320,532</u>	<u>1,289,367</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,580,530</u>	<u>1,888,160</u>	<u>1,855,678</u>	<u>(1,724,852)</u>
Other financing uses				
Operating transfers out	<u>(911,764)</u>	<u>(1,237,859)</u>	<u>(1,205,377)</u>	<u>(293,613)</u>
Total other financing uses	<u>(911,764)</u>	<u>(1,237,859)</u>	<u>(1,205,377)</u>	<u>(293,613)</u>
Net change in fund balance	2,668,766	650,301	650,301	(2,018,465)
Fund balance at beginning of year	<u>9,903,009</u>	<u>9,800,000</u>	<u>9,800,000</u>	<u>(103,009)</u>
Fund balance at end of year	<u>\$12,571,775</u>	<u>\$10,450,301</u>	<u>\$10,450,301</u>	<u>\$ (2,121,474)</u>

FOSSIL SCHOOL DISTRICT 21J
Wheeler County, Oregon
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY REPORTING
For the Year Ended
June 30, 2025

In accordance with Oregon Revised Statutes, the board of directors annually adopts a budget following required public notice and hearing for all funds except private purpose trust and agency funds. The budget may be amended during the year through statutorily prescribed procedures. The district's budget is prepared on the modified accrual or GAAP basis of accounting. Appropriations lapse at year end.

Formal and legal budgetary control for the certified budget is based upon major classes of expenditures known as functions within each fund. The functions include: instruction, support services, enterprise and community services, contingencies, and transfers. There were multiple budget amendments adopted for the General Fund during the year.

During the year ended June 30, 2025, disbursements in the major funds were within certified budget amounts.

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SUPPLEMENTARY SCHEDULES

FOSSIL SCHOOL DISTRICT 21J
Wheeler County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended
June 30, 2025

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
Local sources				
1111 Taxes - current year	\$ 290,279	\$ 280,000	\$ 280,000	\$ (10,279)
1112 Taxes - prior year	13,231	6,000	6,000	(7,231)
1114 Payments in lieu of taxes	31	-	-	(31)
1190 Penalties and interest on taxes	3,465	5,000	5,000	1,535
1510 Interest earned investments	588,655	300,000	300,000	(288,655)
1920 Contributions	1,626	500	500	(1,126)
1941 Contract services	1,883	15,000	15,000	13,117
1960 Recovery of expenditure	749	250	250	(499)
1990 Miscellaneous income	26,218	5,555	5,555	(20,663)
1991 E-Rate	18,816	20,000	20,000	1,184
Total local sources	<u>944,953</u>	<u>632,305</u>	<u>632,305</u>	<u>(312,648)</u>
Intermediate sources				
2101 County school fund	11,251	15,000	15,000	3,749
2103 ESD apportionment	917,249	1,200,000	1,200,000	282,751
2200 ESD special programs	13,925	-	-	(13,925)
Total intermediate sources	<u>942,425</u>	<u>1,215,000</u>	<u>1,215,000</u>	<u>272,575</u>
State sources				
3101 Basic school support	26,701,495	26,323,405	26,323,405	(378,090)
3103 Common school fund	9,520	3,000	3,000	(6,520)
Total state sources	<u>26,711,015</u>	<u>26,326,405</u>	<u>26,326,405</u>	<u>(384,610)</u>
Federal sources				
4507 Special education	-	2,500	2,500	2,500
4510 State fiscal stabilization funds	10,950	-	-	(10,950)
4801 Federal forest fees	2,352	-	-	(2,352)
Total federal sources	<u>13,302</u>	<u>2,500</u>	<u>2,500</u>	<u>(10,802)</u>
Total revenues	<u>28,611,695</u>	<u>28,176,210</u>	<u>28,176,210</u>	<u>(435,485)</u>
Expenditures				
1000 Instruction				
100 Salaries	1,026,804	1,016,614	1,016,614	(10,190)
200 Associated payroll costs	767,191	796,909	796,909	29,718
300 Purchased services	21,201,062	21,731,780	21,731,780	530,718
400 Supplies and materials	167,399	248,050	248,050	80,651
500 Capital outlay	3,799	31,000	31,000	27,201
600 Other objects	7,694	20,400	20,400	12,706
Total instruction	<u>23,173,949</u>	<u>23,844,753</u>	<u>23,844,753</u>	<u>670,804</u>

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FOSSIL SCHOOL DISTRICT 21J
Wheeler County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended
June 30, 2025

	Actual	Budget		(Over) Under Budget
		Original	Final	
Expenditures - continued				
2000 Supporting services				
100 Salaries	502,034	497,277	497,277	\$ (4,757)
200 Associated payroll costs	334,387	429,347	429,347	94,960
300 Purchased services	328,221	531,014	531,014	202,793
400 Supplies and materials	180,042	217,900	217,900	37,858
500 Capital outlay	401,700	243,000	423,000	21,300
600 Other objects	110,832	123,300	123,300	12,468
Total support services	<u>1,857,216</u>	<u>2,041,838</u>	<u>2,221,838</u>	<u>364,622</u>
3000 Enterprise and community services				
300 Purchased services	-	1,459	1,459	1,459
Total enterprise and community svcs	<u>0</u>	<u>1,459</u>	<u>1,459</u>	<u>1,459</u>
6000 Contingency				
800 Planned reserve	-	400,000	252,482	252,482
Total contingency	<u>0</u>	<u>400,000</u>	<u>252,482</u>	<u>252,482</u>
Total expenditures	<u>25,031,165</u>	<u>26,288,050</u>	<u>26,320,532</u>	<u>1,289,367</u>
Excess (deficiency) of revenues over(under) expenditures	<u>3,580,530</u>	<u>1,888,160</u>	<u>1,855,678</u>	<u>(1,724,852)</u>
Other financing uses				
Operating transfers out	<u>(911,764)</u>	<u>(1,237,859)</u>	<u>(1,205,377)</u>	<u>(293,613)</u>
Total other financing uses	<u>(911,764)</u>	<u>(1,237,859)</u>	<u>(1,205,377)</u>	<u>(293,613)</u>
Net change in fund balance	2,668,766	650,301	650,301	(2,018,465)
Fund balance at beginning of year	<u>9,903,009</u>	<u>9,800,000</u>	<u>9,800,000</u>	<u>(103,009)</u>
Fund balance at end of year	<u>\$12,571,775</u>	<u>\$10,450,301</u>	<u>\$10,450,301</u>	<u>\$ (2,121,474)</u>

