

COMPETITIVE SALE—The Obligations will be sold pursuant to a competitive sale held at 9:00 a.m. (Pacific Time) on July 11, 2023, as further described in the Notice of Sale attached hereto.

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 29, 2023

\$18,495,000⁽¹⁾

Grants Pass School District No. 7

Josephine County, Oregon

Full Faith and Credit and Refunding Obligations, Series 2023

DATED: July 20, 2023 (estimated "Date of Delivery")

DUE: June 1, as shown below on the inside cover

PURPOSE— The \$18,495,000⁽¹⁾ Full Faith and Credit and Refunding Obligations, Series 2023 (the "Obligations") are being issued by the Grants Pass School District No. 7 in Josephine County, Oregon (the "District"). The Obligations are being issued to finance and refinance capital costs of the District and the costs of issuance of the Obligations. See "Purpose and Use of Proceeds" herein.

S&P RATING—"A" underlying see "Rating" herein.

NOT BANK QUALIFIED—The District has not designated the Obligations issued under the Financing Agreement (as hereinafter defined) as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended (the "Code").

BOOK-ENTRY ONLY SYSTEM— The Obligations will be issued, executed and delivered in fully registered form under a book-entry only system and registered in the name of Cede & Co., as owner and nominee for The Depository Trust Company ("DTC"). DTC will act as initial securities depository for the Obligations. Individual purchases of the Obligations will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in the Obligations purchased.

PRINCIPAL AND INTEREST PAYMENTS—The Obligations evidence and represent undivided proportionate interests of the Beneficial Owners thereof (as hereinafter defined) in the Financing Payments to be made by the District pursuant to the Financing Agreement (as hereinafter defined). The interest component of the Financing Payments evidenced and represented by the Obligations is payable on December 1, 2023⁽¹⁾ and semiannually thereafter on June 1 and December 1 of each year to the maturity or earlier prepayment of the Obligations. The principal and interest components of the Financing Payments evidenced and represented by the Obligations will be payable by the District's Escrow Agent, registrar and paying agent, initially U.S. Bank Trust Company National Association (the "Escrow Agent"), to DTC which, in turn, will remit such principal and interest components to the DTC participants for subsequent disbursement to the beneficial owners of the Obligations at the address appearing upon the registration books on the fifteenth business day (the "Record Date") of the month preceding a payment date.

MATURITY SCHEDULE—See inside front cover.

REDEMPTION—The Obligations are subject to optional redemption prior to their stated maturities as further described herein.

SECURITY—Pursuant to the terms of a financing agreement (the "Financing Agreement") the District's payment obligations (the "Financing Payments") are to be secured by and payable from all legally available funds of the District. Pursuant to ORS 287A.315, the District has pledged its full faith and credit and taxing power within the limitations of Sections 11 and 11b, Article XI of the Oregon Constitution to pay the Financing Payments and other amounts due under the Financing Agreement. The obligation of the District to make payments is a full faith and credit obligation of the District, and is not subject to appropriation. The Beneficial Owners of the Obligations do not have a lien or security interest on the property financed with the proceeds of the Financing Agreement. The Obligations do not constitute a debt or indebtedness of Josephine County, the State of Oregon, or any political subdivision thereof other than the District.

TAX MATTERS— *In the opinion of Mersereau Shannon LLP, Special Counsel to the District ("Special Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants of the District, the portion of the payments made under the Financing Agreement designated and constituting interest received by the holders of the Obligations ("Interest") is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Special Counsel, Interest is not treated as a preference item in calculating alternative minimum tax under existing law; however, such Interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. In the further opinion of Special Counsel, under existing law, Interest is exempt from present Oregon personal income taxation. Special Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Obligations. See "Tax Matters" herein.*

DELIVERY—The Obligations are offered for sale to the original purchaser subject to the final approving legal opinion of Special Counsel. It is expected that the Obligations will be available for delivery to the Escrow Agent for Fast Automated Securities Transfer on behalf of DTC, on or about the Date of Delivery.

(1) Preliminary, subject to change.

This cover page contains certain information for quick reference only. It is not a summary of the issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

This is a Preliminary Official Statement, subject to correction and change. The District has authorized the distribution of the Preliminary Official Statement to prospective purchasers and others. Upon the sale of the Obligations, the District will complete and deliver a final Official Statement substantially in this form.

Grants Pass School District No. 7
Josephine County, Oregon
Full Faith and Credit and Refunding Obligations, Series 2023

DATED: Date of Delivery

DUE: June 1, as shown below

MATURITY SCHEDULE⁽¹⁾

June 1	Amount	Interest Rate	Yield	CUSIP
2024	\$ 280,000			
2025	230,000			
2026	240,000			
2027	255,000			
2028	265,000			
2029	280,000			
2030	295,000			
2031	305,000			
2032	320,000			
2033	340,000			
2034	355,000			
2035	370,000			
2036	385,000			
2037	400,000			
2038	650,000			
2039	675,000			
2040	705,000			
2041	730,000			
2042	760,000			
2043	790,000			
2044	820,000			
2045	855,000			
2046	890,000			
2047	925,000			
2048	960,000			
2049	1,000,000			
2050	1,040,000			
2051	1,080,000			
2052	1,125,000			
2053	1,170,000			

(1) Preliminary, subject to change.

The CUSIP® numbers herein are provided by CUSIP Global Services (CGS), which is managed on behalf of the American Bankers Association by S&P Capital IQ, a division of S&P Global Inc. CUSIP is a registered trademark of the American Bankers Association. CUSIP numbers are provided for convenience of reference only. CUSIP numbers are subject to change. Neither the District nor the Underwriter take any responsibility for the accuracy of such CUSIP numbers.

No website mentioned in this Official Statement is part of this Official Statement, and readers should not rely upon any information presented on any such website in determining whether to purchase the Obligations. Any references to any website mentioned in this Official Statement are not hyperlinks and do not incorporate such websites by reference.

No dealer, broker, salesman or other person has been authorized by the District or the Underwriter to give information or to make any representations with respect to the Obligations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Obligations by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The prices at which the Obligations are offered to the public by the Underwriter (and the yields resulting therefrom) may vary from the initial public offering prices appearing on this inside cover page hereof. In addition, the Underwriter may allow concessions or discounts from such initial public offering prices to dealers and others. In connection with the offering of the Obligations, the Underwriter may effect transactions that stabilize or maintain the market price of the Obligations at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The Obligations have not been registered under the Securities Act of 1933, as amended, and the Resolution has not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such acts. The registration or qualification of the Obligations in accordance with applicable provisions of securities laws of the States in which the Obligations have been registered or qualified and the exemption from the registration or qualification in other states cannot be regarded as a recommendation thereof. Neither these States nor any of their agencies have passed upon the merits of the Obligations or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

This Preliminary Official Statement has been “deemed final” by the District, pursuant to Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, except for information which is permitted to be excluded from this Official Statement under said rule 15c2-12.

Grants Pass School District No. 7

725 NE Dean Drive
Grants Pass, Oregon 97526
541-474-5700

Board of Directors

Cassie Wilkins	Chair
Scott Nelson	Director
Cliff Kuhlman ⁽¹⁾	Director
Gary Richardson	Director
Debbie Brownell	Director
Brian Delagrang ⁽¹⁾	Director
Brenda Aguilera ⁽¹⁾	Director

School Administrative Staff

Tim Sweeney	Superintendent
Nepheli Sparks	Director of Finance

Special Counsel

Mersereau Shannon LLP
Portland, Oregon
(503) 226-6400

Escrow Agent, Registrar and Paying Agent

U.S. Bank Trust Company National Association
Portland, Oregon
(503) 464-4199

⁽¹⁾ Term expires June 30, 2023; see “THE DISTRICT – The Board of Directors” herein.

Table of Contents

	<u>Page</u>
NOTICE OF SALE	
Description of the Obligations	1
Authorization for Issuance.....	1
Financing Amount, Date, Interest Rates and Maturities	2
Disbursement Features	2
Redemption Provisions.....	2
Defeasance	3
Events of Default	3
Remedies	3
Purpose and Use of Proceeds	4
Purpose.....	4
Refunding Procedure.....	4
Sources and Uses of Funds	4
Security for the Obligations	5
General	5
Bonded Indebtedness	5
Debt Limitation.....	5
Outstanding Long-Term Debt ⁽¹⁾	6
Projected Debt Service Requirements.....	7
Debt Ratios	8
Debt Payment Record.....	8
Future Financings	8
The District.....	8
Public School Districts.....	8
Charter Schools.....	9
General Description.....	9
Staff	10
The Board of Directors.....	10
Key Administrative Officials.....	10
Revenue Sources.....	11
Oregon School District Funding	11
Property Taxes.....	11
Taxable Property Values	13
Fiscal Year 2023 Representative Levy Rate – Josephine County	14
Tax Collection Record ⁽¹⁾	15
Major Taxpayers	15
State School Funding	16
Construction Excise Tax	22
Federal Funding	23
Financial Factors	23
Financial Reporting and Accounting Policies	23
Auditing	23
Statement of Net Position	25
Statement of Activities	27
General Fund Balance Sheet.....	28
General Fund Statement of Revenues, Expenditures and Changes in Fund Balance	29
Budgetary Process	29
General Fund Budget.....	30
Investments.....	30
Pension System	30
Other Postemployment Benefits.....	34
Paid Leave.....	35
Risk Management.....	35
Demographic Information	35
The Initiative and Referendum Process	4
Referendum.....	5
Initiative Process.....	5
Legal Matters and Litigation	6
Legal Matters.....	6
Litigation.....	6
Tax Matters.....	6
Tax Exemption	6
[Premium.....	7
[Original Issue Discount	7
Not Qualified Tax-Exempt Obligations	8

Oregon State Tax Exemption	8
Continuing Disclosure	8
Preliminary Official Statement.....	8
Ratings	8
Purchaser of the Obligations	8
Concluding Statement	9
Appendices:	
Form of Special Counsel Opinion	Appendix A
Financial Statements.....	Appendix B
Book-Entry Only System	Appendix C
Form of Continuing Disclosure Certificate	Appendix D
Form of Financing Agreement and Form of Escrow Agreement.....	Appendix E

Official Notice of Sale
\$18,495,000 ⁽¹⁾
Grants Pass School District No. 7
Josephine County, Oregon
Full Faith and Credit and Refunding Obligations, Series 2023

NOTICE IS HEREBY GIVEN that bids will be received on behalf of the Grants Pass School District No. 7 (the “District”), located in Josephine County, Oregon for the purchase of the above-captioned Full Faith and Credit and Refunding Obligations, Series 2023 (the “Obligations”) on:

Bid Date:	Tuesday, July 11, 2023
Bid Time:	9:00 a.m., Prevailing Pacific Time
Electronic Bids:	PARITY Bidding System (“Parity”)

Security

The Obligations are general obligations of the District. Pursuant to Oregon Revised Statutes (“ORS”) 287A.315 the District has pledged its full faith and credit and taxing power to pay the Obligations. The District covenants for the benefit of the owners of the Obligations that the District shall levy annually, as necessary, a direct ad valorem tax upon all of the taxable property within the District which is sufficient after discounts taken and delinquencies that may occur in the payment of such taxes, and other legally available amounts to pay all Bond principal and interest when due. This tax shall be in addition to all other taxes of the District and this tax shall not be limited in rate, amount or otherwise by Section 11 or 11b of Article XI of the Oregon Constitution. See “Security for the Obligations” in the Preliminary Official Statement.

THE OBLIGATIONS DO NOT CONSTITUTE A DEBT OR INDEBTEDNESS OF JOSEPHINE COUNTY (THE “COUNTY”), THE STATE, OR ANY POLITICAL SUBDIVISION THEREOF OTHER THAN THE DISTRICT.

Ratings

The District has received a rating on the Obligations of “A” from S&P, and will pay the cost thereof. See “Ratings” in the Preliminary Official Statement.

Interest Payments and Maturity

Interest on the Obligations is payable semiannually on June 1 and December 1 of each year until maturity, commencing December 1, 2023⁽¹⁾. The Obligations will be dated with their date of delivery, will be issued in the aggregate principal amount of \$18,495,000⁽¹⁾, and will mature on June 1 of the following dates in the following amounts, subject to adjustment as provided below:

Maturity Schedule ⁽¹⁾

June 1	Amount
2024	\$ 280,000
2025	230,000
2026	240,000
2027	255,000
2028	265,000
2029	280,000
2030	295,000
2031	305,000
2032	320,000
2033	340,000
2034	355,000
2035	370,000
2036	385,000

(1) Preliminary, subject to change.

2037	400,000
2038	650,000
2039	675,000
2040	705,000
2041	730,000
2042	760,000
2043	790,000
2044	820,000
2045	855,000
2046	890,000
2047	925,000
2048	960,000
2049	1,000,000
2050	1,040,000
2051	1,080,000
2052	1,125,000
2053	1,170,000

Adjustment of Par Amount and Maturities

The Issuer reserves the right to increase or decrease the total principal amount of the Obligations or the schedule of principal payments described above, depending on the purchase price and interest rates bid by the Successful Bidder. The Successful Bidder may not withdraw its bid or change the interest rates bid as a result of any changes made to the principal amount of the Obligations or the schedule of principal payments as described herein. If there is an increase or decrease in the final aggregate principal amount of the Obligations or the schedule of principal payments as described above, the Issuer will notify the Successful Bidder by means of telephone or facsimile transmission, subsequently confirmed in writing, no later than 12:30 p.m. applicable Pacific Time, on the Sale Date. **The District will attempt to maintain total per bond underwriter spread when adjusting maturities. No such adjustment will have the effect of altering the basis upon which the best bid is determined.** The actual purchase price for the Obligations shall be calculated by applying the percentage of par value bid by the Successful Bidder against the final aggregate principal amount of the Obligations, as adjusted, plus accrued interest from the Dated Date to the Closing Date (as hereinafter defined).

Optional Redemption ⁽¹⁾

The Obligations maturing on June 1 in years 2024 through 2028, inclusive, are not subject to optional redemption prior to maturity. The Obligations maturing on June 1, 2029, and on any date thereafter are subject to redemption at the option of the District prior to their stated maturity dates at any time on or after June 1, 2028, as a whole or in part, and if in part, with maturities to be selected by the District at a price of par, plus accrued interest, if any, to the date of redemption. See “Description of the Obligations—Redemption Provisions” in the Preliminary Official Statement for a summary of such terms.

Term Obligations

Bidders may designate two or more consecutive maturities of the Obligations, with identical interest rates, as Term Obligations. Each Term Obligations will mature on the final maturity date of its consecutive maturities, in an aggregate principal amount equal to the sum of the principal amounts of its consecutive maturities. Term Obligations will be subject to mandatory redemption at par and in accordance with operational procedures then in effect for The Depository Trust Company (“DTC”), New York, New York, in the amounts and on the dates which would have been consecutive maturities. See “Description of the Obligations – redemption Provisions” in the Preliminary Official Statement for a summary of such terms. If no Term Obligations are designated in the winning bid, the Obligations will mature serially as provided in this Official Notice of Sale.

⁽¹⁾ Preliminary, subject to change.

Book-Entry Only

The Obligations will be issued in registered, book-entry only form through DTC. Obligations will be available in denominations of \$5,000, or integral multiples. Unless the book-entry-only system is discontinued, Bond principal and interest payments will be made by the District to DTC through the District's Paying Agent. DTC will be responsible for making payments to beneficial owners of Obligations.

Authorization and Purpose

The District is authorized pursuant to the Constitution and laws of the State, namely, Oregon Revised Statutes ("ORS") Section 271.390, to enter into financing agreements, lease-purchase agreements or other contracts of purchase to finance or refinance real or personal property and to authorize certificates of participation in the payment obligations of the District under such financing agreements, lease-purchase agreements or other contracts of purchase.

The Obligations are being issued pursuant to Resolution No. 2223-09 adopted by the District's Board of Directors (the "Board") on June 13, 2023, amending and restating Resolution No. 2223-06 (the "Resolution") adopted by the Board on May 9, 2023 that authorized the District to enter into the Financing Agreement, Escrow Agreement and a purchase agreement for the execution and delivery of the Obligations. Such execution and delivery of the Obligations does not require a vote of the people.

Pursuant to the Resolution, the District has pledged its full faith and credit and taxing power within the limitations of Sections 11 and 11b, Article XI of the Constitution of the State of Oregon ("Article XI, Sections 11 and 11b") to make the Financing Payments.

The Obligations are being issued to finance and refinance capital costs of the District and the costs of issuance of the Obligations. See "Purpose and Use of Proceeds" in the Preliminary Official Statement.

Conditions of Bids

The Obligations will be sold in one block on an "all or None" basis, and at a price of not less than 98% of their par value, plus accrued interest on the Obligations from the Dated Date of the Obligations to the date of delivery of the Obligations. Proposals will be received on the Obligations bearing such rate or rates of interest as may be specified by the bidders, subject to the following conditions:

- (a) The same rate of interest shall apply to all Obligations maturing on the same date and the Obligations must bear interest from their dated date to their stated maturity date at the interest rate specified in the bid;
- (b) No bid producing on the Obligations that results in a dollar price of less than 98% will be considered; provided, however, that any bid is subject to adjustment as described under the caption "Adjustment of Par Amount and Maturities;"
- (c) no supplemental interest payments will be considered; and
- (d) each interest rate specified shall be a multiple of 1/8 or 1/20 of 1%.
- (e) The maximum coupon rate shall not exceed 5.00% for Obligations maturing in years 2024 through and including 2033; and the maximum coupon rate shall not exceed 4.00% for Obligations maturing in years 2034 through and including 2053.

Each bid shall specify the total interest cost (expressed in dollars) during the term of the Obligations on the basis of such bid, the discount, if any, the premium, if any, offered by the bidder, the net interest cost (expressed in dollars) on the basis of such bid, and an estimate of the TIC (as hereinafter defined) on the basis of such bid. Each bidder shall certify to the Issuer the correctness of the information contained on the Official Bid Form; the Issuer will be entitled to rely on such certification. Each bidder agrees that, if it is awarded the Obligations, it will provide the certification described under the caption "Establishment of Issue Price" in this Notice.

Bids

Bids must be submitted via **PARITY**. Bids must be received by the **PARITY** system not later than the date and time indicated in the first paragraph of this Official Notice of Sale. To the extent any instructions or directions set forth in **PARITY** conflict with this Official Notice of Sale, the terms of this Official Notice of Sale shall control. Bidders electing to submit bids through **PARITY** must obtain access to the **PARITY** system and bear all risks associated with using that system, including errors and delays in receipt of bids.

For further information about submitting a bid using **PARITY**, potential bidders may contact **PARITY** at Telephone: (212) 849-5021.

Selection of Best Bid and Award of Sale

Unless all bids are rejected, the Obligations will be sold to the responsible bidder submitting the bid which results in the lowest true interest cost based on the submitted bid to the District. True interest cost will be determined by doubling the semiannual interest rate necessary to discount the debt service on the Obligations to July 20, 2023 (the estimated closing date of the Obligations), and the price bid for the Obligations. Each bidder is requested to supply the total interest cost and the true interest cost that the District will pay on the Obligations if the bid is accepted.

Subject to the timely receipt of the Deposit set forth above, the award of the Obligations will be made on the basis of the lowest true interest cost ("TIC"), which will be determined as follows: the TIC is the discount rate (expressed as a per annum percentage rate) which, when used in computing the present value of all payments of principal and interest to be paid on the Obligations, from the payment dates to the Dated Date, produces an amount equal to the price bid, including any adjustments for premium or discount, if any. Present value will be computed on the basis of semiannual compounding and a 360-day year of twelve 30-day months. Bidders are requested to provide a calculation of the TIC for the Obligations on the Official Bid Form, computed as specified herein on the basis of their respective bids, which shall be considered as informative only and not binding on either the Issuer or the bidder. The Issuer or its Financial Advisor will verify the TIC based on such bids. If there is any discrepancy between the TIC specified and the bid price and interest rates specified, the specified bid price and interest rates shall govern and the TIC specified in the bid shall be adjusted accordingly. If two or more proper bids providing for identical amounts for the lowest TIC are received, the Governing Body will determine which bid, if any, will be accepted, and its determination is final.

Good Faith Deposit

The winning bidder will be required to provide a good faith deposit in the amount of two percent (2%) of the aggregate principal amount of the Obligations in immediately available funds wired to the District not later than 2:00 p.m. (Prevailing Pacific Time) on July 11, 2023. The District or the District's Municipal Advisor will provide the wire information immediately upon the award of bids. If the good faith deposit is not provided in the manner and by the time indicated in this Notice, the District may award the sale to the next most favorable bidder or may cancel the sale.

The good faith deposit will be held by the District to secure the District from any loss resulting from the failure of the bidder to comply with the terms of its bid, and will be forfeited to the District as liquidated damages if the bidder to whom the Obligations are awarded withdraws its bid or fails to complete its purchase of the Obligations in accordance with this Official Notice of Sale and its bid.

Interest earnings on the good faith deposit will be the property of the District, and will not be credited against the purchase price of the Obligations. The successful bidder shall pay the balance of the purchase price of the Obligations at closing, in funds immediately available to the District on the date and at the time of closing.

Right of Rejection

The District reserves the right to reject any or all bids for any reason, and to waive any irregularities.

Right to Cancel, Change Timing and Terms of Sale

The District reserves the right to change the date, timing or terms under which the Obligations are offered for sale, or to cancel the sale based on market conditions, as communicated through the Bond Buyer Wire.

Establishment of Issue Price

By submitting a bid, each bidder is certifying that it is an underwriter of municipal bonds who has an established industry reputation for underwriting new issuances of municipal bonds, and that its bid is a firm offer to purchase the Obligations and is not a "courtesy bid" being submitted for the purpose of assisting in meeting the competitive sale requirements relating to the establishment of the "issue price" of the Obligations pursuant to Section 148 of the Code, including the requirement that bids be received from at least three (3) underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds (the "Competitive Sale Requirements"). Prior to the formal award of the sale, and promptly after bids for the Obligations are due, the apparent successful bidder shall provide the Financial Advisor with the reoffering prices and yields (the "Initial Reoffering Prices"). The Financial Advisor will advise the winning bidder at that time if the Competitive Sale Requirements were met. Bids are not subject to cancellation in the event that the competitive sale requirements are not satisfied.

Hold-the-Offering-Price. If the Financial Advisor has informed the Winning Bidder that the Competitive Sale Requirements are not met, the winning bidder:

(a) will offer the Obligations to the public at the Initial Reoffering Prices and provide Bond Counsel with reasonable supporting documentation prior to the delivery of the Obligations, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel,

(b) will neither offer nor sell to any person any Obligations within a maturity for which less than ten percent (10%) of such maturity has been sold to the public at the Initial Reoffering Prices as of the date of award at a price that is higher, or a yield that is lower, than the Initial Reoffering Price of such maturity until the earlier of (i) the date on which the winning bidder has sold to the public at least 10 percent of the Obligations of such maturity at a price that is no higher, or a yield that is no lower, than the Initial Reoffering Price of such maturity or (ii) the close of business on the 5th business day after the date of the award of the Obligations, and

(c) has or will include within any agreement among underwriters, any selling group agreement and each retail distribution agreement or any similar document (to which the winning bidder is a party) relating to the initial sale of the Obligations to the public, together with the related pricing wires, language obligating each underwriter to comply with the limitations on the sale of the Obligations as set forth in (a) and (b) above.

For purposes of this Notice, a "maturity" refers to Obligations that have the same interest rate, credit and payment terms.

For purposes of this Notice, the "public" does not include (i) the winning bidder or any person that agrees pursuant to a written contract with the winning bidder to participate in the initial sale of the Obligations to the public (such as a retail distribution agreement between a national lead underwriter and a regional firm under which the regional firm participates in the initial sale of the Obligations to the public), or (ii) any entity that is a "related party" to an entity identified in (i).

Two entities are "related parties" if the entities are subject, directly or indirectly, to more than 50 percent common ownership of (i) the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) their capital interests or profit interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

Regardless of whether or not the Competitive Sale Requirements were met, the winning bidder shall submit to the District a certificate (the "Issue Price Certificate"), satisfactory to Bond Counsel and the winning bidder, prior to the delivery of the Obligations substantially in the form attached.

The District acknowledges that, in making any representations as set forth above regarding the Hold-the-Offering-Price rule, the winning bidder will rely on (i) the agreement of each underwriter to comply with the Hold-the-Offering-Price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Obligations to the public, the agreement of each dealer who is a member of the selling group to comply with the Hold-the-Offering-Price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Obligations to the public, the agreement of each broker-dealer that is

a party to such agreement to comply with the Hold-the-Offering-Price rule, as set forth in the retail distribution agreement and the related pricing wires. The District further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the Hold-the-Offering-Price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the Hold-the-Offering-Price rule as applicable to the Obligations.

Legal Opinion

The approving opinion of Mersereau Shannon LLP, Bond Counsel, of Portland, Oregon, substantially in the form attached to the Preliminary Official Statement as Appendix A, will be delivered to the District at closing. A reliance letter will be provided at no cost to the purchaser.

Tax-Exempt Status

In the opinion of Mersereau Shannon LLP, Special Counsel to the District ("Special Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants of the District, the portion of the payments made under the Financing Agreement designated and constituting interest received by the holders of the Obligations ("Interest") is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Special Counsel, Interest is not treated as a preference item in calculating alternative minimum tax under existing law; however, such Interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. In the further opinion of Special Counsel, under existing law, Interest is exempt from present Oregon personal income taxation. Special Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Obligations. See "Tax Matters" herein.

Not Bank Qualified

The District has not designated the Obligations as a "qualified tax-exempt obligation" under Section 265(b)(3) of the Code.

Delivery

It is expected that delivery of the Obligations will be made to the Paying Agent under DTC's Fast Automated Securities Transfer (FAST) program, without cost to the bidder. Delivery of the Obligations will be made on or about July 20, 2023.

CUSIP

The Municipal Advisor will apply for CUSIP numbers prior to the sale date. The charge of the CUSIP Service Bureau will be paid by the District.

CUSIP identification numbers will appear on the Obligations, but neither the failure to insert such numbers on the Obligations nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Obligations in accordance with the terms of this Official Notice of Sale.

Continuing Disclosure

The District will undertake to provide continuing disclosure for the benefit of the Bond Owners in compliance with SEC Rule 15c2-12. The form of the undertaking is attached as Appendix D to the Preliminary Official Statement.

Compliance with SEC Rules

The District agrees to provide the successful bidder with one copy of the Final Official Statement in Adobe Portable Document Format (PDF), not later than the seventh business day following the date on which bids are due, to enable the successful bidder to satisfy its responsibilities under the SEC rules, at the expense of the District. The District will also provide paper copies of the Final Official Statement at the request and expense of the bidder. Bidders should expect that the Final Official Statements will not be available prior to the seventh business day following the date on which bids are due, and should not issue confirmations which request payment prior to that date. This provision will constitute a contract with the successful bidder upon acceptance of its bid by the District, in compliance with Section 240.15c2-12(b)(3) in Chapter II of Title 17 of the Code of Federal Regulations.

Closing Certificates

At the time of payment for the delivery of the Obligations, the District will furnish the successful bidder a certificate confirming that there is no material litigation pending that is not disclosed in the Official Statement, and that the portions of the Official Statement describing the District do not contain any material misstatements or omissions.

Municipal Advisor

Requests for additional information about this sale should be directed to Joey McLiney, McLiney And Company (the "Municipal Advisor") at (816) 221-4042.

Preliminary Official Statement and Additional Information

The Preliminary Official Statement for the Obligations (with this Official Notice of Sale) is available in electronic form from i-Deal Prospectus. For information on electronic delivery, please call the i-Deal Prospectus at (212) 849-5024 or contact the Municipal Advisor.

- End of Official Notice of Sale -

FORM OF ISSUE PRICE CERTIFICATE FOR THE OBLIGATIONS

\$____,____,____

**Grants Pass School District No 7
Josephine County, Oregon**

Full Faith and Credit and Refunding Obligations, Series 2022

_____, as the underwriter and winning bidder (the "Winning Bidder") in connection with the competitive sale by the Grants Pass School District No. 7, Josephine County, Oregon (the "District") of its \$_____ aggregate principal amount Full Faith and Credit and Refunding Obligations, Series 2022 (the "Obligations") pursuant to the Notice of Sale published on [PUBLICATION DATE], hereby certifies as follows:

[The following (1)-(4) to be used if Competitive Sale Requirements are met]

1. The Winning Bidder reasonably expected to reoffer the Obligations on [SALE DATE] to the Public at the prices or yields set forth in the District's final Official Statement relating to the Obligations (the "Official Statement").
2. ATTACHMENT I is a true and correct copy of the bid provided by the Winning Bidder to purchase the Obligations.
3. The Winning Bidder was not given the opportunity to review other bids prior to submitting its bid.
4. The bid submitted by the Winning Bidder constituted a firm offer to purchase the Obligations.

[The following (1)-(4) to be used in competitive sale requirements are not met]

1. As of [SALE DATE], 2022 (the "Sale Date"), all of the Obligations have been the subject of an offering to the Public at the prices or yields set forth in the District's Official Statement relating to the Obligations (the "Official Statement").
2. Attached hereto as ATTACHMENT II is a copy of the pricing wire for the Obligations or an equivalent communication showing that each Maturity of the Obligations was offered to the Public on the Sale Date at the price or yield set forth in the Official Statement (the "Initial Offering Price").
3. As of the Sale Date, except for the [PLEASE IDENTIFY UN/UNDERSOLD MATURITIES] (the "Unsold Maturities"), the first price or yield at which at least 10 percent of each Maturity of the Obligations was sold by the Underwriters to the Public was the price or yield set forth in the Official Statement (the "Initial Offering Price").
4. Following the Sale Date, with respect to each Unsold Maturity, the Underwriters, as defined below, in compliance with the applicable provisions of the Notice of Sale, have each agreed in writing not to, and have not, offered or sold the Obligations comprising any such Unsold Maturity to the Public at a price that is higher or yield that is lower than the Initial Offering Price during the period starting on the Sale Date and ending on the earlier of the following: (a) the close of the fifth business day after the Sale Date, or (b) the date on which at least 10 percent of the Obligations of the Unsold Maturity has been sold to the Public.
5. For purposes of this certificate, the following definitions will apply:

"Public" means any person (including an individual, trust, estate, partnership, association, company or corporation) other than an Underwriter or a Related Party, as defined below, to an Underwriter.

"Underwriter" means (i) the Winning Bidder, (ii) any person that agrees pursuant to a written contract with the Winning Bidder to form an underwriting syndicate to participate in the initial sale of the Obligations to the Public, and (iii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (ii) of this paragraph to participate in the initial sale of the Obligations to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Obligations to the Public).

“Related Party” means any entity if an Underwriter and such entity arc subject, directly or indirectly, to more than 50 percent common ownership of (i) the voting power or the total value of their stock, if both entities arc corporations (including direct ownership by one corporation of another), (ii) their capital interests or profit interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

We understand that the representations contained herein may be relied upon by the District in making certain of the representations contained in the Tax Certificate, and we further understand that Mersereau Shannon LLP, as bond counsel to the District, may rely upon this certificate, among other things, in providing an opinion with respect to the exclusion from gross income of interest on the Obligations pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”). The undersigned is certifying only as to facts in existence on the date hereof. Nothing herein represents the undersigned’s interpretation of any laws; in particular the regulations under the Code, or the application of any laws to these facts. The certifications contained herein are not necessarily based on personal knowledge, but may instead be based on either inquiry deemed adequate by the undersigned or institutional knowledge (or both) regarding the matters set forth herein. Although certain information furnished in this Certificate has been derived from other purchasers who may be considered Related Parties to the Winning Bidder and cannot be independently verified by us, we have no reason to believe it to be untrue in any material respect.

Dated as of the _____ day of _____, 2023.

[Successful Bidder]

By _____
Authorized Officer

Name: _____

Title: _____

OFFICIAL STATEMENT
Grants Pass School District No. 7
Josephine County, Oregon

\$18,495,000 ⁽¹⁾

Full Faith and Credit and Refunding Obligations, Series 2023

Grants Pass School District No. 7 in Josephine County, Oregon (the “District”), a school district duly organized and existing under and by virtue of the laws of the State of Oregon (the “State”) furnishes this Official Statement in connection with the offering of \$18,495,000 ⁽¹⁾ Full Faith and Credit and Refunding Obligations, Series 2023 (the “Obligations”), dated the Date of Delivery. This Official Statement, which includes the cover page, inside cover page, and appendices, provides information concerning the District and the Obligations.

Certain statements contained in this Official Statement do not reflect historical facts, but are forecasts and “forward-looking statements.” No assurance can be given that the future results discussed herein will be achieved, and actual results may differ materially from the forecasts described herein. In this respect, words such as “estimated,” “projected,” “anticipate,” “expect,” “intend,” “plan,” “believe” and similar expressions are intended to identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward looking statements. All projections, assumptions and other forward-looking statements are expressly qualified in the entirety by the cautionary statements set forth in this Official Statement.

