



PROSPECT SCHOOL DISTRICT #59
Jackson County, Oregon

ANNUAL FINANCIAL REPORT

June 30, 2023



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CERTIFIED PUBLIC ACCOUNTANTS

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**PROSPECT SCHOOL DISTRICT #59
Jackson County, Oregon**

DISTRICT OFFICIALS

June 30, 2023

BOARD OF DIRECTORS

Bruce Baker, Chair

Ray Williams, Vice Chair

Debbie (Mast) Baker, Director

Virginia Rigel, Director

Joshua Wetzel, Director

All board members receive mail at the address listed below.

ADMINISTRATION

Daye Stone
Superintendent

Sheri Eary
Business Manager

ADMINISTRATIVE OFFICE ADDRESS

P.O. Box 40
160 Mill Creek Drive
Prospect, Oregon 97536

PROSPECT SCHOOL DISTRICT #59
Jackson County, Oregon

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Prospect School District #59
Prospect, Oregon 97536

Opinions

We have audited the accompanying cash basis financial statements of the governmental activities, each major fund, and the remaining fund information of Prospect School District #59, Jackson County, Oregon, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund, and the remaining fund information of Prospect School District #59, Jackson County, Oregon as of June 30, 2023, and the respective changes in cash basis financial position thereof for the year then ended on the basis of accounting described in Note I.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Prospect School District #59, Jackson County, Oregon, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - Basis of Accounting

We draw attention to Note I of the financial statements, which describes the basis of accounting. Prospect School District #59, Jackson County, Oregon, prepares its financial statements on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to that matter.

Emphasis of Matter - Change in Accounting Principle

As described in the notes to the financial statements, in the year ended June 30, 2023, the District adopted new accounting guidance: GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability of Arrangements*, Statement No. 96, *Subscription-Based Information Technology Arrangements*, Statement No. 99, *Omnibus 202*, and Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note I, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Prospect School District #59, Jackson County, Oregon's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Prospect School District #59, Jackson County, Oregon's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Prospect School District #59, Jackson County, Oregon's basic financial statements. The individual fund financial statements, and budgetary comparison information, if applicable, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements and budgetary comparison information, if applicable, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

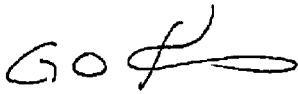
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the other financial schedules, schedule of expenditures of federal awards, and supplemental information required by the Oregon Department of Education, but it does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated September 6, 2023 on our tests of the District's compliance with certain provisions of laws and regulations 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.

Accuity, LLC

By:  _____

Glen O. Kearns, CPA

Albany, Oregon
September 6, 2023

BASIC FINANCIAL STATEMENTS

PROSPECT SCHOOL DISTRICT #59
Jackson County, Oregon

STATEMENT OF NET POSITION - CASH BASIS

June 30, 2023

	<u>Governmental Activities</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 2,228,554
Restricted cash and cash equivalents	<u>273,076</u>
Total assets	<u>2,501,630</u>
NET POSITION	
Restricted for:	
Grant programs	115,647
Student activities	60,081
Morris Family Foundation Award	16,997
SPED reserve	80,351
Unrestricted	<u>2,228,554</u>
Total net position	<u>\$ 2,501,630</u>

The accompanying notes are an integral part of these financial statements.

PROSPECT SCHOOL DISTRICT #59
Jackson County, Oregon

STATEMENT OF ACTIVITIES - CASH BASIS

For the Year Ended June 30, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental activities					
Instruction	\$ 2,321,712	\$ 9,694	\$ 644,175	\$ -	\$ (1,667,843)
Support services	2,048,596	-	43,067	-	(2,005,529)
Enterprise and community services	165,992	1,930	126,779	-	(37,283)
Facilities acquisition and construction	16,077	-	-	-	(16,077)
Total governmental activities	\$ 4,552,377	\$ 11,624	\$ 814,021	\$ -	(3,726,732)
General revenues					
Property taxes					641,357
State school fund - general support					3,100,389
Common school fund					25,647
Unrestricted grants and contributions					4,652
Investment earnings					75,342
Miscellaneous					37,442
Total general revenues					3,884,829
Change in net position					158,097
Net position - beginning					2,343,533
Net position - ending					\$ 2,501,630

The accompanying notes are an integral part of these financial statements.

PROSPECT SCHOOL DISTRICT #59
Jackson County, Oregon

BALANCE SHEET - CASH BASIS

GOVERNMENTAL FUNDS

June 30, 2023

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 2,012,932	\$ 488,698	\$ 2,501,630
FUND BALANCES			
Restricted	\$ -	\$ 273,076	\$ 273,076
Committed	-	215,622	215,622
Unassigned	2,012,932	-	2,012,932
Total fund balances	\$ 2,012,932	\$ 488,698	\$ 2,501,630

The accompanying notes are an integral part of these financial statements.

PROSPECT SCHOOL DISTRICT #59
Jackson County, Oregon

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - CASH BASIS

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2023

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUES			
Local revenue	\$ 752,233	\$ 71,342	\$ 823,575
Intermediate revenue	28,589	-	28,589
State revenue	3,142,349	337,604	3,479,953
Federal revenue	5,702	372,655	378,357
Total revenues	3,928,873	781,601	4,710,474
EXPENDITURES			
Current			
Instruction	1,934,348	387,364	2,321,712
Support services	1,576,096	472,500	2,048,596
Enterprise and community services	-	165,992	165,992
Facilities acquisition and construction	-	16,077	16,077
Total expenditures	3,510,444	1,041,933	4,552,377
Excess (deficiency) of revenues over (under) expenditures	418,429	(260,332)	158,097
OTHER FINANCING SOURCES (USES)			
Transfers in	-	220,000	220,000
Transfers out	(220,000)	-	(220,000)
Total other financing sources (uses)	(220,000)	220,000	-
Net change in fund balances	198,429	(40,332)	158,097
Fund balances - beginning	1,814,503	529,030	2,343,533
Fund balances - ending	\$ 2,012,932	\$ 488,698	\$ 2,501,630

The accompanying notes are an integral part of these financial statements.