FOSSIL SCHOOL DISTRICT 21J
Wheeler County, Oregon
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2025

	201 Federal Title I	202 Federal Title VI	205 IDEA Sp. Education	207 Rural Ed Initiative Grant	209 ESSER
ASSETS					
Cash and investments	\$ 3,471	\$ -	\$ -	\$ 2,151	\$ -
Total assets	<u>\$ 3,471</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,151</u>	<u>\$ 0</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accrued liabilities	\$ 1,378	\$ -	\$ -	\$ 2,151	\$ (30)
Total liabilities	<u>1,378</u>	<u>0</u>	<u>0</u>	<u>2,151</u>	<u>(30)</u>
Fund balance					
Restricted	2,093	-	-	-	30
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>2,093</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>30</u>
Total liabilities and fund balances	<u>\$ 3,471</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,151</u>	<u>\$ 0</u>

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210 Student Body	215 OYCC Grant	227 Student Support & Ac. Enrichment	228 Preschool	251 SSA Student Investment	261 Food Service	271 SPED Stipend
\$ 50,911	\$ 9,640	\$ -	\$ 3,830	\$ 8,719	\$ 2,150	\$ -
<u>\$ 50,911</u>	<u>\$ 9,640</u>	<u>\$ 0</u>	<u>\$ 3,830</u>	<u>\$ 8,719</u>	<u>\$ 2,150</u>	<u>\$ 0</u>
\$ -	\$ 361	\$ -	\$ 3,767	\$ 8,719	\$ 2,150	\$ 10
<u>0</u>	<u>361</u>	<u>0</u>	<u>3,767</u>	<u>8,719</u>	<u>2,150</u>	<u>10</u>
50,911	9,279	-	63	-	-	-
-	-	-	-	-	-	(10)
<u>50,911</u>	<u>9,279</u>	<u>0</u>	<u>63</u>	<u>0</u>	<u>0</u>	<u>(10)</u>
<u>\$ 50,911</u>	<u>\$ 9,640</u>	<u>\$ 0</u>	<u>\$ 3,830</u>	<u>\$ 8,719</u>	<u>\$ 2,150</u>	<u>\$ 0</u>

FOSSIL SCHOOL DISTRICT 21J
Wheeler County, Oregon
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2025

	275 Daycare	298 High School Success	401 Capital Project	Totals June 30, 2025
ASSETS				
Cash and investments	\$ 1,802	\$ -	\$ -	\$ 82,674
Total assets	<u>\$ 1,802</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 82,674</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accrued liabilities	\$ 1,802	\$ -	\$ -	\$ 20,308
Total liabilities	<u>1,802</u>	<u>0</u>	<u>0</u>	<u>20,308</u>
Fund balance				
Restricted	-	-	-	62,376
Unassigned	-	-	-	(10)
Total fund balances	<u>0</u>	<u>0</u>	<u>0</u>	<u>62,366</u>
Total liabilities and fund balances	<u>\$ 1,802</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 82,674</u>

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FOSSIL SCHOOL DISTRICT 21J
Wheeler County, Oregon
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended
June 30, 2025

	201 Federal Title I	202 Federal Title VI	205 IDEA Sp. Education	207 Rural Ed Initiative Grant	209 ESSER
Revenues					
Intergovernmental revenues	\$ 47,088	\$ 4,219	\$ 200,000	\$ 76,826	\$ -
Miscellaneous	-	-	-	-	-
Total revenues	47,088	4,219	200,000	76,826	0
Expenditures					
Current					
1000 Instruction					
1111 Primary K-3	-	4,219	-	-	-
1122 Mid school extracurricular	-	-	-	-	-
1131 High school programs	-	-	-	-	-
1132 High school extracurricular	-	-	-	-	-
1140 Pre-kindergarten programs	-	-	-	-	-
1220 Programs for students w/ disabilities	-	-	200,000	-	-
1250 Less Rest progs for students w/ disab	-	-	-	-	-
1272 Title 1A	46,088	-	-	78,906	-
Total instruction	46,088	4,219	200,000	78,906	0
2000 Support services					
2122 Counseling services	-	-	-	-	-
2190 Student support services	1,000	-	-	-	-
Total support services	1,000	0	0	0	0
3000 Enterprise and community services					
3100 Food service	-	-	-	-	-
3330 Civic services	-	-	-	-	-
Total enterprise and community services	0	0	0	0	0
4000 Facilities acquisition and construction					
4120 Site acquisition and development	-	-	-	-	-
4150 Bldg acq, construction, improvement	-	-	-	-	-
Total Facilities acquisition and construction	0	0	0	0	0
Total expenditures	47,088	4,219	200,000	78,906	0
Excess of revenues over (under) expenditures	0	0	0	(2,080)	0
Other financing sources (uses)					
Transfers in	1,992	-	-	2,013	30
Total other fin. sources (uses)	1,992	0	0	2,013	30
Net change in fund balance	1,992	0	0	(67)	30
Available fund balance, July 1	101	-	-	67	-
Available fund balance, June 30	\$ 2,093	\$ 0	\$ 0	\$ 0	\$ 30

(Continued on next page)