Capitalized terms used and not defined herein shall have the meanings assigned to such terms in “Appendix E—Form of Financing Agreement and Form of Escrow Agreement,” which is attached hereto and incorporated by reference herein.

Description of the Obligations

The Obligations evidence and represent undivided proportionate interests of the Beneficial Owners thereof in payments (the “Financing Payments”) to be made by the District pursuant to the Financing Agreement dated as of the Date of Delivery (the “Financing Agreement”), between the District and U.S. Bank Trust Company National Association, as Escrow Agent, registrar and paying agent (the “Escrow Agent” and “Escrow Agent”). The Obligations are executed and delivered pursuant to an escrow agreement (the “Escrow Agreement”) dated as of the Date of Delivery, between the District and the Escrow Agent.

Authorization for Issuance

The District is authorized pursuant to the Constitution and laws of the State, namely, Oregon Revised Statutes (“ORS”) Section 271.390, to enter into financing agreements, lease-purchase agreements or other contracts of purchase to finance or refinance real or personal property and to authorize certificates of participation in the payment obligations of the District under such financing agreements, lease-purchase agreements or other contracts of purchase.

The Obligations are being issued pursuant to Resolution No. 2223-09 adopted by the District’s Board of Directors (the “Board”) on June 13, 2023, amending and restating Resolution No. 2223-06 (the “Resolution”) adopted by the Board on May 9, 2023 that authorized the District to enter into the Financing Agreement, Escrow Agreement and a purchase agreement for the execution and delivery of the Obligations. Such execution and delivery of the Obligations does not require a vote of the people.

Pursuant to the Resolution, the District has pledged its full faith and credit and taxing power within the limitations of Sections 11 and 11b, Article XI of the Constitution of the State of Oregon (“Article XI, Sections 11 and 11b”) to make the Financing Payments.

(1) Preliminary, subject to change.

Financing Amount, Date, Interest Rates and Maturities

The sum of the principal components of the Financing Payments evidenced and represented by the Obligations will be issued in the aggregate principal amount posted on the inside cover of this Official Statement and will be dated and bear interest from the Date of Delivery. The principal components of the Financing Payments will mature on the dates and in the amounts set forth on the inside cover of this Official Statement. The interest components of the Financing Payments (“Interest”) are payable semiannually on June 1 and December 1 of each year, commencing December 1, 2023⁽¹⁾, until the maturity or earlier redemption of the Obligations and will be computed on the basis of a 360-day year consisting of twelve 30-day months.

Disbursement Features

Financing Payments. The Financing Payments will be payable by the Escrow Agent to the Depository Trust Company (“DTC”), which, in turn, is obligated to remit such principal and interest components to its participants (“DTC Participants”) for subsequent disbursement to the persons in whose names such Obligations are registered (the “Beneficial Owners”) as further described in Appendix C attached hereto.

Book-Entry System. The Obligations will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co. as owner and as nominee for The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Obligations. Individual purchases and sales of the Obligations may be made in book-entry form only in minimum denominations of \$5,000 within a single maturity and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Obligations. See “Appendix C – Book Entry Only System” for additional information.

Procedure in the Event of Revisions of Book-Entry Transfer System. If DTC ceases to act as depository for the Obligations, the District will request the Escrow Agent to, and the Escrow Agent and the District shall, amend the Escrow Agreement to provide for an alternative system of registration and payment for the Obligations that is of general acceptance in the municipal bond markets. If no better system is then available, the Escrow Agent and the District shall amend the Escrow Agreement to provide that printed, registered Obligations shall be issued to Beneficial Owners of the Obligations and providing the payment, transfer and exchange process, and shall give notice of those amendments to all Owner.

Redemption Provisions

Optional Redemption.⁽¹⁾ The Obligations maturing in years 2024 through 2028, inclusive, are not subject to optional redemption prior to maturity. The Obligations maturing on June 1, 2029, and on any date thereafter are subject to redemption at the option of the District prior to their stated maturity dates at any time on or after June 1, 2028, as a whole or in part, and if in part, with maturities to be selected by the District at a price of par, plus accrued interest, if any, to the date of redemption. [A Term Bond subject to optional redemption and redeemed in part will have the principal amount redeemed within the respective mandatory redemption dates selected by the District.]

For as long as the Obligations are in book-entry only form, if fewer than all of the Obligations of a maturity are called for redemption, the selection of Obligations within a maturity to be redeemed shall be made by DTC in accordance with its operational procedures then in effect. See Appendix C attached hereto. If the Obligations are no longer held in book-entry only form, then the Escrow Agent would select Obligations for redemption by lot.

Notice of Redemption (Book-Entry). So long as the Obligations are in book-entry only form and unless DTC consents to a shorter period, the Escrow Agent shall notify DTC of any redemption not less than 20 days and not more than 60 days prior to the date fixed for redemption, and shall provide such information in connection therewith as required by a letter of representation submitted to DTC. Unless waived by the Escrow Agent, the District shall give notice of prepayment of the Financing Agreement to the Escrow Agent not later than five business days before the date notice of redemption of the Obligations is required to be made. The District reserves the right to rescind any redemption notice as allowed in the Financing Agreement.

(1) Preliminary, subject to change.

Notice of Redemption (No Book-Entry). During any period in which the Obligations are not in book-entry only form, unless waived by any Owner of the Obligations to be redeemed, official notice of any redemption of Obligations shall be given by the Escrow Agent on behalf of the District by mailing a copy of an official redemption notice in a form generally accepted in the municipal markets by first class mail, postage prepaid, at least 30 days and not more than 60 days prior to the date fixed for redemption, to the Owners of the Obligations to be redeemed at the address shown on the Obligation Register or at such other address as is furnished in writing by such Owner to the Escrow Agent. Unless waived by the Escrow Agent, the District shall give notice of prepayment of the Financing Agreement to the Escrow Agent not later than five business days before the date notice of redemption of the Obligations is required to be made. The District reserves the right to rescind any redemption notice as allowed in the Financing Agreement.

Conditional Notice. Any notice of optional redemption to the Escrow Agent or to the Owners may state that the optional redemption is conditional upon receipt by the Escrow Agent of moneys sufficient to pay the redemption price of such Obligations or upon the satisfaction of any other condition, and/or that such notice may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such redemption price if any such condition so specified is not satisfied or if any such other event occurs. Notice of such rescission or of the failure of any such condition shall be given by the Escrow Agent to affected Owners of Obligations as promptly as practicable.

Defeasance

The District may defease the Series Obligations by setting aside, with a duly appointed escrow agent, in a special escrow account irrevocably pledged to the payment of the Series Obligations to be defeased, cash or direct obligations of the United States in an amount which is sufficient without reinvestment to pay all principal and interest on the defeased Series Obligations until their maturity date or any earlier redemption date. Series Obligations which have been defeased pursuant to this paragraph shall be deemed paid and no longer outstanding, and shall cease to be entitled to any lien, benefit or security under this resolution except the right to receive payment from such special escrow account.

Events of Default

The occurrence of one or more of the following shall constitute an Event of Default under the Agreements:

- a. Failure by the District to pay the Financing Payments, when due;
- b. The District shall fail to observe and perform any other covenant, condition or agreement on its part to be observed or performed under this Escrow Agreement for a period of 60 days after written notice to the District by the Escrow Agent, specifying such failure and requesting that it be remedied; provided however, that if the failure stated in the notice cannot be corrected within the applicable period, the Escrow Agent will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the District within the applicable period and diligently pursued until the default is corrected.; or
- c. The commencement by the District of a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect or an assignment by the District for the benefit of its creditors, or the entry by the District for the benefit of its creditors, or the entry by the District into an agreement of composition with creditors or the taking of any action by the District in furtherance of any of the foregoing.

Remedies

Upon the occurrence and continuance of any Event of Default, the Escrow Agent may proceed, and upon written request the Owners of not less than a majority in aggregate principal amount of Obligations then Outstanding shall proceed to take whatever action may appear necessary or desirable to enforce the Financing Agreement or to protect any of the rights vested in the Escrow Agent or the Owners of Obligations by the Escrow Agreement or by the Obligations, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in the Escrow Agreement or in aid of the exercise of any power granted in the Escrow Agent or for the enforcement of any other legal or equitable right vested in the Escrow Agent by the Escrow Agreement or by law. **Provided, however, that upon an Event of Default the Escrow Agent will not have the right to declare the unpaid principal components of the Financing Payments immediately due and payable.**

Purpose and Use of Proceeds

Purpose

A portion of the proceeds from the sale of the Obligations will be used to (i) finance facility improvements, construction, and acquisitions, including roofing, equipment, building rehabilitation, land acquisition, related projects (the "Project") and costs of issuance.

A portion of the proceeds from the sale of the Obligations will be used to refinance existing debt for debt restructuring purposes.

Refunding Procedure

A portion of the proceeds of the Obligations will be used to provide funds to refund the Refunded Obligations.

Refunded Obligations

The Amended and Restated Full Faith and Credit Financing Agreement and Note, Series 2014 (the "Series 2014 Note") sold to Evergreen Federal Bank was issued in the principal amount of \$4,000,000 on December 19, 2014, and amended to increase the principal amount to \$4,500,000 as of September 9, 2015. The Series 2014 Note may be prepaid in whole or in part without penalty on any Business Day. The proceeds of the Series 2014 Note financed the costs of constructing and equipping additional elementary school classrooms at existing elementary schools and costs of issuance of the Series 2014 Note.

The certain lease purchase agreements with Santander Bank, N.A., (the "Lease Agreements"). The proceeds of the Lease Agreement financed the costs of school buses of the District.

Series	Total Amount Outstanding	Amount Refunded ⁽¹⁾	Call Date ⁽¹⁾	Call Price
Series 2014 Note	\$2,529,495	\$2,529,495	July 26, 2023	100%
Lease Agreements	\$2,152,141	\$2,152,141	July 26, 2023	100%

(1) Preliminary, subject to change.

Sources and Uses of Funds

The proceeds of the Obligations are estimated to be applied as follows:

Estimated Sources and Uses of Funds

Sources of Funds ⁽¹⁾	
Par Amount of Obligations ⁽²⁾	\$18,495,000
Original Issue Premium/(Discount)	_____
Total Sources of Funds	=====
Uses of Funds ⁽¹⁾	
Available for the Project	
Refunded Obligations	_____
Underwriting, and Issuance Costs	_____
Total Uses of Funds	=====

(1) Amounts will be provided in the final Official Statement.

(2) Preliminary, subject to change.

Security for the Obligations

General

The Obligations evidence and represent undivided proportionate ownership interests in the installment payments of principal and interest due (the "Financing Payments") from the District under the Financing Agreement. Under the Financing Agreement, the Financing Payments are secured by and payable from the District's general non-restricted revenues and other funds that may be available for that purpose. The obligation to pay the Financing Payments is a full faith and credit obligation of the District.

In the Resolution, the District has covenanted that the Financing Payments are payable from all legally available funds of the District. Pursuant to ORS 287A.315, the District has pledged its full faith and credit and taxing power within the limitations of Sections 11 and 11b, Article XI of the Constitution of the State of Oregon to make the Financing Payments. The obligation of the District to make the Financing Payments is a full faith and credit obligation of the District and is not subject to appropriation.

The District has covenanted to budget and appropriate in each Fiscal Year, in accordance with the law, sums sufficient to pay when due the Financing Payments and other amounts due under the Financing Agreement.

The Financing Agreement is not a general obligation of the District, the County, the State of Oregon or any other political subdivision. The Obligations are secured solely by the Financing Payments and any sums realized in connection with the remedies available upon the occurrence of an Event of Default all as provided in the Financing Agreement.

THE OBLIGATION OF THE DISTRICT TO MAKE THE FINANCING PAYMENTS AND ADDITIONAL CHARGES IS ABSOLUTE AND UNCONDITIONAL, AND SHALL NOT BE SUBJECT TO ANNUAL APPROPRIATION. THE REGISTERED OWNERS OF THE OBLIGATIONS DO NOT HAVE A LIEN OR SECURITY INTEREST IN THE PROJECT FINANCED WITH THE PROCEEDS OF THE OBLIGATIONS OR ANY SPECIFIC PROPERTIES OR REVENUES OF THE DISTRICT.

The District's obligation to make Financing Payments and Additional Charges is not subject to any of the following:

- (1) any setoff, counterclaim, recoupment, defense or other right which the District may have against the Escrow Agent, any contractor or anyone else for any reason whatsoever;
- (2) any insolvency, bankruptcy, reorganization or similar proceedings by the District;
- (3) abatement through damage, destruction or nonavailability of the Project; or
- (4) any other event or circumstance whatsoever, whether or not similar to any of the foregoing.

The District's obligation to make Financing Payments is binding for the term of the Financing Agreement.

Each Obligation owner is entitled proportionately to the principal component of Financing Payments due on the payment date, which is the same as the maturity date of the Obligations. In addition, each Obligation owner is entitled proportionately to receipt of an amount of the interest component of Financing Payments on each payment date attributable to the interest accruing on the principal component attributable to such Obligations at the interest rate set forth for said principal component.

Bonded Indebtedness

Debt Limitation

General Obligation Bonds. ORS 328.245 establishes a parameter of bonded indebtedness for school districts. Kindergarten through twelfth grade school districts may issue an aggregate principal amount up to 7.95 percent of the Real Market Value of all taxable properties within the district if the District's voters approve the general obligation bonds. General obligation bonds are secured by the power to levy an additional tax outside the limitations of Article XI, Sections 11 and 11b. **The Obligations are not General Obligation Bonds and are not subject to this debt limitation. The District's remaining debt capacity under this debt limit is shown below:**

**Grants Pass School District No. 7
General Obligation Debt Capacity**

Measure 5 Real Market Value (Fiscal Year 2023) ⁽¹⁾	\$6,255,621,662
Debt Capacity	
General Obligation Debt Capacity (7.95% of Real Market Value)	\$497,321,922
Less: Outstanding debt subject to limit	\$0.00
Remaining General Obligation Debt Capacity	\$497,321,922
Percent of Capacity Issued	0%

- (1) Value represents the Real Market Value of taxable properties, including the reduction in Real Market Value of specially assessed properties such as farm and forestland. This value is also commonly referred to as the Measure 5 Real Market Value by county assessors. The District’s fiscal year commences July 1 and ends on June 30 of the following year (the “Fiscal Year”). *Source: Josephine County Department of Assessment and Taxation.*
- (2) Represents voter-approved, unlimited-tax general obligations of the District. *Source: Grants Pass School District No. 7 Audited Financial Reports for the Fiscal Year Ended June 30, 2022.*

Full Faith and Credit Obligations/Limited Tax Obligations. School districts, education service districts, community colleges and local governments may pledge their full faith and credit for “limited tax bonded indebtedness” or “Full Faith and Credit Obligations” in addition to pledging the full faith and credit for voter approved Full Faith and Credit Obligations. The Oregon Constitution and statutes do not limit the amount of limited tax bonded indebtedness that a school district may issue. Full Faith and Credit Obligations can take the form of certificates of participation, notes or capital leases. Collection of property taxes to pay principal and interest on such limited-tax debt is subject to the limitations of Article XI, Sections 11 and 11b. **The Obligations are limited tax obligations.**

Pension Bonds. ORS 238.694 authorizes school districts, education service districts, community colleges and local governments to issue full faith and credit obligations to pay pension liabilities without limitation as to principal amount. Pension bonds are not general obligations as defined under State law and the District is not authorized to levy additional taxes to make pension bond payments. **The Obligations are not pension bonds.**

Revenue Bonds. The District may issue revenue bonds that are secured solely by a specified source of revenues, such as transportation fees or construction excise taxes. **The Obligations are not revenue bonds.**

Notes. Subject to any applicable limitations imposed by the Oregon Constitution or laws of the State or the resolution of an individual school district, education service district or community college, ORS 287A.180 provides that the District may borrow money in anticipation of tax revenues or other monies and to provide interim financing (“notes”). **The Obligations are not notes.**

Outstanding Long-Term Debt⁽¹⁾

Governmental Activities	Date of Issue	Date of Maturity	Amount Issued	Amount Outstanding
<i>Full Faith and Credit Obligations</i>				
Series 2023 Obligations ⁽²⁾	07/20/23	06/01/53	\$ 18,495,000	\$ 18,495,000
Series 2020 Purchase Agreement	10/23/20	10/23/36	15,458,977	15,291,236
Series 2014 Note	12/19/14	01/01/31	4,500,000	2,529,495
Less: refunded amount				(2,529,495)
Bus Lease 1	06/14/18	05/25/24	4,500,000	170,324
Less: refunded amount				(170,324)
Bus Lease 2	10/28/19	12/05/28	1,059,189	672,806
Less: refunded amount				(672,806)
Bus Lease 3	11/21/19	12/25/28	291,380	88,824
Less: refunded amount				(88,824)
Bus Lease 4	01/21/20	02/25/29	1,104,040	95,630
Less: refunded amount				(95,630)

Bus Lease 5	10/30/20	12/05/24	158,040	65,348
Less: refunded amount				(65,348)
Bus Lease 6	08/05/21	08/05/30	449,741	420,171
Less: refunded amount				(420,171)
Bus Lease 7	10/04/22	11/05/31	699,625	639,038
Less: refunded amount				(639,038)
Total				\$33,786,236

(1) As of Date of Delivery.

(2) This issue. Preliminary, subject to change.

Note: The Series 2020 Purchase Agreement and the Bus Leases are subject to acceleration upon occurrence of an event of default.

Source: Grants Pass School District No. 7 Audited Financial Reports for the Fiscal Year Ended June 30, 2022 and the District.

**Full Faith and Credit and Refunding Obligations
Projected Debt Service Requirements**

Year Ending June 30	Outstanding Debt⁽²⁾	The Obligations⁽²⁾	Total
2023	\$ 1,217,682	-	\$ 1,217,682
2024	1,217,685	\$ 943,380	2,161,066
2025	1,217,689	983,900	2,201,589
2026	1,217,693	982,400	2,200,093
2027	1,217,697	985,400	2,203,097
2028	1,217,701	982,650	2,200,351
2029	1,217,705	984,400	2,202,105
2030	1,217,709	985,400	2,203,109
2031	1,217,714	980,650	2,198,364
2032	1,217,718	980,400	2,198,118
2033	1,217,723	984,400	2,202,123
2034	1,217,727	982,400	2,200,127
2035	1,217,732	983,200	2,200,932
2036	1,217,736	983,400	2,201,136
2037	608,870	983,000	1,591,870
2038	-	1,217,000	1,217,000
2039	-	1,216,000	1,216,000
2040	-	1,219,000	1,219,000
2041	-	1,215,800	1,215,800
2042	-	1,216,600	1,216,600
2043	-	1,216,200	1,216,200
2044	-	1,214,600	1,214,600
2045	-	1,216,800	1,216,800
2046	-	1,217,600	1,217,600
2047	-	1,217,000	1,217,000
2048	-	1,215,000	1,215,000
2049	-	1,216,600	1,216,600
2050	-	1,216,600	1,216,600
2051	-	1,215,000	1,215,000
2052	-	1,216,800	1,216,800
2053	-	1,216,800	1,216,800

(1) Does not include the Refunded Obligations.

(2) Principal and interest are provided for illustrative purposes only; amounts and structure are preliminary, subject to change.

**Summary of Overlapping Debt
(As of April 20, 2023)**

Overlapping Issuer Name	Percent Overlapping	Gross Direct Debt⁽¹⁾	Net Direct Debt⁽²⁾
City of Grants Pass	87.66%	\$5,840,000	\$4,885,000
Josephine County	41.70%	2,965,000	2,965,000
Rogue Community College	10.93%	<u>57,025,000</u>	<u>46,460,000</u>
Total		\$65,830,000	\$54,310,000

- (1) Gross Direct Debt includes all unlimited and limited general obligation bond tax supported debt. Limited tax pension obligations are included.
(2) Net Debt is Gross Direct Debt less self-supporting limited and unlimited tax supported debt.

Source: Debt Management Division, The Office of the State Treasurer.

Debt Ratios

The following table presents information regarding the District’s direct debt, including the Obligations, and the estimated portion of the debt of overlapping taxing districts allocated to the District’s property owners.

Debt Ratios

Total Real Market Value ⁽¹⁾ (Fiscal Year 2023)		\$6,255,621,662
Estimated Population (2021)		39,469
Per Capital Real Market Value		\$158,495
Debt Information	Gross Direct Debt⁽²⁾	Net Direct Debt⁽³⁾
Direct District Debt ⁽⁴⁾	\$33,786,236	\$33,786,236
Overlapping Direct Debt	<u>65,830,000</u>	<u>54,310,000</u>
Total Direct Debt ⁽⁴⁾	\$99,616,236	\$88,096,236
Bonded Debt Ratios⁽⁴⁾		
District Direct Debt to Real Market Value	0.5401%	0.5401%
Total Direct Debt to Real Market Value	1.5924%	1.4083%
Per Capita District Direct Debt	\$856	\$856
Per Capita Total Direct Debt	\$2,524	\$2,232

- (1) Value represents the total Real Market Value of taxable properties, without the reduction available to specially assessed properties such as farm and forestland.
(2) Gross Direct Debt includes all debt with an unlimited (Full Faith and Credit and Refunding Obligations) and limited (Full Faith and Credit and Refunding Obligations) tax pledge. Limited tax pension obligations are included.
(3) Net Debt is Gross Direct Debt less any self-supporting obligations which are paid from other revenues sources.
(4) Includes the Obligations. Preliminary, subject to change.

Sources: Josephine County Department of Assessment and Taxation, SAIPE (Small Area Income and Poverty Estimates) U.S. Census Bureau Population Estimate, Debt Management Division, The Office of the State Treasurer as of April 20, 2023 and Grants Pass School District No. 7 Audited Financial Reports for the Fiscal Year Ended June 30, 2022.

Debt Payment Record

The District has promptly met principal and interest payments on outstanding bonds and other indebtedness in the past ten years when due.

Future Financings

The District does not anticipate issuing any additional debt within the next twelve months.

The District

Public School Districts

Under Oregon law (ORS Chapter 332), the District is responsible for educating children residing within the boundaries of the District. The District discharges this responsibility by building, operating, and maintaining school facilities; developing and maintaining approved educational programs and courses of study, including vocational programs and programs for

students with disabilities, in accordance with State standards; and carrying out programs for transportation and feeding of pupils in accordance with District, State, and federal programs.

Under Oregon law, local school districts are subject to supervision by the State. The State Board of Education, a group of seven persons appointed by the Governor, establishes standards for educational programs and facilities, adopts rules of general governance, and prescribes courses of study. The administrative functions of the State Board of Education are handled through the Department of Education, whose executive head is the Deputy Superintendent of Public Instruction. The Deputy Superintendent is appointed by the Governor, who serves as the Superintendent of Public Instruction.

Charter Schools

Under ORS Chapter 338 (“Charter School Law”), public charter schools are separate legal entities operating under a binding charter agreement with a sponsor, which may include the local board of education in which the public charter school is located, the State Board of Education or an institution of higher education. A charter school is a public school operated by parents, teachers and/or community members as a semi-autonomous school within a school district. A public charter school is subject to certain laws pertaining to school district public schools, is released from others and must operate consistent with its charter agreement. Funding for public charter schools is based upon providing a minimum of between 80 and 95% of the State’s funding formula per ADMw (see “State School Fund herein”), with the excess retained by the sponsoring District. Student enrollment in a public charter school is voluntary. See “Revenue Sources – State School Funding” for additional information on SSF revenue for Oregon public charter schools.

The District is not a sponsor of any charter schools but there are charter schools within the District’s boundaries sponsored by other districts.

General Description

The District was formed in 1888. The boundaries of the District are located approximately 246 miles south of Portland and 25 miles northwest of the City of Medford, Oregon. The District's boundaries include most of the City of Grants Pass, population 39,993 (as of 7/1/22) in addition to contiguous unincorporated portions of Josephine County. The boundaries extend beyond the City of Grants Pass' urban growth boundary and encompasses 24.6 square miles. The District has an estimated residential population of 39,469 (as of 7/1/21).

The District operates two high schools, two middle schools, six elementary schools and a virtual learning experience. Historical and projected enrollments are shown in the following table:

Historical and Projected Enrollment

Fiscal Year	Average Daily Membership(w) ⁽¹⁾	Enrollment ⁽²⁾	Teaching Staff ⁽³⁾	Student to Teacher Ratio
2023 ⁽⁴⁾⁽⁵⁾	5,720	5,582	330.59	16.9
2022	5,458	5,310	331.05	16.0
2021	5,601	5,519	324.39	17.0
2020	6,131	6,054	318.87	19.0
2019	6,084	5,967	315.34	18.9
2018	6,058	5,945	305.26	19.5

- (1) Weighted Average Daily Membership is the enrollment figure, adjusted for part-time students and students with special needs, that is used to allocate revenues appropriated by the State to school districts. As of October 2022.
- (2) Enrollment is the number of students attending classes.
- (3) Full-time equivalent licensed employees. Includes classroom, music, physical education, special education teachers, librarians and counselors.
- (4) Projected. As of May 1, 2023.
- (5) Preliminary, subject to change.

Source: Oregon Department of Education and Grants Pass School District No. 7.

Staff

As of May 1, 2023, the District had 665 full-time employees and 180 part-time employees.

Bargaining Units

Bargaining Unit	No. of Employees
Oregon School Employees Association	470 (classified)
Oregon Education Association	336 (licensed)

Source: *Grants Pass School District No. 7.*

Note: The District is in negotiations with Oregon Education Association; a new agreement is expected in September 2023.

The Board of Directors

The policies of the District are established by an elected seven-member Board. The current members of the Board are:

Board of Directors

Name	Position	Occupation	Service Began	Term Expires
Scott Nelson ⁽¹⁾	1	Doctor	2019	June 30, 2023
Cliff Kuhlman ⁽²⁾	2 Parliamentarian	Retired	1986	June 30, 2023
Gary Richardson	3	Software engineer	2005	June 30, 2025
Debbie Brownell	4 Vice Chair	Manager	2001	June 30, 2025
Cassie Wilkins	5 Chair	Business owner	2018	June 30, 2025
Brian Delagrang ⁽³⁾	6	Energy professional	2019	June 30, 2023
Brenda Aguilera ⁽⁴⁾	7	Nonprofit program manager	2022	June 30, 2023

- (1) Dustin Smith (occupation: Part Time Director of Facility Development at River Valley Church, Real Estate Investor) was elected to position 1 on May 16, 2023 for a term July 1, 2023 through June 30, 2025.
- (2) Cliff Kuhlman did not seek reelection; Chad Dybdahl (occupation: physical therapy) was elected to position 2 on May 16, 2023 for a term July 1, 2023 through June 30, 2025.
- (3) Brian Delagrang did not seek reelection; Nathan Seable (occupation: Oregon State Parks manager, small business owner) was elected to position 6 on May 16, 2023 for a term July 1, 2023 through June 30, 2025.
- (4) Brenda Aguilera did not seek reelection; Joseph (Joe) Schmidt (occupation: education consultant) was elected to position 7 on May 16, 2023 for a term July 1, 2023 through June 30, 2025.

Source: *Grants Pass School District No. 7.*

Key Administrative Officials

The day-to-day affairs of the District are managed by a professional administrative staff which includes the following principal officials:

Tim Sweeney, Superintendent. Tim Sweeney joined the District as superintendent in 2022. Before coming to the District, he was superintendent of the Coquille School District, where he served for 12 years. Superintendent Sweeney is a native Oregonian. He received his bachelor's and master's degrees at Southern Oregon University and began teaching eighth-grade history in Eagle Point in 1996. He was named Superintendent of the Year in 2019 by the Oregon Association of School Executives (OASE) and the Coalition of Oregon School Administrators (COSA).

Nepheli Sparks, Director of Finance. Nepheli Sparks joined the District as Director of Finance in 2022. Before coming to the District she served as Business Manager for the City of Medford and a as Department Head for the Department of Defense, Navy. Nepheli Sparks received a MBA from Ashford University and a Bachelor Degree from the University of Washington.

Revenue Sources

The following section summarizes certain major revenue sources of the District.

Oregon School District Funding

Oregon school districts receive revenue from two primary sources: State aid and *ad valorem* property taxes. The following section summarizes these primary revenue sources of the District.

Property Taxes

Most local governments, school districts, education service districts and community college districts (“local governments”) have permanent authority to levy property taxes for operations (“Permanent Rates”) up to a maximum rate (the “Operating Tax Rate Limit”). Local governments that have never levied property taxes may request that the voters approve a new Operating Tax Rate Limit.

Local governments may not increase their Operating Tax Rate Limits; rather they may only request that voters approve limited term levies for operations or capital expenditures (“Local Option Levies”) or levies to repay general obligation bonded indebtedness (“General Obligation Bond Levies”).

Local Option Levies that fund operating expenses are limited to five years, and Local Option Levies that are dedicated to capital expenditures are limited to ten years. The District does not currently have a Local Option Levy and has no plans at this time to seek voter approval of a Local Option Levy.

ORS 327.333 through 327.339 provides local option equalization grants to school districts with Local Option Levies that have a total assessed property value per student less than the total assessed property value per student of a designated target district. If the amount of money available is insufficient to make grant payments, the grant payments are to be proportionally reduced. The District does not have a local option and therefore does not qualify to receive a Local Option Equalization Grant.

Local governments impose property taxes by certifying their levies to the county assessor of the county in which the local government is located. Property taxes ordinarily can only be levied once each Fiscal Year. The local government ordinarily must notify the county assessor of its levies by July 15.

Valuation of Property – Real Market Value. “Real Market Value” is the minimum amount in cash which could reasonably be expected by an informed seller acting without compulsion, from an informed buyer acting without compulsion, in an “arms-length” transaction during the period for which the property is taxed.

Property subject to taxation includes all privately owned real property (land, buildings and improvements) and personal property (machinery, office furniture and equipment) for non-residential taxpayers. There is no property tax on household furnishings (exempt since 1913), personal belongings, automobiles (exempt since 1920), crops, orchards, business inventories or intangible property such as stocks, bonds or bank accounts, except for centrally assessed utilities, for which intangible personal property is subject to taxation.

Property used for charitable, religious, fraternal and governmental purposes is exempt from taxation. Special assessments that provide a reduction in the taxable Real Market Value may be granted (upon application) for veterans’ homesteads, farm and forest land, open space and historic buildings. The Real Market Value of specially assessed properties is often called the “Taxable Real Market Value” or “Measure 5 Real Market Value.” The assessment roll, a listing of all taxable property, is prepared as of January 1 of each year.

Valuation of Property – Assessed Value. Property taxes are imposed on the assessed value of property. The assessed value of each parcel cannot exceed its Taxable Real Market Value, and ordinarily is less than its Taxable Real Market Value. The assessed value of property was initially established in 1997 as a result of a constitutional amendment. That amendment (now Article XI, Section 11, often called “Measure 50”) assigned each property an assessed value and limited increases in that assessed value to three percent per year, unless the property is improved, rezoned, subdivided, or ceases to qualify for exemption. When property is newly constructed or reassessed because it is improved, rezoned, subdivided, or ceases to qualify for exemption, it is assigned an assessed value that is comparable to the assessed value of similar property.

The Oregon Department of Revenue (“ODR”) appraises and establishes values for utility property, forestland and most large industrial property for county tax rolls. It collects taxes on harvested timber for distribution to schools, county taxing districts, and State programs related to timber. Certain properties, such as utilities, are valued on the unitary valuation approach. Under the unitary valuation approach, the taxpaying entity’s operating system is defined and a value is assigned for the operating unit using the market value approach (cost, market value and income appraisals). Values are then allocated to the entities’ operations in Oregon, and then to each county the entity operates in and finally to site locations.

Generally speaking, industrial properties are valued using an income approach, but ODR may apply additions or retirements to the property value through a cost of materials approach. Under the income and cost of materials approaches, property values fluctuate from year-to-year.

Tax Rate Limitation – Measure 5. A tax rate limitation was established in 1990 as the result of a constitutional amendment. That amendment (now Article XI, Section 11b, often called “Measure 5”) separates property taxes into two categories: one to fund the public school system (kindergarten through grade twelve school districts, education service districts and community college districts, collectively, “Education Taxes”) and one to fund government operations other than the public school system (“General Government Taxes”). Education Taxes are limited to \$5 per \$1,000 and General Government taxes are limited to \$10 per \$1,000 of the Taxable Real Market Value of property (the “Measure 5 Limits”). If the taxes on a property exceed the Measure 5 Limit for Education or General Government, then tax rates are compressed to the Measure 5 Limit. Local Option Levy rates compress to zero before there is any compression of Permanent Rates. In Fiscal Year 2022-2023, there was \$65,795.47 of compression of the District’s Permanent Rate due to the tax rate limitation. This compression is taken into account in the State School Fund Distribution Formula described herein (see “State of Oregon Public School Funding – State School Fund”).