PROSPECT SCHOOL DISTRICT #59
Jackson County, Oregon

STATEMENT OF NET POSITION - CASH BASIS

FIDUCIARY FUND

June 30, 2023

	<u>Private Purpose Trust Fund Scholarship Fund</u>
ASSETS	
Cash and cash equivalents	<u>\$ 16,369</u>
NET POSITION	
Restricted	<u>\$ 16,369</u>

The accompanying notes are an integral part of these financial statements.

PROSPECT SCHOOL DISTRICT #59
Jackson County, Oregon

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CASH BASIS

FIDUCIARY FUND

For the Year Ended June 30, 2023

	Private Purpose Trust Fund
	Scholarship Fund
ADDITIONS	
Contributions	\$ 9,250
Investment earnings	<u>3</u>
Total additions	<u>9,253</u>
DEDUCTIONS	
Community services	<u>4,200</u>
Change in net position	5,053
Fund balances - beginning	<u>11,316</u>
Fund balances - ending	<u><u>\$ 16,369</u></u>

The accompanying notes are an integral part of these financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

PROSPECT SCHOOL DISTRICT #59
Jackson County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Prospect School District #59 have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statements of activities) report information on all of the activities of the District. *Governmental Activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported by the District.

B. Reporting Entity

Prospect School District #59 was organized under provisions of Oregon Statutes pursuant to ORS Chapter 332 for the purpose of operating elementary and secondary schools. The District is governed by a separately elected Board of Education who approves the administrative officials. The daily functioning of the District is under the supervision of the Superintendent. The District operates as a Charter School and is subject to ORS 338 in connection with the operation of public charter schools.

C. Basis of Presentation - Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the government's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

General Fund - The General Fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund. The primary sources of revenue are property taxes and state revenues.

PROSPECT SCHOOL DISTRICT #59
Jackson County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

Special Revenue Fund

Special Revenue Fund - The Special Revenue Fund accounts for revenues and expenditures of federal and state grants, student activities, athletics, and food services. The primary sources of revenues are government grants, meal reimbursements, and fees.

The government reports the following fiduciary fund:

Private Purpose Trust Fund

Scholarship Fund - The Scholarship Fund is a private-purpose trust fund used to account for fundraising and scholarship resources held by the District in a fiduciary capacity for use by students. Disbursements from this fund are made in accordance with the trust and fundraising agreements. The fund is not included in the government-wide statements.

Certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between funds included in governmental activities are eliminated.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus within the limitations of the cash basis of accounting, as described below. The governmental fund financial statements are reported using the current financial resources measurement focus. Only current financial assets and liabilities are generally included on the balance sheet.

The operating statements present sources and uses of available expendable financial resources during a given period. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt is reported as an other financing source.

In the government-wide financial statements and the fund financial statements, governmental activities are presented using the cash basis of accounting. This basis recognizes assets, liabilities, fund balance/net position, revenues, and expenditures when they result from cash transactions. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

PROSPECT SCHOOL DISTRICT #59
Jackson County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenues for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in the financial statements. If the District utilized the basis of accounting recognized as generally accepted, the fund financial statements would use the modified accrual basis of accounting and the government-wide financial statements would be presented on the accrual basis of accounting.

F. Budgetary Information

1. Budgetary Basis of Accounting

Annual budgets are adopted on the cash basis of accounting. The District budgets all funds in accordance with the requirements of state law. Annual appropriated budgets are adopted for the general, special revenue, and trust funds. All funds are budgeted on the cash basis of accounting.

The District begins its budgeting process by appointing budget committee members. The budget officer prepares a budget, which is reviewed by the budget committee. The budget is then published in proposed form and is presented at public hearings to obtain taxpayer comments and approval from the budget committee. The budget is legally adopted by the board of directors by resolution prior to the beginning of the District's fiscal year. The board resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total instruction, support services, community services, debt service, capital outlay, operating contingencies, and interfund transfers for each fund are the levels of control established by the resolution. The detailed budget document, however, is required to contain more specific detailed information for the aforementioned expenditure categories and management may revise the detailed line item budgets within appropriation categories. 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 a fund's original budget may be adopted by the board of directors at a regular board meeting.

A supplemental budget greater than 10% of a fund's original budget requires hearings before the public, publication in newspapers, and approval by the board of directors. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the board of directors. During the year, there were no supplemental budgets. The District does not use encumbrances and appropriations lapse at yearend.

Budget amounts shown in the financial statements reflect the original budget amounts and five approved appropriation changes.

PROSPECT SCHOOL DISTRICT #59
Jackson County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

The District's 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.

2. Investments

State statutes authorize the District to invest in legally issued general obligations of the United States, the agencies and instrumentalities of the United States and the states of Oregon, Washington, Idaho, or California, certain interest-bearing bonds, time deposit open accounts, certificates of deposit, and savings accounts in banks, mutual savings banks, and savings and loan associations that maintain a head office or a branch in this state in the capacity of a bank, mutual savings bank, or savings and loan association, and share accounts and savings accounts in credit unions in the name of, or for the benefit of, a member of the credit union pursuant to a plan of deferred compensation.

3. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources.

In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

4. Fund Balance Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance).

In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

PROSPECT SCHOOL DISTRICT #59
Jackson County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

5. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The school board is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for the specific purposes but do not meet the criteria to be classified as committed. The school board has by resolution authorized the superintendent and/or business manager to assign fund balance. The board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The District reports fund equity in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance - amounts that are in nonspendable form (such as inventory) are required to be maintained intact.
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance - amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e. board of directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.
- Assigned fund balance - amounts that the District intends to use for a specific purpose. Intent can be expressed by the board of directors or by an official or body to which the board of directors delegates authority.

