



Knappa School District No. 4

The Knappa School District will Inspire all learners to Achieve academically and Thrive as independent and Productive citizens.

Cross Country State Recognition

6:20pm

Board of Directors' Regular Meeting

Wednesday, December 17, 2025

6:30 p.m.

1. **Call to Order – Flag Salute**
2. **Consent Agenda – Motion for Approval Needed**
 - 2.1 Approval of Minutes from the Nov. 19, 2025 Meeting
 - 2.2 Approval of MOU with OSEA, Chapter 52 regarding Office Coverage
 - 2.3 Assignment of Budget Committee Member – Ed Johnson
3. **Information**
 - 3.1 Personnel Update
4. **Communications and Hearing of Interested Parties**

SUBMIT [PUBLIC COMMENT HERE: https://knappa.schoolinsites.com/comment](https://knappa.schoolinsites.com/comment)

The Board welcomes visitors to our meetings, and values comments from district patrons. The Board, at their discretion, will recognize comments from the audience. We must require, however, that complaints be directed through the administration for resolution. Comments made during this session must be free of abusive language, personal attacks on district personnel, and not directed towards any department which, due to its low staffing, would amount to an attack by in affect naming district personnel. We ask that presentations be limited to (3) minutes and be submitted prior to 3pm the day of meetings.
5. **Superintendent Report**
6. **New Business**
 - 6.1 OSAA Girls XC Regulations – Discussion only
 - 6.2 Audit Presentation – Presentation only
 - 6.3 A&B Policy Review – 2nd Read – Motion and approval needed
 - 6.4 A&B Policy Review – Director Isom to provide review due to absence
7. **Old Business**
 - 6.1 Board Legislative Priorities – Motion and approval needed
8. **Student Rep Reports**
 - 8.1 KMS/HLE – Gunner Feller (7th Grade)
 - 8.2 KHS – Mylie Lempea (12th Grade)
9. **District Reports**
 - 9.1 Financial Report – Jennifer Morgan
 - 9.2 Hilda Lahti Elementary/Knappa Middle School – Dr. Andi Rynberg
 - 9.3 Knappa High School – Paul Isom
10. **Board Member Reports and Future Agenda Items**

Next Meetings:

Wednesday, January 14, 2025 Work Session Meeting 6:30pm, Knappa High School Library.

Wednesday, January 28, 2025 Regular Board Meeting 6:30pm, Knappa High School Library.



Knappa School District No. 4

The Knappa School District will Inspire all learners to Achieve academically and Thrive as independent and Productive citizens.

Board of Directors' Regular Meeting

Wednesday, November 19, 2025

6:30 p.m.

Present

Brian Montgomery – Chair
Cullen Bangs – Vice Chair

Michelle Finn – Director
Hannah Bryan – Director
William Fritz – Superintendent
Hannah Mather – Board Secretary
Jennifer Morgan- Chief Financial Officer
Andi Rynberg – HLE/KMS Interim Principal
Paul Isom-KHS Principal - Late

Absent

Will Isom – Director

Brittany Norton – SPED Director

1. **Call to Order – Flag Salute**
Meeting called to order at 6:31pm.
2. **Consent Agenda – Motion for Approval Needed**
 - 2.1 Approval of Minutes from the Oct. 22, 2025 Meeting
 - 2.2 Consortium Agreement
 - 2.3 Amendment of Policy JOA

Amendment made to the agenda, removal of the personnel update. Chair Montgomery calls for a motion, Bangs makes a motion, Finn seconds, all in favor, motion passed. No further discussion.
3. **Information – Dr. Fritz**
No information for nothing.
4. **Communications and Hearing of Interested Parties**
SUBMIT [PUBLIC COMMENT HERE: https://knappa.schoolinsites.com/comment](https://knappa.schoolinsites.com/comment)
The Board welcomes visitors to our meetings, and values comments from district patrons. The Board, at their discretion, will recognize comments from the audience. We must require, however, that complaints be directed through the administration for resolution. Comments made during this session must be free of abusive language, personal attacks on district personnel, and not directed towards any department which, due to its low staffing, would amount to an attack by in affect naming district personnel. We ask that presentations be limited to (3) minutes and be submitted prior to 3pm the day of meetings.
None at this meeting.
5. **Superintendent Report**
Dr. Fritz reports as given.
6. **New Business**
 - 6.1 Capital Needs Assessment – Discussion only

Dr. Fritz summarizes the capital needs assessment as given. Director Bryan asks if there's been a lot of issues with tampering, and there has only been three incidents, usually attempts to steal fuel and our advantage is our propane buses. Dr. Fritz states that the maintenance needs to be staggered to be more cost effective. Director Finn clarifies if the track is included in the 1 million, Dr. Fritz relays it is not and it would be a \$500,000.00 in addition. Director Bangs clarifies if the fire sprinkler system is included in the grant and does the parking lot include drainage. Dr. Fritz summarizes that the full parking lot would be dug deeper than previously. Bangs requests if there more information on the drainage under the high school, Dr. Fritz refers to Randall Larson, maintenance director for the district, he summarizes it occurs mostly when it is heavy rain time but its concerning due to the underground parts of the building and he recommends hiring a Geo-tech to overlook the situation. Chair Montgomery asks if a pump would help for the time being. Director Montgomery mentions we should add that as a higher priority. Director Bryan thanks Randall for the addition of gravel to the main entrance of the school. Chair Montgomery asks if any of these priorities can be taken care this year by any funds. Dr. Fritz relays its possible but just because we have made it thus far, we are holding out to save for our maintenance reserve fund as we progress through the year. Chair Montgomery requests a 5 to 10 year plan regarding each topic listed that is active on the list. Dr. Fritz mentions a discussion with PIVOT to do that. Director Finn asks where to find grants for these type of projects, Dr. Fritz mentions to search for them or sometimes they fall in your lap or come across. Fritz states there is grant coordinator at the ESD and she has assisted our district on those applications for those grants, although we did not get awarded them but outsourcing like that helps our district find more grants to apply for but most do not go toward capital improvement. Chair Montgomery asks for a likelihood of receiving the grant, Dr. Fritz relays were at the final stage but his does not know the likelihood although the application was very well done, we may be hear back in February but it may be delayed. Director Bangs appreciates the accomplishments and the maintenance reserve fund established for these type of projects and having this list will get us farther to getting them more accomplished and mentions that there could be even more on the list but we always need a place to begin and we have prioritized a lot of these as we go. Director Bangs mentions he has tried to connect with FEMA for emergency supplies, but he has had no luck. Dr. Fritz mentions we got the a generator from a grant that is under the umbrella of FEMA. Director Bryan asks if the fire alarms could be done under the federal grant, Dr. Fritz relays that is excludes fire prevention. Chair Montgomery concludes to have some alternative proposal as we approach budget season with a longer term additive. No further discussion.

6.2 A & B Policies – Discussion only

Chair Montgomery allots 20 minutes for discussion. Directors had very minimal updates to policies A and B. Notes were given and will also be summarized and sent for Dr. Fritz to compile with the Chair and address the drafts at next meeting. Chair Montgomery concludes the allotted time and placed this as an item for next meeting's agenda. No further discussion.

6.3 Legislative Priorities – Discussion only

Dr. Fritz reports as given. Dr. Fritz mentions he doesn't this there will be any action on number one and two, but we should still keep this as a priority and we also made effort to write letter for publication but nothing took place. Director Montgomery states our ADM dramatically affects our budget and the formula for the state school fund needs to have fixed rate for operation because of the luxation for smaller schools. Dr. Fritz mentions we can add to this that it's hard to replicate due to the fixed minimums. Some districts are excluded but they are well funded and they don't rely on the state school fund because it's not equitable to rely on. Director Bangs agrees to the formula needs to be more adjusted to fit school needs district by district. The quality education model gives what it needs to give high education and they never meet the mark. Director Bryan asks if the rainy day or education stability fund has been sent, Jennifer Morgan, chief financial officer, replies yes once or twice. Director Bangs relays he may not agree with item 3 of de-linking the state income tax system, and that

he doesn't fully understand this item and advises with caution. Two board members agree with the change. Director Byran would like to prioritize the Education Stability Fund be use before the Rainy Day Fund. No further discussion.

6.4 Student Success Act – Motion needed

Dr. Fritz summarizes as given and requests public comment and board approval as required by the agreement. Chair Montgomery calls for discussion, Director Bangs makes a motion to approve the Student Success Act, Director Bryan seconds, motion approved. No further discussion.

7. Student Rep Reports

7.1 KMS/HLE – Gunner Feller (7th Grade)

Gunner Feller could not make the meeting.

7.2 KHS – Mylie Lempea (12th Grade)

Mylie Lempea reports about high school athletics. Thank you Pig N Pancake. Mention of Michael Marcus assisting with honoring and taking on National Honor Society and Chris Mahan of TRIO for assisting so well with college and career readiness.

8. District Reports

8.1 Financial Report – Jennifer Morgan

Jennifer Morgan summarizes report as given. The audit will be finalized for next meeting in December. Chair Montgomery mentions a quarterly detailed expense actuals and line item levels for January. Bangs makes a motion to approve, Finn seconds, motion passed. No further discussion.

8.2 Hilda Lahti Elementary/Knappa Middle School – Dr. Andi Rynberg

Dr. Rynberg reports as given. Director Finn asks for feedback regarding the full day of the professional development. Dr. Fritz relays the way we are implementing is meant to have implementation verses just information. Mike Rathfon comments that it's better to take from versus the shorter days. Dr. Rynberg clarifies that the professional work being done is in partnership with modeling and practicing hands on and also we request feedback from the staff themselves directly after the training.

8.3 Knappa High School – Paul Isom

Dr. Fritz reports as given.

9. Board Member Reports and Future Agenda Items

Director Bryan – Reminder of fundraisers.

Director Finn – Proposal of an agenda item in regards to a resolution urging OSAA to address the equities on the girls and boys XC teams. Director Bryan agrees in support. OSAA is not giving the threshold for the girls to partake in state. Also proposed to change the date of the next meeting. Dr. Fritz to include in the board's Friday briefing.

Director Bangs – Nothing at this time.

Director Montgomery – Nothing at this time.

Meeting adjourned 8:35pm.

Next Meetings:

Wednesday, Dec. 17, 2025 Regular Board Meeting 6:30pm, Knappa High School Library.

**Memorandum of Understanding between
Knappa School District No. 4
And**

**Oregon School Employees Association
Knappa Chapter 52**

This Memorandum of Understanding (MOU) is entered into by and between the Knappa School District No. 4 ("District") and the Oregon School Employees Association (OSEA) Knappa Chapter 52 ("Association"). The District and Association are parties to a collective bargaining agreement (CBA) with effective dates of July 1, 2025 - June 30, 2027.

This Memorandum of Understanding (MOU) outlines the substitute wage increase, for a ("Substitute Secretary") while performing duties in the School office at *Knappa School District*.

TERMS OF AGREEMENT

1. For the 2025-27 OSEA Contract per Article 9 Section 9.6, when one of the Hilda Lahti Secretaries are out on leave "without" a substitute they will receive a 10% increase in their hourly wage. If there is substitute coverage, the secretary and substitute secretary will be paid per section 9.6 of the OSEA contract. When the nurse is out, the Head Secretary and Assistant Secretary shall receive a 5% increase for additional duties, if there is a substitute secretary and the nurse is out the substitute will not receive the 5% increase.
2. Any provision of the parties' CBA not expressly modified by this MOU shall remain in full force and effect.
3. Any disputes regarding an alleged violation or the interpretation or application of this agreement shall be resolved pursuant to the grievance procedure in the CBA between the parties.
4. This MOU shall become effective upon signature of the parties and ratification by OSEA members if OSEA requires ratification, and it shall expire on June 30, 2027, unless the parties agree in writing to extend or cancel the agreement.

Superintendent

Board Member

OSEA President

OSEA Representative

Knappa School District # 4

**Information Update
December 17, 2025**

Hiring of:

1. Chad Harrington as the JV Basketball Coach.
2. Kevin Bartlett as the Middle School Wrestling Coach.

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Superintendent Report December 17, 2025

We have had a fun few weeks in our schools since the November meeting. Many of the fun events have been highlighted in the school reports.

Among them...Family Reading Night, the Sing Along, the Music Concert, the start of winter athletics, our Professional Development Check In, the NED assembly, and the Lion's Club Peace Poster Awards. SMILE Club continues to have fun with STEM activities, the Sitka K-8 Create team was here last week, and the Drama Club will be increasing their frequency in early spring in preparation for their April show.



The Columbia Pacific Assistance League recently donated \$500 toward our food backpack program.

At our PD Check-in on December 5th, teachers shared their classroom implementation of the new strategies we have been learning. These are strategies designed to make learning more visible, increase academic communication, and improve engagement. We appreciate the support of NWRESA in helping us plan this series of trainings and we now have a district core team of teachers helping to advise on our ongoing work.

Shannon Harrington was our Spotlight Employee of the Month for November. We had 40 likes and 4,800 views for this post...the most for a spotlight, so far. A big thank you for Shannon's hard work and dedication to the students, staff, and community at Hilda Lahti Elementary! Thank you to Hannah Mather for her hard work on the graphical presentation for these posts.



On December 9th, the Oregon Chapter of the Design Build Institute of America (DBIA) held their annual awards event. DBIA is the Trade Association for Design-Build contractors and architects nationwide. Knappa School District's Bond Project was their "Award of Merit" in the Educational Facility category. The summary of their presentation is attached, and we have a plaque which will soon be on the wall. The award honors how our team worked together to communicate and create value using the design-build process. Congratulations to our partners Fortis Construction, Pivot Architecture, and Klosh Group. Of special note was our ability to have 44% local contractor participation in the project.

Knappa School District Bond Project



The design-build delivery method enabled early integration, collaborative planning, and agile decision-making throughout the school bond project. The Fortis/PIVOT team fostered transparency and alignment from pre-bond engagement through construction, tailoring communications to stakeholder groups and guiding scope prioritization via “Mission Critical” and “Betterments” exercises. Frequent cost estimates and escalation analysis informed right-sized programming before schematic design. When unforeseen challenges—like inadequate fire water pressure—arose, the team rapidly developed VE options and restructured the middle school layout to reduce remodeling costs. Local economic impact was prioritized, with 44% subcontractor/vendor participation from nearby businesses. Streamlined design focused architectural flourishes at key entries, integrating timber donated by a local mill. The design-build approach ensured adaptability, budget alignment, and on-time delivery despite market volatility.



Owner: Knappa School District

Design Build Team: Fortis + Pivot Architecture

KNAPPA SCHOOL DISTRICT NO. 4
CLATSOP COUNTY, OREGON

COMMUNICATION TO THE GOVERNING BODY

FOR THE YEAR ENDED JUNE 30, 2025



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



PAULY, ROGERS AND CO., P.C.
12700 SW 72nd Ave. ♦ Tigard, OR 97223
(503) 620-2632
www.paulyrogersandcpcpas.com

November 19, 2025

To the Board of Directors
Knappa School District No. 4
Clatsop County, Oregon

We have audited the basic financial statements of the governmental activities and each major fund of Knappa School District No. 4 (the District) for the year ended June 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Purpose of the Audit

Our audit was conducted using sampling, inquiries and analytical work to opine on the fair presentation of the basic financial statements and compliance with:

- generally accepted accounting principles and auditing standards
- the Oregon Municipal Audit Law and the related administrative rules

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether the basic financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the basic financial statements does not relieve you or management of your responsibilities. Our engagement letter details our nonaudit services we provide; these services do not constitute an audit under Government Auditing Standards.

In planning and performing our audit, we considered the system of internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the basic financial statements and not to provide assurance on the system of internal control over financial reporting.

Our responsibility for the supplementary information accompanying the basic financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the basic financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements; therefore, our audit involved judgment about the number of transactions examined and the areas to be tested.

Our audit included obtaining an understanding of the District and its environment, including the system of internal control, sufficient to assess the risks of material misstatement of the basic financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the District or to acts by management or employees acting on behalf of the District. We also communicated any control related matters that are required to be communicated under professional standards.

Results of Audit

1. Audit opinion letter – an unqualified opinion on the basic financial statements has been issued. This means we have given a “clean” opinion with no reservations.
2. State minimum standards – We found no exceptions or issues requiring comment, except as noted on page 61 of the financial report.
3. Management letter – No separate management letter was issued.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used are described in Note 1 to the basic financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2024-25, except that GASB Statement No. 101 - *Compensated Absences* was implemented. We noted no transactions entered into during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the basic financial statements in the proper period.

Accounting estimates are an integral part of the basic financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the basic financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most significant estimates in the basic financial statements are the District’s portion of the statewide Net Pension Liability (or Asset) and Other Post-Employment Benefits, Accounts Receivable, Capital Asset Depreciation, and Value of Investments, which are based on actuarial valuations, estimated collectability of receivables, useful lives of assets and fair market values. We have evaluated the methods, assumptions, and data used to develop these estimates in determining that they were reasonable in relation to the basic financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The basic financial statement disclosures are neutral, consistent, and clear.

Pauly, Rogers and Co., P.C.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements or determined that their effects are immaterial. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, taken as a whole. There were immaterial uncorrected misstatements noted during the audit which were discussed with management. The uncorrected misstatements or the matters underlying them could potentially cause future period basic financial statements to be materially misstated, even if, in our judgment, such uncorrected misstatements are immaterial to the basic financial statements under audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the basic financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the basic financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards with management each year prior to our retention as the auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Required Supplementary Information

We applied certain limited procedures to the required supplementary information that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the required supplementary information and do not express an opinion or provide any assurance on it, except for the budgetary statements presented as required supplementary information.

Supplementary Information

We were engaged to report on the supplementary information, which accompany the basic financial statements but are not required supplementary information. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the basic financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves.

Other Information

We were not engaged to report on the listing of Board Members, located before the table of contents, or the other information, as listed in the table of contents, which accompanies the basic financial statements but is not required supplementary information. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Matters – Future Accounting and Auditing Issues

In order to keep you aware of new auditing standards issued by the American Institute of Certified Public Accountants and accounting statements issued by the Governmental Accounting Standards Board (GASB), we have prepared the following summary of the more significant upcoming issues:

GASB 103 – FINANCIAL REPORTING MODEL IMPROVEMENTS

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting period thereafter. Earlier application is encouraged. The requirements for Management's Discussion and Analysis (MD&A) will improve the quality of the analysis of changes from the prior year, which will enhance the relevance of that information. They also will provide clarity regarding what information should be presented in MD&A. The requirements for the separate presentation of unusual or infrequent items will provide clarity regarding which items should be reported separately from other inflow and outflows of resources. The definitions of operating revenues and expenses and of nonoperating revenues and expenses will replace accounting policies that vary from government to government, thereby improving comparability. The addition of a subtotal for operating income (loss) and noncapital subsidies will improve the relevance of information provided in the proprietary fund statement of revenues, expenses, and changes in fund net position. The requirement for presentation of major component unit information will improve comparability. The requirement that budget comparison information be presented as required supplementary information (RSI) will improve comparability, and the inclusion of the specified variances and the explanation of significant variances will provide more useful information for making decisions and assessing accountability.

The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.

Management's Discussion and Analysis

This Statement continues the requirement that the basic financial statements be preceded by management's discussion and analysis (MD&A), which is presented as required supplementary information (RSI). MD&A provided an objective and easily readable analysis of the government's financial activities based on currently known facts, decisions, or conditions and presents comparisons between current and prior year. This Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital

Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. Furthermore, this Statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed. This Statement emphasizes that the analysis provided in MD&A should avoid unnecessary duplication by not repeating explanations that may be relevant to multiple sections and that “boilerplate” discussions should be avoided by presenting only the most relevant information, focused on the primary government. In addition, this Statement continues the requirement that information included in MD&A distinguish between that of the primary government and its discretely presented component units.

Unusual or Infrequent Items

This Statement describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence. Furthermore, governments are required to display the inflows and outflows related to each unusual or infrequent item separately as the last presented flow(s) of resources prior to the net change in resource flows in the government-wide, governmental fund, and proprietary fund statements of resource flows.

GASB 104 – DISCLOSURE OF CAPITAL ASSETS

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged. The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. Additionally, the disclosure requirements will improve consistency and comparability between governments.

State and local governments are required to provide detailed information about capital assets in notes to financial statements. Statement No. 34, Basic Financial Statements-and Management’s Discussion and Analysis-for State and Local Governments, requires certain information regarding capital assets to be presented by major class. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets.

This Statement requires certain types of capital assets to be disclosed separately in the capital asset note disclosures requires by Statement 34. Lease assets recognized in accordance with Statement No. 87, Leases, and intangible right-to-use assets recognized in accordance with Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Agreements, should be disclosed separately by major class of underlying asset in the capital asset note disclosures. Subscription assets recognized in accordance with Statement No. 96, Subscription-Based Information Technology Arrangements, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class.

This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt which the capital assets held for sale are pledged as collateral for each major class of asset.