Taxes imposed to pay the principal and interest on the following bonded indebtedness are not subject to Measure 5 Limits: (1) bonded indebtedness authorized by a specific provision of the Oregon Constitution; and (2) general obligation bonded indebtedness incurred for capital costs approved by the electors of the issuer and bonds issued to refund such bonds.

Property taxes imposed to pay the principal of and interest on the Obligations are subject to the limitations of Article XI, Sections 11 and 11b.

In 2007 the Oregon Supreme Court determined that taxes levied by general purpose governments (such as cities and counties) may be subject to the \$5 per \$1,000 limit if those taxes are used for educational services provided by public schools.

Property Tax Collections. Each county assessor is required to deliver the tax roll to the county tax collector in sufficient time to mail tax statements on or before October 25 each year. All tax levy revenues collected by a county for all taxing districts within the county are required to be placed in an unsegregated pool, and each taxing district shares in the pool in the same proportion as its levy bears to the total of all taxes levied by all taxing districts within the county. As a result, the tax collection record of each taxing district is a *pro-rata* share of the total tax collection record of all taxing districts within the county combined.

Under the partial payment schedule, taxes are payable in three equal installments on the 15th of November, February and May of the same Fiscal Year. The method of giving notice of taxes due, the county treasurer’s account for the money collected, the division of the taxes among the various taxing districts, notices of delinquency, and collection procedures are all specified by detailed statutes. The lien for property taxes is prior to all other liens or encumbrances of any kind on real or personal property subject to taxation. By law, a county may not commence foreclosure of a tax lien on real property until three years have passed since the first delinquency. A Senior Citizen Property Tax Deferral Program (1963) allows certain homeowners to defer taxes until death or sale of the home. A similar program is offered for Disability Tax Deferral (2001), which does not have an age limitation.

The following tables represent historical tax information for the District.

Taxable Property Values

Fiscal Year	Total Real Market Value	M5 Real Market Value ⁽¹⁾	Total Assessed Valuation	Urban Renewal Excess ⁽²⁾	AV Used to Calculate Rates ⁽³⁾
2023	\$6,936,122,698	\$6,255,621,662	\$4,166,317,602	\$189,267,002	\$3,787,783,598
2022	6,012,477,477	5,432,882,425	3,798,146,730	132,276,822	3,665,869,908
2021	5,490,696,923	4,911,649,582	3,654,111,101	104,896,226	3,549,214,875
2020	5,185,189,442	4,643,822,597	3,520,645,860	86,328,819	3,434,317,041
2019	5,024,771,156	4,498,680,573	3,412,606,055	69,630,996	3,342,975,059
2018	4,652,343,750	4,129,433,928	3,283,824,679	56,170,370	3,227,654,309

- (1) Value represents the Real Market Value of taxable properties, including the reduction in Real Market Value of specially assessed properties such as farm and forestland. This value is also commonly referred to as the Measure 5 Real Market Value by county assessors.
- (2) Includes City of Grants Pass Urban Renewal areas.
- (3) Assessed value of property in the District on which the Permanent Rate is applied to derive ad valorem property taxes, excluding urban renewal, exempt property within enterprise zones and any other offsets.

Note: Full Faith and Credit and Refunding Obligations may be levied on the Total Assessed Value, the Assessed Value Used to Calculate Rates, or a combination of the two, depending on the type of urban renewal plan and the original approval date of the bond issue.

Source: Josephine County Assessor.

Property Tax Exemption Programs. Oregon statutes authorize a wide variety of full and partial property tax exemptions, including exemptions for property owned or used by cities, counties, schools and other local governments, property of the federal government, property used by religious and charitable entities, property used for low-income housing, historical property and transit oriented property.

The Oregon Enterprise Zone program is a State of Oregon economic development program that allows for property tax exemptions for three to five years. In exchange for receiving property tax exemption, participating firms are required to meet the program requirements set by State statutes and the local sponsor. At June 30, 2022, Josephine County provides tax abatements through the Enterprise Zone Program.

The Strategic Investments Program (“SIP”) was authorized by the Legislative Assembly in 1993 to provide tax incentives for capital investments by “traded-sector” businesses, including manufacturing. SIP recipients receive a 15 year property tax exemption on new construction over \$25 million outside of urban areas, and over \$100 million in urban areas. The exemption value (\$25 million or \$100 million) then increases three percent per year. SIP recipients pay an annual Community Service Fee which is equal to 25 percent of the value of the tax break, which is allocated to local governments through local negotiations. The Community Service Fee is not considered a property tax and thus is outside of the Measure 5 Limit. There are no SIP Agreements within the District’s boundaries.

GASB Statement No. 77 requires local governments to disclose information related to tax abatement programs and amounts abated. Tax abatements result from agreements entered into by the reporting government, as well as those that are initiated by other governments, which reduce the reporting government’s tax revenues. The District does not administer any tax abatement programs, however, overlapping jurisdictions (cities, counties) may offer tax abatement programs which impact the District’s assessed value and property tax collections. In Fiscal Year 2022, the District’s abated property taxes totaled \$89,900 under the County’s Enterprise Zone Program.

Tax Rates and Collections. The following table presents the Fiscal Year 2023 tax rates for the District and other taxing jurisdictions within Josephine County that overlap the District. The District’s Operating Tax Rate Limit is \$4.5248 per \$1,000 of assessed property value. The Operating Tax Rate Limit was calculated in conjunction with the implementation of Measure 50 in 1997. The Permanent Rates shown in the following table are the rates that are actually applied to the assessed value of the taxing district. The Permanent Rates may be different from the Operating Tax Rate Limit of the taxing district due to the decision by the taxing district to levy less than its Operating Tax Rate Limit.

Fiscal Year 2023 Representative Levy Rate – Josephine County
(Rates per \$1,000 of Assessed Value)

General Government	Permanent Rate	Bond Levy Rate	Local Option Rate⁽¹⁾	Consolidated Rate	Urban Renewal Portion of the Consolidated Rate⁽²⁾
Josephine County	0.5867	-	-	0.5867	0.0294
Josephine County Animal Control	-	-	0.1100	0.1100	-
Josephine County Jail & Juvenile	-	-	0.9300	0.9300	-
4-H Extension Service	0.0459	-	-	0.0459	0.0023
Library District	0.3900	-	-	0.3900	0.0195
City of Grants Pass	4.1335	-	-	4.1335	0.2074
City of Grants Pass Public Safety	=	=	<u>1.7900</u>	<u>1.7900</u>	=
Total General Government	<u>5.1561</u>	=	<u>2.8300</u>	<u>7.9861</u>	<u>0.2586</u>
Education					
Grants Pass School District	4.5248	-	-	4.5248	0.2548
Southern Oregon ESD	0.3524	-	-	0.3524	0.0176
Rogue Community College	<u>0.5128</u>	<u>0.0523</u>	=	<u>0.5651</u>	<u>0.0257</u>
Total Education	<u>5.3900</u>	<u>0.0523</u>	=	<u>5.4423</u>	<u>0.2981</u>
Total Tax Rate	<u>10.5461</u>	<u>0.0523</u>	=	<u>13.4284</u>	<u>0.5567</u>

NOTE: County assessors report levy rates by tax code. Levy rates apply to the assessed property value. Measure 5 Limits are based on the Taxable Real Market Value and are only reported in total dollar amount of compression, if any, for each taxing jurisdiction (see “Property Taxes – Tax Rate Limitation – Measure 5” herein).

- (1) Local Option Levies are voter-approved serial levies. They are limited by ORS 280.060 to five years for operations or ten years for capital construction. Local Option Levy rates compress to zero before there is any compression of overlapping jurisdictions’ Permanent Rates (see “Property Taxes – Tax Rate Limitation – Measure 5” herein).
- (2) A portion of a taxing district’s consolidated rate is contributed to the City of Grants Pass Urban Renewal Agency through division of tax.

Source: Josephine County Department of Assessment and Taxation. Note that there are 4 tax codes in Josephine County that overlap the District and Tax Code 170010 01 (represented in the table above) and 170125 13 have the highest property value of these tax codes. Total tax levies in the District range from \$7.1149 to \$13.4284 per \$1,000 of assessed property value.

**Josephine County
Tax Collection Record⁽¹⁾**

Fiscal Year	Percent collected as of Levy Year⁽²⁾	Percent collected as of 6/30/2022⁽³⁾
2022	97.7	97.67
2021	97.6	98.84
2020	97.3	99.29
2019	97.2	99.74
2018	97.1	99.94

- (1) Percentage of total tax levy collection in Josephine County. Pre-payment discounts are considered to be collected when outstanding taxes are calculated. The tax rates are before offsets.
- (2) The percentage of taxes collected in the “year of the levy” represents taxes collected in a single levy year, beginning July 1 and ending June 30.
- (3) The percentage of taxes shown in the column represents taxes collected cumulatively from July 1 of a given levy year through June 30, 2022.

Source: Josephine County Tax Collector.

**Major Taxpayers
(As of Fiscal Year 2023)
Grants Pass School District No. 7**

Taxpayer	Business/Service	Assessed Value⁽¹⁾	Percent of Value	Tax⁽²⁾
MASTERBRAND CABINETS INC	Industrial	\$37,686,810	0.95%	\$504,043
CHARTER COMMUNICATIONS	Utility	36,839,000	0.93%	491,303
PACIFICORP (PP&L)	Utility	33,463,000	0.84%	393,948
S-H FORTY-NINE PROPCO-GRANTS PASS COTTAGES LLC	Commercial	25,414,890	0.64%	338,946
AVISTA CORP	Utility	26,025,000	0.65%	319,803
COMM 2007-C9 NE D ST LLC	Commercial	23,426,860	0.59%	313,118
JOHNSON TRUST, CARL D	Commercial	19,940,140	0.50%	267,146
TMB RACING LLC	Commercial	17,763,600	0.45%	238,537
LYNN-ANN DEVELOPMENT LLC	Developer	17,340,680	0.44%	231,264
FRED MEYER STORES INC	Commercial	14,820,120	0.37%	197,649

- (1) Assessed value does not exclude offsets such as urban renewal and farm tax credits.
- (2) Tax amount is the total tax paid by the taxpayer within the boundaries of the District and County, respectively. This amount is distributed to individual local governments by the County. A breakdown of amounts paid to each individual local government is not available.

Source: Josephine County Departments of Assessment and Taxation.

Josephine County

Taxpayer	Business/Service	Assessed Value⁽¹⁾	Percent of Value	Tax⁽²⁾
PACIFICORP (PP&L)	Utility	\$164,371,440	1.78%	\$1,349,185
MASTERBRAND CABINETS INC	Industrial	37,686,810	0.41%	504,043
CHARTER COMMUNICATIONS	Utility	36,839,000	0.40%	491,303
AVISTA CORP	Utility	39,775,000	0.43%	426,781
S-H FORTY-NINE PROPCO-GRANTS PASS COTTAGES LLC	Commercial	25,414,890	0.28%	338,946
COMM 2007-C9 NE D ST LLC	Commercial	23,426,860	0.25%	313,118
JOHNSON TRUST, CARL D	Commercial	21,941,060	0.24%	279,888
TMB RACING LLC	Commercial	17,763,600	0.19%	238,537
LYNN-ANN DEVELOPMENT LLC	Developer	17,340,680	0.19%	231,264
ASANTE	Medical	16,778,630	0.18%	225,173

(1) Assessed value does not exclude offsets such as urban renewal and farm tax credits.

(2) Tax amount is the total tax paid by the taxpayer within the boundaries of the District and County, respectively. This amount is distributed to individual local governments by the County. A breakdown of amounts paid to each individual local government is not available.

Source: Josephine County Departments of Assessment and Taxation.

State School Funding

One of the largest sources of revenue for school districts and education service districts is State aid appropriated through the Oregon Department of Education (“ODE”). ODE funding supports pre-kindergarten through 12th grade education including funding for operation for the State’s 197 school districts and 19 education service districts through the State School Fund (“SSF”). The SSF is funded primarily by State General Fund revenues with a smaller portion provided by Lottery Funds. General Fund dollars consist primarily of funds from income taxes. Educational districts are also expected to receive funds from the Corporate Activity Tax (see Corporate Activity Tax - Fund for Student Success” herein).

State School Fund Formula. State aid is provided to school districts pursuant to a formula set by the Legislative Assembly. The objective of the formula is to provide equitable funding for all school districts. Available State and local resources determine the actual amount of the allocation. Under the current formula, each student is given a factor as an enrolled student that is then adjusted to include additional factors such as English as a Second Language, students with disabilities with an Individualized Education Plan, attending a remote small school, and Impoverished (the “ADMw”). The formula allocates revenues to districts based on the ADMw for each district. Each district’s share of the formula comprises a general purpose grant, transportation grant, small school district supplement and a high cost disability grant.

The SSF grant (the “SSF Grant”) to each school district is the district’s share of the formula minus local revenues. Local revenues include tax offsets, local property taxes for school operations (specifically excluding taxes for voter approved Full Faith and Credit and Refunding Obligations and, subject to certain limitations, amounts raised from Local Option Levies), Federal Forest Fees, Common School Fund, county school fund, State timber revenues, ESD Equalization, and money received in lieu of property taxes. Collections from Local Option Levies are not included in the calculation as local revenue if they are less than the lesser of (i) \$2,251 per student, or (ii) 25 percent of a district’s total state resources.

Under the SSF distribution formula for the general purpose grant, the total ADMw is multiplied by a statewide target grant (currently \$4,500). A factor of \$25 per year per student that a district’s average teachers’ experience exceeds the State average is added to (or subtracted from if below the State average) this calculation. The result is multiplied by a funding ratio to arrive at the State’s general purpose grant.

In 2013, the Legislature approved a change in the way the additional weighting for poverty was calculated. Previously, the SSF distribution formula used 2000 Census data as the basis for the calculation. Now the SSF distribution formula uses the Small Area Income Poverty Estimates published every year by the US Census Bureau. This data provides a count of children living in families in poverty in each school district and more accurately reflects current poverty in Oregon’s school districts to ensure better distribution of the formula. The revised poverty calculation went into effect for the Fiscal Year 2015 distributions.

The facility grant (\$3.0 million statewide in the 2021-23 biennium) is distributed on a pro-rata basis to all qualifying districts in the first two years a new school facility is put into use. The grant equals a maximum of eight percent of total construction costs of new school buildings, specifically excluding the cost of acquiring land, but including the addition of new structures to existing school buildings and pre-manufactured buildings if the new structures are used for instructing students. The facility grant is being phased out and replaced by the Oregon School Capital Improvement Matching (“OSCIM”) program which school districts can apply for when they seek voter authorization for a general obligation bond measure.

The transportation grant for each school district is between 70 percent and 90 percent of approved transportation costs, depending upon the ranking of the school district. Such ranking is based upon the approved transportation costs per ADMw.

The high cost disability grant (\$90.0 million statewide in the 2021-23 biennium) is distributed on a pro-rata basis to all qualifying districts and is equal to the approved costs of providing special education and related services to a resident pupil with disabilities in excess of \$30,000.

School districts currently receive 95.5 percent of the total SSF distribution and education service districts (“ESDs”) receive the remaining 4.5 percent. School districts are permitted to withdraw from their ESD and receive 90 percent of their district’s prorated share of State funds allocated to the ESD.

Charter Schools. Per ORS 338.155, students of a public charter school shall be considered to be residents of the school district in which the public charter school is located for purposes of distribution of State School Fund (“SSF”) revenue. A school district shall contractually establish, with any public charter school that is sponsored by the board of the school district, payment for provision of educational services to the public charter school’s students. The payment shall equal an amount per weighted average daily membership (ADMw) of the public charter school that is at least equal to:

(a) Eighty percent of the amount of the school district’s General Purpose Grant per ADMw as calculated under ORS 327.013 for students who are enrolled in kindergarten through grade eight; and

(b) Ninety-five percent of the amount of the school district’s General Purpose Grant per ADMw as calculated under ORS 327.013 for students who are enrolled in grades 9 through 12.

The sponsoring district may collect the maximum amount of SSF revenue allowable per ADMw and retain any excess over the formula identified above. The District does not currently sponsor any charter schools.

State Legislature. The State has a citizen legislature consisting of the Senate, whose 30 members are elected to serve four-year terms, and the House of Representatives, which has 60 members elected for two-year terms (the “Legislature” or “Legislative Assembly”).

The Legislature convenes annually at the State Capitol in Salem, but sessions may not exceed 160 days in odd-numbered years and 35 days in even-numbered years. Five-day extensions are allowed by a two-thirds vote in each house. The Legislative Assembly convenes on the second Monday in January in odd-numbered years, and in February in even-numbered years.

State K-12 Education Budget. SSF funding is set biennially in the State budget adopted by the Legislative Assembly in odd-numbered years (the “Legislatively Adopted Budget”). The State budget covers two fiscal years (a biennium) beginning July 1 of an odd-numbered year to June 30 of the next odd-numbered year, and sets funding for State agencies including ODE. The Legislative Assembly has the power to subsequently approve revisions to the Legislatively Adopted Budget. Such revised State budget is termed the “Legislatively Approved Budget.”

The State Constitution requires the Legislative Assembly to balance the State’s General Fund budget. The Department of Administrative Services Office of Economic Analysis (the “OEA”) produces a forecast of projected revenues (a “Revenue Forecast”) for the biennium generally each March, June (May in odd-numbered years), September and December. The OEA also produces a “Close of Session Forecast” after the end of the legislative session in odd years that reflects the May economic forecast adjusted for any changes made by the legislature.

Revenue Forecasts are based upon currently available information and upon a wide variety of assumptions. The actual results will be affected by future national and state economic activity and other events. If OEA’s assumptions are not realized or if other events occur or fail to occur, the State’s financial projections may not be achieved. Copies of the Revenue Forecasts are available from OEA at: www.oregon.gov/DAS/OEA.

If, over the course of a biennium, the forecasted revenues decline significantly from the Close of Session Forecast, the Legislative Assembly may meet to rebalance the budget, the Governor may direct that expenditures be reduced or the Legislative Assembly may adjust the budget when it meets in its regular session at the end of the biennium.

2021-23 Biennium State Budget. The budget adopted by the Legislature, and amended during the 2022 special session, for the 2021-23 biennium (the “2021-23 Legislatively Approved Budget”) includes \$121.165 billion total funds, a 7.7 percent increase from the budget adopted by the Legislature for the 2019-21 biennium and amended during the 2020 special sessions (the “2019-21 Legislatively Approved Budget”). The 2021-23 Legislatively Approved Budget is comprised of planned expenditures of \$27.861 billion in General Funds, \$1.447 billion Lottery Funds, \$51.419 billion Other Funds, and \$40.438 billion Federal Funds.

Revenue Forecasts. On May 17, 2023 the OEA released the May 2023 Revenue Forecast (the “May 2023 Forecast”). The May 2023 Forecast for gross General Fund revenues for the 2021-23 biennium is \$30.755 billion, up \$7.354 billion from the Close of Session Forecast and \$1.871 billion from the March 2023 Forecast. According to the May 2023 Forecast, both personal and corporate tax collections for the biennium remain strong and continue to outperform expectations.

The May 2023 Forecast indicates ODE’s baseline forecast calls for the economic soft landing and continued expansion but notes that the economy will slow noticeably in the upcoming 2023-25 biennium due to fast recovery from the pandemic and the economy currently operating at or near full employment. OED suggests to maintain even stronger economic growth in the years ahead Oregon will need to see faster population gains, and/or rely on business investment and capital to increase productivity. Available resources are expected to be up sharply relative to what was assumed in the March 2023 forecast, both in the near term and over the extended horizon. The upward revision in the outlook is based both on a stronger than expected tax filing season, as well as methodological changes made in light of fundamental shifts seen in recent years. Qualitatively, there is not much difference between the updated revenue outlook, and what was predicted in March. After unsustainably high revenue collections over the past two years, tax revenues are expected to come back down over the next biennium. Taken together, the outlook for personal and corporate income taxes has risen by \$1.5 to \$2 billion over the forecast horizon due to the updated model methodology. The 2021-23 personal kicker is now estimated to be \$5.5 billion, and the corporate kicker is now estimated to be \$1.8 billion.

The next Revenue Forecast is due to be released August 4, 2023.

**State General Fund Forecast Summary
(\$ in Millions)**

	2021-2023 Biennium Revenue Forecast			May 2023 Forecast Change From	
	Close of Session	March 2023	May 2023	March 2023	Close of Session
Structural Revenues					
Personal Income Tax	\$20,628.1	\$24,185.4	\$25,659.5	\$1,474.1	\$5,031.4
Corporate Income Tax	1,344.0	2,889.4	3,161.2	271.7	1,817.2
All Other Revenues	1,428.4	1,809.2	1,934.5	125.3	506.1
Gross General Fund Revenues	23,400.4	28,884.0	30,755.1	1,871.1	7,354.7
Beginning Fund Balance	3,025.6	4,082.5	4,082.5	0.0	1,056.9
Offsets and Transfers	(171.5)	(257.1)	(245.2)	11.9	(73.7)
Administrative Actions	(21.5)	0.0	0.0	0.0	21.5
Legislative Actions	(224.6)	(220.7)	(222.9)	(2.2)	1.7
Net Available Resources	\$26,008.4	\$32,488.7	\$34,369.5	\$1,880.8	\$8,361.1

Source: Oregon Office of Economic Analysis, “Oregon Economic and Revenue Forecast, May 2023.”

2023-25 Biennium State Budget – Governor’s Budget. The Governor proposed a budget for the 2023-25 biennium (the “2023-25 Governor’s Budget”) as of January 31, 2023 which includes \$116.697 billion in expenditures, representing an approximate 3.7 percent decrease over the 2021-23 Legislatively Approved Budget. According to the 2023-25 Governor’s Budget, Oregon’s economic recovery from the pandemic has been strong compared to recent recessions, however, this

relatively strong economic vantage point is at risk heading into the 2023-25 biennium. The combination of high inflation, expected slowing growth, and rising interest rates is potent and the majority of U.S. forecasters and members of the Governor's Council of Economic Advisors believe a recession in 2023 is the most likely outcome for the economy.

The 2023-25 Governor's Budget includes proposed expenditures of \$27.575 billion in General Funds, \$1.508 billion Lottery Funds, \$39.481 billion Federal Funds, and \$48.133 billion Other Funds. Education is one of the Governor's three priorities; for the 2023-25 biennium, \$9.9 billion is allocated to the State School Fund (a 6.5 percent increase from the 2021-23 biennium), \$997.4 million to the Student Investment Account (a 9.5 percent increase from the 2021-23 biennium), and \$329.7 million to the Measure 98/High School Success Act (a 5.8 percent increase from the 2021-23 biennium). The Legislative Assembly convened on January 17, 2023. Legislative committees will review the 2023-25 Governor's Budget and pass a Legislatively Adopted Budget for the biennium before the Close of Session in June 2023. The Legislature may choose to accept the Governor's recommendations, or make revisions in whole or in part.

On March 23, 2023 the Co-Chairs of the Legislature's Ways and Means Committee released their budget framework for the 2023-25 biennium (the "2023-25 Co-Chair's Budget"). The document notes that although the March 2023 Forecast showed improvement and an increase in available resources over the December 2022 Forecast, significant uncertainty still exists. The 2023-25 Co-Chair's Budget includes \$31.592 billion in total expenditures of General and Lottery Funds. The 2023-25 Co-Chair's Budget includes \$9.9 billion total funds for the SSF, comprised of \$9.171 billion of General (including the corporate income tax rebate) and Lottery Fund revenues with the balance funded by corporate activity tax, marijuana tax and other revenues.

On June 23, 2023, the Legislature passed House Bill 5015, the State School Fund bill which provides \$10.2 billion SSF for the two-year budget cycle that starts July 1, 2023, comprised of \$9.4 billion of General Fund and Lottery Fund revenues with the balance funded by other revenues.

Income Tax Rebate. When corporate income tax collections exceed the Close of Session forecast by two percent or more, the treatment is different: those revenues are retained in the General Fund and dedicated to funding K-12 education. However, there is no guarantee that future Legislatures will allocate budgets such that total K-12 spending is increased by the amount of revenue generated by any corporate tax kicker. The May 2023 Forecast estimates a corporate tax kicker of \$1.8 billion at the end of the 2021-23 biennium which should the current outlook hold, would be available for the 2023-25 biennium.

State School Fund Appropriations. The Legislature appropriated a combined total of \$9.3 billion for the SSF in the 2021-23 biennium, representing a 3.3% increase over the 2019-21 Legislatively Approved Budget of \$9.0 billion. While the SSF was said to be held harmless at funding of \$9.1 billion, the Coalition of Oregon School Administrators ("COSA") advocated for current service level appropriations of \$9.6 billion for the SSF and stated that some districts may be forced to make cuts or use reserves at the appropriated funding level of \$9.3 billion. However, additional funding for specific programs is projected to be available to schools; see "Revenues Sources – State School Funding - Corporate Activity Tax" herein. The District's General Fund budget for Fiscal Year 2023 is included in "Financial Factors – Budgetary Process."

The 2023-25 Governor's Budget includes a proposed \$9.9 billion appropriation for the SSF. The Department of Administrative Services and Legislative Fiscal Office calculated a current service level cost of \$9.5 billion, however, the Oregon Association of Business Officials ("OASBO") has calculated current service level cost of \$10.3 billion. On May 22, 2023, Democratic leadership announced plans to increase the 2023-25 SSF appropriation to \$10.2 billion. Republicans in the Oregon Senate walked out until June 15, 2023, in protest of several bills. Depending on the SSF amount appropriated, some districts may be forced to make cuts or use reserves. Depending on the SSF amount appropriated, some districts may be forced to make cuts or use reserves. The District has proposed a budget for Fiscal Year 2024. See "General Fund Budget" herein.

Current and historical state funding levels are detailed in the following table.

**State School Fund Appropriations
(\$ in Millions)**

Biennium	Fiscal Year	Budget Appropriation
2023-25 ⁽¹⁾	2025	\$ 5,049
	2024	4,851
2021-23	2023	4,741
	2022	4,555
2019-21	2021	4,590
	2020	4,410
2017-19	2019	4,100
	2018	4,100
2015-17	2017	3,747
	2016	3,629

(1) Preliminary, subject to change.

Source: Oregon Department of Education, School Finance Unit: <https://www.oregon.gov/ode/schools-and-districts/grants/Pages/School-District-and-ESD-payment-Statements.aspx>

Impact on the District. ODE provides SSF Grant estimates to each school district. Estimates are revised periodically throughout the year. The most recent ODE estimates for the District’s SSF Grant for Fiscal Years 2023 and 2024, are shown in the following table.

Grants Pass School District No. 7
Historical and Projected Weighted Average Daily Membership and State School Fund Grant
State School Fund Grant Apportionment

	2023	2024
Extended ADMw		
Current Fiscal Year Estimated ADMW	6,503	6,613
Prior Fiscal Year Estimated ADMW	6,329	6,503
Extended ADMw (greater of current or prior year)	6,503	6,613
Experience Adjustment		
District Average Teacher Experience	13.08	13.08
State Average Teacher Experience	11.90	11.09
Experience Adjustment (District and State Teacher Experience Difference)	1.18	1.18
Local Revenue		
Property Taxes and In-lieu of property taxes from local sources	\$16,300,000	\$17,085,500
Federal Forest Fund	0	0
Common School Fund	770,205	773,020
County School Fund	0	0
State Managed Timber	0	0
ESD Equalization	0	0
In-lieu of Property Taxes (non-local)	0	0
Revenue Adjustments	0	0
Local Revenue	\$17,070,205	\$17,858,520
Transportation Grant		
Net Eligible Transportation Costs	\$4,489,052	\$4,490,000
Grant (70% of Net Eligible Transportation Costs)	\$3,142,336	\$3,143,000
General Purpose Grant:		
(Extended ADMw x[\$4,500 + (\$25 x Experience Adjustment)] x Funding Ratio =	\$62,825,977	\$66,767,928
Total Formula Revenue		
General Purpose Grant + Transportation Grant =	\$65,968,313	\$69,910,928
State School Fund Grant		
Total Formula Revenue – Local Revenue =	\$48,898,109	\$52,052,408

Note: Subject to change.

Source: Oregon Department of Education, School Finance Office, Fiscal Year 2023 data as of June 26, 2023 and Fiscal Year 2024 data as of May 8, 2023 <http://www.oregon.gov/ode/schools-and-districts/grants/Pages/default.aspx>.

School districts are required to file their annual audited financials with ODE within six months of the end of the fiscal year pursuant to ORS 327.137. Extensions may be granted by ODE for extenuating circumstances such as natural disasters. Any school district failing to file prior to the deadline and without an extension will not receive SSF payments until after the audit report has been filed. ODE will schedule the payment with the next regularly scheduled SSF payment date.

School districts that do not meet the rules and regulations of the State Board of Education (e.g., there must be at least 265 consecutive calendar days between the first and last instructional day of each school year) are classified as “non-standard.” Under ORS 327.103, the Superintendent of Public Instruction may withhold portions of SSF monies otherwise allocated to any district that is found to be non-standard if deficiencies are not corrected before the beginning of the school year immediately following the date such district was found to be non-standard unless withholding of SSF monies would create an undue hardship or an extension has been granted by the Superintendent of Public Instruction. Such extension may not exceed 12 months. The District has never been classified as “non-standard.”

Corporate Activity Tax. During the 2019 Legislative Session, House Bill 3427 (“HB 3427,” also known as the Student Success Act) was approved and signed by the Governor. HB 3427 imposes a tax on certain taxable commercial activity (the “Corporate Activity Tax”) and designates the revenues be deposited in the newly created Fund for Student Success. Funds will be used to expand 16 existing programs and create 12 new programs focusing on equity in early learning programs and prekindergarten through grade 12 level education.

A prescribed amount of Corporate Activity Tax revenues are allocated to the SSF with the balance allocated between three separate accounts. Of the balance, at least 20% will be allocated to an Early Learning Account, up to 30% will be allocated

to the Statewide Education Initiatives Account and at least 50% is to be allocated to a Student Investment Account, which districts are required to apply for through a non-competitive grant process. Each program has rules on how funds will be distributed to districts; some are based on a per student formula and others may be requested by submitting an application. Funds are first expected to be available to districts in Fiscal Year 2021.

In response to the weak June 2020 Revenue Forecast, the Legislature reduced the funding level for the Student Investment Account in Fiscal Year 2021 to \$150 million, roughly a third of the original appropriation. Estimated allocations prepared by ODE in June 2021, based on a total funding level of \$892.5 million, indicate the District will receive \$4,594,315 in Fiscal Year 2022 and \$4,533,460 in Fiscal Year 2023. See “Revenue Forecast– State School Funding – Revenue Forecasts” herein.

State Reserve Funds. The 2007 Legislative Assembly created two budgetary reserve funds, the Rainy Day Fund and the Education Stability Fund. With the approval of three-fifths of each house, the Legislative Assembly may appropriate up to two-thirds of the money in the Rainy Day Fund or Education Stability Fund for use in any biennium if certain economic or revenue triggers occur.

Rainy Day Fund. The Rainy Day Fund may be drawn on for any General Fund purpose in the event of a decline in employment, a projected budgetary shortfall or a declaration of a state of emergency. The initial deposit of \$319 million was made in 2007, and the Rainy Day Fund retains interest. Additionally, the Rainy Day Fund receives biennial deposits from the ending General Fund balance in an amount equal to the lesser of (a) the actual General Fund ending balance for the preceding biennium or (b) one percent of the amount of General Fund appropriations for the preceding biennium. The amount on deposit with the Rainy Day Fund is capped at 7.5 percent of General Fund revenues for the prior biennium.

Education Stability Fund. The Education Stability Fund must be spent on public education. Under the Oregon Constitution, 18 percent of the net proceeds from the State Lottery must be deposited in the Education Stability Fund on a quarterly basis. The Education Stability Fund currently does not retain earnings in the fund. The amount in the Education Stability Fund may not exceed five percent of the amount that was collected as revenues in the State’s General Fund during the prior biennium.

The May 2023 Forecast indicates that the Rainy Day Fund and the Education Stability Fund balances as of April 2023 were \$1.213 billion and \$675 million, respectively.

Construction Excise Tax

School districts may levy a tax for capital improvements on new residential, commercial and industrial development (“Construction Excise Tax”). Affordable housing, public improvements, agricultural buildings, hospitals, private schools, and religious facilities are exempted from the Construction Excise Tax. The Construction Excise Tax for Fiscal Year 2023 is limited to: (i) \$1.45 per square foot on residential construction and (ii) \$0.72 per square foot on non-residential construction up to the lesser of \$36,100 per building permit or \$36,100 per structure. The tax rate limits are adjusted annually by the Oregon Department of Revenue for changes in construction costs. The Construction Excise Tax is not subject to voter approval.