PROSPECT SCHOOL DISTRICT #59
Jackson County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

- Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

The District has a minimum fund balance policy that requires the ending fund cash balance to equal at least eight percent of total adopted revenues.

H. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources, are reported as general revenues rather than as program revenues.

2. Property Taxes

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 remittances of collection to entities levying taxes. Property taxes levied are certified by the District no later than July 15 and become a lien as of July 1 on property values assessed as of June 30. Property taxes are payable in three installments, which are due on November 15, February 15, and May 15.

I. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

Prospect School District #59 maintains a cash and cash equivalents pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the fund financial statements as cash and cash equivalents.

Additionally, several funds held separate cash accounts. Interest earned on pooled cash and investments is allocated to participating funds based upon their combined cash and investment balances. Investments, including amounts held in pooled cash and investments, are stated at fair value.

PROSPECT SCHOOL DISTRICT #59
Jackson County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, investments with a remaining maturity of more than one year at the time of purchase are stated at fair value.

The District participates in an external investment pool (State of Oregon Local Government Investment Pool). The Pool is not registered with the U.S. Securities and Exchange Commission as an investment company. The State's investment policies are governed by the Oregon Revised Statutes (ORS) and the Oregon Investment Council (OIC). The State Treasurer is the investment officer for the OIC and is responsible for all funds in the State Treasury. These funds are invested exercising reasonable care, skill, and caution. Investments in the Pool are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board, which established diversification percentages and specifies the types and maturities of investments. The portion of the external investment pool which belongs to local government investment participants is reported in an Investment Trust Fund in the State's Annual Comprehensive Financial Report (ACFR).

A copy of the State's ACFR may be obtained at the Oregon State Treasury, 350 Winter St. N.E., Salem, Oregon 97310-0840.

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or price 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 on the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

- *Level 1* - Unadjusted quoted prices for identical investments in active markets.
- *Level 2* - Observable inputs other than quoted market prices; and,
- *Level 3* - Unobservable inputs.

There were no transfers of assets or liabilities among the three levels of the fair value hierarchy for the year ended June 30, 2023. Fair values of assets measured on a recurring basis at June 30, 2023 are as follows:

	<u>Level 2</u>
Investments:	
Oregon Local Government Investment Pool	<u>\$ 2,101,220</u>

PROSPECT SCHOOL DISTRICT #59
Jackson County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

Credit Risk

Oregon statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the Local Government Investment Pool. The board may authorize the investment or reinvestment of funds that are not immediately needed for the operations of the District. Such investments will comply with state law and Oregon Administrative Rules.

Investments

As of June 30, 2023, the District had the following investments:

	Credit Quality Rating	Maturities	Fair Value
Oregon Local Government Investment Pool	Unrated	-	\$ <u>2,101,220</u>

Interest Rate Risk

The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increases in interest rates.

Concentration of Credit Risk

The District does not have a formal policy that places a limit on the amount that may be invested in any one insurer. 100 percent of the District's investments are in the Oregon Local Government Investment Pool.

Custodial Credit Risk - Investments

This is the risk that, in the event of the failure of a counterparty, the District will not be able to recover the value of its investments that are in the possession of an outside party. The District does not have a policy that limits the amount of investments that can be held by counterparties.

Custodial Credit Risk - Deposits

This is the risk that, in the event of a bank failure, the District's deposits may not be returned. All District deposits not covered by Federal Depository Insurance Corporation (FDIC) insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon, organized in accordance with ORS 295.

PROSPECT SCHOOL DISTRICT #59
Jackson County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

The PFCP is a shared liability structure for participating bank depositories. Barring any exceptions, a bank depository is required to pledge collateral valued at a minimum of 10% of their quarter-end public fund deposits if they are considered well capitalized, 25% of their quarter-end public fund deposits if they are considered adequately capitalized, or 110% of their quarter-end public fund deposits if they are considered undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities.

The District holds interest-bearing accounts at Umpqua Bank, for which deposits are insured by the FDIC up to \$250,000. At June 30, 2023, the District had deposits of \$250,000 insured by the FDIC and \$241,712 collateralized under the PFCP.

Deposits

The District's deposits and investments at June 30, 2023 are as follows:

Checking accounts	\$ 416,779
Total investments	<u>2,101,220</u>
Total deposits and investments	<u>\$ 2,501,630</u>

Cash and investments by fund:

Governmental activities - unrestricted	
General Fund	\$ 2,012,932
Special Revenue Fund	<u>215,622</u>
Total governmental activities - unrestricted	<u>2,228,554</u>
Governmental activities - restricted	
Special Revenue Fund	<u>273,076</u>
Total cash and investments	<u>\$ 2,501,630</u>

Restricted cash is for special projects.

PROSPECT SCHOOL DISTRICT #59
Jackson County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

B. Constraints on Fund Balances

Constraints on fund balances reported on the balance sheet are as follows:

	General Fund	Special Revenue Fund	Total Governmental Funds
Fund balances			
Restricted for:			
Food service	\$ -	\$ 22,704	\$ 22,704
Grant programs	-	2,580	2,580
Student activities	-	47,805	47,805
Energy efficiency	-	90,363	90,363
Morris Family Foundation award	-	16,997	16,997
Athletics	-	12,276	12,276
SPED reserve	-	80,351	80,351
Committed for:			
PERS reserve	-	72,842	72,842
Maintenance reserve	-	142,780	142,780
Unassigned	2,012,932	-	2,012,932
Total fund balances	\$ 2,012,932	\$ 488,698	\$ 2,501,630

C. Interfund Transfers

Operating transfers are reflected as other financing sources (uses) in the governmental funds. Interfund transfers during the year consisted of:

	Transfers in:
	Special Revenue Fund
Transfers out:	
General Fund	\$ 220,000

Transfers from the General Fund are primarily for funding special projects and future reserves.

III. OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. There was no significant reduction in insurance coverage from the previous year. There were no insurance settlements exceeding insurance coverage in any of the past three years.

PROSPECT SCHOOL DISTRICT #59
Jackson County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

B. Retirement Plans

1. Oregon Public Employees Retirement System

General Information about the Pension Plan

The Oregon Public Employees Retirement System (OPERS) consists of a cost-sharing, multiple-employer defined benefit plan (Plan) for units of state government, political subdivisions, community colleges, and school districts, containing multiple actuarial pools. Plan assets may be used to pay the benefits of the employees of any employer that provides pensions through the Plan. As of June 30, 2022, there were 939 participating employers.

Plan Membership

As of June 30, 2022, there were 11,413 active plan members, 129,376 retired plan members or their beneficiaries currently receiving benefits, 8,372 inactive plan members entitled to but not yet receiving benefits, for a total of 149,161 Tier One members. For Tier Two members, as of June 30, 2022, there were 27,056 active plan members, 20,720 retired plan members or their beneficiaries currently receiving benefits, 13,335 inactive plan members entitled to but not yet receiving benefits, for a total of 61,111. As of June 30, 2021, there were 136,785 active plan members, 8,311 retired plan members or their beneficiaries currently receiving benefits, 7,520 inactive plan members entitled to but not yet receiving benefits, and 18,263 inactive plan members not eligible for refund or retirements, for a total of 170,879 OPSRP Pension Program members.

Plan Benefits

Plan benefits of the System are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A, and Internal Revenue Code Section 401(a).

Tier One/Tier Two Retirement Benefit (Chapter 238) - OPERS is a defined benefit pension plan that provides retirement and disability benefits, annual cost-of-living-adjustments, and death benefits to members and their beneficiaries. Benefits are established by state statute. This defined benefit pension plan is closed to new members hired on or after August 29, 2003.

Pension Benefits

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

PROSPECT SCHOOL DISTRICT #59
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. Police and Fire members may purchase increased benefits that are payable between the date of retirement and age 65.

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 conditions are met:

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

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 monthly benefit.

Benefit Changes after Retirement

Members may choose to continue participation in their variable account after retiring and may experience annual benefit fluctuations caused by changes in the fair value of the underlying global equity investments of that account. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA in fiscal year 2015 and beyond will vary based on the amount of the annual benefit, in accordance with *Moro* decision. The COLA is capped at 2.0 percent.

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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

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

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.

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

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

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.

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.

Benefit Changes After Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA in fiscal year 2015 and beyond will vary based on the amount of the annual benefit, in accordance with *Moro* decision. The COLA is capped at 2.0 percent.

OPSRP Individual Account Program (OPSRP 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.

PROSPECT SCHOOL DISTRICT #59
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

Pension Benefits

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

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

OPERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the OPERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2020 actuarial valuation, which became effective July 20, 2021. The State of Oregon and certain schools, community colleges, and political subdivisions have made unfunded actuarial liability payments, and their rates have been reduced.

Member contributions are set by statute at six percent of salary and are remitted by participating employers. The contributions are either deducted from member salaries or paid by the employers on the members' behalf. As permitted, the District has opted to pick-up the contributions on behalf of its employees.

Employer contributions for the year ended June 30, 2023 were \$531,286.

Annual Comprehensive Financial Report (ACFR)

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

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2021-ACFR.pdf>

PROSPECT SCHOOL DISTRICT #59
Jackson County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

Actuarial Valuations

The employer contribution rates effective June 30, 2022 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 (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an 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 liabilities being amortized over 16 years.

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2020
Measurement Date	June 30, 2022
Experience Study	2020, published July 20, 2021
<i>Actuarial Assumptions:</i>	
Actuarial Cost Method	Entry age normal
Inflation Rate	2.40 percent
Long-term Expected Rate of Return	6.90 percent
Discount Rate	6.90 percent
Projected Salary Increases	3.40 percent
Cost of living adjustment (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	Health retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

PROSPECT SCHOOL DISTRICT #59
Jackson County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

	<p>Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>
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Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are on the 2020 Experience Study, which reviewed experience for the four-year period ended December 31, 2020. There were no differences between the assumptions and plan provisions used for June 30, 2022 measurement date calculations compared to those shown above.

Actuarial Methods and Assumptions

Assets are valued at their market value. Gains and losses between odd-year valuations are amortized as a level percentage of combined valuation payroll over 20 years from the odd-year valuation in which they are first recognized.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Oregon PERS and additions to/deductions from Oregon PERS' fiduciary net position have been determined on the same basis as they are reported by Oregon 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.

Discount Rate

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

PROSPECT SCHOOL DISTRICT #59
Jackson County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

Depletion Date Projection

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment. The following circumstances justify an alternative evaluation of sufficiency for OPERS:

- OPERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is our independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2022 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

PROSPECT SCHOOL DISTRICT #59
Jackson County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

For more information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS' audited financial statements at:

<https://www.oregon.gov/pers/Documents/Financials/ACFR/2022-Annual-Comprehensive-Financial-Report.pdf>

OIC Target and Actual Investment Allocation as of June 30, 2022

<u>Asset Class/Strategy</u>	<u>OIC Policy Low Range</u>	<u>OIC Policy High Range</u>	<u>OIC Target Allocation</u>	<u>Actual Allocation²</u>
Debt Securities	15.0%	25.0%	20.0%	19.8%
Public Equity	25.0%	35.0%	30.0%	21.2%
Real Estate	7.5%	17.5%	12.5%	13.6%
Private Equity	15.0%	27.5%	20.0%	28.0%
Risk Parity	0.0%	3.5%	2.5%	2.0%
Real Assets	2.5%	10.0%	7.5%	7.9%
Diversifying Strategies	2.5%	10.0%	7.5%	4.9%
Opportunity Portfolio ¹	0.0%	5.0%	0.0%	2.6%
Total			100.0%	100.0%

¹Opportunity Portfolio is an investment strategy, and it may be invested up to 5% of total Fund assets.