210 Student Body	215 OYCC Grant	227 Student Support & Ac. Enrichment	228 Preschool	251 SSA Student Investment	261 Food Service	271 SPED Stipend
\$ -	\$ 27,500	\$ 10,981	\$ 66,388	\$ 163,222	\$ -	\$ 3,121
38,360	-	-	-	-	4,687	-
38,360	27,500	10,981	66,388	163,222	4,687	3,121
-	-	5,981	-	152,429	-	-
405	-	-	-	-	-	-
-	-	5,000	-	-	-	-
39,574	-	-	-	-	-	-
-	-	-	109,985	-	-	-
-	-	-	-	-	-	4,604
-	-	-	-	-	-	-
39,979	0	10,981	109,985	152,429	0	4,604
-	-	-	-	56,949	-	-
-	-	-	-	-	-	-
0	0	0	0	56,949	0	0
-	-	-	-	-	112,559	-
-	24,457	-	-	-	-	-
0	24,457	0	0	0	112,559	0
-	-	-	-	-	-	-
-	-	-	-	-	-	-
0	0	0	0	0	0	0
39,979	24,457	10,981	109,985	209,378	112,559	4,604
(1,619)	3,043	0	(43,597)	(46,156)	(107,872)	(1,483)
-	-	-	36,622	46,017	107,807	1,473
0	0	0	36,622	46,017	107,807	1,473
(1,619)	3,043	0	(6,975)	(139)	(65)	(10)
52,530	6,236	-	7,038	139	65	-
\$ 50,911	\$ 9,279	\$ 0	\$ 63	\$ 0	\$ 0	\$ (10)

FOSSIL SCHOOL DISTRICT 21J
Wheeler County, Oregon
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS**
For the Year Ended
June 30, 2025

	275 Daycare	298 High School Success	401 Capital Project	Totals June 30, 2025
Revenues				
Intergovernmental revenues	\$ -	\$ 18,774	\$ -	\$ 618,119
Miscellaneous	11,268	-	-	54,315
Total revenues	11,268	18,774	0	672,434
Expenditures				
Current				
1000 Instruction				
1111 Primary K-3	-	-	-	162,629
1122 Mid school extracurricular	-	-	-	405
1131 High school programs	-	18,774	-	23,774
1132 High school extracurricular	-	-	-	39,574
1140 Pre-kindergarten programs	63,650	-	-	173,635
1220 Programs for students w/ disabilities	-	-	-	200,000
1250 Less Rest progs for students w/ disab	-	-	-	4,604
1272 Title 1A	-	-	-	124,994
Total instruction	63,650	18,774	0	729,615
2000 Support services				
2122 Counseling services	-	-	-	56,949
2190 Student support services	-	-	-	1,000
Total support services	0	0	0	57,949
3000 Enterprise and community services				
3100 Food service	-	-	-	112,559
3330 Civic services	-	-	-	24,457
Total enterprise and community services	0	0	0	137,016
4000 Facilities acquisition and construction				
4120 Site acquisition and development	-	-	7,630	7,630
4150 Bldg acq, construction, improvement	-	-	655,798	655,798
Total Facilities acquisition and construction	0	0	663,428	663,428
Total expenditures	63,650	18,774	663,428	1,588,008
Excess of revenues over (under) expenditures	(52,382)	0	(663,428)	(915,574)
Other financing sources (uses)				
Transfers in	52,382	-	663,428	911,764
Total other fin. sources (uses)	52,382	0	663,428	911,764
Net change in fund balance	0	0	0	(3,810)
Available fund balance, July 1	-	-	-	66,176
Available fund balance, June 30	\$ 0	\$ 0	\$ 0	\$ 62,366

FOSSIL SCHOOL DISTRICT 21J
Wheeler County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FEDERAL TITLE I FUND - 201
For the Year Ended
June 30, 2025

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
4501 Title I	\$ 47,088	\$ 46,699	\$ 47,088	\$ -
Total revenues	<u>47,088</u>	<u>46,699</u>	<u>47,088</u>	<u>0</u>
Expenditures				
1000 Instruction				
1272 Title 1A				
100 Salaries	27,438	41,157	27,438	-
200 Associated payroll costs	18,650	39,507	18,650	-
Total instruction	<u>46,088</u>	<u>80,664</u>	<u>46,088</u>	<u>0</u>
2000 Support services				
2190 Student support services				
400 Supplies and materials	1,000	-	1,000	-
Total support services	<u>1,000</u>	<u>0</u>	<u>1,000</u>	<u>0</u>
Total expenditures	<u>47,088</u>	<u>80,664</u>	<u>47,088</u>	<u>0</u>
Excess (deficiency) of revenues over (under) expenditures	<u>0</u>	<u>(33,965)</u>	<u>0</u>	<u>0</u>
Other financing sources (uses)				
Transfers in	1,992	33,965	-	(1,992)
Total other financing sources (uses)	<u>1,992</u>	<u>33,965</u>	<u>0</u>	<u>(1,992)</u>
Net change in fund balance	1,992	0	0	(1,992)
Fund balance at beginning of year	101	-	-	(101)
Fund balance at end of year	<u>\$ 2,093</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (2,093)</u>

FOSSIL SCHOOL DISTRICT 21J
Wheeler County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FEDERAL TITLE VI FUND - 202
For the Year Ended
June 30, 2025

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
4502 Title VI	\$ 4,219	\$ 5,000	\$ 5,000	\$ 781
Total revenues	<u>4,219</u>	<u>5,000</u>	<u>5,000</u>	<u>781</u>
Expenditures				
1000 Instruction				
1111 Elementary K-3				
400 Supplies and materials	<u>4,219</u>	<u>5,000</u>	<u>5,000</u>	<u>781</u>
Total instruction	<u>4,219</u>	<u>5,000</u>	<u>5,000</u>	<u>781</u>
Total expenditures	<u>4,219</u>	<u>5,000</u>	<u>5,000</u>	<u>781</u>
Excess (deficiency) of revenues over (under) expenditures and net change in fund balance	0	0	0	0
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

FOSSIL SCHOOL DISTRICT 21J
Wheeler County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
IDEA SPECIAL EDUCATION -205
For the Year Ended
June 30, 2025

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
4700 Title IIA grant through ESD	\$ 200,000	\$ 200,000	\$ 200,000	\$ -
Total revenues	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>0</u>
Expenditures				
1000 Instruction				
1250 Less restrictive programs for students with disabilities				
300 Purchased services	200,000	200,000	200,000	-
Total instruction	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>0</u>
Total expenditures	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>0</u>
Excess (deficiency) of revenues over (under) expenditures and net change in fund balance	0	0	0	0
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

FOSSIL SCHOOL DISTRICT 21J
Wheeler County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
RURAL EDUCATION INITIATIVE GRANT - 207
For the Year Ended
June 30, 2025