Best Practices – Not Significant Deficiencies

1. Fidelity Insurance Coverage

In reviewing fidelity (employee honesty) insurance coverage we found that the District often carries cash and investment balances in excess of the insurance coverage amount. We recommend that the Board examine this exposure risk and make a determination as to the amount of insurance coverage they feel is prudent in regard to their oversight.

2. Outside Service Provider

The District has outsourced some of its student accounting and IT services to NW Regional ESD. The ESD doesn't have an SSAE 18 (service provider) report or internal control report covering their operations, accounting processing, and IT controls. The possibility exists that errors or irregularities could occur and not be detected. While nothing came to our attention during our testing, we recommend that the Board review the risks regarding this matter and consider getting assurance from the service provider that will reduce risks.

3. Check Stale Date Policy

During our review of the District's internal procedures, we noted that the District does not have a stale dated check policy in place. We recommend that the District adopt a policy to address stale dated checks.

4. Bank Reconciliations

During our testing of bank reconciliations, we noted three instances where no documentation of when reconciliations were prepared or reviewed for the checking account ending in 9728.. This made it difficult to determine if reconciliations were prepared or reviewed timely. We recommend that all reconciliations be prepared and reviewed timely (within 60 days), as well as initialed and dated by both the preparer and reviewer to enhance internal controls.

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



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

KNAPPA SCHOOL DISTRICT NO. 4
CLATSOP COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2025



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

KNAPPA SCHOOL DISTRICT NO. 4
CLATSOP COUNTY, OREGON

FINANCIAL REPORT

For the Year Ended June 30, 2025

KNAPPA SCHOOL DISTRICT NO. 4
CLATSOP COUNTY, OREGON

2024-2025 FINANCIAL REPORT

BOARD OF DIRECTORS

TERM EXPIRES

Cullen Bangs, Chair

June 30, 2025

Michelle Finn, Vice-Chair

June 30, 2025

Christina Jasper

June 30, 2025

Brian Montgomery

June 30, 2027

Will Isom

June 30, 2027

Board members receive mail at the District address listed below.

ADMINISTRATION

William Fritz
Superintendent

Jennifer Morgan (Registered Agent)
Chief Financial Officer

41535 Old Highway 30
Astoria, OR 97103

KNAPPA SCHOOL DISTRICT NO. 4

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KNAPPA SCHOOL DISTRICT NO. 4

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PAULY, ROGERS, AND CO., P.C.
12700 SW 72nd Ave. Tigard, OR 97223
(503) 620-2632
www.paulyrogersandcpcpas.com

November 19, 2025

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Knappa School District No. 4
Clatsop County, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying basic financial statements of the governmental activities and each major fund of Knappa School District No. 4 (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these basic financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of the system 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 basic financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the basic financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

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

Supplementary Information

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

Other Information

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

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

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 19, 2025, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



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

KNAPPA SCHOOL DISTRICT
Clatsop County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year ended June 30, 2025

As management of Knappa School District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2025.

FINANCIAL HIGHLIGHTS

- In the government-wide statements, the assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows or resources at June 30, 2025 by \$7,158,521 of this amount, \$14,085,761 represents the District's net investment in capital assets, \$2,643,057 is restricted for various purposes and the deficit of \$9,570,297 is unrestricted.
- The District's total net position increased \$1,281,488 for the fiscal year.
- The District's governmental funds reported a combined ending fund balance of \$3,354,525 at June 30, 2025, a decrease of \$8,126,554.
- At the end of the fiscal year ending June 30, 2025, unassigned fund balance for the General Fund was \$656,489, which represents an increase of \$51,736 in comparison with the prior year.
- The District's total bonded debt decreased by \$292,762 during the 2024-25 fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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 as of the date on the statement. Net position is what remains after the liabilities have been paid off 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.

KNAPPA SCHOOL DISTRICT
Clatsop County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year ended June 30, 2025

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

In the government-wide financial statements, the District's activities are shown as governmental activities. All basic District functions are shown here, such as regular and special education, child nutrition services, transportation, administration, and facilities acquisition and construction. These activities are primarily financed through property taxes, Oregon's State School Fund and other intergovernmental revenues.

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. Knappa School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

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

The basic governmental fund financial statements can be found on page 3 and 5 of this report.

The District maintains four individual governmental funds. Information is presented separately in the governmental funds balance sheet and the governmental fund's statement of revenues, expenditures and changes in fund balances for the General, Special Revenue, Debt Service and Capital Projects Funds, which are considered to be major funds. A combining schedule is provided in the required supplementary information to show the individual funds that comprise the Special Revenue Fund.

KNAPPA SCHOOL DISTRICT
Clatsop County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year ended June 30, 2025

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found beginning on page 7 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *Required Supplementary Information* consisting of schedules detailing ten years of pension (assets)/liabilities and pension contributions and changes in other post-employment benefits liability. Required supplementary information can be found starting on page 37 of this report. *Supplementary Information* presented on pages 40 - 43, includes the budgetary comparisons for the non-major funds and schedules of property tax transactions and balances. *Other Information* including combining statements for special revenue funds, the schedule of expenditures of federal awards, schedules and supplemental information required by the Oregon Department of Education, and continuing disclosures for debt can be found on pages 44 - 55.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources by \$7,158,521 as of June 30, 2025, an increase of \$1,281,488 during the year.

Capital assets, which consist of the District's land, buildings, building improvements, and equipment, net of accumulated depreciation, represent about 50 percent of total assets. The remaining assets consist mainly of investments, cash, grants and property taxes receivable. Of these assets, 50 percent are current assets.

The District's largest liability, which represents 60.6 percent of total liabilities, is for the repayment of long-term obligations related to the issuance of bonds. Other liabilities consist primarily of payables on accounts, salaries and benefits, and amounts received but unearned as of June 30, 2025.

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

KNAPPA SCHOOL DISTRICT
Clatsop County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year ended June 30, 2025

KNAPPA SCHOOL DISTRICT STATEMENT OF NET POSITION			
	Governmental Activities		
	June 30, 2025	June 30, 2024	Increase (Decrease)
ASSETS			
Current Assets	\$ 4,535,338	\$ 15,236,903	(10,701,565)
Capital Assets, net of depreciation	24,358,825	14,965,294	9,393,531
Total Assets	<u>28,894,163</u>	<u>30,202,197</u>	<u>(1,308,034)</u>
DEFERRED OUTFLOWS OF RESOURCES			
Net Deferred Outflow of Pension Related Resources	3,831,174	2,875,964	955,210
OPEB Related Deferred Outflows - Health Insurance	65,357	69,609	(4,252)
OPEB Related Deferred Outflows - RHIA	6,854	13,766	(6,912)
Total Deferred Outflow of Resources	<u>3,903,385</u>	<u>2,959,339</u>	<u>944,046</u>
LIABILITIES			
Current Liabilities	565,353	3,260,915	(2,695,562)
PERS net pension liability	8,261,517	6,757,260	1,504,257
Long-Term Obligations	16,009,713	16,107,882	(95,169)
Total Liabilities	<u>24,836,583</u>	<u>26,126,057</u>	<u>(1,286,474)</u>
DEFERRED INFLOWS OF RESOURCES			
Net Deferred Inflow of Pension Related Resources	305,048	559,139	(254,091)
Total OPEB Related Deferred Inflows - Health Ins	76,510	83,551	(7,041)
Total OPEB Related Deferred Inflows - RHIA	48,519	2,196	46,323
Total Deferred Inflow - Lease	372,367	378,900	(6,533)
Total Deferred Inflows of Resources	<u>802,444</u>	<u>1,023,786</u>	<u>(221,342)</u>
NET POSITION			
Net Investment in Capital Assets	14,085,761	10,558,446	3,527,315
Restricted	2,643,057	10,475,536	(7,832,479)
Unrestricted	(9,570,297)	(15,022,289)	5,451,992
Total Net Position	<u>\$ 7,158,521</u>	<u>\$ 6,011,693</u>	<u>1,146,828</u>

Governmental Activities. During the current fiscal year, the District's net position increased by \$1,281,488. Revenues decreased by \$4,301,444 compared to the previous year due primarily to a decrease in state funding for grants, and funding for capital projects.

Overall changes in expenses for instruction, support services, community services, and facilities acquisition expense saw a total decrease of \$2,467,804 due primarily to decrease in facility acquisition expense. Other expenses are decreased on this statement to adjust for GASB 34 requirements.

KNAPPA SCHOOL DISTRICT
Clatsop County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year ended June 30, 2025

KNAPPA SCHOOL DISTRICT CHANGES IN NET POSITION Year Ended June 30, 2025			
	<u>Governmental Activities</u>		<u>Increase</u>
	<u>2025</u>	<u>2024</u>	<u>(Decrease)</u>
REVENUES			
Program Revenues			
Charges for Services	\$ 119,112	\$ 88,375	\$ 30,737
Operating Grants and Contributions	531,790	945,453	(413,663)
General Revenues			
Property Taxes Levied for:			
General Purposes	1,624,701	1,550,474	74,227
Debt Service	727,417	690,783	36,634
Earnings on Investments	283,814	729,113	(445,299)
Other Local Sources	552,871	605,023	(52,152)
Intermediate Sources	611,033	1,019,681	(408,648)
State Sources	7,080,075	10,582,860	(3,502,785)
Gain on Sale of Assets	95	3,525	(3430)
Total revenues	<u>10,880,006</u>	<u>15,181,459</u>	<u>(4,301,444)</u>
EXPENSES			
Instruction	5,240,940	5,401,168	(160,228)
Support services	3,107,122	4,108,744	(1,001,622)
Enterprise and Community Services	223,203	389,186	(165,983)
Facilities Acquisition Expense	473,536	11,851,627	(11,378,091)
Interest on Long-Term Debt	<u>553,718</u>	<u>701,800</u>	<u>(148,082)</u>
Total expenses	<u>9,598,518</u>	<u>22,452,525</u>	<u>(12,854,006)</u>
Increase (Decrease) in Net Position	1,281,488	3,749,292	(2,467,804)
Net Position - Beginning	<u>5,877,033</u>	<u>2,262,401</u>	<u>3,614,632</u>
Net Position - Ending	<u>\$ 7,158,521</u>	<u>\$ 5,877,033</u>	<u>1,281,488</u>

FUND FINANCIAL ANALYSIS

The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

To further enhance this analysis, the District implemented GASB Statement No. 54 for fiscal year ending June 30, 2012. This GASB reporting requirement requires an analysis and breakdown of ending fund balance for governmental fund types between five new fund balance categories. For

KNAPPA SCHOOL DISTRICT
Clatsop County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year ended June 30, 2025

more information on the details behind each fund balance category see Note 1 on page 11 of this report.

At June 30, 2025, the District's governmental funds reported combined ending fund balances of \$3,354,525 a decrease of \$ 8,126,554 of the ending fund balances constitutes restricted or assigned ending fund balance, which are amounts that are legally restricted by outside parties for a specific purpose (such as student body, debt service and capital projects). The remaining \$945,843 (29 percent) of the ending fund balance is unassigned \$656,489 and \$289,354 is assigned for reserve funds and available for spending at the District's discretion.

General Fund. The General Fund is the primary operating fund of the District. As of June 30, 2025, fund balance was \$945,843. The fund balance increased by \$13,543 during the current fiscal year. As a measure of the fund's liquidity, it may be useful to compare general fund balance to total general fund expenditures. The fund balance represents 10 percent of total General Fund expenditures.

Special Revenue. The Special Revenue Fund accounts for revenues and expenditures of funds restricted for specific programs, such as grants, and associated student body activities as well as internal funds segregated by the Board for the food service program. Grant revenues are primarily from State and Federal sources. As of June 30, 2025, the fund balance was \$722,433. The fund balance increased by \$122,981 during the current fiscal year.

Debt Service Fund. As of June 30, 2025, the restricted fund balance was (\$7,620). The fund balance decreased by (\$32,309) during the current fiscal year.

Capital Projects Fund. The Capital Projects Fund is restricted to capital projects to be completed with bond proceeds. Bonds were issued during the 2021-22 fiscal year and as of June 30, 2025, the fund balance was \$1,693,869, a decrease of \$8,230,769 from the prior fiscal year.

BUDGETARY HIGHLIGHTS

The budget for the General Fund was adopted by the Board on June 24, 2024.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The District's investment in capital assets includes land, buildings and improvements, and equipment. As of June 30, 2025, the District had invested \$ 24,358,825 in capital assets, net of depreciation, as shown in the following table. The total capital assets net of depreciation increased overall by \$9,393,531 due to continued facilities improvements and equipment offset by depreciation.

KNAPPA SCHOOL DISTRICT
Clatsop County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year ended June 30, 2025

KNAPPA SCHOOL DISTRICT CAPITAL ASSETS (net of depreciation)			
	Governmental Activities		
	June 30, 2025	June 30, 2024	Increase (Decrease)
Land	\$ 189,391	\$ 189,391	\$ -
Construction in Progress	20,084,328	10,561,321	9,523,006
Building and improvements	8,902,775	8,902,775	-
Equipment	41,134	1,674,075	(1,632,941)
Total Capital Assets, net of depreciation	\$ 24,358,825	\$ 14,965,294	\$ 9,393,531

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

Long-term Debt. At the end of the current fiscal year, the District's outstanding debt is \$15,523,209. This is a decrease of \$292,762 from prior year.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The most significant economic factor for the District is the financial condition of Oregon's State School Fund (SSF). For the year ended June 30, 2025, the State School Fund – Total Formula Revenue provided about 78 percent of the District's General Fund resources. The Oregon Legislature passed a statewide education budget of \$11.39 billion for the 2025-27 biennium. SSF support payments are made to districts based on that budget. However, the budget is contingent upon a forecast of Oregon's continued economic recovery and the projected tax receipts associated with that forecast. The statewide education budget for the 2027-2029 biennium will be decided in the next legislative session.

Employer rates for the Public Employees Retirement System (PERS) for the 2023-2025 biennium are 27.87% for Tiers 1 and 2, and 25.03% for employees covered under OPSRP. The rates set by the PERS Board for the 2025-2027 biennium are 29.70 % for Tiers 1 and 2, and 26.52% for employees covered under OPSRP.

KNAPPA SCHOOL DISTRICT
Clatsop County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year ended June 30, 2025

The adopted 2025-2026 budget had total appropriations of \$14,639,539. The 2024-2025 budget has total appropriations of \$24,160,740. The reduction is mostly due to the completion of the majority of the bond projects so appropriations for those are no longer needed. The 2025-2026 budget includes approximately \$2,386,855 in funds to complete the remainder of the projects.

The District's Budget Committee and School Board considered all of these factors while preparing the District's budget for the 2025-2026 fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to present the user (citizens, taxpayers, investors, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Dr. William Fritz, Superintendent, Knappa School District 41535 Old Highway 30 Astoria, Oregon 97103.

KNAPPA SCHOOL DISTRICT NO. 4
CLATSOP COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

KNAPPA SCHOOL DISTRICT NO. 4
CLATSOP COUNTY, OREGON

STATEMENT OF NET POSITION
June 30, 2025

ASSETS:	
Cash and Cash Equivalents	\$ 3,571,866
Property Taxes and Other Receivables	436,195
Lease Receivable	387,809
Inventory	7,673
Net OPEB Asset - RHIA	131,795
Capital Assets:	
Non-Depreciable Capital Assets	20,273,719
Other Capital Assets, net of depreciation	4,085,106
Total Assets	<u>28,894,163</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Pension Related Deferrals - PERS	3,831,174
OPEB Related Deferred Outflows - Health Insurance	65,357
OPEB Related Deferred Outflows - RHIA	6,854
Total Deferred Outflows of Resources	3,903,385
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>32,797,548</u>
LIABILITIES:	
Accounts Payable	280,436
Accrued Payroll, Taxes, and Employee Withholdings	284,888
Unearned Revenue	29
Noncurrent Liabilities	
Net Pension Liability - PERS	8,261,517
OPEB Liability - Health Insurance	238,546
Long Term Obligations Due in Less Than One Year	306,643
Long Term Obligations Due in More Than One Year	15,464,524
Total Liabilities	<u>24,836,583</u>
DEFERRED INFLOWS OF RESOURCES:	
Pension Related Deferrals - PERS	305,048
OPEB Related Deferred Inflows - Health Insurance	76,510
OPEB Related Deferred Inflows - RHIA	48,519
Deferred Inflow - Lease	372,367
Total Deferred Inflows of Resources	802,444
TOTAL LIABILITIES AND PENSION RELATED DEFERRALS	<u>25,639,027</u>
NET POSITION:	
Net Investment in Capital Assets	14,333,719
Restricted for:	
Restricted for Net OPEB Asset - RHIA	131,795
Debt Service	(7,620)
Capital Projects	1,693,869
Transportation Reserve	191,084
Technology Reserve	49,623
Textbooks	14,488
Maintenance Reserve	225,243
Food Service	(9,474)
State and Local Grants	354,049
Unrestricted	(9,818,255)
Total Net Position	<u>\$ 7,158,521</u>

See accompanying notes to basic financial statements.

KNAPPA SCHOOL DISTRICT NO. 4
CLATSOP COUNTY, OREGON

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
Instruction	\$ 5,588,372	\$ 13,259	\$ 334,173	\$ (5,240,940)
Support Services	3,304,739	-	197,617	(3,107,122)
Community Services	329,056	105,853	-	(223,203)
Facilities Acquisition Expense	473,536	-	-	(473,536)
Interest on Long-Term Debt	553,718	-	-	(553,718)
Total Governmental Activities	<u>\$ 10,249,420</u>	<u>\$ 119,112</u>	<u>\$ 531,790</u>	<u>(9,598,518)</u>
General Revenues:				
Property Taxes - General				1,624,701
Property Taxes - Debt Service				727,417
State Revenue Sharing				7,080,075
Income Not Restricted to Specific Programs:				
Local Sources				552,871
Intermediate Sources				611,033
Interest and Investment Earnings				283,814
Gain on Sale of Assets				95
Total General Revenues				<u>10,880,006</u>
Changes in Net Position				1,281,488
Net Position - Beginning (As Restated)				<u>5,877,033</u>
Net Position - Ending				<u>\$ 7,158,521</u>

See accompanying notes to basic financial statements.

KNAPPA SCHOOL DISTRICT NO. 4
CLATSOP COUNTY, OREGON

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2025

	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTALS
ASSETS:					
Current Assets					
Cash and Investments	\$ 1,424,099	\$ 227,989	\$ 226,804	\$ 1,692,974	\$ 3,571,866
Receivables:					
Taxes	75,165	-	32,102	-	107,267
Accounts	226,194	54,893	3,472	-	284,559
Grants	-	44,369	-	-	44,369
Due from Other Funds	1,262,825	553,019	-	895	1,816,739
Inventory	-	7,673	-	-	7,673
Total Assets	<u>\$ 2,988,283</u>	<u>\$ 887,943</u>	<u>\$ 262,378</u>	<u>\$ 1,693,869</u>	<u>\$ 5,832,473</u>
LIABILITIES, AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ 259,896	\$ 20,540	\$ -	\$ -	\$ 280,436
Payroll Liabilities	284,888	-	-	-	284,888
Due to Other Funds	1,430,679	144,941	241,119	-	1,816,739
Other Current Liabilities	-	-	-	-	-
Total Liabilities	<u>1,975,463</u>	<u>165,481</u>	<u>241,119</u>	<u>-</u>	<u>2,382,063</u>
Deferred Inflows of Resources:					
Unavailable Revenue-Taxes	66,977	-	28,879	-	95,856
Unavailable Revenue-Grants	-	29	-	-	29
Total Deferred Inflows of Resources	<u>66,977</u>	<u>29</u>	<u>28,879</u>	<u>-</u>	<u>95,885</u>
Fund Balances:					
Nonspendable	-	7,673	-	-	7,673
Restricted for:					
Debt Service	-	-	(7,620)	-	(7,620)
Capital Projects	-	-	-	1,693,869	1,693,869
Transportation Reserve	-	191,084	-	-	191,084
Technology Reserve	49,623	-	-	-	49,623
Textbook Reserve	14,488	-	-	-	14,488
Maintenance Reserve	225,243	-	-	-	225,243
Food Service	-	(9,474)	-	-	(9,474)
State and Local Grants	-	354,049	-	-	354,049
Assigned	-	179,101	-	-	179,101
Unassigned	<u>656,489</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>656,489</u>
Total Fund Balances	<u>945,843</u>	<u>722,433</u>	<u>(7,620)</u>	<u>1,693,869</u>	<u>3,354,525</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 2,988,283</u>	<u>\$ 887,943</u>	<u>\$ 262,378</u>	<u>\$ 1,693,869</u>	<u>\$ 5,832,473</u>

See accompanying notes to basic financial statements.