² Based on the actual investment value at 6/30/2022.

³ October 2021, the Alternative Portfolio was split into Real Assets and Diversifying Strategies.

C. New Pronouncements

For the fiscal year ended June 30, 2023, the District implemented the following new accounting standards:

GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability of Arrangements - This Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs).

GASB Statement No. 96, Subscription-Based Information Technology Arrangements - This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users.

PROSPECT SCHOOL DISTRICT #59
Jackson County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

GASB Statement No. 99, Omnibus 2022. This statement was issued April 2022 and enhances comparability in accounting and financial reporting to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to lease implementation, public-private and public-public partnerships and availability payment arrangements, and subscription-based information technology arrangements.

GASB Statement No. 101, Compensated Absences. This statement was issued to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

The District will implement applicable new GASB pronouncements no later than the required fiscal year. Management has not determined the effect on the financial statements for implementing any of the following pronouncements:

GASB Statement No. 99, Omnibus 2022. This statement was issued April 2022 and enhances comparability in accounting and financial reporting to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to financial guarantees and classification of derivatives.

GASB Statement No. 100, Accounting Changes and Error Corrections. This statement was issued to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

D. Concentrations

1. Collective Bargaining Agreements

At June 30, 2023, 92% of permanent staff accounted for under the governmental activities of the District are covered under collective bargaining agreements and union contracts. The existing agreements and contracts expire in 2024.

E. Subsequent Events

Management has evaluated subsequent events through September 6, 2023, which was the date that the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

PROSPECT SCHOOL DISTRICT #59
Jackson County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
REVENUES				
Local revenue	\$ 652,500	\$ 652,500	\$ 99,733	\$ 752,233
Intermediate revenue	-	-	28,589	28,589
State revenue	3,070,000	3,070,000	72,349	3,142,349
Federal revenue	2,500	2,500	3,202	5,702
Total revenues	<u>3,725,000</u>	<u>3,725,000</u>	<u>203,873</u>	<u>3,928,873</u>
EXPENDITURES				
Current				
Instruction	2,340,945	2,340,945	(406,597)	1,934,348
Support services	1,611,875	1,767,875	(191,779)	1,576,096
Contingency	401,680	245,680	(245,680)	-
Total expenditures	<u>4,354,500</u>	<u>4,354,500</u>	<u>(844,056)</u>	<u>3,510,444</u>
Excess (deficiency) of revenues over (under) expenditures	(629,500)	(629,500)	1,047,929	418,429
OTHER FINANCING SOURCES (USES)				
Transfers out	(220,500)	(220,500)	(500)	(220,000)
Net change in fund balance	(850,000)	(850,000)	1,047,429	198,429
Fund balance - beginning	<u>1,600,000</u>	<u>1,600,000</u>	<u>214,503</u>	<u>1,814,503</u>
Fund balance - ending	<u>\$ 750,000</u>	<u>\$ 750,000</u>	<u>\$ 1,261,932</u>	<u>\$ 2,012,932</u>

PROSPECT SCHOOL DISTRICT #59
Jackson County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

SPECIAL REVENUE FUND

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
REVENUES				
Local revenue	\$ 45,000	\$ 45,000	\$ 26,342	\$ 71,342
State revenue	760,500	760,500	(422,896)	337,604
Federal revenue	676,000	751,000	(378,345)	372,655
Total revenues	1,481,500	1,556,500	(774,899)	781,601
EXPENDITURES				
Current				
Instruction	709,134	729,134	(341,770)	387,364
Support services	454,181	569,181	(96,681)	472,500
Enterprise and community services	195,860	195,860	(29,868)	165,992
Facilities acquisition and construction	432,575	392,575	(376,498)	16,077
Contingency	238,250	218,250	(218,250)	-
Total expenditures	2,030,000	2,105,000	(1,063,067)	1,041,933
Excess (deficiency) of revenues over (under) expenditures	(548,500)	(548,500)	288,168	(260,332)
OTHER FINANCING SOURCES (USES)				
Transfers in	220,500	220,500	(500)	220,000
Net change in fund balance	(328,000)	(328,000)	(287,668)	(40,332)
Fund balance - beginning	491,500	491,500	37,530	529,030
Fund balance - ending	\$ 163,500	\$ 163,500	\$ (250,138)	\$ 488,698

PROSPECT SCHOOL DISTRICT #59
Jackson County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

SCHOLARSHIP FUND

For the Year Ended June 30, 2023

	<u>Original and Final Budget</u>	<u>Variance with Final Budget Over (Under)</u>	<u>Actual Budget Basis</u>
REVENUES			
Local revenue	\$ 10,005	\$ (752)	\$ 9,253
EXPENDITURES			
Current			
Enterprise and community services	20,000	(15,800)	4,200
Excess (deficiency) of revenues over (under) expenditures	(9,995)	15,048	5,053
Fund balance - beginning	9,995	1,321	11,316
Fund balance - ending	<u>\$ -</u>	<u>\$ 16,369</u>	<u>\$ 16,369</u>

OTHER FINANCIAL SCHEDULES

PROSPECT SCHOOL DISTRICT #59
Jackson County, Oregon

REVENUE SUMMARY - ALL FUNDS

For the Year Ended June 30, 2023

Revenue from Local Sources

	Fund 100	Fund 200	Fund 300
1110 Ad Valorem Taxes Levied by District	\$ 640,930.04	\$ -	\$ -
1190 Penalties and Interest on Taxes	426.70	-	-
1500 Earnings on Investments	75,335.85	5.01	3.29
1600 Food Service	-	1,929.75	-
1700 Extracurricular Activities	4,219.59	51,400.40	-
1920 Contributions and Donations From Private Sources	2,150.00	9,734.00	9,250.00
1960 Recovery of Prior Years Expenditures	2,969.00	-	-
1990 Miscellaneous	26,204.13	8,269.33	-
Total Revenue from Local Sources	\$ 752,235.31	\$ 71,338.49	\$ 9,253.29