Revenue generated through a Construction Excise Tax can be used to acquire land, construct, reconstruct or improve school facilities, acquire or install equipment, furnishings or other tangible property, pay for architectural, engineering, legal or other costs related to capital improvements, any expenditure for assets that have a useful life of more than one year, or the payment of obligations and related costs of issuance that are issued to finance or refinance capital improvements.

The District. The Board adopted a resolution to impose the maximum construction excise tax on October 11, 2016 and updated September 21, 2022. The District currently has intergovernmental agreements in place with the County and the City to collect the construction excise tax. The District has collected the following construction excise taxes in recent years:

Grants Pass School District No. 7 Construction Excise Taxes Received

Fiscal Year	Amount Collected
2023 ⁽¹⁾	\$109,659
2022	253,000
2021	324,000
2020	267,000
2019	195,000
2018	216,000

⁽¹⁾As of April 25, 2023.

Source: District Audited Financial Statements and the District.

Federal Funding

Oregon school districts receive federal funding for a variety of purposes. Such funding is generally restricted to specific purposes.

COVID Relief. The District has received three grant allocations from the Federal Coronavirus, Aid, Relief and Economic Security (“CARES”) Act via the State: a Comprehensive Distance Learning Grant in the amount of \$158,680.11 in Fiscal Year 2021; an ESSER I Grant in the amount of \$1,750,345.45 in Fiscal Year 2020; and an ESSER II Grant in the amount of \$6,504,221.82 in Fiscal Year 2020 of which \$455,872 is remaining and must be spent by September 30, 2023. Additionally, the District has been notified it will receive a fourth grant from the American Rescue Plan Act (“ARPA”) in the form of an ESSER III and Learning Loss grants in the amount of \$14,617,803.50 of which \$5,951,517 is remaining and must be spent by September 30, 2024.

Federal Forest Fees. In 2000, Congress passed the Secure Rural Schools and Community Self-Determination Act (the “SRS Act”) to replace a previous revenue sharing program. The SRS Act provides funding from the federal government to 18 of Oregon’s 36 counties for schools, roads, and other purposes (“Federal Forest Fees”). The U.S. Congress has passed several extensions of the SRS Act, the most recent of which provided funding for the program through September 30, 2023. Revenue losses from a discontinuation of the SRS Act will be spread across all school districts statewide as Federal Forest Fees are included in local revenue for calculation of SSF Grants (see “State of Oregon Public School Funding – State School Fund” herein).

Financial Factors

Financial Reporting and Accounting Policies

The District’s basic financial statements were prepared using modified accrual accounting in conformity with generally accepted accounting principles (“GAAP”) as prescribed by the Governmental Accounting Standards Board (“GASB”).

Additional information on the District’s accounting methods is available in the District’s audited financial statements. A copy of the District’s audited financial report for Fiscal Year 2022 is attached hereto as Appendix B.

Auditing

Each Oregon political subdivision must obtain an audit and examination of its funds and account groups at least once each year pursuant to the Oregon Municipal Audit Law, ORS 297.405-297.555. Political subdivisions having annual expenditures of less than \$150,000, with the exception of counties and school districts, are exempt from this requirement. All Oregon counties and school districts, regardless of amount of annual expenditures, must obtain an audit annually. The required audit may be performed by the State Division of Audits or by independent public accountants certified by the State as capable of auditing political subdivisions. School districts are required to file their audit annually with ODE within six months of the end of the fiscal year pursuant to ORS 327.137. See “Revenue Sources – State School Funding” herein.

The District audits for the Fiscal Years 2018 through 2022 (“District Audited Financial Statements”) were performed by KDP Certified Public Accountants, LLP, Medford, Oregon (the “Auditor”). The Auditor issued an opinion that the 2022 financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2022, and the respective changes

in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. The Auditor was not requested to review this Official Statement and has not completed any additional auditing review procedures subsequent to the issuance of their report on the 2022 Fiscal Year.

Future financial statements may be obtained from the Electronic Municipal Market Access (“EMMA”) system, a centralized repository operated by the Municipal Securities Rulemaking Board (“MSRB”), currently located at: www.emma.msrb.org.

The audited financial statements of the District as of June 30, 2022, are incorporated by reference to this Official Statement and have been filed with the Electronic Municipal Market Access system, a free, centralized repository located at: www.emma.msrb.org.

Summaries of the District's Net Position follow:

Statement of Net Position
(Fiscal Years)

Assets and Deferred Outflows:	2018	2019	2020	2021	2022
Assets:					
Cash and investments	\$9,246,926	\$9,249,661	\$9,872,110	\$11,088,406	\$10,205,234
Cash restricted under purchase agreement	-	-	-	\$13,578,977	\$1,299,727
Receivables	3,337,791	3,690,778	4,087,341	4,953,426	5,284,023
Inventories	147,783	221,729	260,021	295,490	446,105
Net pension asset - RHIA	138,569	379,102	661,899	1,233,097	1,222,321
Beneficial interest in trust	-	242,945	255,477	288,109	247,980
Land	2,373,073	2,373,073	2,373,073	2,373,073	2,373,073
Construction in progress	680,353	3,256,743	1,076,066	8,457,443	
Buildings and improvements	42,894,683	41,922,277	44,985,953	45,552,658	60,821,878
Vehicles	1,422,930	1,266,352	2,303,808	2,144,007	2,430,317
Machinery and equipment	669,640	692,173	737,482	1,140,845	1,109,926
Right-of-use asset	-	-	-	-	445,732
Total Assets	60,911,748	63,294,833	66,613,230	91,105,531	85,886,316
Deferred Outflows of Resources:					
Deferred outflows related to pension and OPEB	26,194,465	-	-	-	-
Deferred outflows related to pensions (OPERS)	-	30,578,120	29,304,105	33,874,687	31,090,088
Deferred outflows related to pensions (early retirement stipend benefit plan)	-	767,712	639,761	959,361	756,818
Deferred outflows related to other post-employment benefits (single-employer medical benefit plan)	-	-	-	82,271	70,518
Deferred outflows related to other post-employment benefits (RHIA)	-	169,767	43,217	146,654	337,570
Total Deferred outflows of resources	26,194,465	31,515,599	29,987,083	35,062,973	32,254,994
Liabilities and Deferred Inflows:					
Accounts payable	789,985	476,005	985,629	5,180,651	1,045,348
Accrued payroll liabilities	3,158,132	2,970,995	3,379,848	3,484,750	3,400,789
Accrued interest payable	9,390	8,766	32,025	241,106	97,639
Unearned revenue	104,697	128,722	131,070	392,643	818,118
Net pension liability	64,056,941	70,140,610	81,035,703	94,496,213	49,336,578
Accrued compensated absences payable	89,546	110,295	132,478	191,764	131,655
Other post employment benefit obligation	4,094,450	3,436,308	3,669,537	3,932,383	3,740,290
Early retirement stipend pension plan obligation	5,974,150	6,852,260	6,850,188	7,384,099	6,853,885
Capital lease					
Due within one year	141,178	146,374	267,864	307,455	136,569
Due in more than one year	787,508	641,134	1,571,120	1,388,731	316,627
Debt					
Due within one year	261,658	269,616	277,817	440,530	1,579,023
Due in more than one year	3,677,892	3,408,276	3,130,459	18,148,906	18,408,336
Total Liabilities	83,145,527	88,589,361	101,463,738	135,589,231	85,864,857
Deferred Inflows of Resources:					
Deferred inflows related to pension and OPEB	5,802,804	-	-	-	-
Deferred inflows related to beneficial interest in trust	-	242,945	255,477	288,109	247,980
Deferred inflows related to pensions (OPERS)	-	8,318,593	5,721,346	6,021,130	43,248,107

Deferred inflows related to pensions (early retirement stipend benefit plan)	-	-	-	-	423,902
Deferred inflows related to other post-employment benefits (single-employer medical benefit plan)	-	781,348	651,124	529,289	704,345
Deferred inflows related to other post-employment benefits (RHIA)	-	106,525	131,474	460,384	469,601
Net Position:					
Net investment in capital assets	43,172,443	45,045,218	46,229,122	39,382,404	46,740,371
Restricted: Capital Projects	-	-	-	9,300,964	951,115
Restricted: Food Service	-	-	-	-	1,051,963
Restricted: Education - Grants	-	-	-	-	64,757
Restricted: Cool Schools	-	-	392,414	516,270	60,350
Restricted: Student Body Funds	-	-	439,814	418,501	477,046
Unrestricted	(45,014,561)	(48,273,558)	(58,684,196)	(66,337,778)	(62,163,084)
Total Net Position	(\$1,842,118)	(\$3,228,340)	(\$11,622,846)	(\$16,719,639)	(\$12,817,482)

Source: District Audited Financial Statements.

Statement of Activities
(Fiscal Years)

	2018	2019	2020	2021	2022
Revenues:					
Program revenues:					
Charges for service	\$1,236	\$1,171	\$813	\$319	\$765
Operating grants and contributions	7,876	9,204	8,263	11,872	18,341
Capital grants and contributions	1,660	2,391	2,159	1,494	374
General revenues:					
Property taxes	14,083	14,571	14,913	15,666	15,994
State school fund - general support	42,201	43,822	46,575	49,471	45,165
Construction excise tax	216	195	267	324	253
Federal forest fees	148	204	133	114	135
Other federal, state and local sources	2,025	2,077	2,226	2,270	2,301
Earnings on investments	184	294	301	109	72
Other	747	1,151	477	580	1,333
Gain/(loss) on sale of capital assets	2		19	16	18
Total revenues	70,378	75,080	76,146	82,234	84,750
Expenses:					
Instruction	48,601	49,371	54,225	54,832	48,212
Support services	22,263	23,618	26,946	29,199	29,143
Enterprise and community services	3,316	3,307	3,240	2,881	3,011
Facilities acquisition and construction	34	56	-	47	8
Interest on long-term debt	121	114	130	372	475
Total expenses	74,335	76,466	84,541	87,330	80,848
Change in Net Position	(\$3,957)	(\$1,266)	(\$8,395)	(\$5,096)	\$3,902

Source: District Audited Financial Statements.

A five-year summary of the District's General Fund Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance follows.

General Fund Balance Sheet
(Fiscal Years)

	2018	2019	2020	2021	2022
Assets					
Equity in pooled cash and investments	\$4,357,931	\$4,914,555	\$5,522,950	\$5,642,414	3,207,595
Receivables	2,069,429	2,588,309	1,941,729	2,380,440	3,200,536
Interfund receivable	1,747,080	907,858	2,002,718	3,076,492	2,113,907
TOTAL ASSETS	8,174,440	8,410,722	9,467,397	11,099,346	8,522,038
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	767,697	437,773	942,565	761,769	246,058
Interfund payable			4,367	57,338	92,787
Accrued payroll liabilities	3,158,132	2,970,995	3,379,848	3,484,750	3,400,789
Unearned revenue					
TOTAL LIABILITIES	3,925,829	3,408,768	4,326,780	4,303,857	3,739,634
Deferred Inflows of Resources					
Unavailable revenue - property taxes	1,159,847	3,408,768	1,113,535	664,577	709,333
Total Deferred Inflows	1,159,847	3,408,768	1,113,535	664,577	709,333
Fund Balances:					
Unassigned	3,088,764	3,875,022	4,027,082	6,130,912	4,073,071
Total Fund Balances	3,088,764	3,875,022	4,027,082	6,130,912	4,073,071
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$8,174,440	\$8,410,722	\$9,467,397	\$11,099,346	8,522,038

Source: District Audited Financial Statements.

**General Fund Statement of Revenues, Expenditures and
Changes in Fund Balance
(Fiscal Years)**

	2018	2019	2020	2021	2022
Revenues					
Property taxes and other taxes	\$14,079,215	\$14,604,038	\$14,926,807	\$16,114,718	\$15,948,953
Intergovernmental	44,373,345	46,119,824	48,978,976	54,599,187	52,286,451
Charges for services	517,406	511,790	495,921	242,225	501,120
Local grants and contributions	81,229	151,089	119,799	38,159	119,144
Investment earnings	115,802	187,017	226,932	82,356	51,827
Miscellaneous	591,953	1,069,901	292,164	312,332	1,089,828
TOTAL REVENUES	59,758,950	62,643,659	65,040,599	71,388,977	69,997,323
Expenditures					
Current					
Instruction	39,745,666	40,324,452	42,062,324	43,195,349	43,503,913
Support services	20,814,185	20,932,949	21,920,638	23,534,067	27,231,829
Enterprise and community services	-	-	-	20,835	-
Facilities and acquisition	-	-	-	1,451,105	-
Debt service	-	-	-	-	146,392
TOTAL EXPENDITURES	60,559,851	61,257,401	63,982,962	68,201,356	70,882,134
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(800,901)	1,386,258	1,057,637	3,187,621	(884,811)
Other Financing Sources (Uses)					
Proceeds from capital lease	1,104,040	-	-	-	-
Proceeds from sale of capital assets	1,727	-	19,423	16,209	17,782
Transfers	(650,000)	(600,000)	(925,000)	(1,100,000)	(1,190,812)
Total Other Financing Sources (Uses)	455,767	(600,000)	(905,577)	(1,083,791)	(1,173,030)
Net Change in Fund Balance	(345,134)	786,258	152,060	2,103,830	(2,057,841)
Fund Balance, July 1, 2017	3,433,898	3,088,764	3,875,022	4,027,082	6,130,912
Fund Balance, June 30, 2018	\$3,088,764	\$3,875,022	\$4,027,082	\$6,130,912	\$4,073,071

Source: District Audited Financial Statements.

Fiscal Year 2023 Estimate. The District currently projects Fiscal Year 2023 General Fund revenues, expenditures, and ending balance will not differ materially from the 2023 adopted budget.

Budgetary Process

The District prepares an annual budget in accordance with Oregon Local Budget Law (ORS Chapter 294) which establishes standard procedures for all budget functions for Oregon local governments. Under the applicable provisions, there must be public participation in the budget process and the adopted budget must be balanced.

The District's administrative staff evaluates the budget requests of the various departments of the District to determine the funding levels of the operating programs. The budget is presented to the public through public hearings held by a budget committee consisting of Board members and lay members. After giving due consideration to the input received from the citizens, the Board of Directors adopts the budget, authorizes the levying of taxes and sets appropriations. The budget must be adopted no later than June 30 of each Fiscal Year.

The budget may be amended during the applicable Fiscal Year through the adoption of a supplemental budget. Supplemental budgets may be adopted by the Board pursuant to ORS 294.471.

General Fund Budget
(Fiscal Years)

Resources	Adopted 2022	Adopted 2023	Proposed 2024
Local Sources	\$22,867,346	\$22,723,391	\$25,290,794
Intermediate	1,826,618	1,826,618	1,435,000
State Sources	61,834,746	59,604,591	63,405,471
Federal	33,882,276	29,638,624	19,799,218
Other (beginning fund & transfers)	29,381,109	17,280,989	23,058,016
Total Resources	\$149,792,095	\$131,074,213	\$132,988,499
Requirements			
Instruction	63,074,741	61,791,847	67,419,186
Supporting Services	31,552,318	33,979,400	39,126,716
Enterprise and community	4,591,680	4,703,112	5,067,179
Facilities acquisition and	19,624,844	5,751,000	5,901,000
Other uses	3,592,327	9,030,000	4,662,032
Contingency	22,681,422	5,453,193	2,358,280
Ending Fund Balance	4,674,763	10,365,661	8,454,106
Total Requirements	\$149,792,095	\$131,074,213	\$132,988,499

Source: District.

Investments

ORS 294.035 authorizes Oregon political subdivisions to invest in obligations, ranging from U.S. Treasury obligations and Agency securities to municipal obligations, bankers' acceptances, commercial paper, certificates of deposit, corporate debt and guaranteed investment contracts, all subject to certain size and maturity limitations. No municipality may have investments with maturities in excess of 18 months without adopting a written investment policy which has been reviewed by the Oregon Short Term Fund Board. ORS 294.052 authorizes Oregon political subdivisions to invest proceeds of bonds or certificates of participation and amounts held in a fund or account for such bonds or certificates of participation under investment agreements if the agreements: (i) produce a guaranteed rate of return; (ii) are fully collateralized by direct obligations of, or obligations guaranteed by, the United States; and (iii) require that the collateral be held by the municipality, an agent of the municipality or a third-party safekeeping agent. The District has its own investment policy which is available upon request.

Political subdivisions are also authorized to invest approximately \$56.8 million (adjusted for inflation) in the Local Government Investment Pool of the Oregon Short-Term Fund, which is managed by the State Treasurer's office. Such investments are managed in accordance with the "prudent person rule" (ORS 293.726) and administrative regulations of the State Treasurer which may change from time to time. Eligible investments presently include all of those listed above, as well as repurchase agreements and reverse repurchase agreements. A listing of investments held by the Oregon Short-Term Fund is available on the Oregon State Treasury website under "Other OSTF Reports – OSTF Detailed Monthly Reports" at [http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-\(OSTF\).aspx](http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-(OSTF).aspx).

Pension System

General. The District participates in a retirement pension benefit program under the State of Oregon Public Employees Retirement System ("PERS" or the "System"). After six full months of employment, all District employees are required to participate in PERS.

T1/T2 Pension Programs. Employees hired before August 29, 2003 participate in the "Tier 1" and "Tier 2" pension programs (the "T1/T2 Pension Programs"). The benefits provided through the T1/T2 Pension Programs are based primarily on a defined benefit model and provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and their beneficiaries. Different benefit structures apply to participants depending on their date of hire. Effective January 1, 2004, six percent of each T1/T2 Pension Program employees' (participant) salary has been contributed to fund individual retirement accounts under the separate defined contribution program known as the Individual Account Program (the "IAP"). Effective July 1, 2020, the six percent employee contribution for participants making in excess of \$2,500 per month is split with three and one half percent being deposited into the IAP and two and one half percent being

deposited into a separate Employee Pension Stability Account (“EPSA”). Effective January 1, 2022, the monthly threshold for this contribution split will be increased from \$2,500 per month to \$3,333 per month.

For the T1/T2 Pension Programs, independent employers’ actuarial analysis is performed on its employee base, school districts are valued as an actuarial pool (the “School District Pool”), and State agencies, certain Oregon local governments and all community college public employers are valued as an actuarial pool (the “State and Local Government Rate Pool” or “SLGRP”). The District is a member of the School District Pool.

OPSRP. Employees hired on or after August 29, 2003 participate in the Oregon Public Service Retirement Plan (“OPSRP”) unless membership was previously established in the T1/T2 Pension Programs. OPSRP is a defined benefit pension plan, but also provides access to the IAP. OPSRP’s assets and liabilities are pooled on a system-wide basis. These assets and liabilities are not tracked or calculated on an employer basis. The District’s allocated share of OPSRP’s assets and liabilities is based on the District’s proportionate share of OPSRP’s pooled payroll (the “District’s Allocated OPSRP UAL”). Similar to the T1/T2 Pension Programs, OPSRP employees (participants) contribute six percent of their salary to IAP. Effective January 1, 2020, the six percent OPSRP employee contribution for those participants making in excess of \$2,500 a month will be split with five and one quarter percent being deposited into the IAP and seventy-five hundredths percent being deposited into the EPSA. Effective January 1, 2022, the monthly threshold for this contribution split will be increased from \$2,500 per month to \$3,333 per month.

RHIA/RHIPA. The Oregon PERS Health Insurance Program offers optional medical, dental, and long-term care insurance plans to eligible T1/T2 retirees, their spouses, and dependents. See “Other Postemployment Benefits” herein.

Actuarial Valuation. Oregon statutes require an actuarial valuation of the System at least once every two years. Based on the biennial actuarial valuation as of December 31 of odd-numbered years the Oregon Public Employees Retirement System Board (the “PERB”) establishes the contribution rates that employers will pay to fund the T1/T2 Pension Programs, OPSRP and the PERS-sponsored Retirement Health Insurance Account program (“RHIA”) described herein. Actuarial valuations are performed annually as of December 31 of each year, with the valuations as of December 31 of even-numbered years used for advisory purposes only and valuations as of December 31 of odd-number years used to set payroll contribution rates. Actuarial valuations are performed for the entire System (the “System Valuation”), and for most participating employers, and provide, among other things, the System’s or employer’s unfunded actuarial liability (“UAL”), which is the excess of the actuarially determined present value of the System’s or employer’s benefit obligations to employees over the existing assets available to pay those benefits, and the funded status of PERS or the employer. Such actuarial valuations are based on certain assumptions and methods. See “Actuarial Assumptions” herein. Valuations are released nine to eleven months after the valuation date. PERS’ current actuary is Milliman, Inc. (“Milliman”).

Valuation Date	Release Date	Rates Effective
December 31, 2021	October 2022	July 1, 2023-June 30, 2025
December 31, 2020	December 2021	Advisory only for July 1, 2023-June 30, 2025
December 31, 2019	October 2020	July 1, 2021-June 30, 2023
December 31, 2018	December 2019	Advisory only for July 1, 2021-June 30, 2023
December 31, 2017	October 2018	July 1, 2019-June 30, 2021

System Funded Status & UAL. According to the 2021 Valuation, the UAL for the System as of December 31, 2021 was \$20 billion, and the funded status, excluding Side Accounts for the System, was approximately 80 percent. This is a reduction in UAL and increase in funded status from the 2019 System Valuation, which estimated that the UAL for the System was \$24.6 billion and the funded status, excluding employer Side Accounts, was approximately 72 percent. However, at the PERB meeting on December 1, 2022, the Actuary estimated that the UAL as of September 30, 2022, had risen to \$26.6 billion due to investment underperformance in 2022. The funded status of PERS and of the District as reported by Milliman, will change over time depending on a variety of factors, including the market performance of the securities in which the Oregon Public Employees Retirement Fund (“OPERF”) is invested, future changes in compensation and benefits of covered employees, demographic characteristics of members, methodologies and assumptions used by the actuary in estimating the assets and liabilities of PERS, and other actions taken by the PERB.

The table below includes the UAL and funded status for the System and the pool in which the District participates from the five most recent actuarial valuations.

Unfunded Actuarial Liability and Funded Status⁽¹⁾
(\$ in millions)

Valuation Date	System ⁽²⁾		School District Pool	
	UAL	Funded Status	UAL	Funded Status
12/31/2021	\$20,038.2	79.6%	\$5,656.7	82.8%
12/31/2020	28,043.8	70.6%	8,612.3	72.6%
12/31/2019	24,600.0	72.0%	7,900.0	74.0%
12/31/2018	27,000.0	69.0%	9,100.0	70.0%
12/31/2017	22,291.2	73.5%	7,752.7	73.9%

(1) Does not take into account offsets for deposits made by individual employers from pension bond proceeds or cash on hand in side accounts (see “Side Accounts and Pension Bonds” herein).

(2) System UAL includes total of SLGRP, School District Pool, Independent Employers, and OPSRP.

Source: System Valuations and PERS.

Side Accounts and Pension Bonds. Some jurisdictions have issued pension bonds and/or used other cash resources to make lump sum payments to PERS. For most jurisdictions, these lump sum payments have been deposited into a “side account” that is amortized over a fixed period and used to reduce the contribution rates of the jurisdiction that makes the deposit. Jurisdictions that issued pension bonds in order to make a lump sum deposit also have debt service due on their bonds. See “Outstanding Long Term Debt” herein. The District has not made a lump sum deposit to PERS.

Actuarial Assumptions – Significant actuarial assumptions and methods used in the 2020 System Valuation included (a) the Entry Age Normal method, (b) asset valuation method based on market value, (c) the assumed earnings rate (the “Assumed Earnings Rate”) on the investment of present and future assets of 6.90 percent, (d) payroll growth rate of 3.40 percent, (e) consumer price inflation of 2.40 percent per year, (f) UAL amortization method of a level percentage of payroll over 20 years (fixed) for all T1/T2 UALs derived from the 2013 System Valuation and thereafter, and through 2033 for all T1/T2 UALs derived from the 2007, 2009 and 2011 valuations, and 16 years (fixed) from the date of the first rate-setting valuation at which the UAL is recognized for OPSRP, and (g) a rate collar to limit increases or decreases in employer contribution rates from biennium to biennium (the “Rate Collar”) (see “Rate Collar” below). In the 2019 System Valuation, pursuant to SB 1049, the 2018 T1/T2 UAL was re-amortized over 22 years on a one time basis. See “Pension System – 2019 Legislative Session - Senate Bill 1049” herein. Actuarial assumptions used for the actuarial valuations as of December 31, 2020 (advisory only) and December 31, 2021 (rate setting for 2023-25 biennium) include a reduction to the Assumed Rate by 0.30 percent, to 6.90 percent. For many jurisdictions, this reduction has caused an increase in the employer contribution rate, see “Employer Contribution Rates” below. The PERB also reduced the rate of payroll growth from 3.50 percent to 3.40 percent, and made modifications to the Rate Collar (see “Rate Collar” below).

Rate Collar. In January 2010, the PERB adopted a rate collar to limit increases in employer contribution rates from biennium to biennium (the “Rate Collar”) to smooth the impact of significant increases or decreases from one valuation to the next. Beginning with the 2023-25 biennium, the PERB has modified the application of the Rate Collar. Going forward, for employers participating in either the School District pool or the SLGRP, the collar will be applied as a fixed percentage of payroll, with a limit of 3% of pay for the Tier 1/Tier 2 UAL rate and 1% of pay for OPSRP rate. Further, reductions in the UAL rate would be eliminated unless funded level thresholds of at least 88 percent is reached, at which point a portion of the reduction would be allowed, gradually increasing until the funded status reaches 90 percent, at which point the full reduction would be permitted. A wider rate collar was adopted for independent employers who do not participate in either the School District pool or the SLGRP.

Employer Contribution Rates. Employer contribution rates are calculated as a percent of covered payroll. The rates are based on the current and projected cost of benefits and the anticipated level of funding available from the OPERF, including anticipated investment performance of the fund. Contribution rates are subject to future adjustment based on factors such as the result of subsequent actuarial valuations, litigation, decisions by the PERB and changes in benefits resulting from legislative modifications. Pursuant to ORS 238.225, all participating employers are required to make their contribution to PERS based on the employer contribution rates set by the PERB. Employees are required to contribute a total of six percent of their annual salary to the IAP and EPSA. Employers are allowed to pay the employees’ contribution in addition to the required employers’ contribution. As of July 1, 2021, the District pays the employee’s contribution for all regular employees.

2019 Legislative Session - Senate Bill 1049. In 2019, the Legislature adopted Senate Bill 1049 (“SB 1049”), which made certain modifications to the amortization of the UAL and benefits provided to employees retiring after December 31, 2019.

Such modifications included: re-amortizing the UAL associated with Tier 1 and Tier 2 benefits that is measured as of December 31, 2019 and extending that amortization to 22 years; redirecting a portion of the 6 percent contributions currently made to the IAP to an “Employee Pension Stability Account” (“EPSA”) within the PERS fund when an employee’s salary exceeds \$2,500 per month (indexed annually); removing all current hourly limitations on retirees who work for a PERS employer after retirement, while mandating that such employer shall continue to make pension contributions at the previous employer rate to the PERS Fund; and capping the annual salary used in the calculation of certain retirement packages for all tiers to \$195,000 (indexed annually). In June 2021, the Legislature passed House Bill 2906 (“HB 2906”), which raised the threshold level for the IAP redirect provision to \$3,333 per month, indexed annually. This change is effective January 1, 2022 and will result in slightly higher employer contribution rates beginning with the 2023-2025 biennium.

Legislative Changes. Future legislative changes to PERS may have a financial impact on the District. The District cannot predict what these changes or financial impact will be or if any changes will be subsequently challenged in court.

District Contribution Rates. The District’s prior contribution rates for the 2019-21 biennium under the 2017 District Valuation, current contribution rates for the 2021-23 biennium under the 2019 District Valuation, and the future contribution rates for the 2023-25 biennium under the 2021 District Valuation are provided in the following table. The rates under the District’s 2019 Valuation include the impact of 2018 and 2019 returns on the PERS fund and the impact of legislation approved by the 2019 Legislature (see “Financial Factors – Pension System - 2019 Legislation” herein). The rates under the District’s 2021 Valuation include the impact of 2020 and 2021 returns on the PERS fund and the impact of reductions in the assumed earnings rate of the System (see “Actuarial Assumptions” herein).

**School District Pool
Pension Contribution Rates (Percent of Covered Payroll)**

	<u>2019-21 Biennium</u>			<u>2021-23 Biennium</u>			<u>2023-25 Biennium</u>		
	T1/T2	OPSRP General	OPSRP Police & Fire	T1/T2	OPSRP General	OPSRP Police & Fire	T1/T2	OPSRP General	OPSRP Police & Fire
Normal cost rate	13.79%	8.40%	13.03%	13.45%	8.64%	13.00%	14.48%	9.89%	14.68%
T1/T2 UAL rate ⁽¹⁾	16.73%	16.73%	16.73%	14.09%	14.09%	14.09%	14.10%	14.10%	14.10%
OPSRP UAL rate	1.45%	1.45%	1.45%	1.69%	1.69%	1.69%	1.69%	1.69%	1.69%
Side account rate relief ⁽²⁾	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Member redirect offset ⁽³⁾	-	-	-	(2.45%)	(0.70%)	(0.70%)	(2.40%)	(0.65%)	(0.65%)
Retiree Healthcare rate (RHIA)	0.06%	0.00%	0.00%	0.05%	0.00%	0.00%	0.00%	0.00%	0.00%
Total net contribution rate (%)	32.03%	26.58%	31.21%	26.83%	23.72%	28.08%	27.87%	25.03%	29.82%

- (1) Includes Multnomah Fire District #10 rate and any impact of rate collar developed in the system-wide actuarial valuation report.
- (2) The side account rate relief shown may be reduced for each individual payroll such that the net pension contribution rate for that payroll does not go below 0.00%.
- (3) Redirected member contributions under Senate Bill 1049 (2.50% of payroll for Tier 1/Tier 2 and 0.75% of payroll for OPSRP) will offset employer contribution rates. Redirect does not apply to members with monthly pay below a threshold. The values shown in the table incorporate an estimate of the effect of this limitation.

Source: 2020 District Valuation, 2019 District Valuation.

District Contributions. The District’s historical annual contributions to PERS are provided in the following table.

**Grants Pass School District
Pension Contributions**

Fiscal Year	District Contribution
2022	\$10,810,382
2021	11,178,529
2020	10,517,276
2019	8,757,601
2018	8,102,379

(1) Projected.

Source: The District; District Audited Financial Statements.

GASB 67 and GASB 68. GASB Statements No. 67 and No. 68 modify the accounting and financial reporting of pensions by state and local governments and pension plans. Statement No. 67 (“GASB 67”), Financial Reporting for Pension Plans, addresses financial reporting for state and local government pension plans. Statement No. 68 (“GASB 68”), Accounting and Financial Reporting for Pensions, establishes new accounting and financial reporting requirements for governments that provide their employees with pensions. The System is subject to GASB 67; each participating employer, including the District is subject to GASB 68. PERS contracted with Milliman to provide information for local governments to use in their financial statements. The District’s audited financial statement for Fiscal Year 2022 is attached hereto as Appendix B, with pension plan information included in the Notes to the Basic Financial Statements.

The District’s Proportionate Share. The District’s T1/T2 Pension Programs assets and liabilities are based the District’s proportionate share of the School District Pool’s pooled payroll. Changes in pool participants’ relative payroll will cause the District’s Allocated T1/T2 UAL to shift. The District’s Allocated T1/T2 UAL may increase if other pool participants fail to pay their full employer contributions. The District’s net unfunded pension UAL is the total of the District’s Allocated T1/T2 UAL and the District’s Allocated OPSRP UAL. The District’s net unfunded pension UAL as reported in the District’s audited financial statements are shown in the following table.

**Grants Pass School District
Proportionate Share of Net Pension Asset / (Liability)**

	2022	2021
District proportion of the net pension asset/(liability)	0.4122898%	0.4330033%
District proportion of the net pension asset/(liability)	(\$49,336,578)	(\$94,496,213)
Covered payroll	\$ 38,968,842	\$ 38,455,983
Proportionate share of the pension asset/(liability) as a percentage of its covered payroll	126.61%	245.73%
Plan fiduciary net position as a percentage of the total pension liability	87.60%	75.79%

Source: 2022 and 2021 Financial Statements.

Other Postemployment Benefits

The District has two separate other post-employment benefits (OPEB) plans. The District provides a single employer defined benefit health care plan (Single-Employer Post-Retirement Health Care Plan) to staff that were hired before July 1, 2003 and the District contributes to the State of Oregon’s PERS cost sharing multiple employer defined benefit plan (RHIA).