KNAPPA SCHOOL DISTRICT NO. 4
CLATSOP COUNTY, OREGON

Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2025

Total Fund Balances - Governmental Funds	\$ 3,354,525	
The net PERS pension asset (liability) is the difference between the total pension liability and the assets set aside to pay benefits earned to past and current employees and beneficiaries.		(8,261,517)
The net OPEB asset (liability) for RHIA is the difference between the total OPEB asset (liability) and the assets set aside to pay benefits earned to past and current employees and beneficiaries.		131,795
Deferred Inflows and Outflows of resources related to the pension plan and OPEB include differences between expected and actual experience, changes of assumptions, differences between projects and actual earning, and contributions subsequent to the measurement date.		
Deferred Outflows - PERS	\$ 3,831,174	
OPEB Deferred Outflows - Health Insurance	65,357	
OPEB Deferred Outflows - RHIA	6,854	
Deferred Inflows - PERS	(305,048)	
OPEB Deferred Inflows - Health Insurance	(76,510)	
OPEB Deferred Inflows - RHIA	<u>(48,519)</u>	3,473,308
The cost of capital assets (land, buildings, furniture and equipment) purchased or constructed is reported as an expenditure in governmental funds. The Statement of Net Position includes those capital assets among the assets of the District as a whole.		
Capital Assets	30,891,703	
Accumulated Depreciation	<u>(6,532,878)</u>	24,358,825
Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long term, are reported in the Statement of Net Position.		
General Obligation Bonds Payable	(13,621,092)	
Bond Premium	(1,902,117)	
OPEB Liability - Health Insurance	(238,546)	
Accrued Compensated Absences	<u>(247,958)</u>	(16,009,713)
Lease receivables		387,809
Deferred revenue related to leases		(372,367)
Deferred revenue related to property taxes		<u>95,856</u>
Ending Net Position	<u>\$ 7,158,521</u>	

See accompanying notes to basic financial statements.

KNAPPA SCHOOL DISTRICT NO. 4
CLATSOP COUNTY, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2025

	GENERAL FUND	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTALS
REVENUES:					
From Local Sources:					
Taxes	\$ 1,605,494	\$ -	\$ 723,267	\$ -	\$ 2,328,761
Earnings From Investments	93,493	783	3,114	186,424	283,814
Other Local Sources	5,991	545,073	-	24,378	575,442
Intermediate Sources	558,127	52,906	-	-	611,033
State Sources	4,646,405	894,989	-	1,631,223	7,172,617
Federal Sources	-	531,790	-	-	531,790
Total Revenues	6,909,510	2,025,541	726,381	1,842,025	11,503,457
EXPENDITURES:					
Current:					
Instruction	3,783,525	1,569,471	-	-	5,352,996
Support Services	2,855,537	274,893	-	35,117	3,165,547
Community Services	-	315,196	-	-	315,196
Facilities Acquisition	-	-	-	10,037,677	10,037,677
Debt Service	-	-	758,690	-	758,690
Total Expenditures	6,639,062	2,159,560	758,690	10,072,794	19,630,106
Revenues Over, (Under) Expenditures	270,448	(134,019)	(32,309)	(8,230,769)	(8,126,649)
Other Financing Sources, (Uses):					
Proceeds from Sale of Assets	95	-	-	-	95
Transfers In	-	257,000	-	-	257,000
Transfers Out	(257,000)	-	-	-	(257,000)
Total Other Financing Sources, (Uses)	(256,905)	257,000	-	-	95
Net Change in Fund Balance	13,543	122,981	(32,309)	(8,230,769)	(8,126,554)
Beginning Fund Balance	932,300	599,452	24,689	9,924,638	11,481,079
Ending Fund Balance	\$ 945,843	\$ 722,433	\$ (7,620)	\$ 1,693,869	\$ 3,354,525

See accompanying notes to basic financial statements.

KNAPPA SCHOOL DISTRICT NO. 4
CLATSOP COUNTY, OREGON

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2025

Total Net Changes in Fund Balances - Governmental Funds	\$	(8,126,554)
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The PERS Pension Income (Expense) represents the changes in Net Pension Asset (Liability) from year to year due to changes in total pension liability and the fair value of pension plan net position available to pay pension benefits.

(294,956)

OPEB Income (Expense) - Health Insurance	\$	1,967	
OPEB Income (Expense) - RHIA		46,493	48,460

Long-term debt proceeds are reported as other financing sources in governmental funds. In the Statement of Net Position, however, issuing long-term debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Bond Premium Amortization	87,790	
Bond Premium Repaid	204,972	
Change in Accrued Compensated Absences	(59,111)	233,651

Capital asset additions are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the difference between capital assets additions and depreciation.

Capital Asset Additions	9,564,141	
Depreciation Expense (Net)	(170,610)	9,393,531

Recognition of lease related revenue	6,533
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Recognition of lease related receivable	(2,534)
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Property tax revenue in the Statement of Activities differs from the amount reported in the governmental funds. In the governmental funds, which are on the modified accrual basis, the District recognizes a deferred revenue for all property taxes levied but not received, however in the Statement of Activities, there is no deferred revenue and the full property tax receivable is accrued.

General Fund		19,207
Debt Service Fund		4,150

Change in Net Position of Governmental Activities	\$	1,281,488
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See accompanying notes to basic financial statements.

KNAPPA SCHOOL DISTRICT NO. 4
CLATSOP COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

KNAPPA SCHOOL DISTRICT NO. 4
CLATSOP COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

Knappa School District No. 4 (the District) is a municipal corporation governed by an elected Board of Directors. Administration officials are approved by the Board. Daily functions are under the supervision of the Superintendent-Clerk. As required by accounting principles generally accepted in the United States of America, all activities have been included in these basic financial statements.

The District qualifies as a primary government since it has a separately elected governing body, is a legally separate entity, and is fiscally independent. There are various governmental agencies and special service districts, which provide services within the District's boundaries. However, the District is not financially accountable for any of these entities, and therefore, in conformity with GASB 61, none of them are considered component units or included in these basic financial statements.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

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

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

All direct expenses are reported by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities.

FUND FINANCIAL STATEMENTS

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

KNAPPA SCHOOL DISTRICT NO. 4
CLATSOP COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOVERNMENTAL FUND TYPES

Governmental funds are used to account for general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are “measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property tax revenue and proceeds from sale of property are not considered available and, therefore, are not recognized until received. Expenditures are recorded when the liability is incurred, except for non-matured interest on general long-term debt which is recognized when due, interfund transactions and certain compensated absences, pension costs, OPEB cost, and claims and judgments which are not recognized as expenditures because they will be liquidated with future expendable financial resources.

Revenues susceptible to accrual are interest, state, county and local shared revenue and federal and state grants. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The following major governmental funds are reported:

GENERAL FUND

This fund accounts for the financial operations not accounted for in any other fund. Principal sources of revenue are property taxes and distributions from the State of Oregon. Expenditures in the fund are made for instructional purposes and related support services.

SPECIAL REVENUE FUNDS

This fund accounts for the revenue and expenditures restricted for specific educational projects or programs. Principal revenues sources are federal grants and other local sources.

DEBT SERVICE FUND

Bond principal and interest payments are accounted for in the Debt Service Fund. The main source of revenue is local property taxes.

CAPITAL PROJECTS FUND

The Capital Projects Fund receives money from debt proceeds. The funds are used for capital improvement projects.

USE OF ESTIMATES

The preparation of the 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 assets and liabilities at the date of the basic financial statements and reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

KNAPPA SCHOOL DISTRICT NO. 4
CLATSOP COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CASH AND CASH EQUIVALENTS

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

PROPERTY TAXES

Uncollected real and personal property taxes are reflected on the statement of net position and the balance sheet as receivables. Uncollected taxes are deemed by management to be substantially collectible or recoverable through liens; therefore no allowance for uncollectible taxes has been established. All property taxes receivable are due from property owners within the District.

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

GRANTS

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

CAPITAL ASSETS

Capital assets, which include land, buildings, equipment and construction in progress, are reported in the government wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost.

Donated Capital assets are recorded at their estimated fair market value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings	50 years
Equipment	5 to 20 years

LEASE RECEIVABLES

Lease receivables are recognized at the net present value of the leased asset at a borrowing rate either explicitly described in the agreement or implicitly determined by the government, reduced by principal payments received.

KNAPPA SCHOOL DISTRICT NO. 4
CLATSOP COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

SUPPLY INVENTORIES

School operating supplies, maintenance supplies, and food and other cafeteria supplies are stated at average invoice cost. Commodities purchased from the United States Department of Agriculture in the Special Revenue Fund are included in the inventories at USDA wholesale value. Inventory is accounted for based on the consumption method in the government wide financial statements and on the purchase method, and therefore expensed, in the fund statements. Under the consumption method inventory is recorded when purchased and expenditures/expenses are recorded when inventory items are used. Donated commodities consumed during the year are reported as revenues and expenditures.

COMPENSATED ABSENCES

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

It is policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee's current pay rate upon separation from employment.

It is policy to permit employees to accumulate earned but unused sick pay benefits. All sick leave lapses when employees leave the employ of the District and, upon separation from service, no monetary obligation exists. However, a liability for estimated value of sick leave that will more likely than not be used by employees as time off is included in the liability for compensated absences.

LONG-TERM OBLIGATIONS

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

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

KNAPPA SCHOOL DISTRICT NO. 4
CLATSOP COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET POSITION

Net position comprises the various net earnings from operations, nonoperating revenues, expenses and contributions of capital. Net position are classified in the following three categories:

Net investment in capital assets – consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

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

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

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the basic financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. At June 30, 2025, there were deferred outflows representing PERS pension, OPEB-RHIA, and OPEB-Health Insurance related deferrals reported in the Statement of Net Position.

In addition to liabilities, the basic financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two types of items which qualify for reporting in this category. The first item, unavailable revenue, is reported only in the governmental funds balance sheet for property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. At June 30, 2025 there were also deferred inflows reported in the Statement of Net Position representing PERS pension, OPEB-RHIA, and OPEB-Health Insurance related deferrals.

KNAPPA SCHOOL DISTRICT NO. 4
CLATSOP COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND BALANCE

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

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

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

There are no committed fund balances at June 30, 2025.

RETIREMENT PLANS

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

KNAPPA SCHOOL DISTRICT NO. 4
CLATSOP COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FAIR VALUE INPUTS AND METHODOLOGIES AND HIERARCHY

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

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

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

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

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

LEASED ASSETS AND LIABILITIES

Leased assets and liabilities are reported in the statement of Net Position and Amortization expense is reported in the Statement of Activities.

KNAPPA SCHOOL DISTRICT NO. 4
CLATSOP COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

A budget is prepared and legally adopted for each fund in accordance with Oregon Local Budget Law. The budget is prepared using the modified accrual basis of accounting.

The budgeting process begins by appointing Budget Committee members in early fall. Budget recommendations are developed by management through spring, with the Budget Committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June, and the hearing is held in June. The budget is adopted, appropriations are made and the tax levy is declared no later than June 30. Expenditure budgets are appropriated at the major function level (instruction, support services, community services, debt service, contingency, and transfers) for each fund. Expenditure appropriations may not legally be over expended, except in the case of grant receipts which could not be reasonably estimated at the time the budget was adopted.

Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. Supplemental budgets less than 10% of the fund's original budget may be adopted by the Board of Directors at a regular meeting. A supplemental budget greater than 10% of the fund's original budget requires hearings before the public, publication in newspapers and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control (major function levels). Such transfers require approval by the Board.

Budget amounts shown in the basic financial statements include the original and final budget amounts. Appropriations lapse at the end of each fiscal year. Expenditures of the various funds were within authorized appropriations, except in the Special Revenue Funds, where enterprise and community expenditures were over-expended by \$9,691; and the Debt Service Fund, where total expenditures were over-expended by \$16,690.

3. BUDGET/GAAP REPORTING DIFFERENCES

The budgetary basis of accounting differs from generally accepted accounting principles. The budgetary statements provided as part of supplementary information elsewhere in this report are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The budgetary basis of accounting is substantially the same as generally accepted accounting principles in the United States of America with the exceptions that capital outlay expenditures are expensed when purchased and depreciation and amortization are not calculated, inventories of supplies are budgeted as expenditures when purchased instead of when used, tax revenue is shown as receipts when collected instead of when levied, pension and OPEB costs are not recorded as expenses until paid instead of when incurred, and debt issuance costs, post-employment obligations and compensated absences are expensed as paid instead of when incurred.

KNAPPA SCHOOL DISTRICT NO. 4
CLATSOP COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

4. CASH AND INVESTMENTS

Cash management policies are governed by state statutes. Statutes authorize the investment in bankers acceptances, time certificates of deposit, commercial paper, repurchase agreements, obligations of the United States and its agencies and instrumentalities, and Local Government Investment Pools.

The District maintains a pool of cash and investments that are available for use by all funds. Each fund's portion of this pool is displayed on the financial statements as cash and investments. Interest earned on pooled cash and investments is allocated to participating funds based upon their combined cash and investment balances. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized.

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

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

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

Deposits with Financial Institutions:

Petty Cash	\$	800
Demand Deposits		302,895
Investments		3,268,171
	\$	<u>3,571,866</u>

At year-end, the investment balances were as follows:

Investment Type	Fair Value	Investment Maturities (in months)		
		Less than 3	3-18	18-59
State Treasurer's Investment Pool	\$ 3,268,171	\$ 3,268,171	\$ -	\$ -
Total	\$ 3,268,171	\$ 3,268,171	\$ -	\$ -

KNAPPA SCHOOL DISTRICT NO. 4
CLATSOP COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

4. CASH AND INVESTMENTS (CONTINUED)

DEPOSITS

Deposits with financial institutions are comprised of bank demand deposits and certificates of deposit. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury. The total bank balance, per the bank statements as of June 30, 2025, was \$632,307, \$478,911 of which was either insured by FDIC or collateralized by the Oregon Public Funds Collateralization Program.

CREDIT RISK – DEPOSITS

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

Interest Rate Risk – Investments

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

Credit Risk – Investments

Oregon Revised Statutes do not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE. The state investment pool is not rated.

Concentration of Credit Risk

At June 30, 2025, 100% of total investments were in the State Treasurer's Investment Pool. State statutes do not limit the percentage of investments in this instrument.

5. ACCOUNTS / GRANTS RECEIVABLE

Special revenue fund grants receivable are comprised of claims for reimbursement of costs under various federal and state grant programs. Other accounts receivable are mostly comprised of money due from Clatsop County and Northwest Regional ESD. No allowance for uncollectible accounts has been recorded because all receivables are considered by management to be collectible.

KNAPPA SCHOOL DISTRICT NO. 4
CLATSOP COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

6. CAPITAL ASSETS

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

	Governmental Capital Assets 7/1/2024	Adjustments	Additions	Deletions	Governmental Capital Assets 6/30/2025
Capital assets not being depreciated:					
Land	\$ 189,391	\$ -	\$ -	\$ -	\$ 189,391
Construction in Progress	10,561,321	-	9,523,007	-	20,084,328
Total capital assets not being depreciated	10,750,712	-	9,523,007	-	20,273,719
Capital assets being depreciated:					
Buildings & Improvements	8,902,775	-	-	-	8,902,775
Equipment	1,674,075	-	41,134	-	1,715,209
Total capital assets being depreciated	10,576,850	-	41,134	-	10,617,984
Accumulated Depreciation:					
Buildings & Improvements	5,370,014	-	123,121	-	5,493,135
Equipment	992,254	(38,382)	85,871	-	1,039,743
Total accumulated depreciation	6,362,268	(38,382)	208,992	-	6,532,878
Total capital assets, net	<u>\$ 14,965,294</u>				<u>\$ 24,358,825</u>

Depreciation expense was allocated to the following programs:

Instruction	\$ 103,385
Support Services	61,138
Community Services	6,088
Total	<u>\$ 170,610</u>

KNAPPA SCHOOL DISTRICT NO. 4
CLATSOP COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. DEFINED BENEFIT PENSION PLAN

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

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

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

- a. **PERS Pension (Chapter 238).** The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.
 - i. **Pension Benefits.** The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, and 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefits results.

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

KNAPPA SCHOOL DISTRICT NO. 4
CLATSOP COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

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

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

- ii. **Death Benefits.** Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member. The surviving spouse may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached 70½ years.
- iii. **Disability Benefits.** A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred. Disability benefits continue until the member is no longer disabled or otherwise no longer qualifies for benefits, reaches normal retirement age, or dies.
- iv. **Benefit Changes After Retirement.** Under ORS 238.360, monthly benefits are adjusted annually through cost-of-living changes (COLA), starting with the monthly benefits received or entitled to be received on August 1. The COLA is capped at 2.0 percent.

Contributions – PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2021 actuarial valuation, which became effective July 1, 2023. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions, for the year ended June 30, 2025, were \$1,216,708, excluding amounts to fund employer specific liabilities. In addition, approximately \$54,222 in employee contributions were paid or picked up by the District in 2024-2025.

KNAPPA SCHOOL DISTRICT NO. 4
CLATSOP COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Asset or Liability At June 30, 2025, the District reported a net pension liability of \$8,261,517 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated December 31, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of the measurement dates of June 30, 2024 and 2023, the District's proportion was .037 percent and .036 percent, respectively. Pension expense for the year ended June 30, 2025 was \$294,956.

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

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

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 489,418	\$ 19,718
Changes in assumptions	830,616	1,064
Net difference between projected and actual earnings on pension plan investments	524,837	-
Net changes in proportionate share	442,407	99,619
Differences between District contributions and proportionate share of contributions	327,188	184,647
Subtotal - Amortized Deferrals (below)	2,614,466	305,048
District contributions subsequent to measurement date	1,216,708	-
Net deferred outflow (inflow) of resources	\$ 3,831,174	\$ 305,048

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

Subtotal amounts related to pension as deferred outflows of resources \$2,614,466, and deferred inflows of resources, (\$305,048), net to \$2,309,418 and will be recognized in pension expense as follows:

Year ending June 30,	Amount
2026	\$ 183,344
2027	1,075,918
2028	610,679
2029	362,749
2030	76,728
Thereafter	-
Total	\$2,309,418

KNAPPA SCHOOL DISTRICT NO. 4
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NOTES TO BASIC FINANCIAL STATEMENTS

7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

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

Actuarial Methods and Assumptions:

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

KNAPPA SCHOOL DISTRICT NO. 4
CLATSOP COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Assumed Asset Allocation:

Asset Class/Strategy	Low Range	High Range	OIC Target
Debt Securities	20.0%	30.0%	25.0%
Public Equity	22.5%	32.5%	27.5%
Real Estate	7.5%	17.5%	12.5%
Private Equity	15.0%	27.5%	20.0%
Real Assets	2.5%	10.0%	7.5%
Diversifying Strategies	2.5%	10.0%	7.5%
Opportunity Portfolio	0.0%	5.0%	0.0%
Total			100.0%

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

Long-Term Expected Rate of Return:

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

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

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

KNAPPA SCHOOL DISTRICT NO. 4
CLATSOP COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

	1% Decrease 5.90%	Discount Rate 6.90%	1% Increase 7.90%
District's proportionate share of the net pension liability (asset)	\$ 13,032,208	\$ 8,261,517	\$ 4,265,831

Changes Subsequent to the Measurement Date

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

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

OPSRP Individual Account Program (OPSRP IAP)

Plan Description:

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

KNAPPA SCHOOL DISTRICT NO. 4
CLATSOP COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Benefits:

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

Death Benefits:

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

Contributions:

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

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

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

KNAPPA SCHOOL DISTRICT NO. 4
CLATSOP COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. OTHER POST-EMPLOYMENT BENEFIT PLAN – (RHIA)

Plan Description:

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

Funding Policy:

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

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

At June 30, 2025, the District reported a net OPEB asset of \$131,795 for its proportionate share of the net OPEB asset. The OPEB asset was measured as of June 30, 2024, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2022. Consistent with GASB Statement No. 75, paragraph 59(a), the District's proportion of the net OPEB asset is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers. As of the measurement dates of June 30, 2024 and 2023, the District's proportion was .033 percent and .009 percent, respectively. OPEB income for the year ended June 30, 2025, was \$46,493.

KNAPPA SCHOOL DISTRICT NO. 4
CLATSOP COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. OTHER POST-EMPLOYMENT BENEFIT PLAN – (RHIA) (CONTINUED)

Components of OPEB Expense/(Income):

Employer's proportionate share of collective system OPEB Expense/(Income)	\$ (15,669)
Net amortization of employer-specific deferred amounts from:	
- Changes in proportionate share (per paragraph 64 of GASB 75)	(30,852)
- Differences between employer contributions and employer's proportionate share of system contributions (per paragraph 65 of GASB 75)	<u>-</u>
Employer's Total OPEB Expense/(Income)	<u>\$ (46,521)</u>

Components of Deferred Outflows/Inflows of Resources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference between expected and actual experience	\$ -	\$ 2,578
Changes in assumptions	-	1,667
Net difference between projected and actual earnings on pension plan investments	3,721	-
Net changes in proportionate share	3,133	44,274
Differences between District contributions and proportionate share of contributions	-	-
Subtotal - Amortized deferrals (below)	<u>6,854</u>	<u>48,519</u>
District contributions subsequent to measurement date	-	-
Deferred outflow (inflow) of resources	<u>\$ 6,854</u>	<u>\$ 48,519</u>

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

Subtotal amounts related to OPEB as deferred outflows of resources, \$6,854, and deferred inflows of resources, (\$48,519), net to (\$41,665) and will be recognized in OPEB expense/(income) as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2026	\$ (44,588)
2027	480
2028	2,013
2029	430
2030	-
Thereafter	-
Total	<u>\$ (41,665)</u>

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

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

KNAPPA SCHOOL DISTRICT NO. 4
CLATSOP COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. OTHER POST-EMPLOYMENT BENEFIT PLAN – (RHIA) (CONTINUED)

Actuarial Methods and Assumptions:

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

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

Discount Rate:

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

KNAPPA SCHOOL DISTRICT NO. 4
CLATSOP COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. OTHER POST-EMPLOYMENT BENEFIT PLAN – (RHIA) (CONTINUED)

Long-Term Expected Rate of Return:

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

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

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

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

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
District's proportionate share of the net OPEB liability (asset)	\$ (122,002)	\$ (131,795)	\$ (140,227)

Changes Subsequent to the Measurement Date

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

KNAPPA SCHOOL DISTRICT NO. 4
CLATSOP COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

9. OTHER POST-EMPLOYMENT BENEFITS (OPEB) – HEALTH BENEFITS

The District operates a single-employer retiree benefit plan that provides access to post-employment health benefits to eligible employees and their spouses. Benefits and eligibility for members are established through the collective bargaining agreements.