Revenue from Intermediate Sources

	Fund 100	Fund 200	Fund 300
2199 Other Intermediate Sources	\$ 28,588.78	\$ -	\$ -
Total Revenue from Intermediate Sources	\$ 28,588.78	\$ -	\$ -

Revenue from State Sources

	Fund 100	Fund 200	Fund 300
3101 State School Fund - General Support	\$ 3,099,638.20	\$ -	\$ -
3102 State School Fund - School Lunch Match	-	750.76	-
3103 Common School Fund	25,646.54	-	-
3299 Other Restricted Grants-in-aid	17,064.43	336,852.37	-
Total Revenue from State Sources	\$ 3,142,349.17	\$ 337,603.13	\$ -

Revenue from Federal Sources

	Fund 100	Fund 200	Fund 300
4300 Restricted Revenue From the Federal Government	\$ -	\$ 26,263.91	\$ -
4500 Restricted Revenue From the Federal Government Through the State	3,200.00	336,335.26	-
4800 Federal Forest Fees	2,502.22	-	-
4900 Revenue for/on Behalf of the District	-	10,055.79	-
Total Revenue from Federal Sources	\$ 5,702.22	\$ 372,654.96	\$ -

Revenue from Other Sources

	Fund 100	Fund 200	Fund 300
5200 Interfund Transfers	\$ -	\$ 220,000.00	\$ -
5400 Resources - Beginning Fund Balance	1,814,503.00	529,030.07	11,315.63
Total Revenue from Other Sources	\$ 1,814,503.00	\$ 749,030.07	\$ 11,315.63

Grand Totals

	\$ 5,743,378.48	\$ 1,530,626.65	\$ 20,568.92
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PROSPECT SCHOOL DISTRICT #59
Jackson County, Oregon
EXPENDITURE SUMMARY - GENERAL FUND
For the Year Ended June 30, 2023

Instruction Expenditures

	Total	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	Object 800
1111 Elementary, K-5 or K-6	\$ 702,641.75	\$ 423,360.23	\$ 255,711.24	\$ 16,124.91	\$ 6,475.37	\$ -	\$ 970.00	\$ -	\$ -
1121 Middle/Junior High School Programs	341,291.75	202,996.02	112,218.08	14,653.28	11,296.37	-	128.00	-	-
1122 Middle/Junior High School Extracurricular	23,929.92	12,901.00	3,057.17	5,211.28	2,656.71	-	103.76	-	-
1131 High School Programs	502,849.58	289,211.57	146,484.66	26,339.72	40,733.63	-	80.00	-	-
1132 High School Extracurricular	83,262.68	42,360.72	8,850.91	13,074.79	12,070.86	-	6,905.40	-	-
1140 Pre-kindergarten Programs	25,242.73	18,200.81	6,888.05	-	153.87	-	-	-	-
1250 Less Restrictive Programs for Students with Disabilities	250,621.17	142,774.72	67,665.29	37,310.73	2,225.43	-	645.00	-	-
1280 Alternative Programs	4,510.46	-	-	4,284.00	226.46	-	-	-	-
Total Instruction Expenditures	\$ 1,934,350.04	\$ 1,131,805.07	\$ 600,875.40	\$ 116,998.71	\$ 75,838.70	\$ -	\$ 8,832.16	\$ -	\$ -

Support Services Expenditures

	Total	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	Object 800
2120 Guidance Services	\$ 421.63	\$ -	\$ -	\$ -	\$ 421.63	\$ -	\$ -	\$ -	\$ -
2130 Health Services	8,403.43	-	-	-	8,403.43	-	-	-	-
2190 Service Direction, Student Support Services	9,013.27	4,090.91	1,651.05	3,271.31	-	-	-	-	-
2220 Educational Media Services	511.00	-	-	-	511.00	-	-	-	-
2230 Assessment and Testing	16,536.82	10,076.22	6,460.60	-	-	-	-	-	-
2240 Instructional Staff Development	15,343.16	9,427.96	3,540.66	2,257.70	116.84	-	-	-	-
2310 Board of Education Services	74,270.31	-	-	20,408.84	313.63	-	53,547.84	-	-
2320 Executive Administration Services	201,974.18	118,189.02	73,530.28	6,335.70	3,124.18	-	795.00	-	-
2410 Office of the Principal Services	286,368.52	146,303.13	96,157.08	30,305.06	9,807.98	-	3,795.27	-	-
2520 Fiscal Services	130,185.49	69,471.65	46,566.92	8,145.73	1,377.60	-	4,623.59	-	-
2540 Operation and Maintenance of Plant Services	371,017.14	99,091.18	55,962.33	148,918.29	41,210.08	25,143.26	692.00	-	-
2550 Student Transportation Services	431,415.00	15,613.08	8,225.58	290,646.08	2,478.26	112,660.00	1,792.00	-	-
2620 Planning, Research, Development, Evaluation Services	3,397.37	1,928.45	724.40	744.52	-	-	-	-	-
2640 Staff Services	2,421.00	-	-	-	-	-	2,421.00	-	-
2660 Technology Services	24,818.59	-	-	8,656.63	16,161.96	-	-	-	-
Total Support Services Expenditures	\$ 1,576,096.91	\$ 474,191.60	\$ 292,818.90	\$ 519,689.86	\$ 83,926.59	\$ 137,803.26	\$ 67,666.70	\$ -	\$ -