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
4307 Rural education grant	\$ 76,826	\$ 45,660	\$ 76,826	\$ -
Total revenues	<u>76,826</u>	<u>45,660</u>	<u>76,826</u>	<u>0</u>
Expenditures				
1000 Instruction				
1272 Title IA/D				
100 Salaries	41,157	27,438	41,157	-
200 Associated payroll costs	<u>37,749</u>	<u>18,222</u>	<u>35,669</u>	<u>(2,080)</u>
Total instruction	<u>78,906</u>	<u>45,660</u>	<u>76,826</u>	<u>(2,080)</u>
Total expenditures	<u>78,906</u>	<u>45,660</u>	<u>76,826</u>	<u>(2,080)</u>
Excess (deficiency) of revenues over (under) expenditures	(2,080)	0	0	2,080
Other financing sources (uses)				
Transfers in	<u>2,013</u>	-	-	<u>(2,013)</u>
Total other financing sources (uses)	<u>2,013</u>	<u>0</u>	<u>0</u>	<u>(2,013)</u>
Net change in fund balance	(67)	0	0	67
Fund balance at beginning of year	<u>67</u>	-	-	<u>(67)</u>
Fund balance at end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

FOSSIL SCHOOL DISTRICT 21J
Wheeler County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
ESSER FUND - 209
For the Year Ended
June 30, 2025

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
4000 Federal Revenues	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
1000 Instruction				
1122 Middle/Junior high school extra curricular				
100 Salaries	-	-	-	-
200 Associated payroll costs	-	-	-	-
400 Supplies and materials	-	-	-	-
Total instruction	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues over (under) expenditures	0	0	0	0
Other financing sources (uses)				
Transfers in	<u>30</u>	<u>-</u>	<u>-</u>	<u>(30)</u>
Total other financing sources (uses)	<u>30</u>	<u>0</u>	<u>0</u>	<u>(30)</u>
Net change in fund balance	30	0	0	(30)
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ 30</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (30)</u>

FOSSIL SCHOOL DISTRICT 21J
Wheeler County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
STUDENT BODY FUND - 210
For the Year Ended
June 30, 2025

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
1760 Club revenues	\$ 38,360	\$ 70,000	\$ 70,000	\$ 31,640
Total revenues	<u>38,360</u>	<u>70,000</u>	<u>70,000</u>	<u>31,640</u>
Expenditures				
1000 Instruction				
1122 Middle school extra-curricular				
400 Supplies and materials	405	10,000	10,000	9,595
1132 High school extra-curricular				
400 Supplies and materials	<u>39,574</u>	<u>60,000</u>	<u>60,000</u>	<u>20,426</u>
Total instruction	<u>39,979</u>	<u>70,000</u>	<u>70,000</u>	<u>30,021</u>
Total expenditures	<u>39,979</u>	<u>70,000</u>	<u>70,000</u>	<u>30,021</u>
Excess (deficiency) of revenues over (under) expenditures and net change in fund balance	(1,619)	0	0	1,619
Fund balance at beginning of year	<u>52,530</u>	<u>54,650</u>	<u>54,650</u>	<u>2,120</u>
Fund balance at end of year	<u>\$ 50,911</u>	<u>\$ 54,650</u>	<u>\$ 54,650</u>	<u>\$ 3,739</u>

FOSSIL SCHOOL DISTRICT 21J
Wheeler County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
OYCC GRANT - 215
For the Year Ended
June 30, 2025

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
3235 OYCC Grant	\$ 27,500	\$ -	\$ -	\$ (27,500)
4500 Federal Sources	-	45,000	45,000	45,000
Total revenues	<u>27,500</u>	<u>45,000</u>	<u>45,000</u>	<u>17,500</u>
Expenditures				
3000 Enterprise and community services				
3330 Civic services				
100 Salaries	19,134	35,712	35,712	16,578
200 Associated payroll costs	3,631	12,034	12,034	8,403
400 Supplies and materials	<u>1,692</u>	<u>2,307</u>	<u>2,307</u>	<u>615</u>
Total enterprise and community services	<u>24,457</u>	<u>50,053</u>	<u>50,053</u>	<u>25,596</u>
Total expenditures	<u>24,457</u>	<u>50,053</u>	<u>50,053</u>	<u>25,596</u>
Excess (deficiency) of revenues over (under) expenditures and net change in fund balance	3,043	(5,053)	(5,053)	(8,096)
Fund balance at beginning of year	<u>6,236</u>	<u>5,053</u>	<u>5,053</u>	<u>(1,183)</u>
Fund balance at end of year	<u>\$ 9,279</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (9,279)</u>

FOSSIL SCHOOL DISTRICT 21J
Wheeler County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
STUDENT SUPPORT AND ACADEMIC ENRICHMENT - 227
For the Year Ended
June 30, 2025

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
4307 Rural education grant	\$ 10,981	\$ 10,000	\$ 10,981	\$ -
Total revenues	<u>10,981</u>	<u>10,000</u>	<u>10,981</u>	<u>0</u>
Expenditures				
1000 Instruction				
1111 Primary K-3				
400 Supplies and materials	5,981	5,000	5,981	-
1131 High school program				
400 Supplies and materials	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Total support services	<u>10,981</u>	<u>10,000</u>	<u>10,981</u>	<u>0</u>
Total expenditures	<u>10,981</u>	<u>10,000</u>	<u>10,981</u>	<u>0</u>
Excess (deficiency) of revenues over (under) expenditures and net change in fund balance	0	0	0	0
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

FOSSIL SCHOOL DISTRICT 21J
Wheeler County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
PRESCHOOL FUND - 228
For the Year Ended
June 30, 2025

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
2201 Restricted grants	\$ 66,388	\$ 100,000	\$ 100,000	\$ 33,612
Total revenues	66,388	100,000	100,000	33,612
Expenditures				
1000 Instruction				
1140 Pre-kindergarten programs				
100 Salaries	58,455	55,389	55,389	(3,066)
200 Associated payroll costs	49,727	56,409	56,409	6,682
300 Purchased services	-	2,500	2,500	2,500
400 Supplies and materials	1,803	4,000	4,000	2,197
Total support services	109,985	118,298	118,298	8,313
Total expenditures	109,985	118,298	118,298	8,313
Excess (deficiency) of revenues over (under) expenditures	(43,597)	(18,298)	(18,298)	25,299
Other financing sources (uses)				
Transfers in	36,622	18,298	18,298	(18,324)
Total other financing sources (uses)	36,622	18,298	18,298	(18,324)
Net change in fund balance	(6,975)	0	0	6,975
Fund balance at beginning of year	7,038	-	-	(7,038)
Fund balance at end of year	\$ 63	\$ 0	\$ 0	\$ (63)