The District's post-retirement health insurance program was established in accordance with ORS 243.303. ORS stipulates that for the purpose of establishing healthcare premiums, the rate must be based on all plan members, including both active employees and retirees. The difference between retiree claims costs, which because of the effect of age is generally higher in comparison to all plan members, and the amount of retiree health insurance premiums, represents the District's implicit employer contribution. The plan is currently unfunded in accordance with GASB Statement No. 75.

At June 30, 2024, the following employees were covered by the benefit terms:

Active Employees	60
Eligible Employees	7
Spouses of Ineligible Retirees	1
Total Participants	<u>68</u>

The District's total OPEB liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Valuation Date	July 1, 2023
Actuarial Cost Method	Entry Age Normal
Discount Rate	3.65% for results as of June 30, 2023 measurement date. Which reflects the Bond Buyer 20-year General Obligation Bond Index. Reporting Dates follow measurement dates by one full year.
Health Care Cost Trend	Dental and Vision: 4.00% per year Health cost trend affects both the projected health care costs as well as the projected health care premiums.
Annual Premium Increase Rate	3.25% increase in 2020-21 which later increases reducing annually by 0.1% to 5.0% and stable thereafter.
Inflation Rate	2.4% per year, used to develop other economic assumptions
Salary Scale	3.4% per year

KNAPPA SCHOOL DISTRICT NO. 4
CLATSOP COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

9. OTHER POST-EMPLOYMENT BENEFITS (OPEB) – HEALTH BENEFITS (CONTINUED)

Changes in Total OPEB Liability:

Total OPEB Liability at June 30, 2024	\$ 237,724
Changes for the year:	
Service Cost	20,201
Interest	9,001
Changes of Benefit Terms	-
Differences between expected and actual experience	-
Changes of assumptions or other inputs	(5,521)
Benefit Payments	<u>(22,859)</u>
Net Changes	<u>822</u>
Total OPEB Liability at June 30, 2025	<u>\$ 238,546</u>

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

Discount Rate Sensitivity:

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability, as of June 30, 2025	\$ 258,215	\$ 238,546	\$ 221,040

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability, as of June 30, 2025	\$ 214,798	\$ 238,546	\$ 267,358

Schedule of Deferred Inflows and Outflows of Resources:

	Deferred Inflow of Resources	Deferred Outflow of Resources
Differences between expected and actual experience	\$ (7,899)	\$ 29,788
Changes of assumptions or inputs	<u>(68,611)</u>	<u>9,652</u>
Subtotal	(76,510)	39,440
Benefits Payments subsequent to measurement date	-	25,917
Total as of June 30, 2025	<u>\$ (76,510)</u>	<u>\$ 65,357</u>

KNAPPA SCHOOL DISTRICT NO. 4
CLATSOP COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

9. OTHER POST-EMPLOYMENT BENEFITS (OPEB) – HEALTH BENEFITS (CONTINUED)

Subtotal amounts related to OPEB deferred outflows of resources \$65,657, and deferred inflows of resources (\$76,510), net to (\$37,070) and will be recognized in OPEB expense/(income) as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2026	\$ (5,252)
2027	(5,252)
2028	(5,252)
2029	(5,928)
2030	(7,834)
Thereafter	<u>(7,552)</u>
Total	<u>\$ (37,070)</u>

Actuarial calculations of the OPEB plan reflect a long-term perspective and actuarial valuations for OPEB plans 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 results are compared to past expectations and new estimates are made about the future.

10. DEFERRED COMPENSATION PLAN

A deferred compensation plan is available to employees wherein they may execute an individual agreement with the District for amounts earned by them to not be paid until a future date when certain circumstances are met. These circumstances are termination by reason of resignation, death, disability, or retirement; unforeseeable emergency; or by requesting a de minimis distribution from inactive accounts valued less than \$5,000. Payment to the employee will be made over a period not to exceed 15 years. The deferred compensation plan is one which is authorized under IRC Section 457 and has been approved in its specifics by a private ruling from the Internal Revenue Service. The assets of the plan are held by the administrator for the sole benefit of the plan participants and are not considered assets or liabilities of the District.

11. PROPERTY TAX LIMITATIONS

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

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

KNAPPA SCHOOL DISTRICT NO. 4
CLATSOP COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

12. LONG-TERM OBLIGATIONS

On February 25, 2022, \$13,995,991 of general obligation bonds were issued to provide funds for the acquisition and construction of major capital facilities. These bonds were issued with an interest rate between 1.28 - 4.00% at a premium of \$2,194,751, which will be amortized over the life of the new debt issue through 2046.

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

	Balance 7/1/2024	Additions	Payments & Deletions	Balance 6/30/2025	Due Within One Year
General Obligation Bond	\$ 13,826,064	\$ -	\$ 204,972	\$ 13,621,092	\$ 218,853
Bond Premium	1,989,907	-	87,790	1,902,117	87,790
Compensated Absences *	188,847	59,111	-	247,958	-
Total	<u>\$ 16,004,818</u>	<u>\$ 59,111</u>	<u>\$ 292,762</u>	<u>\$ 15,771,167</u>	<u>\$ 306,643</u>

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

All long-term obligations are payable from the General and Debt Service funds. There are no default clauses or remedies requiring disclosure under GASB 88.

Future Maturities of bond principal are as follows:

Year Ended June 30,	Principal	Interest	Total
2026	218,853	542,947	761,800
2027	232,239	549,561	781,800
2028	275,000	526,800	801,800
2029	310,000	515,800	825,800
2030	345,000	503,400	848,400
2031-2035	2,315,000	2,279,800	4,594,800
2036-2040	3,535,000	1,724,200	5,259,200
2041-2045	5,135,000	896,000	6,031,000
2046-2050	1,255,000	50,200	1,305,200
Total	<u>13,621,092</u>	<u>7,588,708</u>	<u>21,209,800</u>

KNAPPA SCHOOL DISTRICT NO. 4
CLATSOP COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

13. RISK MANAGEMENT

There is exposure to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Commercial insurance is purchased to minimize exposure to these risks. Settled claims have not exceeded this commercial coverage for any of the past three fiscal years.

14. CONTINGENT LIABILITIES

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

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

15. INTERFUND TRANSFERS AND INTERFUND RECEIVABLES/PAYABLES

Operating and internal transfers are comprised of the following activity:

<u>Fund</u>	<u>Transfers Out</u>	<u>Transfers In</u>	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 257,000	\$ -	\$ 1,262,825	\$ 1,430,679
Special Revenue Funds	-	257,000	553,019	144,941
Debt Service Fund	-	-	-	241,119
Capital Projects Fund	-	-	895	-
Total Funds	<u>\$ 257,000</u>	<u>\$ 257,000</u>	<u>\$ 1,816,739</u>	<u>\$ 1,816,739</u>

The internal transfers are budgeted and recorded to show legal and operational commitments between funds such as cost sharing. The interfund balances are recorded to show legal and operational commitments between funds.

16. TAX ABATEMENTS

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

KNAPPA SCHOOL DISTRICT NO. 4
CLATSOP COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

17. LEASE LIABILITY

For the year ended 6/30/2025, the basic financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

On 07/01/2021, the District entered into a 36 month lease as Lessee for the use of Sped Mod Ricoh IM350F. An initial lease liability was recorded in the amount of \$1,118. As of 06/30/2025, the value of the lease liability is \$0. The District is required to make monthly fixed payments of \$33. The lease has an interest rate of 3.50%. The value of the right to use asset as of 06/30/2025 of \$1,118 with accumulated amortization of \$1,118 is included with Equipment on the Lease Class activities table on page 35.

On 07/01/2021, the District entered into a 36 month lease as Lessee for the use of HLE Lib Ricoh MP6055SP. An initial lease liability was recorded in the amount of \$6,182. As of 06/30/2025, the value of the lease liability is \$0. The District is required to make monthly fixed payments of \$181. The lease has an interest rate of 3.50%. The value of the right to use asset as of 06/30/2025 of \$6,182 with accumulated amortization of \$6,182 is included with Equipment on the Lease Class activities table on page 35.

On 07/01/2021, the District entered into a 36 month lease as Lessee for the use of HLE Wrkrm Ricoh MPC8003. An initial lease liability was recorded in the amount of \$13,987. As of 06/30/2025, the value of the lease liability is \$0. The District is required to make monthly fixed payments of \$409. The lease has an interest rate of 3.50%. The value of the right to use asset as of 06/30/2025 of \$13,987 with accumulated amortization of \$13,987 is included with Equipment on the Lease Class activities table on page 35.

On 07/01/2021, the District entered into a 36 month lease as Lessee for the use of HS Main Ricoh MP5055SP. An initial lease liability was recorded in the amount of \$4,688. As of 06/30/2025, the value of the lease liability is \$0. The District is required to make monthly fixed payments of \$137. The lease has an interest rate of 3.50%. The value of the right to use asset as of 06/30/2025 of \$4,688 with accumulated amortization of \$4,688 is included with Equipment on the Lease Class activities table on page 35.

On 07/01/2021, the District entered into a 36 month lease as Lessee for the use of HLE Main MP5055SP. An initial lease liability was recorded in the amount of \$4,688. As of 06/30/2025, the value of the lease liability is \$0. The District is required to make monthly fixed payments of \$137. The lease has an interest rate of 3.50%. The value of the right to use asset as of 06/30/2025 of \$4,688 with accumulated amortization of \$4,688 is included with Equipment on the Lease Class activities table on page 35.

On 07/01/2021, the District entered into a 36 month lease as Lessee for the use of HS DO Ricoh IMC3000. An initial lease liability was recorded in the amount of \$5,245. As of 06/30/2025, the value of the lease liability is \$0. The District is required to make monthly fixed payments of \$153. The lease has an interest rate of 3.50%. The value of the right to use asset as of 06/30/2025 of \$5,245 with accumulated amortization of \$5,245 is included with Equipment on the Lease Class activities table on page 35.

On 07/01/2021, the District entered into a 36 month lease as Lessee for the use of HS Lib Ricoh MP6055SP. An initial lease liability was recorded in the amount of \$6,396. As of 06/30/2025, the value of the lease liability is \$0. The District is required to make monthly fixed payments of \$187. The lease has an interest rate of 3.50%. The value of the right to use asset as of 06/30/2025 of \$6,396 with accumulated amortization of \$6,396 is included with Equipment on the Lease Class activities table on page 35.

KNAPPA SCHOOL DISTRICT NO. 4
CLATSOP COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

18. RIGHT TO USE ASSET

The right-to-use assets apply to the lease disclosure in Note 16.

Changes in Right-to-Use Asset				
	Balance at July 1, 2024	Additions	Reductions	Balance at June 30, 2025
Equipment	\$ 42,304	\$ -	\$(42,304)	\$ -
Accumulated Amortization Equipment	(42,304)	-	42,304	-
Total Lease Assets, Net	\$ -	\$ -	\$ -	\$ -

Amount of Lease Assets by Major Classes of Underlying Asset (Right-to-Use Asset)			
At June 30, 2025			
Asset Class	Lease Asset Value	Accumulated Amortization	Net Value
Equipment	\$ 42,304	\$ 42,304	\$ -
Total	\$ 42,304	\$ 42,304	\$ -

19. LEASE RECEIVABLES AND DEFERRED INFLOWS

On 07/01/2021, the District entered into a 732 month lease as Lessor for the use of Cell Tower. An initial lease receivable was recorded in the amount of \$398,498. As of 06/30/2025, the value of the lease receivable is \$387,809 and the value of the short-term lease receivable is \$2,534. The lessee is required to make monthly variable principal and interest payments of \$1,150 based on a CPI index of 3.00%. The lease has an interest rate of 3.0000%. The value of the deferred inflow of resources as of 06/30/2025 was \$372,367, and the District recognized lease revenue of \$6,533 during the fiscal year. The lessee has 6 extension option(s), each for 60 months. The District has 6 extension option(s), each for 60 months. The lessee had a termination period of 2 months as of the lease commencement.

Changes in the Lease Receivable are as follows:

Lease Receivable	Balance Beginning of Year	Additions	Less Rent Received	Balance End of Year
Land				
Cell Tower	\$390,343	\$ -	\$(2,534)	\$387,809
Total	\$390,343	\$ -	\$(2,534)	\$387,809

Future maturities for the receivables are as follows:

Governmental Activities			
Fiscal year	Principal Payments	Interest Payments	Total Payments
2026	\$ 2,611	\$ 11,599	\$ 14,210
2027	2,691	11,519	14,210
2028	2,773	11,437	14,210
2029	2,857	11,353	14,210
2030	2,944	11,266	14,210
Thereafter	373,933	364,977	738,910
Total	\$ 387,809	\$ 422,151	\$ 809,960

KNAPPA SCHOOL DISTRICT NO. 4
CLATSOP COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

19. LEASE RECEIVABLES AND DEFERRED INFLOWS (CONTINUED)

The Deferred Lease Revenue will be recognized on a straight line basis over the life of the receivable.

	Balance Beginning of Year	Additions	Less Deferred Revenue Recognized	Balance End of Year
Deferred Lease Revenue				
Land				
Cell Tower	\$378,900	\$ -	\$ (6,533)	\$372,367
Total	<u>\$378,900</u>	<u>\$ -</u>	<u>\$ (6,533)</u>	<u>\$372,367</u>

20. DEFICIT FUND BALANCE

The District has reported a deficit fund balance in the Debt Service Fund of (\$7,620). The District expects the fund balance to become positive in the upcoming fiscal years through general fund transfers.

21. RESTATEMENTS OF BEGINNING FUND BALANCE AND NET POSITION

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

During the current year, a restatement of the beginning fund balances of the General and Special Revenue Funds was made to reclassify multiple reserve funds from the Special Revenue Funds to the General Fund due to the nature of their use and control of the funds. There was no net impact of this restatement, as shown in the "Reclassification of Reserve Funds" column below.

	6/30/2024 Net Position As Previously Reported	Restatement - GASB 101 Implementation	Reclassification of Reserve Funds	6/30/2024 Net Position Restated
Government-Wide				
Governmental Activities	\$ 6,011,693	\$ (134,660)	\$ -	\$ 5,877,033
Total Primary Government	<u>\$ 6,011,693</u>	<u>\$ (134,660)</u>	<u>\$ -</u>	<u>\$ 5,877,033</u>
Governmental Funds				
General Fund	\$ 604,753	\$ -	\$ 327,547	\$ 932,300
Special Revenue Fund	926,999	-	(327,547)	599,452
Total Governmental Funds	<u>\$ 1,531,752</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,531,752</u>

KNAPPA SCHOOL DISTRICT NO. 4

CLATSOP COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

KNAPPA SCHOOL DISTRICT
CLATSOP COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2025

PERS

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (NPL)	(c) Employer's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2025	0.037 %	\$ 8,261,517	\$ 4,780,434	172.8 %	79.3 %
2024	0.036	6,757,260	4,525,003	149.3	81.7
2023	0.033	5,122,992	4,209,698	121.7	84.5
2022	0.034	4,090,683	3,715,074	110.1	87.6
2021	0.033	7,196,388	3,300,736	218.0	75.8
2020	0.038	6,638,075	3,212,966	206.6	80.2
2019	0.036	5,498,757	3,099,017	177.4	82.1
2018	0.038	5,132,566	2,977,053	172.4	83.1
2017	0.042	6,284,132	2,721,055	230.9	80.5
2016	0.045	2,563,266	2,612,816	98.1	91.9

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

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

SCHEDULE OF CONTRIBUTIONS

Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2025	\$ 1,216,708	\$ 1,216,708	\$ -	\$ 4,651,131	26.2 %
2024	1,244,109	1,244,109	-	4,780,434	26.0
2023	922,333	922,333	-	4,525,003	20.4
2022	938,278	938,278	-	4,209,698	22.3
2021	943,886	943,886	-	3,715,074	25.4
2020	878,832	878,832	-	3,300,736	26.6
2019	658,622	658,622	-	3,212,966	20.5
2018	689,151	689,151	-	3,099,017	22.2
2017	516,117	516,117	-	2,977,053	17.3
2016	502,881	502,881	-	2,721,055	18.5

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

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

KNAPPA SCHOOL DISTRICT
CLATSOP COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2025

OPEB - RHIA

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

Year Ended June 30,	(a) District's proportion of the net OPEB asset/(liability) (NOA/(L))	(b) District's proportionate share of the net OPEB asset/(liability)(NOA/(L))	(c) District's covered payroll	(b/c) NOA/(L) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2025	0.03263 %	\$ 131,795	\$ 4,780,434	2.76 %	220.6 %
2024	0.00876	32,067	4,525,003	0.71	201.6
2023	0.01652	58,690	4,209,698	1.39	194.6
2022	0.01446	49,657	3,715,074	1.34	183.9
2021	0.03397	69,214	3,300,736	2.10	150.1
2020	0.02576	49,776	3,212,966	1.55	144.4
2019	0.02718	30,344	3,099,017	0.98	124.0
2018	0.02543	10,613	2,977,053	0.36	108.9
2017	0.02623	(7,124)	2,721,055	(0.26)	90.0

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

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

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

SCHEDULE OF CONTRIBUTIONS FOR RHIA

Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	District's covered payroll	Contributions as a percent of covered payroll
2025	\$ N/A	\$ N/A	\$ N/A	\$ 4,651,131	N/A %
2024	99	99	-	4,780,434	0.00
2023	173	173	-	4,525,003	0.00
2022	407	407	-	4,209,698	0.01
2021	387	387	-	3,715,074	0.01
2020	2,426	2,426	-	3,300,736	0.07
2019	N/A	N/A	N/A	3,212,966	N/A
2018	N/A	N/A	N/A	3,099,017	N/A
2017	N/A	N/A	N/A	2,977,053	N/A

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

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

Statutorily required contributions prior to 2020 are included within PERS contributions (See p. 37)

**KNAPPA SCHOOL DISTRICT
CLATSOP COUNTY, OREGON**

**REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST EMPLOYMENT BENEFITS
June 30, 2025**

**IMPLICIT BENEFIT (OPEB) - HEALTH INSURANCE BENEFITS:
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**

Year Ended June 30,	Total OPEB Liability - Beginning	Service Cost	Interest	Changes of Benefit Terms	Changes of Assumptions	Benefit Payments	Total OPEB Liability - End of Year	Estimated Covered Payroll	Total OPEB Liability as a % of Covered Payroll
2025	\$ 237,724	\$ 20,201	\$ 9,001	\$ -	\$ (5,521)	\$ (22,859)	\$ 238,546	\$ N/A	N/A
2024	243,854	23,370	9,096	-	(17,864)	(20,732)	237,724	N/A	N/A
2023	254,651	27,061	5,881	-	(24,771)	(18,968)	243,854	N/A	N/A
2022	268,753	26,537	6,240	-	(20,881)	(25,998)	254,651	N/A	N/A
2021	242,843	22,698	8,898	-	17,161	(22,847)	268,753	N/A	N/A
2020	228,779	20,496	9,230	-	6,076	(21,738)	242,843	N/A	N/A

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30,	(a) Actuarially Determined Contribution	(b) Contributions During Year	(b)-(a) Difference	(c) Covered Payroll	(b/c) Contributions as a Percentage of Payroll
2025	\$ 20,201	\$ N/A	\$ N/A	\$ N/A	N/A
2024	23,370	N/A	N/A	N/A	N/A
2023	27,061	N/A	N/A	N/A	N/A
2022	26,537	N/A	N/A	N/A	N/A
2021	22,698	N/A	N/A	N/A	N/A
2020	20,496	N/A	N/A	N/A	N/A

The above table presents the most recent actuarial valuations for the District's post-retirement health insurance and it provides information that approximates the funding progress of the plan.