Other Uses Expenditures

	Total	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	Object 800
5200 Transfers of Funds	\$ 220,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 220,000.00
Total Other Uses Expenditures	\$ 220,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 220,000.00
Grand Total	\$ 3,730,446.95	\$ 1,605,996.67	\$ 893,694.30	\$ 636,688.57	\$ 159,765.29	\$ 137,803.26	\$ 76,498.86	\$ -	\$ 220,000.00

PROSPECT SCHOOL DISTRICT #59
Jackson County, Oregon

EXPENDITURE SUMMARY - SPECIAL REVENUE FUNDS

For the Year Ended June 30, 2023

Instruction Expenditures

	Total	Objec 100	Objec 200	Objec 300	Objec 400	Objec 500	Objec 600
1111 Elementary, K-5 or K-6	\$ 32,864.84	\$ 5,278.00	\$ 1,604.44	\$ -	\$ 25,982.40	\$ -	\$ -
1113 Elementary Extracurricular	2,933.35	-	-	-	1,943.35	-	990.00
1121 Middle/Junior High School Programs	9,732.49	3,669.10	1,509.43	2,381.74	1,647.22	-	525.00
1122 Middle/Junior High School Extracurricular	3,422.86	-	-	-	3,407.86	-	15.00
1131 High School Programs	81,110.52	42,945.41	28,196.27	516.80	9,452.04	-	-
1132 High School Extracurricular	36,076.25	-	-	4,767.17	29,729.92	-	1,579.16
1140 Pre-kindergarten Programs	1,036.45	754.00	282.45	-	-	-	-
1250 Less Restrictive Programs for Students with Disabilities	71,918.52	42,053.22	14,595.54	5,832.61	9,437.15	-	-
1272 Title I	83,160.96	36,210.81	8,253.10	6,864.11	30,142.10	-	1,690.84
1280 Alternative Education	47,223.69	22,105.90	8,817.79	9,800.00	6,500.00	-	-
1400 Summer School Programs	17,880.08	5,864.91	2,299.67	-	9,715.50	-	-
Total Instruction Expenditures	\$ 387,360.01	\$ 158,881.35	\$ 65,558.69	\$ 30,162.43	\$ 127,957.54	\$ -	\$ 4,800.00

Support Services Expenditures

	Total	Objec 100	Objec 200	Objec 300	Objec 400	Objec 500	Objec 600
2110 Attendance and Social Work Services	\$ 39,960.98	\$ 24,722.67	\$ 14,988.31	\$ -	\$ 250.00	\$ -	\$ -
2120 Guidance Services	75,041.73	30,463.70	14,017.47	12,686.16	17,874.40	-	-
2130 Health Services	52,000.00	-	-	52,000.00	-	-	-
2210 Improvement of Instruction Services	2,500.00	-	-	-	2,500.00	-	-
2230 Assessment and Testing	250.00	-	-	-	250.00	-	-
2240 Instructional Staff Development	16,903.99	-	-	16,903.99	-	-	-
2320 Executive Administration Services	1,517.48	1,113.76	403.72	-	-	-	-
2410 Office of the Principal Services	3,565.12	2,205.00	825.74	534.38	-	-	-
2520 Fiscal Services	3,090.17	1,131.00	1,959.17	-	-	-	-
2540 Operation and Maintenance of Plant Services	262,335.11	27,500.91	23,177.37	163,293.43	543.40	47,820.00	-
2550 Student Transportation Services	5,620.48	-	-	5,620.48	-	-	-
2620 Planning, Research, Development, Evaluation Services	9,712.59	-	-	198.30	9,444.29	-	70.00
Total Support Services Expenditures	\$ 472,497.65	\$ 87,137.04	\$ 55,371.78	\$ 251,236.74	\$ 30,862.09	\$ 47,820.00	\$ 70.00

Enterprise and Community Services

	Total	Objec 100	Objec 200	Objec 300	Objec 400	Objec 500	Objec 600
3100 Food Services	\$ 164,121.33	\$ 53,906.34	\$ 21,099.82	\$ 50.44	\$ 87,633.82	\$ -	\$ 1,430.91
3300 Community Services	1,873.05	-	-	-	1,873.05	-	-
Total Enterprise and Community Services	\$ 165,994.38	\$ 53,906.34	\$ 21,099.82	\$ 50.44	\$ 89,506.87	\$ -	\$ 1,430.91

Facilities Acquisition and Construction

	Total	Objec 100	Objec 200	Objec 300	Objec 400	Objec 500	Objec 600
4150 Building Acquisition, Construction and Improvement Services	\$ 16,077.00	\$ -	\$ -	\$ -	\$ -	\$ 16,077.00	\$ -

Total Facilities Acquisition and Construction

	\$ 16,077.00	\$ -	\$ -	\$ -	\$ -	\$ 16,077.00	\$ -
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Grand Total

	\$ 1,041,929.04	\$ 299,924.73	\$ 142,030.29	\$ 281,449.61	\$ 248,326.50	\$ 63,897.00	\$ 6,300.91
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PROSPECT SCHOOL DISTRICT #59
Jackson County, Oregon

EXPENDITURE SUMMARY - TRUST AND AGENCY FUND

For the Year Ended June 30, 2023

Enterprise and Community Services

3300 Community Services

Total Enterprise and Community Services

Grand Total

Total	June 30
\$ 4,200.00	\$ 4,200.00
\$ 4,200.00	\$ 4,200.00
\$ 4,200.00	\$ 4,200.00