FOSSIL SCHOOL DISTRICT 21J
Wheeler County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SSA: STUDENT INVESTMENT FUND - 251
For the Year Ended
June 30, 2025

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
3299 Other restricted grants-in-aid	\$ 163,222	\$ 143,119	\$ 143,119	\$ (20,103)
Total revenues	<u>163,222</u>	<u>143,119</u>	<u>143,119</u>	<u>(20,103)</u>
Expenditures				
1000 Instruction				
1111 Primary K-3				
100 Salaries	71,845	71,845	71,845	-
200 Associated payroll costs	<u>80,584</u>	<u>80,584</u>	<u>80,584</u>	<u>-</u>
Total instruction	<u>152,429</u>	<u>152,429</u>	<u>152,429</u>	<u>0</u>
2000 Support services				
2122 Counseling services				
100 Salaries	33,072	31,515	31,515	(1,557)
200 Associated payroll costs	<u>23,877</u>	<u>25,434</u>	<u>25,434</u>	<u>1,557</u>
Total support services	<u>56,949</u>	<u>56,949</u>	<u>56,949</u>	<u>0</u>
Total expenditures	<u>209,378</u>	<u>209,378</u>	<u>209,378</u>	<u>0</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(46,156)</u>	<u>(66,259)</u>	<u>(66,259)</u>	<u>(20,103)</u>
Other financing sources (uses)				
Transfers in	<u>46,017</u>	<u>66,259</u>	<u>66,259</u>	<u>20,242</u>
Total other financing sources (uses)	<u>46,017</u>	<u>66,259</u>	<u>66,259</u>	<u>20,242</u>
Net change in fund balance	(139)	0	0	139
Fund balance at beginning of year	<u>139</u>	<u>-</u>	<u>-</u>	<u>(139)</u>
Fund balance at end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

FOSSIL SCHOOL DISTRICT 21J
Wheeler County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOOD SERVICE FUND - 261
For the Year Ended
June 30, 2025

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
1620 Nonreimbursable daily sales	\$ 4,687	\$ 3,000	\$ 3,000	\$ (1,687)
Total revenue	<u>4,687</u>	<u>3,000</u>	<u>3,000</u>	<u>(1,687)</u>
Expenditures				
3000 Enterprise and community services				
3100 Food service				
100 Salaries	37,426	28,612	28,612	(8,814)
200 Associated payroll costs	21,986	29,525	29,525	7,539
300 Purchased services	534	2,550	2,550	2,016
400 Supplies and materials	46,511	58,000	58,000	11,489
500 Capital outlay	<u>6,102</u>	<u>-</u>	<u>-</u>	<u>(6,102)</u>
Total enterprise and community services	<u>112,559</u>	<u>118,687</u>	<u>118,687</u>	<u>6,128</u>
Total expenditures	<u>112,559</u>	<u>118,687</u>	<u>118,687</u>	<u>6,128</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(107,872)</u>	<u>(115,687)</u>	<u>(115,687)</u>	<u>(7,815)</u>
Other financing sources (uses)				
Transfers in	<u>107,807</u>	<u>115,687</u>	<u>115,687</u>	<u>7,880</u>
Total other financing sources (uses)	<u>107,807</u>	<u>115,687</u>	<u>115,687</u>	<u>7,880</u>
Net change in fund balance	(65)	0	0	65
Fund balance at beginning of year	<u>65</u>	<u>-</u>	<u>-</u>	<u>(65)</u>
Fund balance at end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

FOSSIL SCHOOL DISTRICT 21J
Wheeler County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SPED STIPEND FUND - 271
For the Year Ended
June 30, 2025

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
3299 Other restricted grants-in-aid	\$ 3,121	\$ -	\$ 3,121	\$ -
Total revenue	<u>3,121</u>	<u>0</u>	<u>3,121</u>	<u>0</u>
Expenditures				
1000 Instruction				
1250 Less restr progs students with disabilities				
100 Salaries	3,121	-	3,121	-
200 Associated payroll costs	1,483	-	1,483	-
Total instruction	<u>4,604</u>	<u>0</u>	<u>4,604</u>	<u>0</u>
Total expenditures	<u>4,604</u>	<u>0</u>	<u>4,604</u>	<u>0</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,483)</u>	<u>-</u>	<u>(1,483)</u>	<u>-</u>
Other financing sources (uses)				
Transfers in	<u>1,473</u>	<u>-</u>	<u>1,483</u>	<u>10</u>
Total other financing sources (uses)	<u>1,473</u>	<u>0</u>	<u>1,483</u>	<u>10</u>
Net change in fund balance	(10)	0	0	10
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ (10)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 10</u>

FOSSIL SCHOOL DISTRICT 21J
Wheeler County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
DAYCARE - 275
For the Year Ended
June 30, 2025

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
1970 Daycare fees	\$ 11,268	\$ 10,000	\$ 10,000	\$ (1,268)
Total revenue	<u>11,268</u>	<u>10,000</u>	<u>10,000</u>	<u>(1,268)</u>
Expenditures				
1000 Instruction				
1140 Pre-kindergarten Programs				
100 Salaries	36,086	26,933	26,933	(9,153)
200 Associated payroll costs	26,035	30,217	30,217	4,182
300 Purchased services	-	2,500	2,500	2,500
400 Supplies and materials	1,529	4,000	4,000	2,471
Total instruction	<u>63,650</u>	<u>63,650</u>	<u>63,650</u>	<u>0</u>
Total expenditures	<u>63,650</u>	<u>63,650</u>	<u>63,650</u>	<u>0</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(52,382)</u>	<u>(53,650)</u>	<u>(53,650)</u>	<u>(1,268)</u>
Other financing sources (uses)				
Transfers in	<u>52,382</u>	<u>53,650</u>	<u>53,650</u>	<u>1,268</u>
Total other financing sources (uses)	<u>52,382</u>	<u>53,650</u>	<u>53,650</u>	<u>1,268</u>
Net change in fund balance	0	0	0	0
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