Single-Employer Defined Benefit OPEB Plan. The benefits from the single-employer defined benefit OPEB plan are paid by the District based on bargaining agreement language and contributions by employees are also required. The plan is not accounted for in a pension trust fund; therefore, designated funds are not legally restricted to pay future benefits. The benefits from the healthcare plan established in accordance with ORS 243.303 are paid by the retired employees on a self-pay basis and the required contribution is based on projected pay-as-you go financing requirements. There is no obligation on the part of the District to fund these benefits in advance. The District did not establish an irrevocable trust (or equivalent arrangement) to account for the plan. At June 30, 2022, 40 inactive participant and 679 active participant employees were covered by the implicit benefit terms. The District’s total OPEB liability of \$3,740,290 was measured as of June 30, 2022, and was determined by an actuarial valuation date as of July 1, 2020.

Retirement Health Insurance Account. PERS retirees who receive benefits through the Tier 1 and Tier 2 plans and are enrolled in certain PERS administered health insurance programs, may receive a subsidy towards the payment of health insurance premiums. Under ORS 238.420, retirees may receive a subsidy for Medicare supplemental health insurance of up to \$60 per month towards the cost of their health insurance premium under the RHIA plan. The RHIA program’s assets and liabilities are pooled on a system-wide basis and are not tracked or calculated on an employer basis. According to the 2020 System Valuation, this program had a surplus of approximately \$276.6 million. Participating employers are contractually required to contribute to RHIA at a rate assessed each year by OPERS. The contribution rates in effect for the

year ended June 30, 2022 for the OPEB program were: Tier1/Tier 2 – 0.05%, and OPSRP general service – 0.00%. The District contributed \$7,905 for the year ended June 30, 2022.

Paid Leave

In 2019, the Legislature adopted House Bill 2005 (“HB 2005”) to create a family and medical leave insurance program to provide to employees and certain other individuals compensated time off from work for up to 12 weeks to: (1) care for a child following birth or adoption; (2) care for a family member with a serious health condition; or (3) recover from an individual’s own serious health condition. Unless employers have an equivalent program in place, they are required to withhold and contribute 0.6 percent of each worker’s wages as the employee contribution to the fund. For larger organizations — with 25 or more employees — the employer is also responsible for contributing on behalf of each of their workers. In those cases, the employer contribution is 0.4 percent of wages. The program has a ceiling for annual wages at \$132,900 for each employee. The Oregon Employment Department began collecting these contributions January 1, 2023. Employees will be able to apply for leave benefits beginning September 3, 2023.

Risk Management

The District is exposed to various risks of loss. A description of the risks is provided in the District’s audited financial statements. The audited financial statement for Fiscal Year 2022 is attached hereto as Appendix B.

Cybersecurity. The District, like other public and private entities, relies on a large and complex technology environment to conduct its operations, and consequently faces the threat of cybersecurity incidents. Cybersecurity incidents could result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the District’s information technology systems to misappropriate assets or information or to cause operational disruption and damage. The District maintains cybersecurity insurance.

Natural, Manufactured, and Economic Forces. Natural and economic forces can affect the assessed value of taxable property in the District and the District’s revenues. The District is located in the Pacific Northwest, a region subject to periodic significant earthquakes. Such an earthquake and/or tsunami could cause extensive damage to structures and infrastructure along the Pacific coast and could disrupt transportation, communications, water and sewer systems, power and gas delivery and fuel supplies along the Pacific coast and within the District. Other natural or man-made disasters, such as flood, fire, wildfire, drought, public health considerations, toxic dumping or acts of terrorism, could also cause a reduction in the assessed value of taxable property within the District or adversely affect the District’s revenues. Economic and market forces, such as a downturn in the economy generally, can also affect assessed values. In addition, the total assessed value can be reduced through the reclassification of taxable property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes). The District cannot predict how such natural, manufactured, and economic forces could impact its revenue sources, including property taxes.

Demographic Information

General

Josephine County encompasses 1,641 square miles in southwestern Oregon. The County is predominantly mountainous, but has two major valleys cut by the Rogue and Illinois rivers. The District encompasses the City of Grants Pass as well as unincorporated areas of the County. The City of Grants Pass, the largest city and commercial center in the County, serves as the County seat.



Population

The following table shows the historical population for the State, the County and the City of Grants Pass:

July 1 ⁽¹⁾	State of Oregon	Josephine County	City of Grants Pass
2022	4,278,910	88,695	39,993
2021	4,266,620	88,841	39,475
2020	4,243,851	86,560	37,725
2019	4,236,400	86,750	37,485
2018	4,195,300	86,395	37,285
April 1 ⁽²⁾			
2020	4,237,256	88,092	39,189
2010	3,831,074	82,713	34,533
2000	3,421,399	75,726	23,003

(1) Source: Center for Population Research and Census, Portland State University.

(2) Source: U.S. Census Count on April 1.

Economic Overview

The economy of the County is based on retirement, tourism, forest products and agriculture. The City of Grants Pass, referred to as the "white water rafting capital" of Oregon, is the departure point for most Rogue River guided fishing and boat trips. Tourism is also supported by several community theatres that offer plays to the community year-round.

Income. Historical personal income and per capita income levels for the Counties and the State are shown below:

Josephine County and State of Oregon Total Personal and Per Capita Income

Josephine County				State of Oregon			
Personal Income in thousands	Dividends, Interest, Rent in thousands	Per Capita Income	Per Capita Dividends, Interest, Rent	Personal Income in thousands	Dividends, Interest, Rent in thousands	Per Capita Income	Per Capita Dividends, Interest, Rent
NA	NA	NA	NA	\$267,597,500	\$498,234,000	\$62,826	\$11,697
\$4,811,881	\$781,191	\$54,466	\$8,842	261,546,508	46,810,409	61,596	11,024
4,322,610	739,252	49,062	8,391	241,790,308	45,417,353	57,005	10,708
3,863,970	708,994	44,048	8,082	222,256,958	44,866,431	52,718	10,642
3,588,710	644,772	41,035	7,373	211,541,630	42,639,367	50,567	10,192
3,370,335	633,883	38,846	7,306	198,957,532	40,325,683	47,974	9,724

Note: Dollar estimates are in current dollars (not adjusted for inflation).

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Employment. Non-farm employment within Josephine County is described in the following tables:

**Josephine County
Labor Force Summary ⁽¹⁾**

	2018	2019	2020	2021	2022	2023 ⁽²⁾	2022 Change from				
							2018	2019	2020	2021	2022
Civilian Labor Force	33,430	33,923	33,293	34,503	34,760	36,338	2,908	2,415	3,045	1,835	1,578
Unemployment	1,904	1,746	2,862	2,284	2,045	1,876	-28	130	-986	-408	-169
Percent of Labor Force	5.4%	4.9%	7.9%	6.2%	5.6%	5.2%	-	-	-	-	-
Total Employment	31,526	32,177	30,431	32,219	32,715	34,462	2,936	2,285	4,031	2,243	1,747

Non-Agricultural Wage & Salary Employment ⁽³⁾

	2018	2019	2020	2021	2022	2023 ⁽²⁾	2022 Change from				
							2018	2019	2020	2021	2022
Total Nonfarm Payroll Employment	27,150	27,650	26,410	26,690	27,150	27,350	200	-300	940	660	200
Total Private	23,830	24,210	23,080	23,450	23,820	23,790	-40	-420	710	340	-30
Mining and logging	110	90	80	80	80	70	-40	-20	-10	-10	-10
Construction	1,090	1,120	1,170	1,240	1,230	1,260	170	140	90	20	30
Manufacturing	2,990	3,080	2,960	2,940	3,000	2,850	-140	-230	-110	-90	-150
Trade, transportation and utilities	5,410	5,390	5,390	5,580	5,600	5,400	-10	10	10	-180	-200
Information	250	260	260	270	250	250	0	-10	-10	-20	0
Financial activities	1,500	1,590	1,600	1,640	1,700	1,700	200	110	100	60	0
Professional and business services	2,200	2,260	2,100	2,070	1,900	1,840	-360	-420	-260	-230	-60
Educational and health services	5,880	5,840	5,520	5,470	5,530	5,880	0	40	360	410	350
Leisure and hospitality	3,400	3,600	3,130	3,300	3,610	3,560	160	-40	430	260	-50
Other services	1,000	980	880	860	930	1,020	20	40	140	160	90
Government	3,330	3,450	3,330	3,240	3,330	3,560	230	110	230	320	230

(1) Civilian labor force includes employed and unemployed individuals 16 years and older by place of residence. Employed includes nonfarm payroll employment, self-employed, unpaid family workers, domestics, agriculture and labor disputants. Data are adjusted for multiple job-holding and commuting.

(2) Data for month of May 2023; preliminary and subject to change.

(3) Nonfarm payroll data are based on the 1987 Standard Industrial Classification manual. The data are by place of work. Persons working multiple jobs are counted more than once. The data excludes the self-employed, volunteers, unpaid family workers, and domestics.

Source: State of Oregon Employment Department.

Major Employers in the County

Employer	Service	Location	Approximate No Employees
Three Rivers Community Hospital	Health Care	Grants Pass*	1,083
Grants Pass School District No. 7	Education	Grants Pass*	891
Three Rivers School District	Education	Grants Pass	639
Rogue Community College	Education	Grants Pass	629
Master Brand Cabinets	Wood Products Manufacturing	Grants Pass*	503
Josephine County	Government	Grants Pass*	467
Wal-Mart	Department Store	Grants Pass*	434
Allcare Health	Insurance Agency/Brokerages	Grants Pass	403
Rogue Valley Door	Wood Products Manufacturing	Grants Pass*	280
Fred Meyer	Department Store	Grants Pass*	263
Fire Mountain Gems	Catalog Sales	Grants Pass*	190
Diversified Collection/Recovery	Collections Agency	Grants Pass*	NA

* Indicates businesses within the Grants Pass city limits

Source: City of Grants Pass Fiscal Year 2022 Financial Statements and City of Grants Pass Finance Department

Building Permits. Residential building permits are an indicator of growth within a region. The number and valuation of new single-family and multi-family residential building permits in the City of Grants Pass are listed below:

City of Grants Pass Residential Building Permits

Year	New Single Family		New Multi-Family			Total Construction Cost
	Number	Construction Cost	Number	Units	Construction Cost	
2023	36	\$8,809,110	4	22	\$4,656,516	\$13,465,626
2022	246	54,802,308	23	92	10,495,214	65,297,522
2021	265	59,265,265	31	68	8,266,391	67,531,656
2020	266	68,079,124	25	50	7,160,510	75,239,634
2019	197	47,256,961	17	34	4,923,787	52,180,748
2018	204	52,011,936	11	23	3,003,014	55,014,950

(1) As of March 2023.

Source: U.S. Census Bureau.

Transportation: The main north-south route running the length of the West Coast, Interstate 5, passes through the County. The County is located roughly 80 miles north of the California border. The closest major air terminal is 26 miles away in neighboring Medford.

The Initiative and Referendum Process

Article IV, Section 1 of the Oregon Constitution reserves to the people of the State the initiative power to amend the State Constitution or to enact legislation by placing measures on the statewide general election ballot for consideration by the voters. Oregon law therefore permits any registered Oregon voter to file a proposed initiative with the Oregon Secretary of State's office without payment of fees or other burdensome requirements. Consequently, a large number of initiative measures are submitted to the Oregon Secretary of State's office, and a much smaller number of petitions obtain sufficient signatures to be placed on the ballot.

Because many proposed statewide initiative measures are submitted to the Oregon Secretary of State’s office that do not qualify for the ballot, the District does not formally or systematically monitor the impact of those measures or estimate their financial effect prior to the time the measures qualify for the ballot. The District also does not formally or systematically monitor efforts to qualify measures for the ballot that would initiate new provisions for, or amend, the District’s charter and ordinances. Consequently, the District does not ordinarily disclose information about proposed initiative measures that have not qualified for the ballot.

Pursuant to ORS 250.125, a five-member Committee composed of the Secretary of State, the State Treasurer, the Director of the Department of Revenue, the Director of the Department of Administrative Services, and a local government representative must prepare an estimate of the direct financial impact of each measure (“Financial Estimate Statements”) to be printed in the voters’ pamphlet and on the ballot.

Referendum

“Referendum” generally means measures that have been passed by a legislative body, such as the Legislative Assembly or the governing body of a district, county or other political subdivision and referred to the electors by the legislative body, or by petition prior to the measure’s effective date.

In Oregon, both houses of the Legislative Assembly must vote to refer a statute or constitutional amendment for a popular vote. Such referrals cannot be vetoed by the governor. Any change to the Oregon Constitution passed by the Legislative Assembly requires referral to voters. In the case of a referendum by petition, proponents of the referendum must obtain a specified number of signatures from qualified voters. The required number of signatures is equal to four percent of the votes cast for all candidates for governor at the preceding gubernatorial election.

Initiative Process

To place a proposed statewide initiative on a general election ballot, the proponents must submit to the Secretary of State initiative petitions signed by the number of qualified voters equal to a specified percentage of the total number of votes cast for all candidates for governor at the gubernatorial election at which a governor was elected for a term of four years next preceding the filing of the petition with the Secretary of State. Any elector may sign an initiative petition for any measure on which the elector is entitled to vote. Statewide initiatives may only be filed for general elections in even-numbered years.

A statewide initiative petition must be submitted to the Secretary of State not less than four months prior to the general election at which the proposed measure is to be voted upon. As a practical matter, proponents of an initiative have approximately two years in which to gather the necessary number of signatures. State law permits persons circulating initiative petitions to pay money to persons obtaining signatures for the petition. Once an initiative measure has gathered a sufficient number of signatures and qualified for placement on the ballot, the State is required to prepare a formal estimate of the measure’s financial impact. Typically, this estimate is limited to an evaluation of the direct dollar impact.

Historical Initiative Petitions. Historically, a larger number of initiative measures have qualified for the ballot than have been approved by the electors. According to the Elections Division of the Secretary of State, the total number of initiative petitions that qualified for the ballot and the numbers that passed in recent general elections are as follows:

Recent Initiative Petitions

Number of Year of General Election	Number of Initiatives that Qualified	Initiatives that were Approved
2014	4	2
2016	4	3
2018	4	0
2020	2	2
2022	2	2

Source: Elections Division, Oregon Secretary of State, Initiative, Referendum and Referral Log, Elections Division.

Legal Matters and Litigation

Legal Matters

Legal matters incident to the authorization, issuance and sale of Obligations are subject to the approving legal opinion of Special Counsel, substantially in the form attached hereto as Appendix A. Special Counsel has reviewed this document only to confirm that the portions of it describing the Obligations and the authority to issue them conform to the Obligations and the applicable laws under which they are issued.

Litigation

There is no litigation pending questioning the validity of the Obligations nor the power and authority of the District to issue the Obligations. There is no litigation pending which would materially affect the finances of the District or affect the District's ability to meet debt service requirements on the Obligations.

Under the Oregon law local public bodies, such as the District, are subject to the following limits on liability. The State of Oregon is subject to different limits.

Personal Injury and Death Claim. The liability of a local public body and its officers, employees and agents acting within the scope of their employment or duties, to any single claimant for covered personal injury or death claims (and not property claims) arising out of a single accident or occurrence may not exceed \$806,100, for causes of action arising on or after July 1, 2022, and before July 1, 2023. The liability limits to all claimants for covered personal injury or death claims (and not property claims) arising from a single accident or occurrence may not exceed \$1,612,000 for causes of action arising on or after July 1, 2022, and before July 1, 2023.

Property Damage or Destruction Claim. The liability limits of a public body and its officers, employees and agents acting within the scope of their employment or duties, for covered claims for damage and destruction of property that arise from causes of action arising on or after July 1, 2022: (a) \$132,200, adjusted as described below, to any single claimant, and (b) \$661,000, adjusted as described below, to all claimants.

For causes of action arising on or after July 1, 2023, the liability limits for both a single claimant and all claimants will be adjusted based on a determination by a State Court Administrator of the percentage increase or decrease in the cost of living for the previous calendar year as provided in the statutory formula. The adjustment may not exceed three percent for any year.

Tax Matters

Tax Exemption

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements that must be met subsequent to the execution and delivery of the Obligations in order for the portion of the payments made under the Financing Agreement designed and constituting interest received by the holders of the Obligations ("Interest") to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause Interest to be included in gross income for federal income tax purposes retroactive to the issue date of the Obligations. These requirements include limitations on the use of proceeds of the Obligations, limitations on the investment of proceeds of the Obligations prior to expenditure, a requirement that excess arbitrage earned on the investment of proceeds of the Obligations be rebated on a periodic basis to the United States under certain circumstances and other matters. The District will covenant to comply with certain applicable requirements of the Code for exclusion of interest on the Obligations from gross income for federal income tax purposes.

In the opinion of Mersereau Shannon LLP, Special Counsel, under existing law and assuming compliance by the District with certain tax covenants described herein, Interest is excluded from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of determining the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

Special Counsel's opinion is subject to the condition that the District comply with applicable tax covenants and, in addition, will rely on representations by the District and its advisors with respect to matters solely within the knowledge of the District and its advisors, which Special Counsel has not independently verified. If the District fails to comply with the tax covenants Interest could be included in gross income for federal tax purposes retroactively to the date of issuance of the Obligations, regardless of the date on which the event causing taxability occurs.

Special Counsel expresses no opinion on any other federal, state or local tax consequences of acquiring, carrying, owning or disposing of the Obligations. Special Counsel has not undertaken to advise in the future whether any events after the date of execution and delivery of the Obligations may affect the tax status of the Obligations.

Although Special Counsel has rendered an opinion that Interest is excluded from gross income for federal income tax purposes, prospective purchasers of the Obligations should be aware that ownership of the Obligations may result in collateral federal income tax consequences to certain taxpayers including, without limitation, financial institutions, property and casualty insurance companies, certain S corporations, recipients of Social Security and Railroad Retirement benefits, individuals otherwise eligible for the earned income tax credit, foreign corporations subject to the branch profits tax, life insurance companies and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Obligations. Special Counsel does not express any opinion regarding such collateral tax consequences. Prospective purchasers of the Obligations should consult their tax advisors with respect to all possible collateral consequences and as to the treatment of interest on the Obligations under the tax laws of any state other than Oregon.

Special Counsel's opinion is not a guarantee of result and is not binding on the Internal Revenue Service ("IRS"); rather, the opinion represents Special Counsel's legal judgment based on its review of existing law and in reliance on the representations made to Special Counsel and the District's compliance with its covenants. Special Counsel cannot predict whether the IRS will commence an audit of the Obligations. The commencement of an audit could adversely affect the market value and liquidity of the Obligations, regardless of the ultimate outcome.

Legislation, administrative actions, clarification of the Code or court decisions may cause interest on the Obligations to be subject, directly or indirectly, to federal or state income taxation, alter or amend the current federal and state tax status of the Obligations, adversely affect the marketability or market value of the Obligations or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of the interest on the Obligations. Prospective purchasers of the Obligations should consult their own tax advisors regarding the foregoing matters, as to which Special Counsel expresses no opinion.

[Premium

An amount equal to the excess of the purchase price of a Obligation over its stated redemption price at maturity constitutes premium on that Obligation. A purchaser of an Obligation must amortize any premium over that Obligation's term using constant yield principals, based on the Obligation's yield to maturity. As premium is amortized, the purchaser's basis in the Obligation and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the purchaser. This will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Obligation prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed. Purchasers of Obligations at a premium, whether at the time of initial issuance or subsequent thereto, should consult with their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and the state and local tax consequences of owning such Obligations.]

[Original Issue Discount

The initial public offering price of certain Obligations (the "Original Issue Discount Obligations"), may be less than the stated redemption price at maturity. In such case, the difference between (i) the stated amount payable at the maturity of an Original Issue Discount Obligation and (ii) the initial public offering price of that Original Issue Discount Obligation constitutes original issue discount with respect to that Original Issue Discount Obligation in the hands of the owner who purchased that Original Issue Discount Obligation at the initial public offering price in the initial public offering of the Obligations. The initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to an Original Issue Discount Obligation equal to that portion of the amount of the original issue discount allocable to the period that such Original Issue Discount Obligation continues to be owned by the initial owner.

In the event of the redemption, sale or other taxable disposition of an Original Issue Discount Obligation prior to its stated maturity, however, the amount realized by the initial owner in excess of the basis of the Original Issue Discount Obligation in the hands of its initial owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Obligation was held by the initial owner) is includable in gross income. Purchasers of Original Issue Discount Obligations should consult their tax advisors regarding the determination and treatment of original issue discount for federal income tax purposes and the state and local tax consequences of owning Original Issue Discount Obligations.]

Not Qualified Tax-Exempt Obligations

The District has not designated the Obligations as “qualified tax-exempt Obligations” within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

Oregon State Tax Exemption

In the opinion of Special Counsel, Interest is exempt from Oregon personal income tax imposed under existing law.

Continuing Disclosure

The Securities and Exchange Commission Rule 15c2-12 (the “Rule”) requires at least annual disclosure of current financial information and timely disclosure of certain events with respect to the Obligations. Pursuant to the Rule, the District has agreed to provide audited financial information and certain financial information or operating data at least annually, and timely notice of certain events (collectively, “Continuing Disclosure”) to the MSRB through its EMMA system (so long as such method of disclosure continues to be approved by the Securities and Exchange Commission for such purposes).

The District has not been subject to any continuing disclosure undertakings during the last five years. A copy of the form of the District’s Continuing Disclosure Certificate for the Obligations is attached hereto as Appendix D.

Preliminary Official Statement

The District has executed a “deemed final” letter that deemed final the Preliminary Official Statement pursuant to Securities and Exchange Commission Rule 15c2-12 (except for the omission of the following information: offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, credit enhancement, if any, ratings, and other terms of the securities depending on such matters). The District has also represented to the Underwriter that the information in this Preliminary Official Statement, except for matters relating to DTC and its book-entry system, the Escrow Agent, the information under the heading “Underwriting” and the statement regarding the Underwriter in the italicized paragraph on page ii, does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Ratings

As noted on the cover page of this Official Statement, S&P Global Ratings, a Division of Standard & Poor’s Financial Services LLC, has assigned its underlying rating of “A” to the Obligations. There is no assurance that the ratings will be retained for any given period of time or that the ratings will not be revised downward or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of the ratings will be likely to have an adverse effect on the market price of the Obligations.

Purchaser of the Obligations

The Obligations are being purchased by _____ and they will receive compensation of \$ _____. The purchaser of the Obligations may offer and sell the Obligations to certain dealers (including dealers depositing the Obligations into investment trusts) and others at prices lower than the initial offering prices corresponding to the yields set forth on page i of this Official Statement, and such initial offering prices may be changed from time to time by such purchaser. After the

initial public offering, the public offering prices may be varied from time to time. In connection with the offering of the Obligations, the purchaser of the Obligations may overallocate or effect transactions which stabilize or maintain the market price of the Obligations at levels above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued or recommenced at any time.

Certificate with Respect to Official Statement

At the time of the original delivery of and payment for the Obligations, the District will deliver a certificate of its authorized representative to the effect that the representative has examined this Official Statement and the financial and other data concerning the District contained herein and that to the best of the representative's knowledge and belief, (i) the Official Statement, both as of its date and as of the date of delivery of the Obligations, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and (ii) between the date of the Official Statement and the date of delivery of the Obligations there has been no material adverse change in the affairs (financial or other), financial condition or results of operations of the District except as set forth in or contemplated by the Official Statement.

Concluding Statement

The information contained herein should not be construed as representing all conditions affecting the District or the Obligations. Additional information may be obtained from the District. The statements relating to the Resolution, Financing Agreement and Escrow Agreement are in summarized form, and in all respects are subject to and qualified in their entirety by express reference to the provisions of such document in its complete form. The information assembled herein is not to be construed as a contract with Owners of the Obligations.

Appendix A

Form of Special Counsel Opinion

[TO BE PLACED ON MERSEREAU SHANNON LLP LETTERHEAD]

_____, 2023

Grants Pass School District No. 7
725 NE Dean Drive
Grants Pass, Oregon 97526

RE: Grants Pass School District No. 7, Josephine County, Oregon, Full Faith and Credit and Refunding Obligations, Series 2023 - \$_____

We have acted as special counsel in connection with the authorization of Grants Pass School District No. 7, Josephine County, Oregon (the "District") Full Faith and Credit and Refunding Obligations, Series 2023 dated _____, 2023 (the "Obligations") pursuant to a Tax-Exempt Financing Agreement and an Escrow Agreement, both being dated as of _____, 2023 (collectively, the "Agreements") in the principal amount of \$_____.

The Obligations evidence undivided proportional interests in the Financing Payments to be made by the District pursuant to the Agreements. The Obligations are issued pursuant to Oregon Revised Statutes Section 271.390, Resolution No. ___ adopted by the District on _____, 2023 (the "Resolution") and the Agreement. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolution and the Agreements.

We have examined the law and such certified proceedings of the District and other papers as we deem necessary to render this opinion.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of any offering material relating to the Obligations and we express no opinion relating thereto.

As to questions of fact material to our opinion, we have relied upon the representations of the District contained in the Resolution, the Agreements, and the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation. We have also relied on the covenants of the District to comply with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), with respect to the investment and use of the proceeds of the Obligations.

Based upon the foregoing, we are of the opinion, as of the date hereof and under existing law, as follows:

1. The Resolution and the Agreements have been legally authorized, executed and delivered by the District under and pursuant to the Constitution and statutes of the State of Oregon and the Resolution and the Agreements are valid and legally binding obligations of the District enforceable in accordance with their terms.

2. The District has pledged its full faith and credit to its obligation to make Financing Payments, secured by the general, non-restricted revenues of the District and other funds which may be available for that purpose, including taxes levied by the District within the restrictions of Section 11 and 11b, Article XI of the Constitution of the State of Oregon). The obligation of the District to make Financing Payments is a full faith and credit obligation. The Agreements are not secured by any lien or security interest on any property, real or personal.

3. Assuming compliance with certain covenants of the District concerning the tax status of the interest component of the Financing Payments evidenced by the Obligations, the interest component of the Financing Payments evidenced by the Obligations *[, including any original issue discount properly allocable to the owner of the Obligations.]* is excluded from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of determining the federal alternative minimum tax, however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. *[Any original issue premium properly allocable to an owner of the Obligations may not be deducted from federal gross income, but must be amortized actuarially on a constant interest rate basis over the term of such Obligation, and the federal tax basis of such Obligation will be decreased over its term by the amount of such amortized premium.]* The opinions set forth in this letter are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Obligations in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance. We express no opinion regarding other federal tax consequences arising with respect to the Obligations.

4. The interest component of the Financing Payments evidenced by the Obligations *[, including any original issue discount properly allocable to the owner of the Obligations,]* is exempt from present State of Oregon personal income taxes.

Except as stated herein, we express no opinion regarding other federal, state or local tax consequences arising with respect to ownership of the Obligations or other matters not expressly included in items 1-4 above. The owners of the Obligations should be aware that the ownership of tax-exempt obligations may result in collateral tax consequences and each owner is advised to consult with its own tax advisor regarding such consequences.

It is to be understood that the rights of the Owners of the Obligations and the enforceability thereof are subject to (i) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, (ii) the application of equitable principles and to the exercise of judicial discretion in appropriate cases, (iii) common law and statutes affecting the enforceability of contractual obligations generally, and (iv) principles of public policy concerning, affecting or limiting the enforcement of rights or remedies against governmental entities such as the District.

Our opinions are limited to matters of current Oregon law and applicable federal law, and we assume no responsibility for the applicability or effect of laws of other jurisdictions.

Respectfully submitted,

Appendix B

Financial Statements

The District's Auditor has not performed any further review of the District's financial statements since the date of the audit contained herein. The Auditor was not requested to review this Official Statement and has not completed any additional auditing review procedures subsequent to the issuance of its report on the 2022 Fiscal Year.

**GRANTS PASS SCHOOL DISTRICT NO. 7
GRANTS PASS, OREGON**

**FINANCIAL STATEMENT AND SUPPLEMENTARY
INFORMATION**

**YEAR ENDED JUNE 30, 2022
WITH
INDEPENDENT AUDITOR'S REPORT**



Certified Public Accountants, LLP
audit | tax | advisory | wealth management | cfo

**GRANTS PASS SCHOOL DISTRICT NO. 7
GRANTS PASS, OREGON
YEAR ENDED JUNE 30, 2022**

BOARD OF EDUCATION FISCAL 2022

Scott Nelson (Position #1) Grants Pass, Oregon 97527	Chairman
Cliff Kuhlman (Position #2) Grants Pass, Oregon 97526	Member
Gary Richardson (Position #3) Grants Pass, Oregon 97528	Member
Debbie Brownell (Position #4) Grants Pass, Oregon 97526	Member
Cassie Wilkins (Position #5) Grants Pass, Oregon 97526	Vice-Chairman
Brian De La Grange (Position #6) Grants Pass, Oregon 97526	Member
Brenda Aguilera (Position #7) Grants Pass, Oregon 97526	Member

All board members receive mail at the address listed below

**Administrative Office:
725 Northeast Dean Drive
Grants Pass, Oregon 97526**

ADMINISTRATIVE STAFF

Kirk Kolb	Superintendent
Sherry Ely	Director of Business Services

**GRANTS PASS SCHOOL DISTRICT NO. 7
GRANTS PASS, OREGON
YEAR ENDED JUNE 30, 2022**

Table of Contents

	<u>Page</u>
Independent Auditor's Report	A-1 – A-4
Management's Discussion and Analysis	B-1 – B-8
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	1
Statement of Activities	2
Fund Financial Statements:	
Balance Sheet - Governmental Funds	3
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position	4
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities	6
Statement of Net Position - Internal Service Fund	7
Statement of Revenues and Expenses and Changes in Net Position - Internal Service Fund	8
Statement of Cash Flows - Internal Service Fund	9
Notes to the Basic Financial Statements	10 – 46
Required Supplementary Information:	
Schedule of the District's Proportionate share of the Net Pension Asset / (Liability) And Schedule of the District's Contributions	47
Schedule of the District's Proportionate share of the Net OPEB Asset / (Liability) And Schedule of the District's Contributions	48
Schedule of Changes in the District's Total Pension Liability and Related Ratios	49
Schedule of Changes in the District's Total OPEB Liability and Related Ratios	50
Major Governmental Funds Budgetary Comparison Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	51
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Federal and Other Grants Fund	52
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Federal and Other Grants Fund	53
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Student Investment Account Fund	54
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Measure 98 Fund	55
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - PERS Reserve Fund	56

Table of Contents (continued)

	<u>Page</u>
Other Supplementary Information:	
Other Major Governmental Fund Budgetary Comparison Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Capital Projects Fund	57
Non-major Governmental Funds:	
Combining Balance Sheet - Non-major Governmental Funds	58
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Non-major Governmental Funds	59
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Student Body Fund	60
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Food Service Fund	61
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Cool Schools Fund	62
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Bus Replacement Fund	63
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Debt Service Fund	64
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Insurance Reserve Fund	65
Other Financial Schedules:	
School District Financial Accounting Summaries	66 – 76
Independent Auditor’s Report Required by State Regulations	77 – 78
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	79 – 80
Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance with the Uniform Guidance	81 – 83
Schedule of Expenditures of Federal Awards	84
Notes to Schedule of Expenditures of Federal Awards	85
Schedule of Findings and Questioned Costs	86 – 87
Summary Schedule of Prior Year Audit Findings	88

INDEPENDENT AUDITOR'S REPORT

Board of Education
Grants Pass School District No. 7
Grants Pass, Oregon 97526

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Grants Pass School District No. 7, Oregon, (the District), as of and for the year ended June 30, 2022, 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Grants Pass School District No. 7, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government 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 GAAS and *Government 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 the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, other postemployment benefits schedules, pension schedules, and the general fund and major special revenue funds budgetary comparison schedules 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 management's discussion and analysis, certain pension schedules and certain other post-employment benefit schedule 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 general fund and major special revenue funds budgetary comparison information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of 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 general fund and major special revenue fund budgetary comparison information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information as listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The other supplementary information as listed in the Table of Contents and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 other supplementary information as listed in the Table of Contents and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

Other Reporting Required by the State of Oregon

In accordance with Oregon State Regulations, we have also issued our report dated December 27, 2022 on our consideration of the District's compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters, including the provisions of Oregon Revised Statutes (ORS) as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*. The purpose of that report is to describe the scope of our testing necessary to address the required provisions of ORS, and not to provide an opinion on compliance with such provisions.

A handwritten signature in cursive script that reads "Aria Bettinger".

Aria Bettinger, CPA
KDP Certified Public Accountants, LLP
Medford, Oregon
December 27, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

**GRANTS PASS SCHOOL DISTRICT NO. 7
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

As management of Grants Pass School District 7 (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, 2022. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the financial statements and the accompanying notes to enhance their understanding of the District's financial performance. Numerical amounts below have been rounded for ease of viewing.