PROSPECT SCHOOL DISTRICT #59

Jackson County, Oregon

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2023

Federal Grantor Program Title	Grant Period	CFDA Number
<u>U.S. Department of Education</u>		
Passed through Oregon State Department of Education:		
Title I Grants to Local Educational Agencies (Title IA)	7/1/21 - 9/30/22	84.010
	7/1/22 - 9/30/23	84.010
Supporting Effective Instruction (Title IIA)	7/1/21 - 9/30/22	84.367
	7/1/22 - 9/30/23	84.367
Student Support & Academic Enrichment (Title IV-A)	7/1/21 - 9/30/22	84.424
	7/1/22 - 9/30/23	84.424
Lead Testing of Drinking Water for Schools	7/1/19 - 6/30/23	66.444
Elementary and Secondary School Emergency Relief Fund (II)	3/13/20 - 9/30/23	84.425
ARP Elementary and Secondary School Emergency Relief Fund (III)	3/13/20 - 9/30/24	84.425
Special Education - Grants to States (IDEA Part B, Sec 611)	7/1/20 - 9/30/22	84.027
Special Education - Grants to States (IDEA Part B, Sec 611)	7/1/21 - 9/30/23	84.027
Special Education - Grants to States (IDEA Part B, Sec 611 ARP)	7/1/21 - 9/30/23	840.27
Special Education - Grants to States (IDEA Part B, Sec 611)	7/1/22 - 9/30/24	84.027
Special Education - Grants to States (IDEA Equipment Grant)	7/1/21 - 9/30/23	84.027
U.S. Department of Education (Direct Payments)		
Small, Rural School Achievement Program (REAP 2020-2021)	7/1/20 - 9/30/22	84.358A
Small, Rural School Achievement Program (REAP 2021-2022)	7/1/21 - 9/30/23	84.358A
Small, Rural School Achievement Program (REAP 2022-2023)	7/1/22 - 9/30/24	84.358A
<u>Total U.S. Department of Education</u>		
<u>Intermediate</u>		
Passed through Intermediate Source		
Gaining Early Awareness & Readiness for Undergraduate Programs	9/1/22 - 8/31/23	84.334
<u>Total Intermediate</u>		
<u>U.S. Department of Agriculture:</u>		
Passed through Oregon State Department of Education:		
National School Breakfast	2022-2023	10.553
National School Lunch Program (NSLP)	2022-2023	10.555
NSLP Supply Chain Assistance	2022-2023	10.555
Commodities NSLP	2022-2023	10.555
<u>Direct Federal Grants:</u>		
Passed through Southern Oregon Education Service District:		
Federal Forest Fees	2022-2023	10.665
<u>Total U.S. Department of Agriculture</u>		

Total Federal Awards

Award Number	Sub Grant	Grant Amount	2022-23 Receipts	2022-23 Disbursements
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S010A210037	67057	42,055.00	3,693.84	3,271.47
S010A220037	72598	79,417.00	68,756.45	68,756.45
S367A210036	67491	6,928.00	3,446.95	3,446.95
S367A220036	72795	8,006.00	4,136.85	4,136.85
S424A210038	66847	10,000.00	3,331.54	3,331.54
S424A220038	72992	10,763.00	2,695.53	2,975.02
M101J68301	24013	3,200.00	3,200.00	0.00
S425D210049	64667	137,359.72	41,261.16	41,261.16
S425U210049	64971	308,490.42	37,131.45	37,131.45
H027A200095	60735	38,489.61	8,942.75	2,550.10
H027A210095	68711	39,453.00	39,453.00	39,453.00
H027X210095	68462	10,449.00	10,449.00	10,449.00
H027A220095	74107	35,794.00	10,672.32	10,672.32
H027A210095	75374	3,080.00	3,080.00	3,080.00

S358A204073		21,515.00	150.51	150.51
S358A213557		22,243.00	22,243.00	22,243.00
S358A223388		20,849.00	3,870.40	3,930.34
		775,848.75	266,514.75	256,839.16

P334S220014		75,000.00	0.00	29,927.40
		75,000.00	0.00	29,927.40

			35,280.08	35,280.08
			55,063.63	55,063.63
			8,940.71	8,940.71
			10,055.79	10,055.79

			2,502.22	2,502.22
			111,842.43	111,842.43
			378,357.18	398,608.99

**AUDIT COMMENTS AND DISCLOSURES
REQUIRED BY FEDERAL AND STATE REGULATIONS**



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

Board of Directors
Prospect School District #59
Prospect, Oregon 97536

We have audited the basic financial statements of Prospect School District #59 as of and for the year ended June 30, 2023 and have issued our report thereon dated September 6, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether Prospect School District #59's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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:

Deposits of public funds with financial institutions (ORS Chapter 295)

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)

Student Success Act's Student Investment Account (SIA) Funding

State school fund factors and calculation

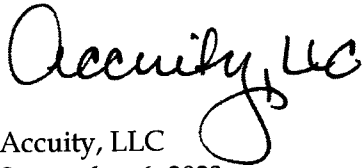
Public charter school requirements

In connection with our testing, nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-010-0230 Internal Control

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Prospect School District #59's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Prospect School District #59's internal control over financial reporting. However, we noted certain matters that we have reported to management of the District in a separate letter dated September 6, 2023.

This report is intended solely for the information and use of the board of directors and management of Prospect School District #59 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 cursive script that reads "Accuity, LLC". The signature is written in black ink and is positioned above the printed name and date.

Accuity, LLC
September 6, 2023

PROSPECT SCHOOL DISTRICT #59
Jackson County, Oregon

SUPPLEMENTAL INFORMATION REQUIRED BY OREGON DEPARTMENT OF EDUCATION

For the Year Ended June 30, 2023

Part A is needed for computing Oregon's full allocation for ESEA, Title I, and other Federal Funds for Education.

- A. **Energy Bill for Heating - All Funds:**
 Please enter your expenditures for electricity and heating fuel for these Functions and Objects.

	Objects 325, 326, 327
Function 2540	\$ 80,049.71
Function 2550	\$ -

- B. **Replacement of Equipment - General Fund:**
 Include all General Fund expenditures in object 542, except for the following exclusions:

\$ -

Exclude these functions:

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