FOSSIL SCHOOL DISTRICT 21J
Wheeler County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HIGH SCHOOL SUCCESS FUND - 298
For the Year Ended
June 30, 2025

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
3299 Other restricted grants-in-aid	\$ 18,774	\$ 17,721	\$ 18,774	\$ -
Total revenues	<u>18,774</u>	<u>17,721</u>	<u>18,774</u>	<u>0</u>
Expenditures				
1000 Instruction				
1131 High school program				
300 Purchased services	5,566	6,000	6,000	434
400 Supplies and materials	13,208	11,721	12,774	(434)
Total instruction	<u>18,774</u>	<u>17,721</u>	<u>18,774</u>	<u>0</u>
Total expenditures	<u>18,774</u>	<u>17,721</u>	<u>18,774</u>	<u>0</u>
Excess (deficiency) of revenues over (under) expenditures and net change in fund balance	0	0	0	0
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

FOSSIL SCHOOL DISTRICT 21J
Wheeler County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CAPITAL PROJECT FUND - 401
For the Year Ended
June 30, 2025

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
2200 Restricted grant-in-aid	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
4000 Facilities acquisition and construction				
4120 Site acquisition and development				
500 Capital outlay	7,630	150,000	150,000	142,370
4150 Building improvement services				
500 Capital outlay	<u>655,798</u>	<u>800,000</u>	<u>800,000</u>	<u>144,202</u>
Total facilities acquisition and construction	<u>663,428</u>	<u>950,000</u>	<u>950,000</u>	<u>286,572</u>
Total expenditures	<u>663,428</u>	<u>950,000</u>	<u>950,000</u>	<u>286,572</u>
Excess of revenues over (under) expenditures	<u>(663,428)</u>	<u>(950,000)</u>	<u>(950,000)</u>	<u>(286,572)</u>
Other financing sources				
Transfer from General Fund	<u>663,428</u>	<u>950,000</u>	<u>950,000</u>	<u>286,572</u>
Total other financing sources	<u>663,428</u>	<u>950,000</u>	<u>950,000</u>	<u>286,572</u>
Net change in fund balance	0	0	0	0
Available fund balance, July 1	-	-	-	-
Available fund balance, June 30	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

FOSSIL SCHOOL DISTRICT 21J
Wheeler County, Oregon
COMBINING SCHEDULE OF FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
June 30, 2025

	701 McQuinn Memorial Scholarship	703 Robert B. Welsh Family Scholarship	706 Bess-Wright Johnson Scholarship	<u>Totals</u> June 30, 2025
ASSETS				
Cash and investments	\$ 443,809	\$ 23,031	\$ 113,441	\$ 580,281
Total assets	<u>443,809</u>	<u>23,031</u>	<u>113,441</u>	<u>580,281</u>
FIDUCIARY NET POSITION				
Held in trust for scholarships	<u>443,809</u>	<u>23,031</u>	<u>113,441</u>	<u>580,281</u>
Total net position	<u><u>\$ 443,809</u></u>	<u><u>\$ 23,031</u></u>	<u><u>\$ 113,441</u></u>	<u><u>\$ 580,281</u></u>

FOSSIL SCHOOL DISTRICT 21J
Wheeler County, Oregon
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
For the Year Ended
June 30, 2025

	701 McQuinn Memorial Scholarship	703 Robert B. Welsh Family Scholarship	706 Bess-Wright Johnson Scholarship	<u>Totals</u> June 30, 2025
Additions				
Local sources	\$ 45,169	\$ 405	\$ 2,034	\$ 47,608
Total additions	<u>45,169</u>	<u>405</u>	<u>2,034</u>	<u>47,608</u>
Deductions				
1000 Instruction				
1111 Primary, K-3	3,700	-	-	3,700
Total instruction	<u>3,700</u>	<u>0</u>	<u>0</u>	<u>3,700</u>
2000 Support services				
2525 Financial accounting services	3,353	-	-	3,353
Total support services	<u>3,353</u>	<u>0</u>	<u>0</u>	<u>3,353</u>
3000 Enterprise and comm svcs				
3390 Other community services	5,750	3,000	1,500	10,250
Total enterprise and comm svcs	<u>5,750</u>	<u>3,000</u>	<u>1,500</u>	<u>10,250</u>
Total deductions	<u>12,803</u>	<u>3,000</u>	<u>1,500</u>	<u>17,303</u>
Net increase (decrease) in fiduciary net position	32,366	(2,595)	534	30,305
Fiduciary net position, July 1	411,443	25,626	112,907	549,976
Fiduciary net position, June 30	<u>\$ 443,809</u>	<u>\$ 23,031</u>	<u>\$ 113,441</u>	<u>\$ 580,281</u>

FOSSIL SCHOOL DISTRICT 21J
Wheeler County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
McQUINN MEMORIAL SCHOLARSHIP FUND - 701
For the Year Ended
June 30, 2025

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
Interest earned	\$ 4,846	\$ 3,000	\$ 3,000	\$ (1,846)
Gain/(loss) on investments	40,323	17,500	17,500	(22,823)
Total revenues	<u>45,169</u>	<u>20,500</u>	<u>20,500</u>	<u>(24,669)</u>
Expenditures				
1000 Instruction				
1111 Primary K-3				
300 Purchased services	3,700	5,000	5,000	1,300
1131 High school programs				
300 Purchased services	-	5,000	5,000	5,000
Total instruction	<u>3,700</u>	<u>10,000</u>	<u>10,000</u>	<u>6,300</u>
2000 Support services				
2525 Financial accounting services				
600 Other objects	3,353	5,000	5,000	1,647
Total support services	<u>3,353</u>	<u>5,000</u>	<u>5,000</u>	<u>1,647</u>
3000 Enterprise and community services				
3390 Other community services				
300 Purchased services	5,750	7,500	7,500	1,750
Total enterprise and community services	<u>5,750</u>	<u>7,500</u>	<u>7,500</u>	<u>1,750</u>
Total expenditures	<u>12,803</u>	<u>22,500</u>	<u>22,500</u>	<u>9,697</u>
Excess (deficiency) of revenues over (under) expenditures	32,366	(2,000)	(2,000)	(34,366)
Fund balance at beginning of year	<u>411,443</u>	<u>390,550</u>	<u>390,550</u>	<u>(20,893)</u>
Fund balance at end of year	<u>\$ 443,809</u>	<u>\$ 388,550</u>	<u>\$ 388,550</u>	<u>\$ (55,259)</u>