FINANCIAL HIGHLIGHTS

- In the **government-wide statements**, the District's assets and deferred outflows totaled approximately \$118.1 million at June 30, 2022 consisting of \$67.2 million in capital assets, \$11.5 million in cash and investments, \$5.3 million in receivables, \$0.7 million in other assets, and \$32.3 million in deferred outflows related to pension and other post-employment benefits (OPEB). The District's assets and deferred outflows decreased approximately \$8 million, or 6.3 percent from the prior year.
- In the **government-wide statements**, the District's liabilities and deferred inflows totaled approximately \$131 million at June 30, 2022 consisting of \$5.5 million in accounts payable and other liabilities, \$3.7 million in other post-employment benefits, \$20.4 million in leases payable and long-term debt, \$56.2 million in pension liabilities and \$45.1 million in deferred inflows related to pensions and OPEBs.
- In the **government-wide statements**, the District's net position (assets/deferred outflows minus liabilities/deferred inflows) was a deficit of \$12.8 million at June 30, 2022, of which \$46.7 million was net investment in capital assets, \$2.6 million restricted for special purposes, and a negative balance of \$62.1 million was considered unrestricted. In the prior year, net position had a negative balance of \$16.7 million. The increase of \$3.9 million can be attributed to decreases in pension and OPEB liabilities (See page B-4 and *Note 11* and *Note 12* to the Financial Statements).
- At the end of the fiscal year, the fund balance for all **governmental funds** was approximately \$10.8 million, a decrease of \$9.1 million in comparison to the prior year. Approximately \$4.1 million of this amount is unassigned and available for spending at the District's discretion. Approximately \$6.7 million is restricted and committed to specific and intended purposes through separate funds. Of the \$6.7 million of restricted and committed funds, \$1.1 million is restricted for capital projects and \$3.3 million is committed for the District's future OPERS expenditures.
- At the end of the fiscal year, unassigned fund balance for the **General Fund** was approximately \$4.1 million, down approximately \$2.1 million from the prior year, a decrease of approximately 33.6 percent. Unassigned fund balance in the General Fund represented about 5.7 percent of total General Fund expenditures.

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 basic financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

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:

Statement of Net Position. The *statement of net position* includes all assets and deferred outflows of the District (including infrastructure) as well as all liabilities and deferred inflows (including long-term debt). Net position is the difference between assets and deferred outflows, and liabilities and deferred inflows, which is one way to measure the District's financial health, or financial position. Over time, increase or decreases in the District's net position may be an indicator of whether its financial health is improving or deteriorating.

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 in one category as *governmental activities*. All of the District's basic 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.

The government-wide financial statements can be found as listed in the Table of Contents of this report.

Fund financial statements.

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

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

Since 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 government's near-term financing decisions. Both the governmental fund Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental *funds* and governmental *activities*.

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

The District maintains 11 individual governmental funds, four of which are considered major funds. Information is presented separately in the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, the Federal and Other Grants Fund, the PERS Reserve Fund, and the Capital Projects Fund, all of which are considered to be major funds. Data from the five nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the combining schedules. In addition to the nonmajor combining schedules, the Federal and Other Grants Fund has a combining schedule of two additional funds including the Measure 98 Fund and Student Investment Act Fund (SIA Fund) included as Other Supplementary Information. The basic governmental fund financial statements can be found as listed in the Table of Contents of this report.

Internal service fund. This fund type is an accounting device used to accumulate and allocate costs internally among the District's various functions. The District maintains an internal service fund to account for claims and other risk management costs not otherwise covered through insurance. Because this service predominantly benefits the governmental rather than business-type functions, it has been included within the governmental activities in the government-wide financial statements and internal activity has been eliminated. The basic internal service fund financial statements can be found as listed in the table of contents of this report. Individual fund data for the internal service fund is provided as Supplemental Information in this report.

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 financial statements can be found as listed in the table of contents of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This Management's Discussion and Analysis is considered required supplementary information. Other required supplementary information is presented on the basic financial statements as listed in the table of contents. The combining schedules referred to earlier in connection with non-major governmental funds are presented as Other Supplementary Information as listed in the table of contents of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the end of the current year, the District had a negative net position balance. Net position increased by \$3.9 million from prior year. The District's liabilities and deferred inflows exceeded assets and deferred outflows by \$12.8 million at June 30, 2022.

Capital assets, which consist of the District's land, buildings, building improvements, site improvements, vehicles, and equipment, represent 56.9 percent of total assets/deferred outflows. The remaining assets and deferred outflows consist mainly of investments, cash, property taxes receivable, and deferred outflows related to pensions and OPEBs. Last year, capital assets represented approximately 47.2 percent of total assets/deferred outflows.

Long term liabilities related to pensions and OPEB obligations represent approximately 45.8 percent of total liabilities/deferred inflows. The remaining liabilities/deferred inflows consist mainly of accounts payable and other liabilities, long-term debt, and deferred inflows related to pensions and OPEBs.

A large portion of the District's net position reflects its net investment in capital assets (e.g. land, buildings, building improvements, site improvements, vehicles and equipment). The District's net investment in capital assets increased by about \$7.4 million over the prior year. The District uses these capital assets to provide services to students and other District residents; consequently, these assets are not available for future spending.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Statement of Net Position (continued)

	Net Position (in thousands)		Increase (Decrease) From June 30, 2021
	Governmental Activities		
	June 30, 2022	June 30, 2021	
Assets:			
Current and other assets	18,705	31,437	\$ (12,732)
Capital assets	67,181	59,668	7,513
Total assets	<u>85,886</u>	<u>91,105</u>	<u>(5,219)</u>
Deferred outflows	<u>32,255</u>	<u>35,063</u>	<u>(2,808)</u>
Total assets and deferred outflows	<u>118,141</u>	<u>126,169</u>	<u>(8,026)</u>
Liabilities:			
Current liabilities	5,494	9,491	(3,997)
Long-term liabilities	80,371	126,098	(45,727)
Total liabilities	<u>85,865</u>	<u>135,589</u>	<u>(49,724)</u>
Deferred inflows	<u>45,094</u>	<u>7,299</u>	<u>37,795</u>
Total liabilities and deferred inflows	<u>130,959</u>	<u>142,888</u>	<u>(11,929)</u>
Net position:			
Net investment in capital assets	46,740	39,382	7,358
Restricted	2,605	10,236	(7,631)
Unrestricted	(62,163)	(66,337)	4,174
Total net position	<u>\$ (12,818)</u>	<u>\$ (16,719)</u>	<u>\$ 3,901</u>

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Statement of Activities. During the current fiscal year, the District's net position increased by approximately \$3.9 million. The increase can be attributed to changes in pensions and OPEBs (See page B-4 and *Note 11* and *Note 12* to the Financial Statements).

**Changes in Net Position
(in thousands)**

	Governmental Activities		Increase (Decrease) From
	June 30, 2022	June 30, 2021	June 30, 2021
Revenues:			
Program revenues:			
Charges for service	\$ 765	\$ 319	\$ 446
Operating grants and contributions	18,341	11,872	6,469
Capital grants and contributions	374	1,494	(1,120)
General revenues:			
Property taxes	15,994	15,666	327
State school fund - general support	45,165	49,471	(4,306)
Construction excise tax	253	324	(71)
Other federal, state and local sources	2,301	2,270	31
Federal forest fees	135	114	21
Earnings on investments	72	109	(37)
Gain/(loss) on sale of capital assets	18	16	2
Miscellaneous	1,333	580	753
Total revenues	<u>84,750</u>	<u>82,235</u>	<u>2,514</u>
Expenses:			
Instruction	48,212	54,832	(6,620)
Support services	29,143	29,199	(56)
Enterprise and community services	3,011	2,881	130
Facilities acquisition and construction	8	47	(39)
Interest on long-term debt	475	372	103
Total expenses	<u>80,848</u>	<u>87,331</u>	<u>(6,482)</u>
Change in Net Position	<u>\$ 3,902</u>	<u>\$ (5,096)</u>	<u>\$ 8,996</u>

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's governmental funds is to provide information on relatively short-term cash flow and funding for future basic services. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year.

At June 30, 2022, the District's governmental funds reported combined ending fund balances of approximately \$10.8 million, a decrease of about \$9.1 million in comparison with prior year. The following is a breakdown of the fund balances:

Fund	Ending Fund Balance	% to Total
General Fund Total	\$ 4,073,071	37.8%
Federal and Other Grants	64,757	0.6%
Student Body	477,046	4.4%
Food Service	1,051,963	9.8%
Cool Schools	60,350	0.6%
PERS Reserve	3,348,426	31.1%
Measure 98	-	0.0%
Student Investment Account	-	0.0%
Bus Replacement	503,277	4.7%
Capital Projects	951,115	8.8%
Debt Service	241,129	2.2%
Total Governmental Fund Balances	<u>\$ 10,771,134</u>	<u>100.0%</u>

General Fund. The General Fund is the chief operating fund of the District. As of June 30, 2022, total unassigned fund balance was \$4.1 million, down from \$6.1 million in the prior year. Total expenditures for the year ended June 30, 2022 approximated \$70.9 million. As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Fund balance represents about 5.7 percent of total General Fund expenditures.

Federal and Other Grants Fund. The Federal and Other Grants Fund accounts for the proceeds of specific revenue sources that are legally restricted to expenditure for specific purposes.

PERS Reserve Fund. This fund was established to accumulate resources in response to anticipated increases in mandated PERS contributions by the District. At June 30, 2022, the revenues in this fund approximated \$18.9 thousand with no expenditures. At June 30, 2022, the fund balance approximated \$3.3 million.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year, the Board adopted two resolutions for appropriation transfers in the General Fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The District's investment in capital assets includes land, buildings, building improvements, site improvements, vehicles, equipment, and right-of use assets. As of June 30, 2022, the District had invested approximately 67.2 million in capital assets, net of depreciation and amortization. In the prior year, capital assets, net of depreciation, approximated \$59.7 million. The major capital asset events for the year were construction associated with seismic rehabilitation projects, LED and HVAC improvements, and the purchase of school buses through a loan.

Additional information on the District's capital assets can be found in *Note 1* and *Note 5* of the notes to the basic financial statements as listed in the table of contents of this report.

Long-term debt. At the end of the current fiscal year, the District had \$20.4 million in outstanding leases payable and long-term debt; the debt proceeds were used for the cost of constructing and equipping additional elementary school classrooms at existing elementary schools and to pay all costs incidental thereto, LED and HVAC improvements, and to purchase new school buses through loans.

During the year ended June 30, 2022, the District implemented GASB 87, the new accounting standard for leases. The implementation of this pronouncement had no effect on net assets. There was an initial lease liability and right-of-use asset recorded in the amount of \$583,158.

Additional information on the District's leases payable and long-term debt can be found in *Note 1*, *Note 9*, and *Note 10* of the notes to the basic financial statements as listed in the table of contents of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET-

The effects of the COVID pandemic continue to have an effect on school districts across the Nation. Last year, we shared that the effects of the pandemic on ADMw and funding levels were still unknown. What we now know is that the State still is seeing a loss in over 20,000 students in our public schools.

For District 7 – the 2021.2022 school year ended with a loss of over 600 ADMw. As of the writing of this narrative there has been some recovery of those students but still not to the level that would bring the District back to pre-pandemic levels. The District received significant amounts of federal funding in response to the COVID pandemic. Those funds have been and continue to be used for strategies to help combat learning loss as a result of students being in comprehensive distance learning during the pandemic. Those funds have also been used to provide supplies to keep our buildings free from contagions, improve air quality conditions in our schools as well as to keep staff employed.

As the District looks toward budgeting for 2023.2024, the remaining federal funding will need to be used to continue to help combat budget shortfalls. The most significant level of funding continues to be the State School Fund with over 70% of our General Fund revenue coming from the State. Income taxes are the predominant source of revenue for the State School fund which causes an inherent instability in the amount of funding from one year to the next. There was fear that the Pandemic would have a catastrophic effect on the State economy. However, while the State's economy is flourishing, there is uncertainty about the level of funding the new Governor's administration will allocate to public education. At this time, the level of funding that is being discussed in the legislature will not come close to meeting current service levels, in other words roll-up costs. There is significant lobbying being done by COSA and OASBO to educate our legislators about the level of funding needed just to adequately fund our schools. Because the economy is flourishing, the Construction Excise Tax that funds the Student Investment Account will, we believe, see an increase. We also believe that districts will see an increase in the funding for Measure 98 (the Student Success Act). With careful planning these funds can also help Districts weather any budgetary shortfalls in the State School Fund.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (continued)

The PERS actuarial liability will always be a concern for school districts. In the 2021-2023 biennium, the District was fortunate to see a decrease in PERS rates. Unfortunately, the District will see an increase of approximately 1.5% in PERS rates for the 2023-2025 biennium. The District does still maintain a PERS Reserve fund that can help offset some of the increase.

For those programs such as IDEA and Title I that are mandated by the federal government, to the extent that the government does not fully fund them, the District's General Fund resources have to be reallocated to maintain these mandated programs. The District again saw a reduction in funding of federally funded Title I programs in 2022.2023, however, the District did receive a small increase in IDEA funding. As always, we will monitor this as we plan for the 2023.2024 school year and make budgetary adjustments as needed depending on funding levels.

The global pandemic of 2020 continues to have a dramatic effect on schools everywhere. The District continues to adjust to the changes brought about by the pandemic and will continue to do so. The mission of the District is to provide the best education possible for all of the children of Grants Pass and even amidst a global pandemic – we will do our very best to continue to uphold that mission and budget accordingly. District Administration is very grateful for the support of the Board, the families of our students, and the community at large - especially as we have all worked through the effects of the pandemic together.

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 the District's Director of Business Services, at 725 NE Dean Drive, Grants Pass, Oregon 97526.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**GRANTS PASS SCHOOL DISTRICT NO. 7
STATEMENT OF NET POSITION
YEAR ENDED JUNE 30, 2022**

	Governmental Activities
ASSETS:	
Cash and investments	\$ 10,205,234
Cash restricted under purchase agreement	1,299,727
Receivables	5,284,023
Inventories	446,105
Capital assets, net	
Land	2,373,073
Buildings and improvements	60,821,878
Vehicles	2,430,317
Machinery and equipment	1,109,926
Right-of-use asset	445,732
Net OPEB asset (RHIA)	1,222,321
Beneficial interest in trust	247,980
	85,886,316
TOTAL ASSETS	
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred outflows related to pensions (OPERS)	31,090,088
Deferred outflows related to pensions (early retirement stipend benefit plan)	756,818
Deferred outflows related to OPEB (RHIA)	337,570
Deferred outflows related to OPEB (single-employer medical benefit plan)	70,518
	32,254,994
TOTAL DEFERRED OUTFLOWS OF RESOURCES:	
LIABILITIES:	
Accounts payable	1,045,348
Accrued payroll liabilities	3,400,789
Accrued interest payable	97,639
Unearned revenue	818,118
Compensated absences	131,655
Leases payable	
Due within one year	136,569
Due in more than one year	316,627
Long-term debt	
Due within one year: notes and loans payable	1,579,023
Due in more than one year: notes and loans payable	18,408,336
Net pension liability (OPERS)	49,336,578
Total pension liability (early retirement stipend benefit plan)	6,853,885
Total OPEB liability (single-employer medical benefit plan)	3,740,290
	85,864,857
TOTAL LIABILITIES	
DEFERRED INFLOWS OF RESOURCES:	
Deferred inflows related to beneficial interest in trust	247,980
Deferred inflows related to pensions (OPERS)	43,248,107
Deferred inflows related to pensions (early retirement stipend benefit plan)	423,902
Deferred inflows related to OPEB (RHIA)	469,601
Deferred inflows related to OPEB (single-employer medical benefit plan)	704,345
	45,093,935
TOTAL DEFERRED INFLOWS OF RESOURCES:	
NET POSITION:	
Net investment in capital assets	46,740,371
Restricted: Capital Projects	951,115
Restricted: Food Service	1,051,963
Restricted: Education - Grants	64,757
Restricted: Cool Schools	60,350
Restricted: Student Body Funds	477,046
Unrestricted (deficit)	(62,163,084)
	(12,817,482)
TOTAL NET POSITION (DEFICIT)	
	\$ (12,817,482)

See notes to basic financial statements

**GRANTS PASS SCHOOL DISTRICT NO. 7
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction	\$ 48,212,478	\$ 557,227	\$ 9,458,121	\$ -	\$ (38,197,130)
Supporting services	29,143,104	192,949	4,737,268	-	(24,212,887)
Community services	3,010,670	15,226	4,145,663	-	1,150,219
Facilities acquisition and construction	7,932	-	-	373,864	365,932
Interest and fees on long-term debt	475,349	-	-	-	(475,349)
Total governmental activities	\$ 80,849,533	\$ 765,402	\$ 18,341,052	\$ 373,864	(61,369,215)
General revenues:					
Property taxes levied for general purposes					15,993,709
Construction excise tax					252,533
State school fund - general support					45,165,458
Common school fund					668,306
Federal forest fees					135,378
Unrestricted state and local sources					1,632,316
Earnings on investments					72,447
Gain (loss) on sale of fixed assets					17,782
Miscellaneous					1,333,443
Total general revenues					65,271,372
CHANGE IN NET POSITION					3,902,157
Net Position - July 1, 2021					(16,719,639)
Net Position - June 30, 2022					\$ (12,817,482)

FUND FINANCIAL STATEMENTS

**GRANTS PASS SCHOOL DISTRICT NO. 7
BALANCE SHEET
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022**

	General Fund	Federal and Other Grants Fund	PERS Reserve Fund	Capital Projects Fund	Non-major Governmental Funds	Total
ASSETS						
Equity in pooled cash and investments	\$ 3,207,595	\$ 2,192,928	\$ 3,348,426	\$ 321,425	\$ 1,087,204	\$ 10,157,578
Cash restricted under purchase agreement	-	-	-	1,299,727	-	1,299,727
Receivables	3,200,536	1,287,536	-	111,899	683,244	5,283,215
Interfund receivable	2,113,907	1,914	-	-	623,767	2,739,588
TOTAL ASSETS	\$ 8,522,038	\$ 3,482,378	\$ 3,348,426	\$ 1,733,051	\$ 2,394,215	\$ 19,480,108
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 246,058	\$ 60,000	\$ -	\$ 735,088	\$ -	\$ 1,041,146
Interfund payable	92,787	2,539,503	-	46,848	60,450	2,739,588
Accrued payroll liabilities	3,400,789	-	-	-	-	3,400,789
Unearned revenue	-	818,118	-	-	-	818,118
TOTAL LIABILITIES	3,739,634	3,417,621	-	781,936	60,450	7,999,641
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	709,333	-	-	-	-	709,333
TOTAL DEFERRED INFLOWS	709,333	-	-	-	-	709,333
Fund Balances:						
Restricted:						
Education - Grants	-	64,757	-	-	-	64,757
Capital Projects	-	-	-	951,115	-	951,115
Food Service	-	-	-	-	1,051,963	1,051,963
Cool Schools - energy efficiency	-	-	-	-	60,350	60,350
Student Body Funds	-	-	-	-	477,046	477,046
Committed:						
PERS Reserve	-	-	3,348,426	-	-	3,348,426
Bus Replacement	-	-	-	-	503,277	503,277
Debt Service	-	-	-	-	241,129	241,129
Unassigned	4,073,071	-	-	-	-	4,073,071
TOTAL FUND BALANCES	4,073,071	64,757	3,348,426	951,115	2,333,765	10,771,134
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 8,522,038	\$ 3,482,378	\$ 3,348,426	\$ 1,733,051	\$ 2,394,215	\$ 19,480,108

**GRANTS PASS SCHOOL DISTRICT NO. 7
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
YEAR ENDED JUNE 30, 2022**

TOTAL FUND BALANCES		\$ 10,771,134
<p>Capital assets are not financial resources and therefore are not reported in the governmental funds:</p>		
Cost	\$ 107,607,357	
Accumulated depreciation	<u>(40,426,431)</u>	67,180,926
<p>A portion of the District's property taxes are collected after year-end but are not available soon enough to pay for the current year's operations, and therefore are not reported as revenue in the governmental funds.</p>		
		709,333
<p>Add the combined net position of the internal service funds, as it is not part of the governmental fund balance, but it is controlled by the District, and therefore included on the government-wide Statement of Net Position.</p>		
		44,262
<p>In the governmental funds, inventory is accounted for under the purchase method and the current value is not reported in the fund balance sheet.</p>		
		446,105
<p>Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest in long-term debt is not accrued in the governmental funds, but rather recognized as an expenditure when due. These liabilities consist of:</p>		
Notes payable	\$ (18,148,886)	
Loans payable	(1,838,473)	
Leases payable	(453,196)	
Compensated absences payable	(131,655)	
Interest accrual	<u>(97,639)</u>	(20,669,849)
<p>Long-term assets and liabilities associated with the District's pension and OPEB plans are not recorded in the governmental funds as they don't provide or require current financial resources. These consist of:</p>		
Net OPEB asset (RHIA)	\$ 1,222,321	
Net pension liability (OPERS)	(49,336,578)	
Total pension liability (early retirement stipend benefit plan)	(6,853,885)	
Total OPEB liability (single-employer medical benefit plan)	<u>(3,740,290)</u>	(58,708,432)
<p>Net deferred outflows/(inflows) of resources associated with the District's pension and OPEB plans are not recorded in the governmental funds as they don't provide or require current financial resources.</p>		
		<u>(12,590,961)</u>
TOTAL NET POSITION		<u>\$ (12,817,482)</u>

GRANTS PASS SCHOOL DISTRICT NO. 7
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	General Fund	Federal and Other Grants Fund	PERS Reserve Fund	Capital Projects Fund	Non-major Governmental Funds	Total
REVENUES						
Property taxes and other taxes	\$ 15,948,953	\$ -	\$ -	\$ 252,533	\$ -	\$ 16,201,486
Intergovernmental	52,286,451	9,110,206	-	49,999	4,164,542	65,611,198
Charges for services	501,120	-	-	-	264,282	765,402
Local grants and contributions	119,144	67,324	-	25,000	349,628	561,096
Investment earnings	51,827	-	18,904	1,716	-	72,447
Miscellaneous	1,089,828	21,864	-	186,085	182,116	1,479,893
TOTAL REVENUES	69,997,323	9,199,394	18,904	515,333	4,960,568	84,691,522
EXPENDITURES						
Current						
Instruction	43,503,913	5,839,151	-	35,656	567,269	49,945,989
Support services	27,231,829	2,733,050	-	294,259	645,591	30,904,729
Enterprise and community services	-	151,446	-	-	2,981,519	3,132,965
Facilities and acquisition	-	-	-	8,759,001	-	8,759,001
Debt service	146,392	-	-	376,266	1,153,910	1,676,568
TOTAL EXPENDITURES	70,882,134	8,723,647	-	9,465,182	5,348,289	94,419,252
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(884,811)	475,747	18,904	(8,949,849)	(387,721)	(9,727,730)
OTHER FINANCING SOURCES (USES)						
Proceeds from debt issuance	-	-	-	-	629,527	629,527
Proceeds from sale of capital assets	17,782	-	-	-	-	17,782
Transfers in	146,515	-	-	600,000	1,601,802	2,348,317
Transfers out	(1,337,327)	(410,990)	-	-	(600,000)	(2,348,317)
TOTAL OTHER FINANCING SOURCES (USES)	(1,173,030)	(410,990)	-	600,000	1,631,329	647,309
NET CHANGE IN FUND BALANCE	(2,057,841)	64,757	18,904	(8,349,849)	1,243,608	(9,080,421)
FUND BALANCE, July 1, 2021	6,130,912	-	3,329,522	9,300,964	1,090,157	19,851,555
FUND BALANCE, June 30, 2022	\$ 4,073,071	\$ 64,757	\$ 3,348,426	\$ 951,115	\$ 2,333,765	\$ 10,771,134

GRANTS PASS SCHOOL DISTRICT NO. 7
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

NET CHANGE IN FUND BALANCE		\$ (9,080,421)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Government funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation or amortization expense. This is the amount by which depreciation and amortization exceeded capital outlays in the current period.</p>		
Expenditures for capital assets	\$ 10,033,545	
Less current year depreciation and amortization	<u>(3,103,803)</u>	6,929,742
<p>Governmental funds do not report inventory balances under the purchase method of accounting for inventory while the Statement of Net Position does. This is the change in inventory in the current period.</p>		
		150,615
<p>Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the Statement of Activities property taxes are recognized as revenue when levied.</p>		
		44,756
<p>Repayment of debt and lease principal is an expenditure in the governmental funds, but reduces the liability in the Statement of Net Position.</p>		
Debt proceeds	\$ (629,527)	
Long-term debt principal paid	927,790	
Leases principal paid	<u>129,962</u>	428,225
<p>In the Statement of Activities interest is accrued on long-term debt, whereas in the governmental funds it is recorded as interest expense when paid.</p>		
Interest paid	\$ 618,816	
Interest expense	<u>(475,349)</u>	143,467
<p>Add the change in net position from the activity in the internal service funds, as they are not included in the governmental fund financial statements, but are included in the government-wide Statement of Activities as the District has control of the funds.</p>		
		(2,371)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These are the net effect of adjustments associated with the District's pension and OPEB plans.</p>		
OPERS	\$ 5,148,059	
Early Retirement Stipend Benefit Plan	(96,231)	
RHIA	170,923	
Single-Employer Medical Benefit Plan	<u>5,284</u>	5,228,035
<p>Compensated absences are recognized as an expenditure in the governmental funds when they are paid. In the Statement of Activities compensated absences are recognized as an expenditure when earned.</p>		
		<u>60,109</u>
CHANGE IN NET POSITION		<u><u>\$ 3,902,157</u></u>

**GRANTS PASS SCHOOL DISTRICT NO. 7
STATEMENT OF NET POSITION
INTERNAL SERVICE FUND
YEAR ENDED JUNE 30, 2022**

	Insurance Reserve Fund
ASSETS	
Cash and investments	\$ 47,656
Accounts receivable	808
TOTAL ASSETS	\$ 48,464
 LIABILITIES AND NET POSITION	
Accounts payable	\$ 4,202
TOTAL LIABILITIES	4,202
 NET POSITION	
Unrestricted	44,262
TOTAL NET POSITION	\$ 44,262

**GRANTS PASS SCHOOL DISTRICT NO. 7
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUND
YEAR ENDED JUNE 30, 2022**

	<u>Insurance Reserve Fund</u>
OPERATING REVENUES	
Charges for services (interfund)	\$ 10,733
TOTAL OPERATING REVENUES	<u>10,733</u>
OPERATING EXPENSES	
Current:	
Support services	<u>13,104</u>
TOTAL OPERATING EXPENSES	<u>13,104</u>
OPERATING INCOME / (LOSS)	<u>(2,371)</u>
CHANGE IN NET POSITION	(2,371)
NET POSITION, July 1, 2021	<u>46,633</u>
NET POSITION, June 30, 2022	<u><u>\$ 44,262</u></u>

**GRANTS PASS SCHOOL DISTRICT NO. 7
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND
YEAR ENDED JUNE 30, 2022**

	Insurance Reserve Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash from interfund services provided	\$ 10,687
Cash paid for services	(11,780)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(1,093)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,093)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	48,749
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 47,656
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING INCOME	
Operating income (loss)	\$ (2,371)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Change in assets and liabilities:	
Receivable	(46)
Accounts payable	1,324
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (1,093)

NOTES TO THE FINANCIAL STATEMENTS

GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 1 - Summary of Significant Accounting Policies

The financial statements of Grants Pass School District No. 7 (the District), Oregon have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting standards.

The Reporting Entity

The District 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 seven-member Board of Education (Board) who approves the administrative officials. The daily functioning of the District is under the supervision of the Superintendent. As required by generally accepted accounting principles, all activities of the District have been included in the basic financial statements.

The 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 service within the District's boundaries. However, the District is not financially accountable for any of these entities, and therefore, none of them are considered component units or included in these basic financial statements.

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

Basis of Presentation

Government-wide Financial Statements

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

The Statement of Activities presents a comparison between direct expenses and program revenues for each of its functions/programs. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to that function. Eliminations have been made to minimize the double counting of internal activities in the Statement of Activities. Program revenues include: (1) charges to students or others for tuition, fees, rentals, materials, supplies or services provided, (2) operating grants and contributions, and (3) capital grants and contributions. Revenues that are not classified as program revenues, including property taxes and state support, are presented as general revenues.

Separate financial statements are presented for governmental funds and the internal service fund.

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

Fund Financial Statements

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

**GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

Note 1 - Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

The District reports the following major governmental funds:

General Fund – This fund is the District's primary operating fund and accounts for all revenues and expenditures except those required to be accounted for in another fund.

Federal and Other Grants Fund – This fund, a special revenue fund, accounts for revenues and expenditures of grants restricted for specific educational purposes. Principal revenue sources are federal and state grants.

PERS Reserve Fund – This fund, a special revenue fund, provides resources to address the anticipated increase in mandated PERS contributions by the District. Principal revenue sources are investment earnings.

Capital Projects Fund – This fund accounts for activities related to the acquisition, construction, equipping and furnishing of facilities. Principal revenue sources are proceeds from purchase agreements, interest earnings, and capital grant funds.

Additionally, the District reports the following fund type:

Internal Service Fund – This fund is used to report activity that provides services on a cost reimbursement basis for the District's other programs and activities. As a result, this fund is reported as a governmental activity. The District currently has one internal service fund - the Insurance Reserve Fund. Internal activity is eliminated on the government-wide financial statements.

Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Property taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and claims and judgments, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt and acquisitions under leases are reported as other financing sources.

GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 1 - Summary of Significant Accounting Policies (continued)

Cash and Investments

The District's cash and cash equivalents consist of cash on hand and demand deposits.

The District's investments, authorized under state statute, consist of the State of Oregon Treasurer's Local Government Investment Pool (LGIP). Changes in the fair value of investments are recorded as investment earnings.

The LGIP is stated at cost which approximates fair value. Fair value of the LGIP is the same as the District's value in the pool shares. The Oregon State Treasury administers the LGIP. It is an open-ended no-load diversified portfolio offered to any agency, political subdivision or public corporation of the State that by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon legislature established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment options of the LGIP. The investments are regulated by the Oregon Short Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895).

Cash Restricted under Purchase Agreement

On October 23, 2020, the District entered into a Master Tax-Exempt Installment Purchase Agreement with U.S. Bancorp Government Leasing and Financing, Inc. Under the Purchase Agreement, proceeds of \$15,458,977 were deposited in an escrow account and remain until the purchase is submitted and approved by the District and the Seller. As of June 30, 2022, drawdowns of \$14,159,973 were approved and disbursed, and the balance of the escrow account was \$1,299,727.

Property Taxes Receivable

Ad valorem property taxes are levied on all taxable property as of January 1 preceding the beginning of the fiscal year. Property taxes become a lien on July 1 for personal property and real property. Property taxes are levied on July 1. Collection dates are November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

Uncollected property taxes are recorded on the Statement of Net Position. Uncollected taxes are deemed to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established.

Intergovernmental and Other Receivables

Intergovernmental and other receivables consist primarily of charges for services, claims for reimbursement of costs under various federal and state grant programs and refunds of prior year expenditures.

Inventories

Inventory consists of supplies held for use. In the government-wide financial statements, inventories are stated at cost using the first-in, first-out (FIFO) method. In the fund financial statements, inventory is reported using the purchase method where purchases are charged to expense when purchased.

A portion of the inventory consists of donated United States Department of Agriculture (USDA) commodities. Commodities are recorded as expenditures when consumed and are stated at their fair market value based on guidelines provided by the USDA.

**GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

Note 1 - Summary of Significant Accounting Policies (continued)

Beneficial Interest in Trust

The District recognizes its right to assets held by a trustee as beneficial interests in trusts when it has the unconditional right to receive all or a portion of the specified cash flows and the trustee does not have variance power.

The District recognizes its interests in this trust as a beneficial interest in trust and related deferred inflow measured at fair value. Subsequent adjustments to the assets' carrying value are reported as a change in the value of beneficial interest in trust and the related deferred inflow in the accompanying financial statements.

Capital Assets

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

Buildings and improvements - 10 to 50 years
Vehicles - 10 to 20 years
Machinery and equipment - 5 to 30 years
Right-of-use - Depends on life of lease

Self-Insurance

The Internal Service Fund (Insurance Reserve Fund) address the various types of risk faced by the District. The District provides currently for potential losses to be incurred from pending claims.

The District is self-insured for costs up to policy deductible limits as follows:

- Fire loss, property damage, all risk (theft, vandalism, etc.) - \$5,000 per occurrence
- Workers' compensation claims - 100% coverage, no deductible

Pension and Retirement Plans

Substantially all of the District's employees are participants in the State of Oregon Public Employees Retirement System (OPERS). Contributions to OPERS are made on a current basis as required by the plan and are charged as expenses/expenditures.

Additionally, the District offers eligible employees who elect early retirement a monthly stipend. Such costs are recorded as expense in the General Fund and funded as stipend benefits become due.

GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 1 - Summary of Significant Accounting Policies (continued)

Post-Employment Health Care Benefits

The District's other post-employment benefit plan (OPEB) provides continued medical coverage to eligible retirees and their spouses and dependents until Medicare eligibility. The OPEB plan is an implicit rate subsidy for medical insurance.