In implementing GASB Statement No. 75, the following changes since the prior valuation were implemented; (i) the actuarial cost method was changed from Projected Unit Credit to Entry Age Normal, (ii) the interest rate for discounting future liabilities was lowered to match municipal bond rates, (iii) premium increase rates were modified to reflect anticipated experience, (iv) the percentage of future retirees covering a spouse on the plan was decreased to reflect the anticipated experience, (v) demographic assumptions were revised to match (as closely as possible) those developed in the most recent experience study for Oregon PERS, and (vi) an implicit rate subsidy is now being valued for participants in the health plans. In prior valuations, the District's participating in the health plans determined to be a community rated arrangement.

KNAPPA SCHOOL DISTRICT NO. 4
CLATSOP COUNTY, OREGON

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

GENERAL FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
From Local Sources	\$ 1,619,000	\$ 1,619,000	\$ 1,704,978	\$ 85,978
From Intermediate Sources	583,000	583,000	558,127	(24,873)
From State Sources	4,756,280	4,756,280	4,646,405	(109,875)
Total Revenues	6,958,280	6,958,280	6,909,510	(48,770)
EXPENDITURES:				
Instruction	4,082,317	4,082,317 (1)	3,752,271	330,046
Support Services	3,049,150	3,049,150 (1)	2,848,598	200,552
Contingency	114,813	114,813 (1)	-	114,813
Total Expenditures	7,246,280	7,246,280	6,600,869	645,411
Excess of Revenues Over, (Under) Expenditures	(288,000)	(288,000)	308,641	596,641
OTHER FINANCING SOURCES, (USES)				
Proceeds from Sale of Assets	-	-	95	95
Transfers In	10,000	10,000	-	(10,000)
Transfers Out	(267,000)	(267,000) (1)	(257,000)	10,000
Total Other Financing Sources, (Uses)	(257,000)	(257,000)	(256,905)	95
Net Change in Fund Balance	(545,000)	(545,000)	51,736	596,736
Beginning Fund Balance	1,005,000	1,005,000	604,753	(400,247)
Ending Fund Balance	\$ 460,000	\$ 460,000	\$ 656,489	\$ 196,489

(1) Appropriation Level

Reconciliation to Governmental Fund Balance as required by GASB 54

Ending Fund Balance:

Technology Reserve	49,623
Textbook Reserve	14,488
Maintenance Reserve	225,243
	<u>\$ 945,843</u>

KNAPPA SCHOOL DISTRICT NO. 4
CLATSOP COUNTY, OREGON

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

SPECIAL REVENUE FUNDS

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>FOOD SERVICE FUND</u>	<u>GRANTS FUND</u>
REVENUES:				
From Local Sources				
Earnings from investment	\$ 105	\$ 105	\$ 62	\$ -
Other local sources	433,400	514,900	13,311	317,268
From Intermediate Sources	150,000	150,000	-	52,906
From State Sources	842,892	842,892	92,542	802,447
From Federal Sources	601,963	601,963	210,650	321,140
	<u>2,028,360</u>	<u>2,109,860</u>	<u>316,565</u>	<u>1,493,761</u>
Total Revenues				
	<u>2,028,360</u>	<u>2,109,860</u>	<u>316,565</u>	<u>1,493,761</u>
EXPENDITURES:				
Instruction	1,849,331	1,930,831 (1)	-	1,132,978
Support Services	488,624	488,624 (1)	-	274,893
Enterprise and Community Services	305,505	305,505 (1)	315,196	-
Contingency	202,000	202,000 (1)	-	-
	<u>2,845,460</u>	<u>2,926,960</u>	<u>315,196</u>	<u>1,407,871</u>
Total Expenditures				
	<u>2,845,460</u>	<u>2,926,960</u>	<u>315,196</u>	<u>1,407,871</u>
Excess of Revenues Over, (Under) Expenditures	(817,100)	(817,100)	1,369	85,890
Other Financing Sources				
Transfers In	257,000	257,000	-	-
	<u>257,000</u>	<u>257,000</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources				
	<u>257,000</u>	<u>257,000</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(560,100)	(560,100)	1,369	85,890
Beginning Fund Balance	560,100	560,100	(10,843)	268,159
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,474)</u>	<u>\$ 354,049</u>

(1) Appropriation Level

(Continued on next page)

KNAPPA SCHOOL DISTRICT NO. 4
CLATSOP COUNTY, OREGON

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

<u>SPECIAL REVENUE FUNDS</u>				
EXTRA CURRICULAR FUND	STUDENT BODY FUND	TRANSPORTATION EQUIPMENT RESERVE FUND	TOTALS	VARIANCE TO FINAL BUDGET
\$ -	\$ 721	\$ -	\$ 783	\$ 678
36,966	177,528	-	545,073	30,173
-	-	-	52,906	(97,094)
-	-	-	894,989	52,097
-	-	-	531,790	(70,173)
36,966	178,249	-	2,025,541	(84,319)
278,743	157,750	-	1,569,471	361,360
-	-	-	274,893	213,731
-	-	-	315,196	(9,691)
-	-	-	-	202,000
278,743	157,750	-	2,159,560	767,400
(241,777)	20,499	-	(134,019)	683,081
257,000	-	-	257,000	-
257,000	-	-	257,000	-
15,223	20,499	-	122,981	683,081
(34,089)	185,141	191,084	599,452	39,352
\$ (18,866)	\$ 205,640	\$ 191,084	\$ 722,433	\$ 722,433

(Continued from previous page)

KNAPPA SCHOOL DISTRICT NO. 4
CLATSOP COUNTY, OREGON
SUPPLEMENTARY INFORMATION

KNAPPA SCHOOL DISTRICT NO. 4
CLATSOP COUNTY, OREGON

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

CAPITAL PROJECTS FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
From Local Sources:				
Earnings on Investments	\$ 100,000	\$ 100,000	\$ 186,424	\$ 86,424
Other Local Sources	-	-	24,378	24,378
From State Sources	5,500,000	5,500,000	1,631,223	(3,868,777)
Total Revenues	5,600,000	5,600,000	1,842,025	(3,757,975)
EXPENDITURES:				
Support Services	250,000	250,000 (1)	35,117	214,883
Facilities & Acquisition Services	12,350,000	12,350,000 (1)	10,037,677	2,312,323
Total Expenditures	12,600,000	12,600,000	10,072,794	2,527,206
Excess of Revenues Over, (Under) Expenditures	(7,000,000)	(7,000,000)	(8,230,769)	(1,230,769)
Net Change in Fund Balance	(7,000,000)	(7,000,000)	(8,230,769)	(1,230,769)
Beginning Fund Balance	7,000,000	7,000,000	9,924,638	2,924,638
Ending Fund Balance	\$ -	\$ -	\$ 1,693,869	\$ 1,693,869

(1) Appropriation Level

KNAPPA SCHOOL DISTRICT NO. 4
CLATSOP COUNTY, OREGON

OTHER INFORMATION

KNAPPA SCHOOL DISTRICT NO. 4
CLATSOP COUNTY, OREGON

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

TECHNOLOGY RESERVE FUND

EXPENDITURES:

Support Services	
Operations and maintenance	\$ 280
	<hr/>
Total Expenditures	280
	<hr/>
Revenues Over, (Under) Expenditures	(280)
Beginning Fund Balance	<hr/> 49,903
Ending Fund Balance	<hr/> \$ 49,623

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

KNAPPA SCHOOL DISTRICT NO. 4
CLATSOP COUNTY, OREGON

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

TEXTBOOK RESERVE FUND

EXPENDITURES:

Instruction:		
Elementary School:		
Supplies & Materials	\$	14,047
Middle School:		
Supplies & Materials		678
High School:		
Supplies & Materials		3,028
Alternative Education:		
Supplies & Materials		<u>13,501</u>
Total Expenditures		<u>31,254</u>
Net Change in Fund Balance		(31,254)
Beginning Fund Balance		<u>45,742</u>
Ending Fund Balance	\$	<u><u>14,488</u></u>

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

KNAPPA SCHOOL DISTRICT NO. 4
CLATSOP COUNTY, OREGON

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

MAINTENANCE RESERVE FUND

EXPENDITURES:

Support Services:	
Operations and maintenance	\$ 6,659
Total Expenditures	6,659
Net Change in Fund Balance	(6,659)
Beginning Fund Balance	231,902
Ending Fund Balance	\$ 225,243

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

KNAPPA SCHOOL DISTRICT NO. 4
CLATSOP COUNTY, OREGON

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

FOOD SERVICE FUND

REVENUES:

From Local Sources:

Earnings on Investments	\$ 62
Food Service	<u>13,311</u>

Total From Local Sources	<u>13,373</u>
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From State Sources:

SSF-School Lunch Match (1)	<u>92,542</u>
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Total From State Sources	<u>92,542</u>
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From Federal Sources:

Restricted Revenue From Federal through State	<u>210,650</u>
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Total From Federal Sources	<u>210,650</u>
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Total Revenues	<u>316,565</u>
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EXPENDITURES:

Enterprise and Community Services:

Supplies & Materials	<u>315,196</u>
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Total Expenditures	<u>315,196</u>
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Net Change in Fund Balance	1,369
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Beginning Fund Balance	<u>(10,843)</u>
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Ending Fund Balance	<u>\$ (9,474)</u>
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- (1) The National School Lunch Program State Revenue Matching amount of \$2,039 was used to support lunch fund expenses recorded in the special revenue fund.

KNAPPA SCHOOL DISTRICT NO. 4
CLATSOP COUNTY, OREGON

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2025

GRANTS FUND

FEDERAL GRANTS

	<u>TITLE I</u>	<u>IDEA</u>	<u>REAP Flex</u>	<u>CARL PERKINS</u>	<u>STATE & LOCAL GRANTS</u>	<u>TOTAL</u>
REVENUES:						
From Local Sources	\$ -	\$ -	\$ -	\$ -	\$ 317,268	\$ 317,268
From Intermediate Sources	-	-	-	-	52,906	52,906
From State Sources	-	-	-	-	802,447	802,447
From Federal Sources	<u>111,811</u>	<u>144,090</u>	<u>31,205</u>	<u>3,790</u>	<u>30,244</u>	<u>321,140</u>
Total Revenues	<u>111,811</u>	<u>144,090</u>	<u>31,205</u>	<u>3,790</u>	<u>1,202,865</u>	<u>1,493,761</u>
EXPENDITURES:						
Instruction	111,811	138,553	-	3,790	878,824	1,132,978
Support Services	<u>-</u>	<u>5,537</u>	<u>31,205</u>	<u>-</u>	<u>238,151</u>	<u>274,893</u>
Total Expenditures	<u>111,811</u>	<u>144,090</u>	<u>31,205</u>	<u>3,790</u>	<u>1,116,975</u>	<u>1,407,871</u>
Net Change in Fund Balance	-	-	-	-	85,890	85,890
Beginning Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>268,159</u>	<u>268,159</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 354,049</u>	<u>\$ 354,049</u>

KNAPPA SCHOOL DISTRICT NO. 4
CLATSOP COUNTY, OREGON

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2025

GRANTS FUND

STATE AND LOCAL GRANTS

	<u>OTHER PRIVATE GRANTS</u>	<u>TITLE IV SSAE FUND</u>	<u>SCHOOL IMPROVEMENT FUND</u>	<u>SB1149 ENERGY</u>	<u>MUSIC BAND</u>	<u>HIGH SCHOOL SUCCESS</u>
REVENUES:						
From Local Sources	\$ 3,934	\$ -	\$ -	\$ -	\$ 81,500	\$ -
From Intermediate Sources	31,146	-	-	21,760	-	-
From State Sources	15,133	-	-	-	-	187,303
From Federal Sources	-	10,981	19,184	-	-	-
Total Revenues	<u>50,213</u>	<u>10,981</u>	<u>19,184</u>	<u>21,760</u>	<u>81,500</u>	<u>187,303</u>
EXPENDITURES:						
Instruction	50,604	10,981	8,859	-	66,802	114,230
Support Services	<u>21,170</u>	<u>-</u>	<u>10,325</u>	<u>-</u>	<u>-</u>	<u>45,331</u>
Total Expenditures	<u>71,774</u>	<u>10,981</u>	<u>19,184</u>	<u>-</u>	<u>66,802</u>	<u>159,561</u>
Net Change in Fund Balance	(21,561)	-	-	21,760	14,698	27,742
Beginning Fund Balance	<u>28,180</u>	<u>-</u>	<u>-</u>	<u>202,003</u>	<u>-</u>	<u>(27,742)</u>
Ending Fund Balance	<u>\$ 6,619</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 223,763</u>	<u>\$ 14,698</u>	<u>\$ -</u>

(Continued on pages 51B and 51C)

KNAPPA SCHOOL DISTRICT NO. 4
CLATSOP COUNTY, OREGON

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2025

GRANTS FUND

STATE AND LOCAL GRANTS

<u>AVID</u>	<u>KNAPPA FOUNDATION MINI</u>	<u>CELL TOWER LEASE</u>	<u>LIBRARY BOOKS</u>	<u>STUDENT IMPROVEMENT GRANT</u>	<u>EARLY LITERACY</u>	<u>STATE SUMMER SCHOOL</u>
\$ -	\$ 45,488	\$ 13,239	\$ 3,000	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	531,081	44,001	13,164
-	-	-	79	-	-	-
-	45,488	13,239	3,079	531,081	44,001	13,164
4,000	39,528	19,023	-	338,521	36,806	3,064
-	-	-	1,204	135,040	7,907	10,100
4,000	39,528	19,023	1,204	473,561	44,713	13,164
(4,000)	5,960	(5,784)	1,875	57,520	(712)	-
4,000	-	65,952	4,504	(57,520)	712	-
\$ -	\$ 5,960	\$ 60,168	\$ 6,379	\$ -	\$ -	\$ -

(Continued from previous page)

KNAPPA SCHOOL DISTRICT NO. 4
CLATSOP COUNTY, OREGON

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2025

GRANTS FUND

STATE AND LOCAL GRANTS

<u>PRESCHOOL</u>	<u>FORESTRY CLASS</u>	<u>ODE CAREER PATHWAYS</u>	<u>ALT ED FIELD TRIP FUND</u>	<u>ASPIRE</u>	<u>KNAPPA COMMUNITY COURT</u>	<u>TOTAL</u>
\$ 110,196	\$ 26,286	\$ -	\$ 3,000	\$ -	\$ 30,625	\$ 317,268
-	-	-	-	-	-	52,906
-	-	7,050	-	4,715	-	802,447
-	-	-	-	-	-	30,244
<u>110,196</u>	<u>26,286</u>	<u>7,050</u>	<u>3,000</u>	<u>4,715</u>	<u>30,625</u>	<u>1,202,865</u>
112,189	41,135	7,050	3,000	504	22,528	878,824
<u>7,074</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>238,151</u>
<u>119,263</u>	<u>41,135</u>	<u>7,050</u>	<u>3,000</u>	<u>504</u>	<u>22,528</u>	<u>1,116,975</u>
(9,067)	(14,849)	-	-	4,211	8,097	85,890
<u>12,385</u>	<u>35,685</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>268,159</u>
<u>\$ 3,318</u>	<u>\$ 20,836</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,211</u>	<u>\$ 8,097</u>	<u>\$ 354,049</u>

(Continued from previous page)

KNAPPA SCHOOL DISTRICT NO. 4
CLATSOP COUNTY, OREGON

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

EXTRA CURRICULAR FUND

REVENUES:

From Local Sources:

Other Revenue from Local Sources \$ 36,966

Total Revenues 36,966

EXPENDITURES:

Instruction:

Elementary / Middle School - Extra Curricular

Salaries 20,532

Employee Benefits 4,058

Purchased Services 964

Supplies & Materials 1,279

Other Objects 4,324

High School - Extra Curricular

Salaries 129,819

Employee Benefits 30,041

Purchased Services 36,571

Supplies & Materials 19,218

Other Objects 31,937

Total Expenditures 278,743

Revenues Over, (Under) Expenditures (241,777)

Other Financing Sources, (Uses)

Transfers in 257,000

Total Other Financing Sources 257,000

Net Change in Fund Balance 15,223

Beginning Fund Balance (34,089)

Ending Fund Balance \$ (18,866)

KNAPPA SCHOOL DISTRICT NO. 4
CLATSOP COUNTY, OREGON

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

STUDENT BODY FUND

REVENUES:

From Local Sources:

Earnings on Investments \$ 721

Total Revenues 178,249

EXPENDITURES:

Instruction:

Elementary / Middle School - Extra Curricular
Supplies & Materials 16,874

High School - Extra Curricular
Supplies & Materials 140,876

Total Expenditures 157,750

Net Change in Fund Balance 20,499

Beginning Fund Balance 185,141

Ending Fund Balance \$ 205,640

KNAPPA SCHOOL DISTRICT NO. 4
CLATSOP COUNTY, OREGON

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

TRANSPORTATION EQUIPMENT RESERVE FUND

REVENUES:

From Local Sources:

Earnings from Investments

\$ -

Total Revenues

-

Net Change in Fund Balance

-

Beginning Fund Balance

191,084

Ending Fund Balance

\$ 191,084

KNAPPA SCHOOL DISTRICT NO. 4
CLATSOP COUNTY, OREGON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2025

Federal Grantor/Pass Through Grantor/ Program Title	Pass Through Organization	Federal AL Number	Pass Through Number	Grant Period	Expenditures	Pass Through to Sub-Recipients
U.S. Department of Education						
Rural Education Achievement Program	USDOE	84.358A	S358A223365	2024-25	\$ 45,027	-
Total Rural Education Achievement Program					<u>45,027</u>	<u>-</u>
Title I Grants to Local Educational Agencies	ODE	84.010	82192	2024-25	111,811	-
Total Title I, Part A					<u>111,811</u>	<u>-</u>
Special Education Cluster						
Special Education Grants to States (IDEA Part B, Sec 611)	ODE	84.027	83382	2024-25	138,553	-
Total Special Education Grants to States					<u>138,553</u>	<u>-</u>
Total, Special Education Cluster					<u>138,553</u>	<u>-</u>
Title IIA - Improving Teacher Quality State Grants	ODE	84.367	82455	2024-25	19,184	-
Total IIA Improving Teacher Quality State Grants					<u>19,184</u>	<u>-</u>
Title IV-A Student Support and Academic Enrichment	ODE	84.424	82652	2024-25	10,981	-
Total IV-A Student Support and Academic Enrichment					<u>10,981</u>	<u>-</u>
IDEA Part B, Sec 619 FY24 - Title	ODE	84.173	83578	2024-25	2,397	-
Total IDEA Part B, Sec 619					<u>2,397</u>	<u>-</u>
Career and Technical Education - Basic Grants to States	Clatsop CC	84.048		2024-25	3,790	-
Total Career and Technical Education - Basic Grants to States					<u>3,790</u>	<u>-</u>
Total, U.S. Department of Education					<u>331,743</u>	<u>-</u>
U.S. Department of Agriculture						
Child Nutrition Cluster						
School Breakfast Program	ODE	10.553	N/A	2024-25	60,000	-
Total School Breakfast Program					<u>60,000</u>	<u>-</u>
National School Lunch Program	ODE	10.555	N/A	2024-25	131,633	-
National School Lunch Program Commodities	ODE	10.555	N/A	2024-25	18,332	-
National School Lunch Program Snack	ODE		N/A	2024-25	684	-
Total National School Lunch Program					<u>150,649</u>	<u>-</u>
Total, Child Nutrition Cluster					<u>210,649</u>	<u>-</u>
Total, U.S. Department of Agriculture					<u>210,649</u>	<u>-</u>
Total, Federal Awards					<u>\$ 542,392</u>	<u>\$ -</u>

Reconciliation to Federally Recognized Revenue	
Total Federal Expenditures	542,392
Accruals / Deferrals	(10,602)
Federally Recognized Revenue	<u>\$ 531,790</u>

KNAPPA SCHOOL DISTRICT NO. 4
CLATSOP COUNTY, OREGON

SUPPLEMENTAL INFORMATION
For the Year Ended June 30, 2025

A. Energy bills for heating - all funds:				Objects 325 and 326 and 327*
				<hr/>
			Function 2542	\$ 122,338
			Function 2551	5,350
B. Replacement of equipment - General Fund:				
Include all General Fund expenditures in Object 542, except for the following exclusions:				Amount
Exclude these functions:				<hr/>
1113, 1122 & 1132	Co-curricular activities	4150	Construction	\$ -
1140	Pre-kindergarten	2550	Pupil transportation	
1300	Continuing education	3100	Food service	
1400	Summer school	3300	Community services	

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

**KNAPPA SCHOOL DISTRICT NO. 4
CLATSOP COUNTY, OREGON**

CONTINUING DISCLOSURES

**Major Taxpayers - Fiscal Year 2024-2025
Clatsop County**

Taxpayer	Business/Service	Tax	Assessed Value	Percent of Value
Georgia Pacific Consumer Products	Paper Manufacturing	\$ 4,900,170	\$ 496,222,313	.98%
L & C Tree Farms	Forest Products	1,324,700	24,963,391	1.0%
Pacificorp	Utilities	1,177,552	87,313,013	1.35%
Hampton Lumber Mills Inc.	Forest Products	969,359	72,848,531	0.13%
WorldMark The Club	Hospitality	726,342	11,402,008	1.00%
Northwest Natural Gas Co	Utilities	714,260	52,490,987	0.14%
Charter Communications	Utilities	658,974	42,987,568	0.15%
GP Consumer Products LP	Paper Manufacturing	626,159	63,490,170	0.09%
Dulcich Realty LLC	Hospitality	535,330	40,230,743	0.13%
Weyerhaeuser Timber Holdings Inc	Real Estate & Investment	461,732	13,133,163	0.35%
Subtotal - ten of County's largest taxpayers			905,081,887	5.32%
All other County's taxpayers			7,399,436,603	94.68%
Total County			\$ 8,304,518,490	100.00%