FOSSIL SCHOOL DISTRICT 21J
Wheeler County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
ROBERT B. WELSH FAMILY SCHOLARSHIP FUND - 703
For the Year Ended
June 30, 2025

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
Interest	\$ 405	\$ 450	\$ 450	\$ 45
Total revenues	<u>405</u>	<u>450</u>	<u>450</u>	<u>45</u>
Expenditures				
3000 Enterprise and community services				
3390 Other community services				
300 Purchased services	<u>3,000</u>	<u>4,000</u>	<u>4,000</u>	<u>1,000</u>
Total enterprise and community services	<u>3,000</u>	<u>4,000</u>	<u>4,000</u>	<u>1,000</u>
Total expenditures	<u>3,000</u>	<u>4,000</u>	<u>4,000</u>	<u>1,000</u>
Excess (deficiency) of revenues over (under) expenditures	(2,595)	(3,550)	(3,550)	(955)
Fund balance at beginning of year	<u>25,626</u>	<u>25,637</u>	<u>25,637</u>	<u>11</u>
Fund balance at end of year	<u>\$ 23,031</u>	<u>\$ 22,087</u>	<u>\$ 22,087</u>	<u>\$ (944)</u>

FOSSIL SCHOOL DISTRICT 21J
Wheeler County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
BESS WRIGHT-JOHNSON SCHOLARSHIP FUND - 706
For the Year Ended
June 30, 2025

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
Interest earned	\$ 2,034	\$ 1,100	\$ 1,100	\$ (934)
Total revenues	<u>2,034</u>	<u>1,100</u>	<u>1,100</u>	<u>(934)</u>
Expenditures				
3000 Enterprise and community services				
3390 Other community services				
300 Purchased services	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	<u>-</u>
Total enterprise and community services	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	<u>0</u>
Total expenditures	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	<u>0</u>
Excess (deficiency) of revenues over (under) expenditures	534	(400)	(400)	(934)
Fund balance at beginning of year	<u>112,907</u>	<u>112,763</u>	<u>112,763</u>	<u>(144)</u>
Fund balance at end of year	<u>\$ 113,441</u>	<u>\$ 112,363</u>	<u>\$ 112,363</u>	<u>\$ (1,078)</u>

FOSSIL SCHOOL DISTRICT 21J
Wheeler County, Oregon
OREGON DEPARTMENT OF EDUCATION REQUIRED INFORMATION
FORM 581-3211 - SUPPLEMENTAL INFORMATION
June 30, 2025

A. Energy bills for heating – Enter expenditures for electricity and heating fuel for these functions and objects.

Function	Objects 325, 326, and 327
2540	\$ 58,862
2550	\$ -

B. Replacement of equipment - general fund expenditures for objects 542, except for the following exclusions:

\$ 0

Exclude these functions:

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

FOSSIL SCHOOL DISTRICT 21J
Wheeler County, Oregon
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2025

Granting Agency, Pass through Organization, Program Title	Federal ALN	Grant Award Number	Period Covered	Expenditures
U.S. Department of Agriculture				
Passed through Wheeler County				
Forest Service Schools and Roads Cluster				
Schools and Roads - Grants to Counties	10.666	N/A	N/A	\$ 2,352
Total Forest Service Schools and Roads Cluster				<u>2,352</u>
Total Department of Agriculture				<u>2,352</u>
U.S. Department of Education				
Title I, Part A Program	84.010	82160	7/1/24-6/30/25	47,088
Passed through ODE				
Special Education Cluster (IDEA)				
Special education - Grants to States (IDEA Part B)	84.027	77966	7/1/24-6/30/25	108,459
Special education - Grants to States (IDEA Part B)	84.027	83353	7/1/24-6/30/25	91,541
Total Special Education Cluster				<u>200,000</u>
Innovative Approaches to Literacy; Promise Neighborhoods; Full-Service Community Schools; and Congressionally Directed Spending for Elementary and Secondary Education Community Projects				
	84.215	83870	7/1/24-6/30/25	10,950
Improving Teacher Quality State Grants (Title II-A)	84.367	82423	7/1/24-6/30/25	4,219
Student Support and Academic Enrichment	84.424	52620	7/1/24-6/30/25	10,981
Passed through Oregon HECC				
COVID-19 GEER II Federal Funding	84.425C	21-103AA	7/1/24-6/30/25	6,236
Direct Program				
Small, Rural Schools Achievement Program	84.358A	82089	7/1/24-6/30/25	76,826
Total Department of Education				<u>356,300</u>
Total federal assistance				<u>\$ 358,652</u>

See accompanying notes to the schedule of expenditures of federal awards

FOSSIL SCHOOL DISTRICT 21J
Wheeler County, Oregon
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2025

Note 1. Purpose of the Schedule

The accompanying schedule of expenditures of federal awards (SEFA) is a supplementary schedule to the district financial statements and is presented for purposes of additional analysis. Because the schedule presents only a selected portion of the activities of the district, it is not intended to and does not present the financial position or changes in fund balances of the district.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation

The SEFA includes the federal grant activity for the district and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulation (CFR) Part 200, *Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some of the amounts presented in this schedule may differ from amounts presented or used in the preparation of the basic financial statements.

Federal Financial Assistance

Pursuant to the Uniform Guidance, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, or direct appropriations. Accordingly, non-monetary federal assistance, including federal surplus property, is included in federal financial assistance and, therefore, is reported on the schedule, if applicable. Federal financial assistance does not include direct federal cash assistance to individuals. Solicited contracts between the state and federal government for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

Federal Forest Fees

Federal forest fees considered federal revenues are included in the schedule due to requirements of the Oregon Department of Education. However, these expenditures are not subject to Uniform Guidance and there are no applicable compliance requirements once these funds are passed to the district. Based on guidance from the oversight agency, the Oregon Department of Education, and the United States Department of Agriculture, a single audit has not been completed because the total federal revenues, not including forest fees, are less than \$750,000.