Additionally, substantially all of the District's employees are participants in the State of Oregon Public Employees Retirement System (OPERS) – Retirement Health Insurance Account (RHIA). Contributions to OPERS RHIA are made on a current basis as required by the plan and are charged as expenses.

Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District. All unused vacation pay is accrued when earned in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignation and retirements.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition on net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Additionally, the District has one type of deferred inflows which arises only under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet.

Leases

Leases are recognized in accordance with GASB Statement No. 87, Leases.

A lessee is required to recognize a lease payable and an intangible right-to-use lease asset. A lease payable is recognized at the net present value of future lease payments, and is adjusted over time by interest and payments. Future lease payments include fixed payments. The right-to-use asset is initially recorded at the amount of the lease liability plus prepayments less any lease incentives received prior to lease commencement, and is subsequently amortized over the life of the lease.

The District has chosen not to implement GASB 87 for the budgetary basis of accounting. For both the budgetary basis of accounting and for leases that do not meet the criteria for valuation under GASB 87, the District will report inflows of cash for lessor leases and outflows of cash for lessee leases.

Long-term Debt

In the government-wide financial statements, long-term debt is reported as a liability in the Statement of Net Position. Premiums and discounts are deferred and amortized over the life of the debt using the effective interest method. Debt is reported net of the applicable premium or discount.

GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 1 - Summary of Significant Accounting Policies (continued)

Long-term Debt (continued)

In the fund financial statements premiums and discounts are recognized when incurred and not deferred. The face amount of the debt issued, premiums received on debt issuances, and discounts are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures when incurred.

Net Position and Fund Balances

In the government-wide financial statements, equity is classified as net position and displayed in three components:

Net investment in capital assets – consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

Restricted net position – Consists of net position with constraints placed on the use by either (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Restricted net position is reduced by liabilities and deferred inflows or resources related to the restricted assets.

Unrestricted net position (deficit) – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

In the fund financial statements, governmental fund equity is classified in the following categories:

Non-Spendable – Includes items not immediately converted to cash, such as prepaid items and inventory.

Restricted – Includes items that are restricted by external creditors, grantors, or contributors, or restricted by legal constitutional provisions.

Committed – Includes items committed by the District's Board of Education, by formal board action.

Assigned – Includes items assigned for specific purposes, authorized by the District's Superintendent and/or Director of Business Services

Unassigned – This is the residual classification used for those balances not included in another category.

The District 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 lastly unassigned fund balance.

**GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

Note 1 - Summary of Significant Accounting Policies (continued)

Budget

A budget is prepared and legally adopted for each governmental fund type on the modified accrual basis of accounting. This budgetary basis of accounting is different than accounting principles generally accepted in the United States of America (GAAP). The major differences between the budgetary and GAAP basis of accounting are that capital outlay and other long-term assets, and debt principal and other long-term liabilities, are included as budgeted expenditures in the governmental fund types. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations.

Appropriations are established at the major function level (instruction, support services, enterprise and community services, facilities acquisition and construction, debt service, operating contingency and transfers) for each fund. The detailed budget document, however, is required to contain more specific, detailed information for the aforementioned expenditure 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 at a regular meeting. A supplemental budget of 10% or more of a 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 within a fund between the levels of control (major function levels) with Board approval. During the year, the Board adopted two resolutions for appropriation transfers. Appropriations lapse at the end of each fiscal year.

During the fiscal year ended June 30, 2022, the District was in compliance with Local Budget Law, except for the following:

- Expenditures in excess of appropriations as follows:

<u>Fund</u>	<u>Appropriation</u>	<u>Expenditure</u>	<u>Variance</u>
Student Investment Account			
Support services	\$ 1,218,554	\$ 1,693,405	\$ (474,851)
Measure 98 Fund			
Support services	600,882	613,694	(12,812)
Bus Replacement Fund			
Debt service	-	545,039	(545,039)

Use of Estimates

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

GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 1 - Summary of Significant Accounting Policies (continued)

Adoption of New GASB Pronouncements

The District has adopted and implemented the following GASB Statements which have become effective for the fiscal year ended June 30, 2022:

GASB Statement No. 87, *Leases*. This statement was issued June 2017 to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. 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, thereby enhancing the relevance and consistency of information about governments' leasing activities. The implementation of this statement had no effect on net assets. There was an initial lease liability and right-of-use asset recorded in the amount of \$583,158. This resulted in a reclassification of opening balances that is reflected in *Note 5 - Capital Assets*, *Note 9 - Leases Payable* and *Note 10 - Long-Term Debt* of the District's financial statements.

GASB Statement No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*. This Statement supersedes the requirements of paragraphs 5-22 of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, and requires interest costs incurred before the end of a construction period to be recognized as expense in the period incurred under the economic resources measurement focus. Adoption of this statement had no effect on the District's financial statements.

Future GASB Pronouncements

The following GASB pronouncements have been issued, but are not effective as of June 30, 2022:

GASB Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. GASB Statement No. 91 will be effective for the District for the fiscal year ending June 30, 2023.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement's objective is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. This Statement will be effective for the District for the fiscal year ending June 30, 2023.

GASB Statement No. 101, *Compensated Absences*. Issued in June 2022, this Statement updates recognition and measurement guidelines for compensated absences and is effective for the District for the fiscal year ending June 30, 2025.

The District will implement new GASB pronouncements no later than the required effective date. The District is currently evaluating whether or not the above-listed new GASB pronouncements will have a significant impact on the District's financial statements.

**GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

Note 2 - Cash and Investments

Cash and investments are comprised of the following at June 30, 2022:

Petty cash	\$ 10,050
Carrying amount of demand deposits	6,071,697
Carrying amount of investments	4,123,487
Restricted purchase agreement	1,299,727
	<hr/>
Total cash and investments	<u>\$ 11,504,961</u>

Cash and investments are shown on the basic financial statements as:

Statement of Net Position	
Cash and investments	\$ 10,205,234
Cash restricted under purchase agreement	1,299,727
	<hr/>
Total Cash and Investments	<u>\$ 11,504,961</u>

Deposits

The Governmental Accounting Standards Boards has adopted accounting principles generally accepted in the United States of America (GAAP), which include standards to categorize deposits to give an indication of the level of custodial credit risk assumed by the District at June 30, 2022. If bank deposits at year end are not entirely insured or collateralized with securities held by the District or by its agent in the District's name, the District must disclose the custodial credit risk that exists. Deposits with financial institutions are comprised of bank demand deposits. For deposits in excess of federal depository insurance, Oregon Revised Statutes require depository institutions to be in compliance with ORS 295. For the fiscal year ended June 30, 2022, the carrying amounts of the District deposits in various financial institutions were \$7,370,701 and the bank balances were \$9,333,873. All deposits are held in the name of the District. Of the bank balance, \$8,833,873 is not covered by FDIC insurance. However, the balance is covered by the State of Oregon shared liability structure for participating bank depositories in Oregon, as identified by the State's Treasurer.

Effective July 1, 2008, House Bill 2901 created a shared liability structure for participating bank depositories in Oregon. Barring any exceptions, a qualifying bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of the quarter-end public fund deposits if they are adequately capitalized, or 110% of the quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public bank depositories is available to repay the deposits of public funds of governmental entities.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk.

GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 2 - Cash and Investments (continued)

Investments

The District has invested funds in the State Treasurer's Oregon Short-term Fund Local Government Investment Pool during fiscal year 2022. The Oregon Short-Term Fund is the local government investment pool for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). Local Government Investment Pool (LGIP) is an external investment pool managed by the State Treasurer's office, which allow governments within the state to pool their funds for investment purposes. The amounts invested in the pool are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry form as defined by GASB statement No. 40. LGIP is not rated.

In addition, the Oregon State Treasury LGIP distributes investment income on an amortized cost basis and participants' equity in the pool is determined by the amount of participant deposits, adjusted for withdrawals and distributed income. Accordingly, the adjustment to fair value would not represent an expendable increase in the District's cash position.

Investments in the Oregon State Treasury LGIP are made under the provisions of ORS 194.180. These funds are held in the District's name and are not subject to collateralization requirements or ORS 295.015. Investments are stated at amortized cost, which approximated fair value.

State of Oregon statutes restrict the types of investments in which the District may invest. Authorized investments include obligations of the United States Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, time certificates of deposit, certain commercial paper, and the State of Oregon Treasurer's Local Government Investment Pool. At June 30, 2022, and for the year then ended, the District was in compliance with the aforementioned State of Oregon statutes.

Credit Risk

State Statutes authorize the District to invest primarily in general obligations of the U.S. government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, banker's acceptances, certain commercial papers, and the State Treasurer's Investment Pool, among others. The District has no formal investment policy that further restricts its investment choices.

Concentration of Credit Risk

The District is required to provide information about the concentration of credit risk associated with its investments in one issuer that represents 5 percent or more of the total investments, excluding investments in external investment pools or those issued and explicitly guaranteed by the U.S. Government. All the District's investments are in an external investment pool.

Interest Rate Risk

The District has no formal investment policy that explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates.

**GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

Note 2 - Cash and Investments (continued)

Investments (continued)

Disclosures about Fair Value of Assets

Fair value is 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. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 - Unadjusted inputs using quoted prices in active markets for identical investments.

Level 2 - Other significant observable inputs other than level 1 prices, including, but are not limited to, quoted prices for similar investments, inputs other than quoted prices that are observable for investments (such as interest rates, prepayment speeds, credit risk, etc.) or other market corroborated inputs.

Level 3 - Significant inputs based on the best information available in the circumstances, to the extent observable inputs are not available.

Disclosures about Fair Value of Assets

Investments Measured at Fair Value:	Totals at June 30, 2022	Level One	Level Two	Level Three	Amortized Cost Measurement Not Measured at Fair Value
Local Government Investment Pool	\$ 4,123,487	\$ -	\$ -	\$ -	\$ 4,123,487
	<u>\$ 4,123,487</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,123,487</u>
Beneficial interest in trust: Beneficial interest in perpetual trust	\$ 247,980	\$ -	\$ -	\$ 247,980	\$ -
	<u>\$ 247,980</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 247,980</u>	<u>\$ -</u>

Beneficial Interest in Perpetual Trusts

Fair value is estimated at the present value of the future distributions expected to be received over the term of the agreement. Due to the nature of the valuation inputs and the perpetual nature of the trust, the interest is classified within Level 3 of the hierarchy.

**GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

Note 2 - Cash and Investments (continued)

Investments (continued)

Level 3 Reconciliation

	Beneficial Interest in Perpetual Trust
Balance at July 1, 2021	\$ 288,109
Distributions	(12,415)
Net change in value of perpetual trust	(27,714)
Balance at June 30, 2022	\$ 247,980

Note 3 - Receivables

Receivables are comprised of the following at June 30, 2022:

	Taxes	Intergovernmental	Other	Total
General Fund	\$ 857,053	\$ 1,548,957	\$ 794,526	\$ 3,200,536
Federal and Other Grants Fund	-	872,485	636	873,121
Measure 98 Fund	-	414,415	-	414,415
Capital Projects Fund	53,678	58,221	-	111,899
Non-major Governmental:				
Food Service Fund	-	492,866	1,200	494,066
Cool Schools Fund	-	-	9,393	9,393
Bus Replacement Fund	-	-	179,785	179,785
Insurance Reserve Fund	-	-	808	808
	\$ 910,731	\$ 3,386,944	\$ 986,348	\$ 5,284,023

Note 4 - Split-Interest Agreements

Beneficial Interest in Trust

The District is the beneficiary of a trust created by a donor, the assets of which are not in the possession of the District. The District has the legally enforceable rights or claims to such assets, including the right to income therefrom. The trust is perpetual whereby the District receives the income or a designated portion of the income in perpetuity.

Income earned on trust assets is distributed to the District for the purpose of supporting Grants Pass High School Girls and Boys Summer Basketball programs as provided in the agreement, and was \$12,415 during 2022. Consistent with accounting principles generally accepted in the United States of America, these funds and changes in their fair value are included in the accompanying financial statements. The fair value of the beneficial interest in trust at June 30, 2022 was \$247,980.

**GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

Note 5 - Capital Assets

The changes in capital assets for the year ended June 30, 2022, are as follows:

	Balance June 30, 2021 as restated	Additions	Disposals	Transfers	Balance June 30, 2022
Capital assets not being depreciated:					
Land	\$ 2,373,073	\$ -	\$ -	\$ -	\$ 2,373,073
Construction in progress	8,457,443	-	-	(8,457,443)	-
Total capital assets not being depreciated	10,830,516	-	-	(8,457,443)	2,373,073
Capital assets being depreciated or amortized:					
Buildings and improvements	78,895,137	9,243,390	-	8,457,443	96,595,970
Vehicles	6,147,256	684,502	(990,698)	-	5,841,060
Machinery and Equipment	2,108,443	105,653	-	-	2,214,096
Right-of-use asset - equipment	583,158	-	-	-	583,158
Total capital assets being depreciated or amortized	87,733,994	10,033,545	(990,698)	8,457,443	105,234,284
Less accumulated depreciation or amortization for:					
Buildings and improvements	(33,342,479)	(2,431,613)	-	-	(35,774,092)
Vehicles	(4,003,249)	(398,192)	990,698	-	(3,410,743)
Machinery and equipment	(967,598)	(136,572)	-	-	(1,104,170)
Right-of-use asset - equipment	-	(137,426)	-	-	(137,426)
Total accumulated depreciation or amortization	(38,313,326)	(3,103,803)	990,698	-	(40,426,431)
Total capital assets:					
Land	2,373,073	-	-	-	2,373,073
Construction in progress	8,457,443	-	-	(8,457,443)	-
Buildings and improvements	45,552,658	6,811,777	-	8,457,443	60,821,878
Vehicles	2,144,007	286,310	-	-	2,430,317
Machinery and equipment	1,140,845	(30,919)	-	-	1,109,926
Right-of-use asset - equipment	583,158	(137,426)	-	-	445,732
Total capital assets, net	<u>\$ 60,251,184</u>	<u>\$ 6,929,742</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,180,926</u>

Right-of-use assets

A lease is defined as a contract that conveys control of the right of use of another entity's nonfinancial asset as specified in a contract for a period of time in an exchange or exchange-like transaction. The District is party to a variety of lease contracts as lessee for which this right-of-use (ROU) has been recognized as an asset on the balance sheet. This recognition is new for the current fiscal year due to the implementation of GASB 87. Further information on these transactions can be found in Note 9.

**GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

Note 5 - Capital Assets (continued)

Depreciation and amortization expense for the year ended June 30, 2022 was charged to the following programs:

<u>Program</u>	
Instructional Services	\$ 1,845,881
Support Services	1,142,135
Community Services	<u>115,787</u>
Total	<u>\$ 3,103,803</u>

Note 6 - Interfund Transactions

Inter-fund transfers during the year ended June 30, 2022 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 146,515	\$ 1,337,327
Student Investment Account Fund	-	410,990
Capital Projects Fund	600,000	-
Student Body Fund	14,475	-
Cool Schools Fund	-	600,000
Bus Replacement Fund	737,327	-
Debt Service Fund	<u>850,000</u>	<u>-</u>
Total transfers in/out	<u>\$ 2,348,317</u>	<u>\$ 2,348,317</u>

The District made transfers from the General Fund to the Capital Projects Fund for certain capital improvement/maintenance projects and to the Bus Replacement Fund for loan payments. Additionally, transfers were made from the Federal and Other Grants Fund and Cool Schools Fund to the Debt Service Fund, Student Body Fund and General Fund for debt service and other activity within the District.

Due to/from other funds at June 30, 2022, were as follows:

	<u>Due To</u>	<u>Due From</u>
General Fund	\$ 2,113,907	\$ 92,787
Federal and Other Grants Fund	1,914	2,125,088
Student Body Fund	66,070	1,928
Food Service Fund	557,697	-
Measure 98 Fund	-	414,415
Capital Projects Fund	-	46,848
Bus Replacement Fund	<u>-</u>	<u>58,522</u>
Total due to/from	<u>\$ 2,739,588</u>	<u>\$ 2,739,588</u>

Substantially all current obligations and payments are recorded by the General Fund for the District, these obligations and payments are then accounted for as due to or from the various funds affected. Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Under the modified accrual basis of accounting, the District transfers these funds within sixty days after year-end.

**GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

Note 7 - Unavailable/Unearned Revenues

Governmental funds, under the modified accrual basis of accounting, accrue deferred revenue for revenue amounts unearned or unavailable. Government-wide reporting, as well as in internal service fund, use full accrual accounting and report only unearned revenue. Unavailable revenue (deferred inflows) result in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Unearned revenue result in connection with resources that have been received, but not yet earned.

At the end of the current fiscal year, the various components of unavailable (deferred inflow) and unearned revenue in the governmental funds were as follows:

	Unavailable	Unearned	Total
General Fund:			
Property taxes	\$ 709,333	\$ -	\$ 709,333
Federal and Other Grants Fund:			
State programs	-	818,118	818,118
Total	\$ 709,333	\$ 818,118	\$ 1,527,451

The Federal and Other Grants Fund includes programs funded by local, intermediate, state and federal resources.

Note 8 - Accrued Compensated Absences

The changes in accrued compensated absences for the year ended June 30, 2022 are as follows:

	Accrued June 30, 2021	Earned	Taken	Accrued June 30, 2022
Governmental Activities	\$ 191,764	\$ 159,719	\$ 219,828	\$ 131,655

Note 9 - Leases Payable

The District is the lessee under 22 non-cancellable lease agreements related to copiers which are qualified leases under GASB Statement No. 87 with periods covering various ranges and the latest expiring in February 2027. Monthly payments for the current year range from \$25 to \$6,595, with an interest rate of 3.28%.

**GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

Note 9 - Leases Payable (continued)

During the year ended June 30, 2022, lease principal and interest payments of \$129,962 and \$16,430 were made, respectively. Leases payable at June 30, 2022 consisted of the following:

Fiscal Year Ending June 30,	Principal	Interest	Total
2023	\$ 136,569	\$ 12,415	\$ 148,984
2024	131,724	7,948	139,672
2025	111,980	4,040	116,020
2026	70,305	767	71,072
2027	2,618	23	2,641
	<u>\$ 453,196</u>	<u>\$ 25,193</u>	<u>\$ 478,389</u>

Changes in leases payable in the government-wide financial statements for the fiscal year ended June 30, 2022 are as follows:

	Balance June 30, 2021 as restated	Additions	Reductions	Balance June 30, 2022	Due in One Year
Governmental Activities	\$ 583,158	\$ -	\$ 129,962	\$ 453,196	\$ 136,569

Note 10 - Long-Term Debt

Loans Payable

On April 30, 2018 the District entered into a loan to finance the purchase of buses that matures on May 30, 2024. The loan is payable in seven annual payments of \$175,354, including implied interest at 3.68%. The cost of the buses was \$1,104,040, with accumulated depreciation of \$552,020 and a net book value of \$552,020 as of June 30, 2022.

On October 25, 2019 the District entered into a loan to finance the purchase of buses that matures on November 25, 2028. The loan is payable in ten annual payments of \$156,591, including implied interest at 3.38%. The cost of the buses was \$1,350,564, with accumulated depreciation of \$405,169 and a net book value of \$945,395 as of June 30, 2022.

On September 29, 2020 the District entered into a loan to finance the purchase of buses that matures on October 15, 2024. The loan is payable in five annual payments of \$33,309, including implied interest at 2.58%. The cost of the buses was \$158,540, with accumulated depreciation of \$31,708 and a net book value of \$126,832 as of June 30, 2022.

**GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

Note 10 - Long-Term Debt (continued)

Loans Payable (continued)

On July 15, 2021 the District entered into a loan to finance the purchase of buses that matures on November 5, 2031. The loan included an initial payment of \$179,785 and is payable in 10 annual payments of \$58,522, including implied interest at 3.28%. The cost of the buses was \$645,527, with accumulated depreciation of \$62,953 and a net book value of \$566,574 as of June 30, 2022.

The payment schedule of principal and interest for the loans payable are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2023	\$ 361,843	\$ 61,933	\$ 423,776
2024	374,029	49,502	423,531
2025	211,771	36,651	248,422
2026	185,313	29,800	215,113
2027	191,529	23,584	215,113
2028-2031	513,988	33,196	547,184
	\$ 1,838,473	\$ 234,666	\$ 2,073,139

Interest paid on loans payable was \$57,799 and interest expense for the current fiscal year was \$68,989.

Notes Payable

Full Faith and Credit Financing Agreement

On December 19, 2014, the District entered into a Full Faith and Credit Financing Agreement (the Agreement) and an associated Note with Evergreen Federal Bank (the Bank) for the purpose of financing the cost of constructing and equipping additional elementary school classrooms at existing elementary schools and to pay all costs incidental thereto. The obligation of the District to make the payments under the Agreement is a full faith and credit obligation of the District, and is not subject to annual appropriation. The Bank shall not have a lien or security interest on any property of the District, including the property financed with the proceeds of the Agreement. All or any portion of the outstanding balance may be prepaid without penalty on any business day. The Agreement contains a provision that in an event of default, the Bank may exercise any remedy available at law or in equity; however, the payments are not subject to acceleration. The bank, at its election may declare that the principal amount of the Note then outstanding shall bear interest at the default rate.

On September 9, 2015, the District entered into an Amended and Restated Full Faith and Credit Financing Agreement and an associated Amended and Restated Note with the Bank. The Amended and Restated Finance Agreement increased the maximum aggregate principal borrowing amount to \$4,500,000.

On or before December 31, 2015, the District made the final draw under the Amended and Restated Finance Agreement and the Note. The District paid accrued interest through December 31, 2015 and started making principal and interest payments in February of 2016. The Bank prepared an amortization in alignment with the Note showing the outstanding balance amortized in 180 substantially equal monthly payments of principal and interest, commencing on February 1, 2016 with a final maturity date of January 1, 2031. The outstanding balance shall bear interest at 3.00 percent per annum.

**GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

Note 10 - Long-Term Debt (continued)

Notes Payable (continued)

The repayment schedule of principal and interest for the note are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2023	\$ 294,974	\$ 81,292	\$ 376,266
2024	303,946	72,320	376,266
2025	313,191	63,075	376,266
2026	322,717	53,549	376,266
2027	332,532	43,733	376,265
2028 - 2031	1,276,832	71,375	1,348,207
	<u>\$ 2,844,192</u>	<u>\$ 385,344</u>	<u>\$ 3,229,536</u>

Interest paid on the above debt was \$89,999 and interest expense for the current fiscal year was \$89,341.

Tax-Exempt Installment Purchase Agreement

On October 23, 2020, the District (Purchaser) entered into a purchase agreement with U.S. Bancorp Government Leasing and Finance, Inc. (Seller) in the amount of \$15,458,977. The purchase agreement carries an interest rate of 1.96%. The proceeds are for certain energy saving equipment, and the purchase agreement is secured by the equipment. The agreement contains a provision that in the event of default, the Seller may exercise any remedy available at law or in equity, including declaring all installment payments due. The District's semi-annual payments of principal and interest are due April 23 and October 23 each year. Prepayment is permitted in whole at any time by payment of the remaining payment schedule balance plus accrued and unpaid interest through the date of prepayment. The loan matures on October 23, 2036.

The repayment schedule of principal and interest for the note are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2023	\$ 922,206	\$ 295,536	\$ 1,217,742
2024	940,374	277,368	1,217,742
2025	958,900	258,842	1,217,742
2026	977,789	239,953	1,217,742
2027	997,052	220,690	1,217,742
2028-2032	5,287,746	682,434	5,970,180
2033-2037	5,220,627	259,192	5,479,819
	<u>\$ 15,304,694</u>	<u>\$ 2,234,015</u>	<u>\$ 17,538,709</u>

Interest paid on the above debt was \$454,588 and interest expense for the current fiscal year was \$300,589.

**GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

Note 10 - Long-Term Debt (continued)

The changes in long-term debt for the year ended June 30, 2022 are as follows:

Long-Term Debt	Balance June 30, 2021 as restated	Additions	Reductions	Balance June 30, 2022	Due in One Year
Notes Payable					
Full Faith and Credit Obligation - direct borrowing	\$ 3,130,459	\$ -	\$ 286,267	\$ 2,844,192	\$ 294,974
Tax-Exempt Installment Purchase - direct borrowing	15,458,977	-	154,283	15,304,694	922,206
	<u>18,589,436</u>	<u>-</u>	<u>440,550</u>	<u>18,148,886</u>	<u>1,217,180</u>
Loans Payable					
Bus loans	1,696,186	629,527	487,240	1,838,473	361,843
	<u>\$ 20,285,622</u>	<u>\$ 629,527</u>	<u>\$ 927,790</u>	<u>\$ 19,987,359</u>	<u>\$ 1,579,023</u>

Note 11 - Defined Pension Benefit Plan

Tax Sheltered Annuity Plan

The District offers its employees a tax deferred annuity program established pursuant to Section 403(b) of the Internal Revenue Code (the Code), and deferred compensation program pursuant to Section 457 of the Internal Revenue Code. Contributions are made through salary reductions from participating employees up to the amounts specified in the Code. The District provides no matching component for employee contributions.

Early Retirement Stipend Benefit Plan

Plan Description

The District provides a single-employer defined benefit early retirement stipend pension plan for eligible Administrative, Licensed, Supervisory, and Confidential employees who retire with 15 years of service with the District, and Classified employees hired before July 1, 2006 who retire on or after age 55 with 20 years of District service. Generally, the program covers all who meet Oregon PERS retirement eligibility and are receiving benefits from Oregon PERS. For Tier 1 or Tier 2 members they may retire earlier of age 55, or any age with 30 years of service. OPSRP members must be age 55 or older with five years of service.

Administrative, Licensed, Supervisory, and Confidential employees are entitled to a monthly stipend equal to 1/84th of the employee's annual salary at retirement, which continues until (1) death, (2) reaching the age of 65, or (3) the receipt of 84 payments, whichever occurs first. Classified employees are entitled to a monthly stipend, based on a sliding scale rate depending on years of service, plus \$100 per month until (1) the employee becomes eligible for full Social Security benefits, (2) reaching the age of 65, or (3) the receipt of 60 months of payments, whichever occurs first.

**GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

Note 11 - Defined Pension Benefit Plan (continued)

Early Retirement Stipend Benefit Plan (continued)

Employees Covered by Benefit Terms

At June 30, 2022, the following employees were covered by the stipend benefit terms:

Inactive participants	48
Active participants	460
	<u>508</u>

Total Stipend Pension Liability

The district's total stipend pension liability of \$6,853,885 was measured as of June 30, 2022, and was determined by an actuarial valuation date as of July 1, 2020.

Actuarial Assumptions and Other Inputs

The total pension liability in the actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Input	Assumption
Actuarial Cost Method	Entry age normal, level percent of salary
Interest Rate Utilized for Discounting	2.25% per year, based on all years discounted at municipal bond rate
General Inflation	2.0% per year
Salary Scale	3.0% per year
Salary Merit Scale	Total payroll increase is overall payroll growth plus a merit table
Annual Premium Increase Rate	Between 3.5% and 6.0% annually
Mortality Rates	Basic table: Pub-2010 Teachers table, Employee/Healthy Annuitant, sex distinct, generational, no setback
Turnover Rates	As developed for the valuation of benefits under Oregon PERS, depending on YOS
Disability Rates	As developed for the valuation of benefits under Oregon PERS, age dependent
Retirement Rates	As developed for the valuation of benefits under Oregon PERS
Plan Enrollment	Current and future retirees are assumed to remain enrolled in the plans in which currently enrolled if any
Marital Status	70% of future retirees electing coverage are assumed to cover a spouse as well
Coverage of Eligible Children	The actuary assumed no impact of dependent children on the implicit subsidy

Changes in the Stipend Pension Liability

Stipend Pension Liability at June 30, 2021	\$ 7,384,099
Changes for the year:	
Service cost	339,287
Interest	167,672
Differences between expected and actual	-
Changes in assumptions	(494,552)
Benefit payments	<u>(542,621)</u>
Stipend Pension Liability at June 30, 2022	<u>\$ 6,853,885</u>

Stipend Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

For the year ended June 30, 2022, the District recognized stipend pension expense of \$96,231. The \$96,231 was treated as an increase of payroll related expense in the Statement of Activities and allocated to Instruction, Supporting Services, and Community Services using allocation percentages of 64%, 32% and 4%, respectively.

**GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

Note 11 - Defined Pension Benefit Plan (continued)

Early Retirement Stipend Benefit Plan (continued)

At June 30, 2022, the District reported the following deferred outflows and deferred inflows associated with its stipend pension plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 441,507	\$ -
Changes of assumptions	315,311	423,902
Total	\$ 756,818	\$ 423,902

Other amounts reported as deferred outflows of resources and deferred inflows of resources (prior to post-measurement date contributions) related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Net Deferred Outflow/(Inflow) of Resources
2023	\$ 131,893
2024	131,893
2025	131,899
2026	3,942
2027	3,941
Thereafter	(70,652)
Total	\$ 332,916

Sensitivity of the Total Stipend Pension Liability to Changes in the Discount Rate

The following presents the total stipend pension liability of the District, as well as what the District's total pension stipend liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate:

	1% Decrease Rate 2.50%	Current Discount Rate 3.50%	1% Increase Rate 4.50%
Total Pension Liability	\$ 7,244,537	\$ 6,853,885	\$ 6,479,430

Changes in Assumptions

A summary of key changes implemented since the July 1, 2018 valuation are noted below:

- The interest rate for discounting future liabilities was changed to reflect current municipal bond rates.
- Premium increase rates were modified to reflect anticipated experience and current Oregon law.
- Demographic assumptions were revised to match (as closely as possible) those developed in the most recent experience study for Oregon PERS.

**GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

Note 11 - Defined Pension Benefit Plan (continued)

Early Retirement Stipend Benefit Plan (continued)

OPERS Plan

Plan Description

Employees are provided pensions as participants under one or more plans currently available through Oregon Public Employees Retirement System (OPERS), a cost-sharing multiple-employer defined benefit plan in accordance with Oregon Revised Statutes Chapter 238, Chapter 238A, and Internal Revenue Service Code Section 401(a).

There are currently two programs within OPERS, with eligibility determined by the date of employment. Those employed prior to August 29, 2003 are OPERS Program members, and benefits are provided based on whether a member qualifies for Tier One or Tier Two described below. Those employed on or after August 29, 2003 are Oregon Public Service Retirement Plan (OPSRP) Program members. OPSRP is a hybrid retirement plan with two components: 1) the Pension Program (defined benefit; established and maintained as a tax-qualified governmental defined benefit plan), and 2) the Individual Account Program (IAP) (defined contribution; established and maintained as a tax-qualified governmental defined contribution plan).

The ORS Chapter 238 Defined Benefit Plan was closed to new members hired on or after August 29, 2003. In 1995, the Oregon Legislature created a second tier of benefits for those who became OPERS Program members after 1995 but before August 29, 2003. The second tier does not have the Tier One assumed earnings rate guarantee.

Beginning January 1, 2004, PERS active Tier One or Tier Two members became members of the OPSRP IAP Program. OPERS plan member contributions (the employee contribution, whether made by the employee or "picked-up" by the employer) go into the IAP portion of OPSRP. OPERS plan members retain their existing OPERS accounts; however, member contributions after January 1, 2004 are deposited in the member's IAP, not into the member's OPERS account.

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

Tier One/Tier Two Retirement Benefit (Chapter 238)

Pension Benefits – The OPERS 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 (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. Monthly payments must be a minimum of \$200 per month or the member will receive a lump-sum payment of the actuarial equivalent of benefits to which he or she is entitled.

Under Senate Bill 1049, passed during 2019 legislative session, the salary included in the determination of final average salary will be limited for all members beginning in 2021. The limit will be equal to \$197,730 in 2021 and will be indexed with inflation in later years.

**GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

Note 11 - Defined Pension Benefit Plan (continued)

OPERS Plan (continued)

Tier One/Tier Two Retirement Benefit (Chapter 238) (continued)

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. General Service employees may retire after reaching age 55. Tier One General Service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan was closed to new members hired on or after August 29, 2003.

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 an OPERS employer at the time of death,
- Member died within 120 days after termination of OPERS-covered employment,
- Member died as a result of injury sustained while employed in an OPERS-covered job, or
- Member was on an official leave of absence from an OPERS-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 non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member for disability benefits regardless of the length of OPERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 when determining the monthly benefit.

Benefit Changes After Retirement – Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of 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.

OPSRP Pension Program (Chapter 238A)

Pension Benefits – The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

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

Under Senate Bill 1049, passed during 2019 legislative session, the salary included in the determination of final average salary will be limited for all members beginning in 2021. The limit will be equal to \$197,730 in 2021, and will be indexed with inflation each year.