**Major Taxpayers - Fiscal Year 2024-25
Knappa School District No. 4**

Taxpayer	Business/Service	Tax	Assessed Value	Percent of Value
Pacificorp	Electrical Utility	\$ 166,294	\$ 12,555,610	1.32%
Northwest Natural Gas Co.	Natural Gas Utility	72,744	5,487,449	1.33%
Agency Creek Management Co	Forest Products	46,207	3,031,471	1.52%
Lumen Technologies	Telecommunications	42,966	3,245,347	1.32%
Teevin Equipment LLC	Logging Company	33,305	2,896,131	1.14%
Verizon Communications	Telecommunications	27,404	2,149,307	1.27%
Pacific Highway Holding Company LL	Warehouse	26,077	1,897,054	1.37%
SBA Communications Corp	Telecommunications	24,428	1,858,390	1.31%
Bradwood LLC	Natural Gas Import Termina	22,188	1,775,994	1.25%
Matoaka Forests LLC	Forest Products	18,568	1,324,302	1.4%
Subtotal - ten of District's largest taxpayers			36,221,105	13.2%
All other District's taxpayers			325,960,616	86.80%
Total District			\$ 362,181,721	100.00%

KNAPPA SCHOOL DISTRICT NO. 4
CLATSOP COUNTY, OREGON

CONTINUING DISCLOSURES

Total Knappa School District No 4, Clatsop County OR

Fiscal			M5 Real Market	GO Bond	GO Bonds	
Year	Total Assessed Value		Value	Capacity	Outstanding	Remaining Capacity
				(7.95% of RMV)		
2025	\$ 399,750,868	\$	865,801,605	\$ 68,831,228	\$ 13,611,065	\$ 55,220,163
2024	\$ 352,354,446	\$	773,301,412	\$ 61,477,462	\$ 13,826,064	\$ 47,651,398
2023	\$ 337,744,194	\$	695,351,131	\$ 55,280,415	\$ 13,995,991	\$ 41,284,424
2022	\$ 322,347,150	\$	556,515,021	\$ 44,242,944	\$ 13,995,991	\$ 30,246,953
2021	\$ 308,913,365	\$	484,273,101	\$ 38,499,712	\$ -	\$ 38,499,712
2020	\$ 292,402,097	\$	454,798,775	\$ 36,156,503	\$ 540,000	\$ 35,616,503
2019	\$ 281,978,200	\$	417,777,989	\$ 33,213,350	\$ 1,040,000	\$ 32,173,350
2018	\$ 267,878,949	\$	371,059,291	\$ 29,499,214	\$ 1,510,000	\$ 27,989,214

KNAPPA SCHOOL DISTRICT NO. 4

CLATSOP COUNTY, OREGON

INDEPENDENT AUDITORS' REPORT REQUIRED
BY OREGON STATE REGULATIONS



PAULY, ROGERS AND CO., P.C.
12700 SW 72nd Ave. ♦ Tigard, OR 97223
(503) 620-2632
www.paulyrogersandcogas.com

November 19, 2025

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of Knappa School District No. 4 as of and for the year ended June 30, 2025, and have issued our report thereon dated November 19, 2025. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

Compliance

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

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

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

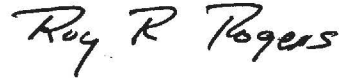
In connection with our testing nothing came to our attention that caused us to believe the Knappa School District No. 4 was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except as follows:

1. Expenditures of the various funds were within authorized appropriations except as noted on page 14.

OAR 162-10-0230 Internal Control

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

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

A handwritten signature in black ink that reads "Roy R Rogers". The signature is written in a cursive, flowing style.

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

Knappa School District 4

Code: ACA-AR(1)
Adopted: 8/18/03
Readopted: 8/18/03; 8/20/12; 12/17/25
Orig. Code: ACA-AR(1)

Americans with Disabilities Act

In compliance with the Americans with Disabilities Act, the following procedures shall be followed:

Compliance Officer

1. The superintendent shall be designated as the district's ADA compliance officer. The compliance officer will:
 - a. Coordinate the district's ADA responsibilities and compliance efforts;
 - b. Make available to all interested individuals the name, office address and telephone number of the district ADA compliance officer;
 - c. Investigate any complaint alleging noncompliance or actions prohibited under the ADA;
 - d. Administer the district's ADA grievance procedure to provide for the prompt investigation and equitable resolution of complaints.

Self-Evaluation

2. A self-evaluation study¹ shall be completed by the district to include:
 - a. An evaluation of all current Board policies and practices to ensure district compliance with the requirements of the ADA;
 - b. A description of areas examined and identification of any barriers to accessibility and usability by qualified individuals with disabilities;
 - c. An opportunity for interested persons, including individuals with disabilities or organizations representing individuals with disabilities to participate in the self-evaluation study by submitting comments;
 - d. A plan(s) for the removal of any identified barrier and/or modification of Board policies and practices necessary to ensure ADA compliance;
 - e. A description of any modification made.

¹If self-evaluation and/or transition plan requirements of Section 504 of the Rehabilitation Act of 1973 have been completed, these requirements apply only to the employment practices, services, programs and activities not included in the previous self-evaluation and/or transition plan. The self-evaluation study required by the ADA was to have been completed by January 26, 1993 and was to have been maintained and available for public inspection for at least three years. The transition plan was to have been developed by July 26, 1992. Structural changes required were to be made as expeditiously as possible, but no later than January 26, 1995. It is recommended that districts review their self-evaluation study and transition plan periodically for progress and continue to maintain and make available each document to interested individuals, organizations or agencies for verification purposes, as needed.

Self-evaluation records will be maintained and available for public inspection at the district office. The records will include a list of interested persons consulted, a description of the areas examined and the problems identified, and a description of any modifications made.

Transition Plan

3. A transition plan¹ shall be developed by the district to address any structural changes required to achieve employment practices, services, programs and activities accessibility to include:
 - a. An opportunity for interested persons, including individuals with disabilities or organizations representing individuals with disabilities to participate in the development of the transition plan by submitting comments;
 - b. An identification of physical obstacles in facilities that limit accessibility to individuals with disabilities;
 - c. A description in detail of the methods that will be used in removing barriers and making facilities accessible and/or steps and schedule necessary to complete the identified changes;
 - d. An identification of the official responsible for implementation of the plan;
 - e. An identification of steps that will be taken during each year of the transition period if longer than one year.

Services, Programs, Activities Accessibility

4. All district services, programs and activities shall be readily accessible to and usable by individuals with disabilities. In order to achieve accessibility, structural and nonstructural methods such as the acquisition or redesign of equipment, assignment of aides to beneficiaries and the provision of services at alternate accessible sites will be considered. Final decision of an appropriate method of providing program accessibility will be determined by the district in accordance with the provisions of the ADA:
 - a. Physical changes to an existing building, acquisition or construction of additional facilities will be required only when there is no other feasible way to make the services, programs or activities accessible;
 - b. Priority will be given to the method that results in the most integrated setting to encourage interaction among all users of the services, programs or activities, including individuals with disabilities;
 - c. No action will be taken that would fundamentally alter the services, programs or activities or result in undue financial or administrative burden to the district. Any such determination will take place as follows:
 - (1) The decision will be made by the superintendent or his/her designee;
 - (2) All resources available for use in the funding and operation of the services, programs or activities will be considered;
 - (3) A written statement of the reasons for reaching such decision will be maintained on file;
 - (4) The district will take other action appropriate to ensure that individuals with disabilities receive the benefits of such services, programs and activities that would not result in such alteration or burden as determined by the district.

Job Descriptions

5. Job descriptions shall be maintained and provided in oral, written and/or videotaped form, reviewed and revised annually as needed to include:
 - a. All essential job functions. Essential job functions are those job duties that include, but are not limited to, the following:
 - (1) The function is essential because the reason the position exists is to perform that function;
 - (2) The function is essential because of the limited number of employees available among whom the performance of that job function can be distributed;
 - (3) The function is so specialized that the incumbent is hired for his/her expertise or ability to perform the particular function.
 - b. Physical, mental and emotional skills for each position as appropriate, and only to the extent such skills are in fact required and in practice;
 - c. Vocational and/or educational preparation requirements;
 - d. Attendance standards;
 - e. A statement that new job descriptions supersede prior descriptions for the position. All past and present job descriptions that do not reflect current requirements of the position are rescinded;
 - f. A statement on job descriptions, "I have read this job description and agree with its contents.";
 - g. A provision for current employee signature and the date the job description was signed.

Job Posting

6. Job postings shall be reviewed to ensure:
 - a. All postings contain appropriate notice of the district's responsibilities under the ADA. For example:

"The Knappa School District, in support of employment practices free of barriers to individuals with disabilities and in compliance with the Americans with Disabilities Act of 1990, provides reasonable accommodations necessary upon request and appropriate notice. For further information or assistance, contact Rick Pass at 503-458-6166. Speech/Hearing impaired persons may reach the district through the Oregon Telecommunications Relay Service by dialing 1-800-735-2900 or 711."
 - b. All postings eliminate any discriminatory references;
 - c. All job advertisements provide, in addition to a telephone number to which applicants may apply for additional information, an address and/or TDD (telecommunications device for the deaf) or Oregon Telecommunication Relay Service phone number for the hearing impaired.

Job Application Forms

7. Job application forms shall be reviewed and revised as appropriate to include:
 - a. Notice of the district's responsibilities under the ADA (see job posting notice);
 - b. A statement asking applicant whether he/she requires any reasonable accommodation for the hiring process. The hiring process may include, for example, an interview, a timed written test or job demonstration;
 - c. A request for applicant to provide documentation verifying the need for a reasonable accommodation, if deemed necessary by the district;
 - d. The elimination of any health questions such as:
 - (1) Have you ever had or been treated for any of the following conditions or diseases (followed by a checklist)?
 - (2) Please list any conditions or diseases for which you have been treated in the past three years.
 - (3) Have you ever been hospitalized? If so, for what condition?
 - (4) Have you ever been treated by a psychiatrist or a psychologist? If so, for what condition?
 - (5) Have you ever been treated for any mental or emotional condition?
 - (6) Is there any health-related reason that may prevent you from performing the job for which you are applying?
 - (7) Have you had a major illness in the past five years?
 - (8) Do you have any physical defects which prevent you from performing certain kinds of work? If yes, describe such defects and specific work limitations.
 - (9) Do you have any disabilities or impairments which may affect your performance in the position for which you are applying?
 - (10) Are you taking any prescribed drugs?
 - (11) Have you ever been treated for drug addiction or alcoholism?
 - (12) Have you ever filed for workers' compensation benefits or had a work-related injury?

Reasonable Accommodations – General

8. The district will provide reasonable accommodations to qualified individuals with disabilities who are part-time, full-time or probationary employees or applicants for employment, unless to do so would cause undue hardship. Reasonable accommodations include:
 - a. Modifications or adjustments to a job application process that enable a qualified applicant with a disability to be considered for the position the qualified applicant desires; or
 - b. Modifications or adjustments to the work environment or to the manner or circumstances under which the position held is customarily performed that enable a qualified individual with a disability to perform the essential functions of that position; or
 - c. Modifications or adjustments that enable an employee with a disability to enjoy equal benefits and privileges of employment as are enjoyed by other similarly situated district employees without disabilities.

Reasonable Accommodations – Requests

9. A qualified individual with a disability should request a reasonable accommodation when he/she knows there is a workplace barrier that is preventing him/her, due to a disability, from effectively competing for a position, performing a job or gaining equal access to a benefit of employment. Reasonable accommodation requests will be guided by the following provisions:
 - a. To request a reasonable accommodation, an individual may use “common language” and need not mention the ADA or use the phrase “reasonable accommodation”;
 - b. A request for a reasonable accommodation may be made on behalf of an individual with a disability by a family member, friend, health-care professional or other representative;
 - c. Requests will not be required to be in writing;
 - d. When the disability and/or the need for an accommodation is not obvious, the district may request reasonable documentation from a health-care or rehabilitation professional. The documentation requested shall be related to the particular disability for which an accommodation is requested. In requesting documentation, the district will specify what types of information they are seeking regarding the disability, its functional limitations and the need for reasonable accommodation. The district recognizes it may not request an individual’s complete medical record;
 - e. Documentation shall not be requested when both the disability and the need for the accommodation are obvious or the individual has already provided the district with sufficient information to substantiate that he/she has an ADA disability and needs the reasonable accommodation requested;
 - f. The district may send an individual to a health-care professional of the district’s choosing, at district expense, for the purpose of documenting a disability and/or the need for accommodation, only if the individual has provided insufficient information from his/her treating provider to substantiate that the disability exists or an accommodation is needed.

Job Interview Procedures

10. Job interview procedures shall be reviewed to ensure:
 - a. Physical and/or other barriers in the interview setting have been eliminated. The availability of accessible locations and accessible formats, such as a reader, Braille, audio recordings, written materials, sign language and interpreters for individuals with vision and hearing impairments and personal assistance for individuals with manual impairments have been considered as appropriate;
 - b. Questions relating to the health of the applicant, the applicant’s disabilities and work-related injuries and benefits have been eliminated;
 - c. Applicant’s previous work history will be ascertained without reference to the applicant’s disability. The specifics of prior job functions and the applicant’s ability to perform those specific functions may be discussed;

- d. Requirements that an applicant describe or demonstrate how he/she would perform any or all job functions are required for all applicants in that job category. A particular applicant may be asked to describe or demonstrate how he/she would perform the job only when the district reasonably believes the applicant will not be able to perform a job function because of a known disability. The applicant's disability would be "known" either because it is obvious or because the applicant has voluntarily disclosed that he/she has a hidden disability;
 - e. Questions related to the applicant's need to leave work to receive treatment or how often leave may be necessary as a result of a disability have been eliminated. However, regular work hours, leave policies and attendance requirements may be explained and applicant asked if he/she will be able to meet those requirements. The district may ask about an applicant's prior attendance record (for example, how many days the applicant was absent from his/her last job). The district may also ask questions designed to detect whether an applicant abused his/her leave (for example, "How many Mondays or Fridays were you absent last year on leave other than approved vacation leave?") At the pre-offer stage, the district may not ask how many days an applicant was sick;
 - f. Questions relating to applicant's current illegal use of drugs are not likely to elicit information about an applicant's lawful drug use, unless the district administers a test for illegal use of drugs and the applicant tests positive for illegal drug use. In such cases, the district may validate the test results by asking about lawful drug use or possible explanations for the positive result other than the illegal use of drugs;
 - g. Questions relating to an applicant's prior illegal drug use are not likely to elicit information about a disability. The district may ask, for example, whether the applicant has ever used illegal drugs, when was the last time he/she used illegal drugs or if he/she has used illegal drugs in the last six months. The district will not ask questions about whether the applicant was a past drug addict. These questions are impermissible at the pre-offer stage;
 - h. Questions relating to an applicant's drinking habits are not likely to elicit information related to how much alcohol an applicant drinks or whether he/she has participated in an alcohol rehabilitation program. The district may ask, for example, whether the applicant drinks alcohol or whether he/she has been arrested for driving under the influence;
 - i. Questions relating to an applicant's arrest or conviction record have been included;
 - j. Selection and administration of employment tests will take place in a manner that leads to test results that accurately reflect the skills, aptitudes and whatever factors the tests purport to measure, rather than the impaired sensory, manual or speaking skills of the test subjects. Performance of any nonessential skills during any testing will not be allowed;
 - k. Physical agility/Physical fitness tests if required, will be specifically job related and administered to all applicants in a job category selected for interviews;
 - l. Applicant provides medical certification that he/she can safely perform a physical agility or physical fitness test when required by the district;
 - m. Applicant assumes responsibility and releases the district of liability for injuries incurred in performing physical agility/physical fitness test required by the district;
 - n. Applicant requests for reasonable accommodations in testing will be allowed for qualified individuals with a disability:
- (1) Tests or exercises will be postponed as needed so that a reasonable accommodation can be provided;

- (2) Modified tests or exercises will be provided unless such accommodation would change the measurement of the essential job function being tested (i.e., provide reader to assist with written test unless ability to read is essential job skill).
- o. Drug screening tests, if required, will be administered to all applicants in a job category selected for interviews;
- p. Pre-employment offer medical examinations shall not be conducted.

Reference Check Procedures

- 11. Reference check procedures shall be reviewed to ensure:
 - a. Reference checks will be conducted on all applicants in a job category who meet the job requirements and are selected for interviews. Careful and complete notes will be taken and maintained. District officials conducting reference checks:
 - (1) Before making a conditional offer of employment, may not ask previous employers or other sources about an applicant's:
 - (a) Disability;
 - (b) Illness;
 - (c) Workers' compensation history;
 - (d) Other questions that the district itself may not ask of the applicant.
 - (2) May ask a previous employer or other sources about the applicant's:
 - (a) Job functions and tasks performed;
 - (b) The quality and quantity of work performed;
 - (c) How the job functions were performed;
 - (d) Other job-related issues that do not relate to disability.

Job Offers

- 12. The process for all job offers shall be reviewed to ensure:
 - a. Job offers will be made to the most qualified applicant who with or without a reasonable accommodation can perform the essential functions of the job. The district will adhere to the following job offer procedures:
 - (1) After a conditional offer of employment is extended, the district may inquire as to whether the successful applicant will need a reasonable accommodation related to anything connected with the job (i.e., job performance or access to benefits/privileges of the job, etc.). If the district makes such an inquiry, it will consistently seek similar information from all other successful applicants in the same job category;

- (2) The successful applicant will be informed of medical examination and/or medical history requirements after an offer of employment has been made and before the applicant begins his/her employment duties. All entering employees in the same job category will be subjected to such medical examination and/or medical history requirements. An individual's workers' compensation history will be included in all such medical history inquiries;
- (3) The successful applicant will be informed that the job offer may be contingent upon disability-related questions, medical examination and/or medical history inquiries;
- (4) A completed medical history form and release for medical records with the successful applicant's signature and date may be required;
- (5) Information obtained from medical examinations and/or medical history inquiries may be used for such purposes as:
 - (a) The verification of employment history;
 - (b) To screen out applicants with a history of fraudulent workers' compensation claims;
 - (c) To provide information to state officials as required by state laws regulating workers' compensation and "second injury" funds;
 - (d) To screen out individuals who would pose a direct threat to the health and safety of self or others in the workplace which could not be reduced to an acceptable level or eliminated by a reasonable accommodation.
- (6) Reasonable accommodations will be provided if the medical examination or medical history inquiry discloses the successful applicant is a qualified individual with a disability as defined by the ADA. Reasonable accommodations will be provided by the district if such accommodation would enable the individual with a disability to perform the essential functions of the job or otherwise meet eligibility requirements. The reasonable accommodation will be established by the district. In determining the appropriate reasonable accommodation, the district will:
 - (a) Determine the essential functions of the job;
 - (b) Consult with the individual who has the disability to determine his/her precise limitations and how they may be overcome;
 - (c) Identify, with assistance of the individual with the disability, potential reasonable accommodations and assess their effectiveness;
 - (d) Consider the preference of the individual with the disability, and then implement the reasonable accommodation that is most appropriate for the employee and the employer. (In order to be reasonable, an accommodation must be effective. It is not required that the best accommodation be selected as long as the selected accommodation provides an equal opportunity to perform the job.)
- (7) Reasonable accommodations considered may include:
 - (a) Job restructuring;
 - (b) Modified work schedules;
 - (c) Job reassignment;

- (d) Making existing facilities used by employees accessible to and usable by individuals with disabilities;
 - (e) Acquisitions and/or modification of work policies including:
 - (i) Modification of leave or attendance procedures or other such policies related to working conditions (i.e. modification of a policy prohibiting employees from eating or drinking for an employee with insulin-dependent diabetes, etc.);
 - (ii) Qualified interpreters, note takers, transcription services, written materials, telephone handset amplifiers, assistive listening systems, telephones compatible with hearing aids, closed caption decoders, open and closed captioning, telecommunications devices for deaf persons (TDD's), videotext displays or other effective methods of making aurally delivered materials available to individuals with hearing impairments;
 - (iii) Qualified readers, taped texts, audio recordings, Braille materials, large print materials or other effective methods of making visually delivered materials available to individuals with visual impairments;
 - (iv) Acquisition or modification of equipment or devices;
 - (v) Other similar services and actions for individuals with hearing, visual and/or manual impairments.
- (8) A determination will be made whether an accommodation is reasonable or an undue burden by considering:
- (a) Nature and cost of accommodation;
 - (b) Overall financial resources of facility;
 - (c) Number of persons employed;
 - (d) Impact on operation of facility;
 - (e) Effect on expenses and resources;
 - (f) Type of operation. Composition and functions of workforce. Geographic separation, fiscal or administrative relationship of facilities.
- (9) The successful applicant who has been offered employment contingent on medical examination results and/or medical history inquiries will be rejected if the medical condition poses a direct threat to the health or safety of others in the workplace. The district shall consider whether the risk can be eliminated or reduced by a reasonable accommodation by considering the following:
- (a) The nature and severity of the potential harm to applicant or others in the workplace;
 - (b) The likelihood that the potential harm will occur;
 - (c) Specific risk is identified and documented;
 - (d) Risk is current and not speculative or remote;
 - (e) Assessment of risk is based on objective medical or factual evidence;
 - (f) Medical condition is a direct threat.