Reporting Entity

The reporting entity is fully described in the notes to financial statements. The schedule includes all federal programs administered by the district for the year ended June 30, 2025.

Indirect Cost Rate

The district has not elected to use the 10% de minimis indirect cost rate.

Subrecipients

The district did not pass any federal funds to subrecipients during the year ended June 30, 2025.

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REPORT REQUIRED BY
OREGON STATE REGULATIONS

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

Board of Directors
Fossil School District 21J
Fossil, Wheeler County, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Fossil School District 21J (the district) as of and for the year ended June 30, 2025, and have issued our report thereon dated October 23, 2025.

COMPLIANCE

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

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

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

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

- Rural Education Initiative Grant – 207 – \$2,080 expenditures in excess of revenues

OAR 162-10-0230 INTERNAL CONTROL

In planning and performing our audit of the financial statements, we considered the district's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the district's internal control. Accordingly, we do not express an opinion on the effectiveness of the district's internal control. Deficiencies in internal control, in any, were communicated separately.

Our Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated October 23, 2025, is presented under separate cover.

RESTRICTIONS ON USE

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



For Solutions, CPAs PC
John Day, Oregon
October 23, 2025

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REPORT REQUIRED BY *GOVERNMENT AUDITING STANDARDS*



*Mitch T. Saul, CPA
Amy K. Walker, CPA
Harmony S. Piazza, CPA
Anna K. Bass*

Robert M. Armstrong, CPA

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

Board of Directors
Fossil School District 21J
Fossil, Wheeler County, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fossil School District 21J (the district), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the district's basic financial statements, and have issued our report thereon dated October 23, 2025.

Internal Control Over Financial Reporting

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 opinions 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses, and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item 2025-002 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as item 2025-001 to be a significant deficiency.

Compliance and Other Matters

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

District's Response to Findings

The district's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The district's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



For Solutions, CPAs PC
John Day, Oregon
October 23, 2025

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SCHEDULE OF FINDINGS AND RESPONSES

FOSSIL SCHOOL DISTRICT 21J
Wheeler County, Oregon
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2025

SIGNIFICANT DEFICIENCIES IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

2025-001

Segregation of Duties

Criteria: Custody, recording, and authorization functions should be segregated among different personnel over each significant transaction cycle when possible, to provide adequate internal control for the prevention, detection, and correction of error or fraud.

Condition: Our evaluation of the district's internal control structure disclosed that the district does not have adequate segregation of duties. Accounting duties for main transaction cycles are concentrated on one individual which result in incompatible functions to provide proper segregation of duties.

Cause: The number of district employees has been limited due to the extent of various program activities.

Effect: Without separation of critical duties, accounting errors or fraud may not be prevented, detected, or corrected in a timely manner.

Recommendations: We acknowledge that a complete separation of duties (such as treasury functions from accounting functions) is not possible due to staffing limitations. We recommend, however, that management review accounting positions and functions to identify specific duties that could be separated among the available personnel to achieve the strongest control possible under the circumstances.

In order to achieve adequate segregation of duties the internal control structure will need to be distributed among all available employees and directors. Those whose duties have traditionally been limited to oversight duties will need to be involved at some level with the treasury or accounting function.

With some thought and creativity, we are confident that you will be able to identify specific areas where segregation should occur and the steps necessary to achieve this segregation. We are available to assist you in this process through analysis and training where needed.

Responsible Official's Response: Management understands the importance of segregation of duties and the need to address these matters in an informed, cost-beneficial way. As a result of our cost-benefit analysis we have determined the value of incurring the additional expense of hiring a staff person in order to provide additional segregation of duties does not justify the cost. In the future, we will continue to review our processes and attempt to identify ways to involve other employees and directors in order to improve our segregation.

FOSSIL SCHOOL DISTRICT 21J
Wheeler County, Oregon
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2025

MATERIAL WEAKNESS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

2025-002

Financial Statement Preparation

Criteria: The financial statements are the responsibility of the district's management, including the prevention or detection of material misstatements in the presentation and disclosure of the financial statements. Non-attest services performed by the auditor in the preparation of the financial statements cannot be considered compensating controls.

Condition: The district engages their auditors to provide non-attest services for the preparation of its financial statements. Although common for municipalities the size of the district, this condition represents a control deficiency over the financial reporting process that is required to be reported under professional standards as long as management makes all financial reporting decisions and accepts responsibility for the content of the financial statements. However, those activities performed by the auditor are not a substitute for, or extension of, internal controls over the preparation of the financial statements in accordance with generally accepted accounting principles (GAAP).

Cause: The district's accounting personnel do not possess the advanced training that would provide the expertise necessary to prepare the financial statements and related notes in accordance with GAAP, and therefore may not be able to prevent or detect a material misstatement in the preparation and disclosure of the financial statements. Misstatements in financial statements may include not only misstated financial amounts, but also the omission of disclosures required by GAAP.

Effect: Material misstatement in the preparation and disclosure of the financial statements in accordance with GAAP may not be prevented or detected. Misstatements in financial statements include not only misstated dollar amounts, but also the omission of disclosures required under GAAP.

Recommendations: We understand that it may not be practical to acquire or allocate the internal resources to perform all of the controls necessary over financial reporting. However, management (including the Board of Directors) should mitigate this deficiency by keeping informed about the district's internal controls, performing supervisory reviews, studying the financial statements and related footnote disclosures, and understanding its responsibility for the financial statements as a whole.

This deficiency is related specifically to the preparation of GAAP basis financial statements and does not adversely affect the district's ability to initiate, authorize, record, process, or report financial data reliably in accordance with their budget basis of accounting.

Responsible Official's Response: We understand the importance of risk management and the need to address risks in an informed, cost-beneficial way. As a result of our cost-benefit analysis we have determined the value of incurring the additional expense of hiring a staff person or another firm to prepare our financial statements does not justify the cost.