- (10) Should an offer of employment be withdrawn because of medical examination or medical history inquiry results, the exclusionary criteria must be job related and consistent with business necessity;
- (11) Documentation will also include any determination that no reasonable accommodation was available that would enable the individual to perform the essential job functions or that accommodation would impose an undue hardship on the district;
- (12) Medical information will be kept confidential:
 - (a) Medical information must not be maintained in personnel file;
 - (b) Medical information will be released only to those with “need to know” and/or “need to reach in emergency situations” (i.e., immediate supervisors, etc.);
 - (c) Medical information records will be maintained a minimum of one year.

Public Notice, Communications

- 13. Notice of the district’s compliance with Section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act of 1990 and the Americans with Disabilities Act Amendments Act of 2008 (ADA) shall be displayed at each district facility and provided, as necessary, in appropriate accessible formats to applicants, participants, beneficiaries, professional organizations and other interested persons to include:
 - a. Pertinent provisions, duties and requirements of the ADA and its applicability to the district’s employment practices, services, programs and activities, including the duty to reasonably accommodate upon request and with advance notice. In its effort to provide communications with individuals with disabilities that are as effective as communications with others, the district will also provide the following:
 - (1) Individual to contact for services or questions, including office location and phone number;
 - (2) Notice of Equal Employment Opportunity Commission (EEOC) requirements displayed in conspicuous places for all job applicants and employees;
 - (3) Signage displayed at all inaccessible entrances to each of the district’s facilities directing users to accessible entrances or to location at which information can be obtained about accessible facilities;
 - (4) Signage displayed at all accessible entrances to the district’s facilities. The international symbol for accessibility shall be used;
 - (5) Appropriate auxiliary aids and services that may include:
 - (a) Qualified interpreters, note takers, computer-aided transcription services, written materials, telephone handset amplifiers, assistive listening systems, telephones compatible with hearing aids, telecommunications devices for deaf persons (TDD’s), videotext displays and/or exchange of written notes for individuals with hearing impairments;
 - (b) TDD’s, computer terminals and/or communications boards for individuals with speech impairments;
 - (c) Qualified readers, taped texts, audio recordings, Brailled materials, large print materials and assistance in locating items for individuals with vision impairments;

- (d) Telephone accessibility to enable individuals to seek immediate assistance from police, fire, ambulance and other emergency services;
 - (e) Other equally effective communications devices, services and actions.
- (6) Consultation with the individual with a disability to determine the most appropriate auxiliary aid or service. Priority will be given to the auxiliary aid or service that results in the most integrated setting to encourage interaction among all users, including those with disabilities. Primary consideration will be given to the expressed request of the individual with a disability. The district may select an alternative auxiliary aid or service should it determine that another equally effective means of communication is available or that the means chosen by the individual with a disability would result in a fundamental alteration in the services, programs or activities or in undue financial and administrative burden to the district;
 - (7) Training to employees as needed on the acceptance and handling of telephone relay services for individuals with disabilities;
 - (8) Information to employees through different means, including computers, bulletinboards, mailboxes, posters and public address systems. The district will ensure that employees with disabilities have access to information that is provided to other similarly situated employees without disabilities, regardless of whether they need such information to perform their jobs.

New Construction/Alterations

- 14. All facilities designed, constructed or altered after January 26, 1992, shall be readily accessible and usable by individuals with disabilities. The district will ensure:
 - a. Alterations to existing facilities will take place in a manner that results in the altered portion of the facility being readily accessible to persons with disabilities. Alterations must not decrease accessibility;
 - b. Alterations deemed necessary to the path of travel in existing facilities requiring extensive restructuring or burdensome expense will be made in a timely fashion. Priority will be given to the following (in order):
 - (1) Entrances and routes to the altered area;
 - (2) One accessible restroom;
 - (3) Accessible drinking fountains;
 - (4) Additional, accessible parking.
 - c. Appropriate requirements of either the Uniform Federal Accessibility Standards (UPAS) or Americans with Disabilities Act Accessibility Guidelines (ADAAG) will be met, including accessibility requirements related to work areas, parking, signs, entrances, water fountains, storage and shelves, telephones, assembly areas, bathrooms, detectable warnings, carpet and carpet tile, curb ramps and visual alarms.

Post hires/Current Employees

15. All post hire and current employee Board policies and practices shall be reviewed to ensure:
- a. Medical examinations and/or medical history inquiries required by the district will be job related and consistent with business necessity. This will not prohibit the district from requiring proof of illness to substantiate a request for sick leave. Medical examinations and/or medical history inquiries may be administered by the district when:
 - (1) An employee is having difficulty performing his/her job effectively. The medical examination may be necessary to determine if the employee can perform essential job functions with or without a reasonable accommodation;
 - (2) An employee becomes disabled. An employee injured on or off the job, who becomes ill or otherwise suffers any other condition that meets the requirements of a disability as defined by the ADA is protected by the Act if he/she can perform the essential functions of the job with or without a reasonable accommodation. Such an examination or inquiry may also be required when the employee wishes to return to work after an illness or injury. The district will:
 - (a) Determine if the employee meets the ADA definition of an individual with a disability if a reasonable accommodation has been requested;
 - (b) Determine if the employee can perform the essential functions of the job currently held (or held before the injury or illness), with or without reasonable accommodation, and without posing a direct threat to the health or safety of others which could not be reduced or eliminated by a reasonable accommodation;
 - (c) Identify an effective accommodation that would enable the employee to perform the essential job functions in the current (previous) job or in a vacant job for which the person is qualified with or without a reasonable accommodation;
 - (3) An employee requests a reasonable accommodation on the basis of disability;
 - (4) Administered as part of a voluntary employee “wellness” and health-screening program
 - b. Procedures for reporting and investigating employee on-the-job injury or illness will be implemented. The district will:
 - (1) Require employees’ complete workers’ compensation form;
 - (2) Investigate, as necessary, documenting circumstances that led to injury and review all employee work-related injury or illness on a case-by-case basis.
 - c. Procedures for communicating with health-care providers regarding employees off-work due to any injury or illness will be implemented. The district, as necessary, and at its discretion will:
 - (1) Provide health-care provider with detailed description of regular job activities, physical movement, duration of physical exertions and job description;
 - (2) Write detailed questions for the health-care provider to answer that may assist the district in determining any reasonable accommodation that may be necessary;

- (3) Ask for employee written release authorizing district representative to consult with the employee's own health-care provider.
- d. Procedures for employees not able to perform essential job functions completely after illness or injury will be implemented. The district will:
- (1) Determine whether temporary light duty assignment is possible. In accordance with the ADA, the district is not required to create a "light duty" position unless the "heavy duty" tasks an injured employee can no longer perform are marginal job functions which may be reallocated to co-workers as part of a reasonable accommodation;
 - (2) Determine whether job can be restructured, shifting or trading duties with other workers. Job restructuring as a reasonable accommodation may involve reallocating or redistributing the marginal functions of the job, altering when and/or how an essential or marginal function is performed. Marginal functions of a job that cannot be performed by an individual with a disability may be exchanged for marginal job functions performed by one or more other employees. The district is not required to reallocate essential functions of a job as a reasonable accommodation. The district may switch the marginal functions of two or more employees in order to restructure a job as a reasonable accommodation;
 - (3) Determine whether a modified or part-time work schedule may be selected as a reasonable accommodation unless modifications would cause an undue hardship. A modified schedule may involve adjusting arrival or departure times, providing periodic breaks, altering the time when certain functions are performed, allowing the employee to use accrued paid leave or providing additional unpaid leave. If modifying an employee's work schedule poses an undue hardship, the district shall consider reassignment to a vacant position that would enable the employee to work the hours requested. Requests for modified or part-time work schedules for an employee covered under both the ADA and Oregon Family Leave Act (OFLA) or Family Medical Leave Act (FMLA) will be considered separately. The district will determine the employee's rights under each statute to determine the appropriate actions to take;
 - (4) Determine whether reassignment to a vacant position is possible. "Vacant" means that the position is available after the employee asks for a reasonable accommodation or that the district knows that it will become available within a reasonable amount of time. Reassignment is the reasonable accommodation of last resort and required only after it has been determined that there are no effective accommodations that will enable the employee to perform the essential functions of his/her current position or all other reasonable accommodations would impose undue hardship.
 - (a) The employee must be qualified for the position - satisfy the requisite skill, experience, education and other job-related requirements of the position - but need not be the best qualified person to fill the position.
 - (b) The employee must be able to perform the essential functions of the position with or without a reasonable accommodation.
 - (c) The district is not required to bump an employee from a job in order to create a vacancy, nor does it have to create a new position.

- (5) Gather information from employee, health-care provider(s), consultants, etc. as to needed modifications in policies, facilities, equipment, special aids and services that may be provided as a reasonable accommodation;
 - (6) Document all district efforts to provide reasonable accommodations.
- e. Qualified individuals with a disability not fully recovered from injury will not be returned to work when:
 - (1) The employee cannot perform the essential functions of the job he/she holds or desires with or without a reasonable accommodation;
 - (2) The return of the employee to work would pose a significant risk of substantial harm to self or others in the workplace and that could not be reduced to an acceptable level with a reasonable accommodation;
 - (3) The return of the employee to a light duty position involves a totally different job from the job that the employee performed before the injury. A vacant light duty position already available for which an injured employee is qualified may be a reasonable accommodation;
 - (4) It is demonstrated that the accommodation will cause an undue hardship or result in excessive financial and administrative burden as defined by the ADA, and as evidenced by the district.
- f. Unpaid leaves will be provided to qualified individuals with a disability when a reasonable accommodation cannot be made in the employee's current job. The district will comply with all workers' compensation reinstatement rights to available and suitable employment;
- g. Leave of absence or attendance policies will not discriminate against qualified individuals with disabilities. (Uniformly applied leave policies are not subject to challenge because they have a more severe effect on individuals due to their disability. "No-leave" policies, such as those forbidding leave during the first six months of employment are also not subject to challenge because they may have a more severe impact upon individuals with disabilities. An employer with a "no-leave" policy, however, may have to consider providing leave as a reasonable accommodation unless doing so would impose an undue hardship on its operation.) The district will not provide additional paid leave, but accommodations may include leave flexibility and unpaid leave;
- h. Drug and alcohol policies will meet the requirements of the ADA. Policies will state:
 - (1) Illegal use of drugs and the use of alcohol at the workplace is prohibited by all employees;
 - (2) Employees will be required to behave in conformance with the requirements of the Drug Free Workplace Act of 1988;
 - (3) Employees who engage in the illegal use of drugs or alcohol will be held to the same qualification standards for employment or job performance and behavior to which all other employees are held, even if unsatisfactory performance or behavior is related to employee's drug use or alcoholism;
 - (4) Employees taking drugs under the supervision of licensed health-care professionals will be protected by the provisions of the ADA;

- (5) Employees who are no longer illegally using drugs and who have been either rehabilitated successfully or are in the process of completing a rehabilitation program will be protected by the provisions of the ADA (i.e., in-patient or out-patient programs, employee assistance programs, professionally recognized self-help programs, such as Narcotics Anonymous, or other programs that provide professional assistance and counseling for individuals).
- i. Health, life insurance, pension plans and other benefit plans offered by the district will not discriminate against qualified individuals with a disability. (The ADA does not affect preexisting condition clauses in health insurance plans as long as the clauses are not used as a means to avoid complying with the ADA, and such clauses do not require that additional coverage be purchased to cover expenses related to a disability.) Employees will not be denied coverage for illness or injuries unrelated to the preexisting condition;
- j. Contractual or other business arrangements and relationships entered into by the district will not discriminate against qualified individuals with a disability. The district will:
 - (1) Not do indirectly what it is prohibited by the ADA from doing directly;
 - (2) Provide reasonable accommodations to enable access by employees with disabilities to training programs provided by the district and/or third parties, on district premises or elsewhere;
 - (3) Specify in contracts with outside entities providing training on behalf of the district, who have responsibility to fulfill the obligations of providing reasonable accommodations, as needed.

Knappa School District 4

Code: BBF
Adopted: 9/17/07
Revised/Readopted: 8/20/12; 1/27/20; 8/07/24; 12/17/25
Orig. Code: BBF

Board Member Standards of Conduct

A Board member should:

1. Comply with ethics laws for public officials;
2. Understand that the Board sets the standards for the district through Board policy. Board members do not manage the district on a day-to-day basis;
3. Understand that the Board makes decisions by a quorum vote of the Board. Individual Board members may not commit the Board to any action;
4. Respect the right of other Board members to have opinions and ideas which differ;
5. Recognize that decisions made by a quorum vote are the final decisions of the Board. Such decisions should be supported by all Board members;
6. Make decisions only after the facts are presented and discussed;
7. Understand the chain of command and refer problems or complaints through use of the civility process to the proper administrative office or through the complaint policy (KL);
8. Recognize that the Board must comply with the Public Meetings Law and only has authority to make decisions at properly noticed Board meetings;
9. Insist that all Board and district business is ethical and honest;
10. Be open, fair and honest — no hidden agendas;
11. Understand that Board members will receive information that is confidential and cannot be shared;
12. Recognize that the superintendent is the Board's employee and designated as the chief executive officer of the district;
13. Take action only after hearing the superintendent's recommendations and hearing any comments/discussion from the board;
14. Refuse to bring personal or family problems into Board considerations;
15. Give district staff and citizens the respect and consideration they deserve to their statuses as skilled, professional and caring community individuals, respectively;
16. Present personal criticism of district operations to the superintendent, when appropriate, not to district staff;
17. Respect the right of the public to attend and observe Board meetings;

Board Member Standards of Conduct – BBF

1-2

18. Respect the right of the public to be informed about district decisions and school operations as allowed by law;
19. Remember that content discussed in executive session is confidential;
20. Use social media, websites, or other electronic communication judiciously, respectfully, and in a manner that does not violate Oregon's Public Meetings Laws;
21. When posting online or to social media, Board members will treat and refer to other Board members, staff, students and the public with respect, and will not post confidential information about students, staff or district business;
22. A Board member is a mandatory reporter of child abuse. A Board member having reasonable cause to believe that any child with whom the Board member comes in contact with has suffered abuse or that any person with whom the Board member comes in contact with has abused a child shall immediately make a report to the Department of Human Services (DHS)^[1] or to law enforcement within the county where the person making the report is located at the time of contact.

END OF POLICY

Legal Reference(s):

[ORS 162.015 - 162.035](#)
[ORS 162.405 - 162.425](#)
[ORS 192.610 - 192.710](#)

[ORS 244.040](#)
[ORS Chapter 244](#)
[ORS 332.055](#)

[ORS 419B.005](#)
[ORS 419B.010](#)
[ORS 419B.015](#)

Cross Reference(s):

BBFA - Board Member Ethics and Conflicts of Interest
GBI - Gifts and Solicitations

¹ How to report abuse or neglect: [Oregon DHS](#). Call 855-503-SAFE (7233)

Knappa School District 4

Code: BCB
Adopted: 12/20/04
Readopted: 12/20/04; 8/20/12; 12/17/25
Orig. Code: BCB

Board Officers

No later than the next regular meeting following July 1, the Board will elect one of its members to serve as chair and one to serve as vice chair. No member of the Board may serve as chair more than four years in succession. If a Board member is unable to continue to serve as an officer, a replacement will be elected immediately.

The replacement officer will serve the remainder of the officer's term until the following July.

The Board chair will:

1. Work with the superintendent in establishing the agenda for regular Board meetings;
2. Call special meetings when required;
3. Preside at all meetings of the Board and enforce the rules of order;
4. Sign the minutes and other official documents that require the signature of the chair;
5. Represent the district and the Board at official functions, unless this duty is delegated by the chair of the Board to another Board member;
6. Appoint all board sub committees and will be an ex-officio member of all such board sub committees unless otherwise ordered by the Board;
7. Have the right to discuss issues and may vote on any issue.

In the absence, incapacitation or death of the chair, the vice chair will perform the duties of chair and, when so acting, will have the chair's powers. The vice chair will perform other functions as designated by the Board.

The superintendent will designate a staff member to serve as Board secretary and will directly supervise and evaluate the secretary. The secretary to the Board will take notes at Board meetings, compile minutes and perform related work as assigned by the superintendent or requested by the Board chair. These duties will include, but not be limited to, the following:

1. Record the disposition of all matters on which the Board considered action;
2. Prepare, check and distribute minutes in advance for approval at the next Board meeting;
3. Maintain properly authenticated official copies of the minutes;

Board Officers - BCB

1-2

4. Maintain the official record of Board policies;
5. Properly post all Board meetings.

Board or District Spokesperson

The Board may appoint one of its members, usually the chair, or another person to make authorized statements to the public or the media when the Board deems that, under the circumstances, the district's position should be articulated by a single voice. The spokesperson serves at the Board's direction and may be removed or replaced at any time by action of the entire Board.

END OF POLICY

Legal Reference(s):

[ORS 255.335](#)
[ORS 332.040](#)
[ORS 332.045](#)
[ORS 332.057](#)

Cross Reference(s):

BC/BCA - Board Organizational Meeting

Knappa School District 4

Code: BCD
Adopted: 3/18/03
Readopted: 3/18/03; 8/20/12; 12/17/25
Orig. Code: BCD

Board's and Superintendent's Operating Agreement

Purpose

The Board is the educational policy-making body for the district. To effectively meet the district's challenges, the Board and superintendent must function together as a leadership team. To ensure unity among team members, effective group agreements must be in place. The following are the group agreements for the Board and superintendent.

The Board Job Description

1. Members of the Board and the superintendent shall work together as a team;
2. Focus on policy making, planning and evaluation, rather than day-to-day operations;
3. Make decisions as a whole Board only at properly called meetings. Board members recognize that individual members have no authority to take individual action in policy or district and school administrative matters;
4. Support and accept as a final determination, decisions of the majority after honoring the right of individual members to express opposing viewpoints and vote their convictions;
5. Recognize and respect the superintendent's responsibility to manage the school district and to direct employees in district and school matters;
6. Give careful consideration to all issues brought to you by individuals and special interests. Actively solicit input and listen to all perspectives. We will operate as representatives and make decisions in the best interest of the whole district;
7. Value the role we play in the community and represent the district, when possible, by attending school and community functions;
8. Be an advocate for public education in the district, region and state level by speaking up for, and on behalf of, public education.

Meeting Operation Agreements

1. Acknowledge that if two Board members agree on an item, it must be placed on a meeting agenda unless there are extenuating circumstances;
(careful about a potential serial meeting)
2. Uphold the legal requirement for confidentiality on all matters arising from the Board meeting in executive session;
3. Start and end meetings on time (as noted in Board policy);

Board's and Superintendent's Operating Agreement - BCD

4. Attend regularly scheduled Board meetings and work sessions unless a situation occurs that makes attendance impossible;
5. Cooperate in scheduling special meetings and/or work sessions for planning and training purposes;
6. Cast a vote on all matters except when a conflict of interest arises.

Communication Agreements

1. Communicate directly with the superintendent when a question arises, or a concern is voiced by a staff member, student, parent or community member;
2. Communicate directly with the superintendent or Board chair prior to meetings of the Board to address questions and/or concerns about agenda items; (*careful about a serial meeting with board chair*)
3. Communicate one-on-one, when an individual concern arises, with the superintendent or other Board members as appropriate;
4. Give the superintendent a courtesy call or email before visiting a school;
5. No individual Board member, regardless of his or her position, has the authority to speak for the Board;

Board Policy KBCA - News Releases: When individual Board members receive requests from press media representatives for information about Board meetings or actions, members will refer these representatives to the Board chair, who is the spokesperson for the Board. The chair may designate others to speak on behalf of the Board at his/her discretion.

Press conferences will be authorized by the Board chair.

Nothing in this policy is intended to limit the rights of individual Board members to speak their personal opinion;

6. From time-to-time, the Board may be required to make findings of fact that are appealable to another agency. In these situations, no Board member will have personal contact with parties who have a personal interest in the findings and in the Board's decision prior to the time the decision is made.

The purpose of this agreement is to help ensure that no Board member will receive any information regarding a pending matter that is not available to all Board members prior to the time the decision is made. Examples of such decisions include personnel matters, official land use decisions and charter school applications.

Annual Planning and Evaluation

1. Set priorities as a Board for Board professional development annually;
2. Participate in annual self-assessment of the Board's performance;

3. Participate in establishing annual expectations and goals for the superintendent;
4. Objectively evaluate the superintendent's performance and provide appropriate feedback.

Orientation of New Board Members

1. Assure timely orientation of new Board members.

Role of the Chair

1. Recognize the role of the chair to speak for, and about the Board and to describe the Board's process and positions. Recognize the role of the chair to convene meetings, develop the agenda with the superintendent and execute documents as appropriate.

Board's Expectations of the Superintendent

1. Work toward becoming a team with Board members;
2. Respect and acknowledge the Board's role in setting policy and overseeing the performance of the superintendent;
3. Work with the Board to establish a clear vision for the district;
4. Prepare preliminary goals annually for the Board's considerations;
5. Provide data to the Board members so that data driven decisions can be made;
6. Possess a working knowledge of all legal and local policies;
7. Inform the Board of all critical information including relevant trends, anticipated adverse media coverage or critical external or internal change;
8. Distribute appropriate information to all Board members;
9. Communicate with Board members promptly and effectively;
10. Distribute and publish the Board agenda with sufficient advance notice to be prepared for the meeting, (if the meeting is set on a Wednesday, publish agenda items by Friday if possible and Monday at the latest; if the meeting is set on a Tuesday, mail agenda items by Thursday) prior to the regularly scheduled Board meetings of the following week;
11. Respect the confidentiality requirement of Board meeting executive sessions;
12. Treat all Board members professionally;
13. Communicate to individual Board members if a problem or issue is observed developing with an individual Board member;
14. Conduct a self-assessment prior to the Board's evaluation of the superintendent's job performance;

15. Represent the district by being visible in the community;
16. Provide follow-up information to Board members on concerns and issues they have referred to the superintendent - close the communication loop.

Superintendent's Expectations of the Board

1. Recognition of the superintendent as the educational leader of the district;
2. Willingness to share the successes and failures of the school system with the superintendent;
3. Assistance in gaining acceptance and support in the community;
4. Willingness to abide by its own rules, policies and code of ethical conduct;
5. Willingness, within budget constraints, to provide the superintendent with adequate staff and clerical assistance;
6. Willingness to acknowledge and follow the chain of command of the district;
7. Respect the confidentiality requirement of Board meeting executive sessions;
8. Avoidance of seeking personal privilege;
9. A willingness to participate in professional development activities at the local, state and national level;
10. An effort to foster unity, harmony and open communications within the Board;
11. An understanding of the relative or complimentary role of the superintendent and Board in policy making;
12. Careful consideration of each recommendation made by the superintendent;
13. Insistence on all available facts and data before making a decision;
14. Willingness to study and evaluate educational issues affecting the district;
15. Practice of avoiding surprise items at Board meetings;
16. Integrity of the highest order.

END OF POLICY

Legal Reference(s):

[ORS 332.505](#)

[ORS 332.515](#)

Knappa School District 4

Code: BDDH
Adopted: 8/18/03
Readopted: 8/20/12; 12/15/21; 12/17/25
Orig. Code: BDDH

Public Participation in Board Meetings

All Board meetings, with the exception of executive sessions, will be open to the public. The Board invites the district's community members to attend Board meetings to become acquainted with the program and operation of the district. The public has a right to attend public meetings held in open session, and may be invited to share comments, ideas and opinions with the Board during designated times on the agenda. The Board may conduct a meeting without public comment.

Individuals with hearing, vision or speech impairments will be given an equal opportunity to participate in Board meetings and submit written comments to the Board. Individuals requesting assistance, aids or accommodations are encouraged to notify the district at least 48 hours prior to the Board meeting with the request, consistent with Board policy BD/BDA – Board Meetings.

Procedures for Oral Public Comment

The Board establishes the following procedures for public comment at Board meetings held in open session. The information will be accessible and available to all patrons accessing or attending such a Board meeting.

1. Public comment is limited to its designated place on the agenda and while time allows.
2. A person wishing to provide public comment, if an opportunity is provided by the Board during a meeting open to the public, will sign in on the public comment sheet provided or submit their name **by 3pm the day of prior to the Board meeting via email.**¹ A request to give public comment in-person or electronically does not guarantee time will be available.
3. A person speaking during the public comment portion of the meeting may comment on a topic not on the published agenda.
4. A person speaking during the public comment portion of the meeting should state their name, whether they are a resident of the district, and, if speaking for an organization, the name of the organization. A spokesperson should be designated to represent a group with a common purpose.
5. A person giving public comment is limited to an established time limit of three minutes. Statements should be brief and concise. The Board chair has discretion to waive time limits or extend the overall time allotted for public comment. Additional time will be allocated in a fair and equitable manner. If a person has more comments than time allows or is unable to comment due to time constraints, the person is encouraged to submit additional written comments to the Board through the district office as directed.

¹ When in-person attendees are allowed to provide oral comment, virtual attendees will be afforded the same opportunity.

6. Inquiries from the public during the designated portion of the agenda will not generally be responded to immediately by the Board chair, and may be referred to the superintendent for reply at a later date.

Topics raised during the public comment portion may be considered for inclusion as agenda items at future Board meetings.

Procedures for Written Comment

Members of the public may submit written comments or materials to the Board at any time at the district office, by mail or by email to comment@knappak12.org. Materials or comments submitted at least 72 hours in advance of a Board meeting will be provided to the Board before the Board meeting. Written materials or comments submitted may not warrant action by the Board.

Comments Regarding Staff Members

A person speaking during the designated portion of the agenda for public comment may offer objective criticism of district operations and programs. The Board will not hear comments regarding any individual district staff member. The Board chair will direct the visitor to the procedures in Board policy KL - Public Complaint for consideration of a legitimate complaint involving a staff member. Any association contract governing the employee's rights will be followed. A commendation involving a staff member should be sent to the superintendent, who will forward it to the employee, a supervisor and the Board.

END OF POLICY

Legal Reference(s):

[ORS 165.535](#)
[ORS 165.540](#)

[ORS 192.610 - 192.690](#)
[ORS 332.057](#)

[ORS 332.107](#)

Americans with Disabilities Act of 1990, 42 U.S.C. §§ 12101-12213 (2018); 29 C.F.R. Part 1630 (2020); 28 C.F.R. Part 35 (2020).

Americans with Disabilities Act Amendments Act of 2008, 42 U.S.C. §§ 12101-12133 (2018).

Baca v. Moreno Valley Unified Sch. Dist., 936 F. Supp. 719 (C.D. Cal. 1996).

Leventhal v. Vista Unified Sch. Dist., 973 F. Supp. 951 (S.D. Cal. 1997).

Oregon House Bill 2560 (2021).

Cross Reference(s):

BDDC - Board Meeting Agenda

Knappa School District Board 2026 Legislative Priorities

1. Provide Adequate Resources to the State School Fund, Student Investment Act Account, and High School Success Budget. School districts need to be able to count on the resources that the Legislature committed to in the 2025 Session. If resource challenges exist during the short session, we encourage the Legislature to utilize the Education Stability Fund to make the SSF whole. The Education Stability Fund is replenished by lottery funds, so if it is used to make committed resources whole, the fund will remain solvent. Additionally, the Fund has reached its Legislative cap, so there are currently ample resources available.

Reductions to SIA and HSS are de facto reductions to the SSF, as contracts are already committed to those budgets and if those funds are shorted, they would likely need to be made whole by tapping the district's SSF resources. Please do not use Student Success Act resources to pet new Legislative initiatives as this reduces the net amount available as part of the SIA grant.

2. Provide funding to support students who qualify for special education services.

2a. Raise the 11% Cap on Special Education. The State School Fund formula has a multiplier for students with special needs. However, if more than 11% of students in a district qualify for special education there is no additional resource for them. The statewide average for special education is close to 18%, so if they need to have a cap, it should be more reflective of the percentage of students who actually qualify. However, raising the cap isn't enough. The SSF also needs to be resourced to cover this additional cost, otherwise, raising the cap doesn't help.

2b. Fully Resource the High Cost Disability Fund. Some of our students with special needs are very expensive to serve. We have students who cost somewhere near \$100,000-\$200,000 per year for services. The core SSF model is not sufficient for these students. The "High Cost Disability Fund" is designed to allow districts to submit documentation related to these students (currently those who cost in excess of \$30,000) and get reimbursement for these extra costs. However, the fund is not fully resourced by the legislature, and at current levels, Districts only get about 50% reimbursement. This puts a drain on all students because general



Knappa School District No. 4

William Fritz Ph.D.-Superintendent

December 17, 2025
Board Meeting

TO: BOARD OF DIRECTORS

FROM: Jennifer Morgan CFO

TOPIC: FINANCIAL REPORT

Discussion

Attached is the November 2025 Financial Report. This is slightly different version from Forecast5, this format shows the percentage of budget spent and forecasted revenue and expenditures.

Our audit has been filed with the State and ODE.

We continue to monitor expenditures closely each month to stay within budget.

If you have any questions, please reach out!

Respectfully,

Jennifer Morgan

education resources have to foot the bill. Fully covering the cost of high cost disability students (which could be argued is a FAPE requirement under federal law) should be a priority of the Legislature.

3. We oppose unfunded mandates and urge lawmakers to address existing unfunded mandates – starting with unemployment insurance for classified employees.

3a. Fund the Cost of Paying Unemployment Compensation. The Legislature authorized unemployment compensation for classified employees during breaks but gave no money to pay for it. I would not recommend that they add this to the SSF allocation because it will likely erode or get forgotten over time. I would like to see a separate state set aside to pay districts using a direct dollar to dollar reimbursement approach.

3b. Accountability Costs. There may be costs associated with the new accountability system which is in rulemaking. If there are additional costs, resources should be provided to districts to cover those costs.

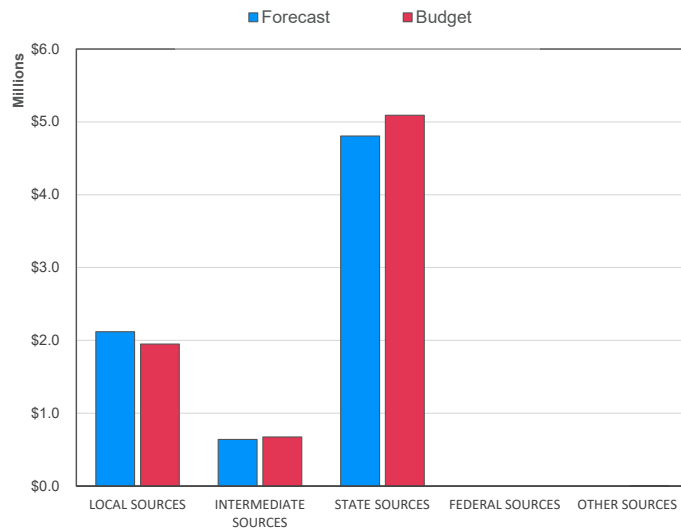
3c. Fiscal System Change. The Governor plans to implement a new accounting system for public schools. Changes of this type require updated software and training. Resources must be provided to support this change.

100 GENERAL FUND | Financial Projection by Object

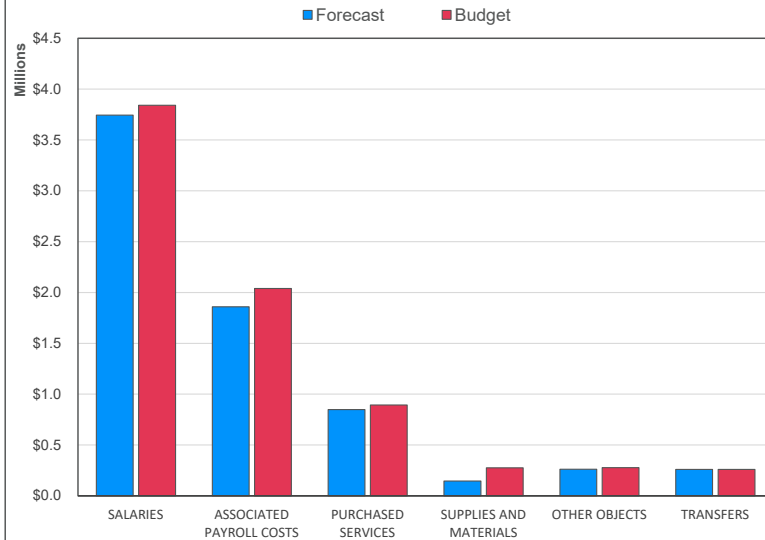
For the Period Ending November 30, 2025

	Prior YTD	Current Year Budget	Current YTD	% of Budget	Annual Forecast	Variance Fav / (Unfav)
RESOURCES						
Operating Revenues						
Local Sources	\$ 1,420,254	\$ 1,949,100	\$ 1,539,581	78.99%	\$ 2,119,511	\$ 170,411
Intermediate Sources	79,678	675,000	68,976	10.22%	640,176	(34,824)
State Sources	2,287,326	5,090,292	2,398,666	47.12%	4,805,292	(285,000)
Federal Sources	-	-	-	0.00%	-	-
Other Sources	95	3,000	-	0.00%	-	(3,000)
Total Operating Revenues	\$ 3,787,353	\$ 7,717,392	\$ 4,007,223	51.92%	\$ 7,564,978	\$ (152,414)
Beginning Fund Balance	604,752	400,000	656,489	164.12%	652,813	252,813
TOTAL RESOURCES	\$ 4,392,105	\$ 8,117,392	\$ 4,663,712	57.45%	\$ 8,217,791	\$ 100,399
REQUIREMENTS						
Operating Expenditures						
Salaries	\$ 1,271,510	\$ 3,840,551	\$ 1,303,609	33.94%	\$ 3,743,694	\$ 96,858
Associated Payroll Costs	601,243	2,039,259	686,746	33.68%	1,859,763	\$ 179,496
Purchased Services	141,040	893,589	215,481	24.11%	848,201	\$ 45,389
Supplies and Materials	100,478	275,100	83,521	30.36%	145,156	\$ 129,944
Other Objects	217,327	277,650	252,699	91.01%	261,502	\$ 16,148
Transfers	257,000	260,000	260,000	100.00%	260,000	-
Total Operating Expenditures	\$ 2,588,597	\$ 7,586,150	\$ 2,802,055	36.94%	\$ 7,118,316	\$ 467,835
TOTAL REQUIREMENTS	\$ 2,588,597	\$ 8,117,392	\$ 2,802,055	34.52%	\$ 7,627,335	\$ 490,057

Revenues by Source | Forecast vs. Budget



Expenditures by Object | Forecast vs. Budget



Attn: Knappa School Board Members & Superintendent Dr. Bill Fritz

Subject: School Board Report – December 17, 2025

From: Dr. Andi Rynberg

The Astoria Lions Club comes into our school yearly to test our students' eyesight as a service project supporting their motto of "We Serve". Another outreach program they sponsor is the International Peace Poster Contest with this year's theme being "Together as One". Mrs. Montgomery's sixth grade students took up the challenge for the second year by creating and submitting 13 x 20 inch posters for judging by local professional artists at the Astoria Art Loft. Students who participated received a certificate for their submissions.



This year's winner for our area, Madalyn Ross, won first place. She is a Knappa Middle School student. As the winner for this area, she received a gift certificate for framing at Old Towne Framing and a Lego set. Her poster also won District O top honors. District O encompasses many schools in multiple counties. She was awarded a \$100.00 prize as winner for District O. Madalyn's poster will now travel and compete in this year's

state competition for the grand prize. State competition is on February 21, 2026 and will be at the Evergreen Air Museum in McMinnville.

Madalyn Ross - Award



Many received a certificate for their work. Here are a few others and their poster.



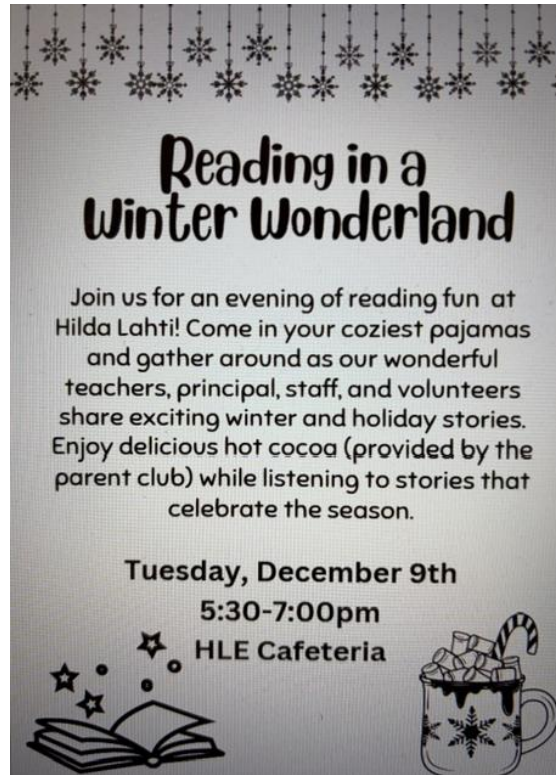
The middle school Fall dance was a hit for our 6-8th grade. It was enjoyable to see them all having a great time. Mr. Lampea was the DJ. The student council and volunteers helped to assist. It was a great evening for all.



November's Hilda Lahti student of the month awards ceremony was centered on "Kindness". Parents, students, and staff for our K-5 program were in attendance. Our cheerleading squad continues to support our excitement.



Approximately 50 students and their families attended our Winter Family Reading Night. Everyone enjoyed hot chocolate, played a variety of holiday themed reading games, and listened to our community team members read to our students and families. Volunteer readers for this event were Mr. Ed Johnson, Fire Chief Kurt Donaldson, Deputy Nate Rico, Regatta Princess Aubrey Harrington, Mr. Mike, Dr. Rynberg, Miss Marissa, and former principal Mrs. McMullen!





Our Hilda Lahti staff and students were entertained and provided with a message of resiliency this past month. NED which stands for NEVER give up, ENCOURAGE others, and DO your best reminded our students of the importance to “bounce back and be resilient” at school and in life.

Our performer, Thomas, for this assembly has participated with NED assemblies in all 50 United States, Canada, England, Scotland, New Zealand, and Australia. The

students loved the message and had opportunities to engage in a fun way throughout the presentation. Using a yo-yo as a prop, Thomas provided interactive tricks as he reminded us all of the importance of having resiliency.





December 2025
KSD Board Report

Enrollment 2025-26

Grade	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.
K		35	36	34	33						
1		26	26	25	24						
2		31	31	30	30						
3		22	22	22	22						
4		36	35	35	35						
5		35	35	35	35						
6		26	25	23	23						
7		44	44	44	44						

8		32	33	33	33						
Total		287	287	281	279						

Respectfully,

Andi Rynberg
Hilda Lahti PreK-8 Principal



Knappa High School

*All learners prepared to rise to the
opportunities and challenges of the world*

Paul Isom

Principal

isomp@knappak12.org

Jenny Smith

Athletic Director

smithj@knappak12.org

Michael Marcus

Guidance Counselor

marcusm@knappak12.org

Stephanie Baldwin

Head Secretary

baldwins@knappak12.org

December 2025 **KSD Board Report**

Enrollment 2025-26

Grade	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.
9		36	37	36	36						
10		33	33	32	32						
11		27	28	27	27						
12		31	31	31	31						
Total		127	129	126	126						

2024-25

Grade	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.
9		34	34	34	34	34	34	34	34	34	34
10		30	30	29	30	29	29	29	28	28	28
11		37	37	37	36	35	34	34	33	33	33
12		30	30	30	30	30	30	30	30	30	30
Total		131	131	130	130	128	127	127	125	125	125

2023-24

Grade	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.
9	34	35	35	33	33	34	32	32	32	32	31
10	36	34	33	33	33	31	31	31	31	30	30
11	34	34	34	33	33	32	32	31	31	31	30
12	35	36	36	35	35	36	36	36	36	36	35
Total	139	139	138	134	134	133	131	130	130	129	126



Knappa High School

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Paul Isom

Principal

isomp@knappak12.org

Jenny Smith

Athletic Director

smithj@knappak12.org

Michael Marcus

Guidance Counselor

marcusm@knappak12.org

Stephanie Baldwin

Head Secretary

baldwins@knappak12.org

Winter sports are underway! We kicked off the season with two home basketball games and a home wrestling meet in a 3 day period. I want to thank Athletic Director Jenny Smith for her tireless work making sure events go off without any issues. Also a thank you to the many volunteers who signed up for various tasks to ensure we can have home events.

We held a morning professional development meeting on December 5th where staff got together and talked about different strategies they have used from our professional development days. The conversations were great and it is good to hear staff having early success with different strategies they have learned.

Over the last month TRIO students have had the opportunity to go visit several colleges. We had multiple students go visit Western Oregon, Oregon State, and Pacific. We also have two former KHS graduates and current college students coming to talk to our seniors on December 15th and 17th about college and what to expect.

Finally, we had drama club sign-ups last week and have a handful of students interested in joining the club that is currently working with the elementary and middle school students. I know a few who seemed very excited to hear about drama being a possibility. Thank you to Sam Dinkowitz and the Ten Fifteen theatre for helping bring this opportunity to our students!

Respectfully,

Paul Isom

Principal, KHS