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

**GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

Note 11 - Defined Pension Benefit Plan (continued)

OPERS Plan (continued)

OPSRP Pension Program (Chapter 238A) (continued)

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 238.360, monthly benefits are adjusted annually through cost-of-living adjustment (COLA). The COLA is capped at 2.0 percent.

Funding Policy - 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.

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

Employer 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 OPEB plans.

Employer contributions during the period July 1, 2021 through June 30, 2023, were and are based on the December 31, 2019 actuarial valuation, which became effective July 1, 2021. For the period July 1, 2021 through June 30, 2022, net employer contribution rates were 26.78% for Tier 1/Tier 2 employees and 23.72% for OPSRP General Employees. Employer contributions for the year ended June 30, 2022 were \$10,810,382.

Member Contributions - Beginning January 1, 2004, all the member contributions, except for contributions by judge members, were placed in the OPSRP Individual Account Program (IAP). Prior to that date, all member contributions were credited to the Defined Benefit Pension Plan. Member contributions are set by statute at 6.0 or 7.0 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.

Oregon PERS Annual Comprehensive Financial Report (ACFR)

OPERS prepares their financial statements in accordance with GAAP as set forth in GASB pronouncements that apply to fiduciary funds and enterprise funds. The accrual basis of accounting is used for all funds. Revenues are recognized when earned. Contributions recognized when due, pursuant to legal (or statutory) requirements. Benefits and withdrawals are recognized when they are currently due and payable in accordance with the terms of the plans. Investments are recognized at fair value, the amount that could be received to sell an asset or paid to transfer a liability in an orderly transaction in between market participants at the measurement date. OPERS produces an independently audited ACFR which can be found at:

<http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

**GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

Note 11 - Defined Pension Benefit Plan (continued)

OPERS Plan (continued)

OPSRP Pension Program (Chapter 238A) (continued)

Actuarial Valuation

The employer contribution rates effective July 1, 2021, through June 30, 2023, were set using the entry age normal actuarial cost method. Under this cost method, each active member's entry age present value of projected benefits is allocated over the member's service from the member's date of entry until their assumed date of exit, taking into consideration expected future compensation increases.

Actuarial Methods and Assumptions Used in Developing Total Pension Liability

Valuation date	December 31, 2019
Measurement date	June 30, 2021
Experience study	2018, published July 24, 2019
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Inflation rate	2.40 percent
Long-term expected rate of return	6.90 percent
Discount rate	6.90 percent
Projected salary increases	3.40 percent
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision: blend based on service.
Mortality	<i>Healthy retirees and beneficiaries:</i> 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. <i>Active members:</i> Pub-2010 Employee, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. <i>Disabled retirees:</i> 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.

**GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

Note 11 - Defined Pension Benefit Plan (continued)

OPERS Plan (continued)

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2018 Experience Study, which reviewed experience for the four-year period ending on December 31, 2018.

Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent for the Defined Benefit Pension Plan, a reduction approved by the Board from 7.20 percent in the prior fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Assumed Asset Allocation

Asset Class	Target Allocation
Cash	0.00%
Debt securities	20.00%
Public equity	32.50%
Private equity	17.50%
Real estate	12.50%
Alternative equity	15.00%
Risk parity	2.50%
Total	100.00%

Investment Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 the OPERS 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.

**GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

Note 11 - Defined Pension Benefit Plan (continued)

OPERS Plan (continued)

Investment Rate of Return (continued) –

The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at the time based on the OIC long-term target asset allocation. The OIC’s description of each asset was used to map the target allocation to the asset classes shown below.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>20-Year Annualized Geometric Mean</u>
Global equity	30.62%	5.85%
Private equity	25.50%	7.71%
Core fixed income	23.75%	2.73%
Real estate	12.25%	5.66%
Master limited partnerships	0.75%	5.71%
Infrastructure	1.50%	6.26%
Commodities	0.63%	3.10%
Hedge fund of funds - multistrategy	1.25%	5.11%
Hedge fund equity - hedge	0.63%	5.31%
Hedge fund - macro	5.62%	5.06%
US cash	-2.50% *	1.76%
Total	<u>100.00%</u>	
Assumed inflation - mean		2.40%

* Negative allocation to cash represents leveled exposure from allocation to risk parity strategy.

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

At June 30, 2022, the District reported a liability of \$49,336,578 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The District’s proportion of the net pension liability was based on the District’s long-term contribution effort to the pension plan compared with the total projected long-term contribution effort of all participating employers, actuarially determined. At June 30, 2021 (measurement date), the District’s proportion was approximately 0.4122898 percent.

For the year ended June 30, 2022, the District recognized a reduction to pension expense of \$5,148,059. The \$5,148,059 was treated as an decrease of payroll related expense in the Statement of Activities and allocated to Instruction, Support Services and Community Services using allocation percentages of 64%, 32%, and 4%, respectively.

**GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

Note 11 - Defined Pension Benefit Plan (continued)

OPERS Plan (continued)

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

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 4,618,226	\$ -
Changes of assumptions	12,350,431	129,844
Net difference between projected and actual earning on investments	-	36,523,487
Changes in proportionate share	272,446	6,594,776
Differences between employer contributions and employers proportionate share of system contributions	3,038,603	-
Contributions subsequent to measurement date	10,810,382	-
Total	\$ 31,090,088	\$ 43,248,107

The \$10,810,382 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources (prior to post-measurement date contributions) related to pensions will be recognized in pension expense or (expense reduction) as follows:

Year Ended June 30,	Net Deferred Outflow/(Inflow) of Resources
2023	\$ (4,048,819)
2024	(4,409,980)
2025	(6,241,679)
2026	(9,302,328)
2027	1,034,405
Total	\$ (22,968,401)

Sensitivity for the District's Proportionate Share of the Net Pension Liability to Changes in 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:

District's Net Pension Asset/(Liability)	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Defined Benefit Pension	\$ (96,885,238)	\$ (49,336,578)	\$ (9,555,608)

**GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

Note 11 - Defined Pension Benefit Plan (continued)

OPERS Plan (continued)

Changes in Assumptions and Methods

A summary of key changes implemented since the December 31, 2019, calculation can be found in the 2020 Experience Study for the System, which can be found at:

<https://www.oregon.gov/pers/Documents/Financials/Actuarial/2021/2020-Experience-Study.pdf>

- Reduce the long-term inflation assumption from the current 2.50% to 2.40% or lower
- Reduce the system payroll growth assumption from the current 3.50% to 3.40% or lower, paralleling the change in inflation
- The current investment return assumption of 7.20% per year should be lowered at 0.20%, based on PERS' current target allocation
- Update the assumption for future administrative expenses and use a combined assumption amount for the Tier 1/Tier 2 and OPSRP programs
- Update the RHIPA health cost trend assumption
- Adjust the base mortality table assumption and make a routine update to the mortality improvement scale for all groups
- Adjust retirement rates for certain member categories and service bands to more closely align with recent and expected future experience
- Increase the merit component of the individual member salary increase assumption for all member categories
- Update pre-retirement termination of employment assumptions for one member category
- Lower assumed rates of ordinary (non-duty) disability and general service duty disability incidence
- Increase the Tier 1 unused vacation cash out assumption for three member categories
- Increase the Tier 1/Tier 2 unused sick leave assumption for all member categories
- Decrease the healthy and disabled likelihood of program participation assumptions for the RHIA retiree healthcare program
- Decrease the RHIPA likelihood of program participation assumption for most service bands
- Revise the parameters of the rate collar methodology to only restrict changes in the Unfunded Actuarial Liability (UAL) Rate contribution rate component and to narrow the width of allowable changes
- Introduce a methodology for UAL Rate amortization in the RHIA or RHIPA programs when one or both are in an actuarial surplus position (over 100% funded)
- Update the assumed system-average level of member redirect contributions to Tier 1/Tier 2 and OPSRP reflecting the projected effects of HB 2906, which passed in June 2021.

**GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

Note 11 - Defined Pension Benefit Plan (continued)

OPERS Plan (continued)

Defined Contribution Plan – Individual Account Program (IAP)

Pension Benefits

Participants in OPERS defined benefit pension plans also participate in their defined contribution plan. The IAP is an individual account-based program under the PERS tax-qualified governmental plan as defined under ORS 238A.400. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. All covered employees are required by State statute to contribute 6% of their salary to the plan. 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 - Starting July 1, 2020, Senate Bill 1049 required a portion of member contributions to their IAP accounts to be redirected to the Defined Benefit fund. If the member earns more than \$2,500 per month (increased to \$2,535 per month on January 2021) 0.75 percent (if OPSRP member) or 2.5 percent (if Tier One/Tier Two member) of the member's contributions that were previously contributed to the member's IAP now fund the new Employee Pension Stability Accounts (EPSA). The EPSA accounts will be used to fund the cost of future pension benefits without changing those benefits, which means reduced contributions to the member's IAP account. Members may elect to make voluntary IAP contributions equal to the amount redirected.

EPSA redirect is only triggered when the member's gross pay in a month exceeds the monthly salary threshold, tied to the annual Consumer Price Index (All Urban Consumers, West Region).

Note 12 - Postemployment Benefits Other Than Pensions (OPEB)

The District has two separate other post-employment benefits (OPEB) plans. The District provides a single employer defined benefit health care plan (Single-Employer Post-Retirement Health Care Plan) to staff that were hired before July 1, 2003 and the District contributes to the State of Oregon's PERS cost-sharing multiple employer defined benefit plan (RHIA).

Single-Employer Post-Retirement Health Care Plan

Plan Description

The District maintains a single-employer post-retirement healthcare (OPEB) plan that provides implicit post-employment health care benefits to eligible employees and their spouses and dependents until Medicare eligibility.

**GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

Note 12 - Postemployment Benefits Other Than Pensions (OPEB) (continued)

Single-Employer Post-Retirement Health Care Plan (continued)

Plan Description

Generally, the plan covers all who meet Oregon PERS retirement eligibility and are receiving benefits from Oregon PERS. For Tier 1 or Tier 2 members they may retire earlier of age 55, or any age with 30 years of service. OPSRP members must be age 55 or older with five years of service. All classes of employees are eligible to continue medical coverage upon retirement. Qualified spouses, domestic partners, and children may qualify for coverage. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

The District's OPEB plan was established in accordance with Oregon Revised Statutes (ORS) 243.303, which requires that all eligible retirees are allowed to continue receiving health insurance benefits, at their cost, until Medicare eligibility for the retiree (or until dependent children become ineligible). ORS stipulate that for the purpose of establishing healthcare premiums, the rate must be based on all plan members, including both active employees and retirees. Their requirement to make available to retirees (at the retirees own cost) access in to the healthcare plan has an implicit cost to the District.

Funding Policy

The benefits from the single-employer defined benefit OPEB plan are paid by the District based on bargaining agreement language and contributions by employees are also required. The plan is not accounted for in a pension trust fund; therefore, designated funds are not legally restricted to pay future benefits. The benefits from the healthcare plan established in accordance with ORS 243.303 are paid by the retired employees on a self-pay basis and the required contribution is based on projected pay-as-you go financing requirements. There is no obligation on the part of the District to fund these benefits in advance. The District did not establish an irrevocable trust (or equivalent arrangement) to account for the plan.

Employees Covered by Benefit Terms

At June 30, 2022, the following employees were covered by the implicit benefit terms:

Inactive participants	40
Active participants	679
	<u>719</u>

Total OPEB Liability

The District's total OPEB liability of \$3,740,290 was measured as of June 30, 2022, and was determined by an actuarial valuation date as of July 1, 2020.

**GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

Note 12 - Postemployment Benefits Other Than Pensions (OPEB) (continued)

Single-Employer Post-Retirement Health Care Plan (continued)

Actuarial Assumptions and Other Inputs

The actuarial valuation used for the single-employer post-retirement health care plan is identical to the actuarial valuation details related to the early retirement stipend benefit plan disclosed in *Note 11 – Defined Pension Benefit Plan*.

Changes in the Total OPEB Liability

Total OPEB Liability at June 30, 2021	\$	3,932,383
Changes for the year:		
Service cost		257,021
Interest		92,113
Differences between expected and actual		-
Changes in assumptions		(350,262)
Benefit payments		(190,965)
		(549,108)
Total OPEB Liability at June 30, 2022	\$	3,740,290

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

For the year ended June 30, 2022, the District recognized a decrease of OPEB expense of \$5,284. The \$5,284 was treated as a decrease of payroll related expense in the Statement of Activities and allocated to Instruction, Supporting Services, and Community Services using allocation percentages of 64%, 32% and 4%, respectively.

At June 30, 2022, the District reported the following deferred outflows or inflows associated with its OPEB plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 70,518	\$ 250,217
Changes of assumptions	-	454,128
Total	\$ 70,518	\$ 704,345

**GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

Note 12 - Postemployment Benefits Other Than Pensions (OPEB) (continued)

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources (prior to post-measurement contributions) related to OPEBs will be recognized in OPEB expense as follows:

Year Ended June 30,	Net Deferred Outflow/(Inflow) of Resources
2023	\$ (163,453)
2024	(163,453)
2025	(163,457)
2026	(33,229)
2027	(33,229)
Thereafter	(77,006)
Total	\$ (633,827)

Sensitivity of the Total OPEB Liability to Changes in the 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 that is 1% lower or 1% higher than the current discount rate:

	1% Decrease 2.5%	Current Discount 3.5%	1% Increase 4.5%
Total OPEB Liability	\$ 4,016,607	\$ 3,740,290	\$ 3,482,622

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

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 healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates:

	1% Decrease 2.5%, trending up to 5.0%, then back down to 3.5%	Current Trend Rate 3.5%, trending up to 6.0%, then back down to 4.5%	1% Increase 4.5%, trending up to 7.0%, then back down to 5.5%
Total OPEB Liability	\$ 3,315,683	\$ 3,740,290	\$ 4,239,683

**GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

Note 12 - Postemployment Benefits Other Than Pensions (OPEB) (continued)

Changes in Assumptions and Methods

A summary of key changes implemented since the July 1, 2018 valuation are noted below:

- The interest rate for discounting future liabilities was changed to reflect current municipal bond rates.
- Premium increase rates were modified to reflect anticipated experience and current Oregon law.
- Demographic assumptions were revised to match (as closely as possible) those developed in the most recent experience study for Oregon PERS.

Retirement Health Insurance Account (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 post-employment 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 hired on or after August 29, 2003.

OPEB Benefits

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

Contributions

Participating employers are contractually required to contribute to RHIA at a rate assessed each year by OPERS. The contribution rates in effect for the year ended June 30, 2022 for the OPEB program were: Tier1/Tier 2 – 0.05%, and OPSRP general service – 0.00%. The District contributed \$7,905 for the year ended June 30, 2022.

Oregon PERS Annual Comprehensive Financial Report (ACFR)

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

<http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

**GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

Note 12 - Postemployment Benefits Other Than Pensions (OPEB) (continued)

Retirement Health Insurance Account (RHIA) (continued)

Actuarial Valuation

The actuarial valuation used for RHIA is identical to the actuarial valuation details related to the OPERS Plan disclosed in *Note 11 – Defined Benefit Pension Plan* except the table listed below:

Actuarial assumptions:

Retiree healthcare participation	Healthy retirees: 35%; Disabled retirees: 20%
Healthcare cost trend rate	Not applicable

The actuarial valuation details are the Actuarial Methods and Assumptions, Discount Rate, Assumed Asset Allocation, Investment Rate of Return, and Mortality Tables.

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

At June 30, 2022, the District reported \$1,222,321 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2021, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2019. The District's proportion of the net OPEB asset was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021 (measurement date) the District's proportion was approximately 0.35594607 percent.

For the year ended June 30, 2022, the District recognized a decrease of OPEB expense related to RHIA of \$170,923. The \$170,923 was treated as a reduction of payroll related expense in the Statement of Activities and allocated to Instruction, Support Services and Community Services using allocation percentages of 64%, 32%, and 4%, respectively.

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 34,007
Changes of assumptions	24,051	18,184
Net difference between projected and actual earning on investments	-	290,488
Changes in proportionate share	305,614	126,922
Contributions subsequent to measurement date	7,905	-
Total	<u>\$ 337,570</u>	<u>\$ 469,601</u>

The \$7,905 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as an increase to the net OPEB asset in the year ended June 30, 2023.

**GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

Note 12 - Postemployment Benefits Other Than Pensions (OPEB) (continued)

Retirement Health Insurance Account (RHIA) (continued)

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

Other amounts reported as deferred outflows of resources and deferred inflows of resources (prior to post-measurement date contributions) related to OPEB will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflow/(Inflow) of Resources
2023	\$ (49,102)
2024	67,246
2025	(66,319)
2026	(91,761)
Total	<u>\$ (139,936)</u>

Sensitivity for the District's Proportionate Share of the Net OPEB Asset to Changes in 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 1-percentage point lower (5.90 percent) or 1-percentage point higher (7.90 percent) than the current rate:

District's Net OPEB Asset/(Liability)	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Retirement Health Insurance Account	<u>\$ 1,080,963</u>	<u>\$ 1,222,321</u>	<u>\$ 1,343,074</u>

The RHIA OPEB is unaffected by healthcare cost trends due to the benefit being limited to \$60 monthly payments toward Medicare companion insurance premiums.

Changes in Assumptions

The changes in assumptions used for RHIA are identical to the changes in assumptions related to the OPERS Plan disclosed in *Note 11 - Defined Benefit Pension Plan*.

Note 13 - Contingencies

Amounts received or receivable from grantor agencies are subject to compliance audits by grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 14 - Current Vulnerability Due to Certain Concentrations

The District's operations are concentrated within Josephine County. In addition, substantially all the District's revenues for continuing operations are from federal, state, and local government agencies. In the normal course of operations, the District receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

Note 15 - 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; injuries to employees and natural disasters for which the District carries commercial insurance. Worker's compensation insurance is also provided through a commercial carrier. There has been no significant reduction in insurance coverage from the prior year and the District has not been required to pay any settlements in excess of insurance coverage during the past five fiscal years ending June 30, 2022.

The District, in the regular course of business, is named as a defendant in various lawsuits. The likely outcome of these lawsuits is not presently determinable.

Note 16 - Tax Abatements

At June 30, 2022, Josephine County provides tax abatements through the Enterprise Zone Program.

Enterprise Zone (ORS 285C.175):

The Oregon Enterprise Zone Program is a State of Oregon economic development program, that allows for property tax exemptions for up to five years. In exchange for receiving property tax exemption, participating entities are required to meet the program requirements set by state statute and the local sponsor.

The Enterprise Zone Program provides qualified entities that will be making a substantial new capital investment within the defined enterprise zone, a waiver of 100% of the amount of real property taxes attributable to the new investment for a period of five years following completion of the new investment. Land or existing machinery or equipment is not tax exempt; therefore, there is no loss of current property tax levies to local taxing jurisdiction.

For the fiscal year ended June 30, 2022 the District's abated property taxes totaled \$89,900 under the Enterprise Zone Program.

Note 17 - Subsequent Events

Management of the District has evaluated events and transactions occurring after June 30, 2022 through the date the financial statements were available for issuance, for recognition and/or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

GRANTS PASS SCHOOL DISTRICT NO. 7
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION
ASSET/(LIABILITY) AND SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Grants Pass School District No. 7 Proportionate Share of Net Pension Asset / (Liability) at the measurement date

	2022	2021	2020	2019	2018
District proportion of the net pension asset/(liability)	0.4122898%	0.4330033%	0.4630146%	0.4630146%	0.4751985%
District proportion of the net pension asset/(liability)	\$ (49,336,578)	\$ (94,496,213)	\$ (81,035,703)	\$ (70,140,610)	\$ (64,056,941)
Covered payroll	\$ 38,968,842	\$ 38,455,983	\$ 38,427,443	\$ 35,280,575	\$ 33,870,417
Proportionate share of the pension asset/(liability) as a percentage of its covered payroll	126.61%	245.73%	210.88%	198.81%	189.12%
Plan fiduciary net position as a percentage of the total pension liability	87.60%	75.79%	80.20%	82.07%	83.12%

Grants Pass School District No. 7 Proportionate Share of Net Pension Asset / (Liability) at the measurement date

	2017	2016	2015	2014
District proportion of the net pension asset/(liability)	0.5195660%	0.5828479%	0.5866120%	0.5866120%
District proportion of the net pension asset/(liability)	\$ (77,998,913)	\$ (33,463,988)	\$ 13,296,833	\$ (29,935,697)
Covered payroll	\$ 28,555,340	\$ 28,555,340	\$ 28,555,340	\$ 27,521,163
Proportionate share of the pension asset/(liability) as a percentage of its covered payroll	273.15%	117.19%	46.57%	108.77%
Plan fiduciary net position as a percentage of the total pension liability	80.53%	91.88%	103.59%	91.97%

Grants Pass School District No. 7 Contributions

	2022	2021	2020	2019	2018
Contractually required contributions	\$ 10,810,382	\$ 11,178,529	\$ 10,517,276	\$ 8,757,601	\$ 8,102,379
Contribution in relation to the contractually required	(10,810,382)	(11,178,529)	(10,517,276)	(8,757,601)	(8,102,379)
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 44,879,102	\$ 38,968,842	\$ 38,455,983	\$ 38,427,443	\$ 35,280,575
Contributions as a percentage of covered payroll	24.09%	28.69%	27.35%	22.79%	22.97%
	2017	2016	2015	2014	
Contractually required contributions	\$ 6,652,748	\$ 6,316,699	\$ 6,252,389	\$ 5,766,747	
Contribution in relation to the contractually required	(6,652,748)	(6,316,699)	(6,252,389)	(5,766,747)	
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	
Covered payroll	\$ 33,870,417	\$ 28,555,340	\$ 28,555,340	\$ 28,555,340	
Contributions as a percentage of covered payroll	19.64%	22.12%	21.90%	20.19%	

Note 1 - Changes of Benefit Terms and Assumptions -

Significant Methods and Assumptions:

A summary of assumption changes implemented since the December 31, 2019 valuation are outlined briefly in Note 11 in the notes to the basic financial statements. Additional detail and a comprehensive list of changes in methods and assumptions can be found in the 2020 Experience Study for the system, which was published on July 20, 2021, and can be found at:

<https://www.oregon.gov/pers/Documents/Financials/Actuarial/2021/2020-Experience-Study.pdf>

Other Information:

This schedule is presented to illustrate required supplementary information for a 10 year period. The District adopted GASB 68 during fiscal 2014, as a result, only nine years of information is presented.

GRANTS PASS SCHOOL DISTRICT NO. 7
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB ASSET/(LIABILITY)
AND SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
OPERS RETIREMENT HEALTH INSURANCE ACCOUNT (RHIA)

Grants Pass School District No. 7 Proportionate Share of Net OPEB Asset / (Liability) at the measurement date

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District proportion of the net OPEB asset/(liability)	0.35594607%	0.60517054%	0.34253407%	0.33961446%	0.33202907%
District's proportion of the net OPEB asset/(liability)	\$ 1,222,321	\$ 1,233,097	\$ 661,899	\$ 379,102	\$ 138,569
District's covered-employee payroll	\$ 38,968,842	\$ 38,455,983	\$ 38,427,443	\$ 35,280,575	\$ 33,870,417
District's proportionate share of the net OPEB asset/(liability) as a percentage of its covered-employee payroll	3.14%	3.21%	1.72%	1.07%	0.41%
Plan fiduciary net position as a percentage of the total pension liability	183.90%	150.10%	144.40%	123.99%	108.88%

Grants Pass School District No. 7 Contributions

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contributions	\$ 7,905	\$ 9,524	\$ 43,217	\$ 169,767	\$ 164,442
Contribution in relation to the contractually required	<u>(7,905)</u>	<u>(9,524)</u>	<u>(43,217)</u>	<u>(169,767)</u>	<u>(164,442)</u>
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered - employee payroll	\$ 44,879,102	\$ 38,968,842	\$ 38,455,983	\$ 38,427,443	\$ 35,280,575
Contributions as a percentage of covered-employee payroll	0.02%	0.02%	0.11%	0.44%	0.47%

Note 1 - Changes of Benefit Terms and Assumptions -

Significant Methods and Assumptions:

A summary of assumption changes implemented since the December 31, 2019 valuation are outlined briefly in Note 12 in the notes to the basic financial statements. Additional detail and a comprehensive list of changes in methods and assumptions can be found in the 2020 Experience Study for the system, which was published on July 20, 2021, and can be found at:

<https://www.oregon.gov/pers/Documents/Financials/Actuarial/2021/2020-Experience-Study.pdf>

Other Information:

This schedule is presented to illustrate required supplementary information for a 10 year period. The District adopted GASB 75 for RHIA during fiscal 2018, as a result, only five years of information is presented.

GRANTS PASS SCHOOL DISTRICT NO. 7
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL PENSION LIABILITY
AND RELATED RATIOS

Total Pension Liability (Stipend):	<u>2022</u>	<u>2021</u>	<u>2020</u>
Service cost	\$ 339,287	\$ 296,387	\$ 286,364
Interest	167,672	240,933	240,594
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	194,045	-
Changes of assumptions of other inputs	(494,552)	328,097	-
Benefit payments	<u>(542,621)</u>	<u>(525,551)</u>	<u>(529,030)</u>
Net change in total pension liability (stipend)	(530,214)	533,911	(2,072)
Total Pension Liability (Stipend) - beginning	<u>\$ 7,384,099</u>	<u>\$ 6,850,188</u>	<u>\$ 6,852,260</u>
Total Pension liability (Stipend) - ending	<u><u>\$ 6,853,885</u></u>	<u><u>\$ 7,384,099</u></u>	<u><u>\$ 6,850,188</u></u>
Estimated Covered - employee payroll	\$ 32,039,520	\$ 31,106,330	\$ 30,604,447
Total pension liability (Stipend) as a percentage of estimated covered - employee payroll	21.39%	23.74%	22.38%
Total Pension Liability (Stipend):	<u>2019</u>	<u>2018</u>	<u>2017</u>
Service cost	\$ 237,510	\$ 230,592	\$ 230,592
Interest	223,956	219,485	218,657
Changes of benefit terms	-	-	-
Differences between expected and actual experience	706,772	-	-
Changes of assumptions of other inputs	188,890	-	-
Benefit payments	<u>(479,018)</u>	<u>(427,123)</u>	<u>(427,242)</u>
Net change in total pension liability (stipend)	878,110	22,954	22,007
Total Pension Liability (Stipend) - beginning	<u>\$ 5,974,150</u>	<u>\$ 5,951,196</u>	<u>\$ 5,929,189</u>
Total Pension liability (Stipend) - ending	<u><u>\$ 6,852,260</u></u>	<u><u>\$ 5,974,150</u></u>	<u><u>\$ 5,951,196</u></u>
Estimated Covered - employee payroll	\$ 29,569,514	\$ 29,442,482	\$ 28,584,934
Total pension liability (Stipend) as a percentage of estimated covered - employee payroll	23.17%	20.29%	20.82%

Notes to Schedule:

Significant methods and assumptions used in calculating the actuarially determined contributions:

Significant methods and assumptions used in calculating the actuarially determined contributions are described in *Note 11* to the financial statements. No assets are accumulated in a trust to pay related benefits.

Changes in benefit terms:

None noted.

Other information:

This schedule is presented to illustrate required supplementary information for a 10 year period. The District adopted GASB 73 during fiscal 2017, as a result, only six years of information is presented.

**GRANTS PASS SCHOOL DISTRICT NO. 7
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY
AND RELATED RATIOS**

Total OPEB Liability:	<u>2022</u>	<u>2021</u>	<u>2020</u>
Service cost	\$ 257,021	\$ 222,254	\$ 214,738
Interest	92,113	133,116	161,089
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	94,024	-
Changes of assumptions of other inputs	(350,262)	(9,588)	-
Benefit payments	<u>(190,965)</u>	<u>(176,960)</u>	<u>(142,598)</u>
Net change in total OPEB liability	(192,093)	262,846	233,229
Total OPEB liability - beginning	<u>\$ 3,932,383</u>	<u>\$ 3,669,537</u>	<u>\$ 3,436,308</u>
Total OPEB liability - ending	<u><u>\$ 3,740,290</u></u>	<u><u>\$ 3,932,383</u></u>	<u><u>\$ 3,669,537</u></u>
Estimated Covered - employee payroll	\$ 37,135,041	\$ 36,053,438	\$ 35,212,115
Total OPEB liability as a percentage of estimated covered - employee payroll	10.07%	10.91%	10.42%
Total OPEB Liability:	<u>2019</u>	<u>2018</u>	<u>2017</u>
Service cost	\$ 210,018	\$ 203,901	\$ 203,901
Interest	159,246	147,632	140,764
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(583,837)	-	-
Changes of assumptions of other inputs	(327,735)	-	-
Benefit payments	<u>(115,834)</u>	<u>(183,949)</u>	<u>(139,087)</u>
Net change in total OPEB liability	(658,142)	167,584	205,578
Total OPEB liability - beginning	<u>\$ 4,094,450</u>	<u>\$ 3,926,866</u>	<u>\$ 3,721,288</u>
Total OPEB liability - ending	<u><u>\$ 3,436,308</u></u>	<u><u>\$ 4,094,450</u></u>	<u><u>\$ 3,926,866</u></u>
Estimated Covered - employee payroll	\$ 34,021,367	\$ 32,659,879	\$ 31,708,620
Total OPEB liability as a percentage of estimated covered - employee payroll	10.10%	12.54%	12.38%

Notes to Schedule:

Significant methods and assumptions used in calculating the actuarially determined contributions:

Significant methods and assumptions used in calculating the actuarially determined contributions are described in Note 12 to the financial statements. No assets are accumulated in a trust to pay related benefits.

Changes in benefit terms:

None noted.

Other information:

This schedule is presented to illustrate required supplementary information for a 10 year period. The District adopted GASB 75 during fiscal 2017, as a result, only six years of information is presented.

**GRANTS PASS SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2022**

	<u>Budget</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Adopted</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Local sources:				
Property taxes	\$ 16,015,000	\$ 16,015,000	\$ 15,948,953	\$ (66,047)
Charges for services	193,150	193,150	501,120	307,970
Donations	522,200	522,200	119,144	(403,056)
Interest on investments	250,000	250,000	51,827	(198,173)
Miscellaneous	1,726,050	1,726,050	1,089,828	(636,222)
Intermediate sources:				
Intergovernmental	1,691,618	1,691,618	1,632,316	(59,302)
State sources:				
Basic school support	47,994,940	47,994,940	45,165,458	(2,829,482)
Intergovernmental	2,997,726	2,997,726	794,250	(2,203,476)
Federal sources:				
Intergovernmental	21,185,511	21,185,511	4,694,427	(16,491,084)
TOTAL REVENUES	<u>92,576,195</u>	<u>92,576,195</u>	<u>69,997,323</u>	<u>(22,578,872)</u>
EXPENDITURES				
Current:				
Instruction	47,789,329	49,121,413	43,650,305	5,471,108
Support services	24,647,056	28,268,558	27,231,829	1,036,729
Contingency	22,514,644	17,561,058	-	17,561,058
TOTAL EXPENDITURES	<u>94,951,029</u>	<u>94,951,029</u>	<u>70,882,134</u>	<u>24,068,895</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,374,834)</u>	<u>(2,374,834)</u>	<u>(884,811)</u>	<u>1,490,023</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from the sale of capital assets	-	-	17,782	17,782
Transfers in	225,000	225,000	146,515	(78,485)
Transfers out	(1,337,327)	(1,337,327)	(1,337,327)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,112,327)</u>	<u>(1,112,327)</u>	<u>(1,173,030)</u>	<u>(60,703)</u>
NET CHANGE IN FUND BALANCE	(3,487,161)	(3,487,161)	(2,057,841)	1,429,320
FUND BALANCE, July 1, 2021	<u>7,576,159</u>	<u>7,576,159</u>	<u>6,130,912</u>	<u>(1,445,247)</u>
FUND BALANCE, June 30, 2022	<u>\$ 4,088,998</u>	<u>\$ 4,088,998</u>	<u>\$ 4,073,071</u>	<u>\$ (15,927)</u>

GRANTS PASS SCHOOL DISTRICT NO. 7
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FEDERAL AND OTHER GRANTS FUND
YEAR ENDED JUNE 30, 2022

	<u>Federal and Other Grants Fund*</u>	<u>Measure 98 Fund</u>	<u>Student Investment Account Fund</u>	<u>Total Federal and Other Grants Fund</u>
REVENUES				
Local sources:				
Donations	\$ 67,324	\$ -	\$ -	\$ 67,324
Miscellaneous	21,864	-	-	21,864
Intermediate sources:				
Intergovernmental	20,988	-	-	20,988
State sources:				
Intergovernmental	277,754	1,457,400	4,108,792	5,843,946
Federal sources:				
Intergovernmental	<u>3,245,272</u>	<u>-</u>	<u>-</u>	<u>3,245,272</u>
TOTAL REVENUES	<u>3,633,202</u>	<u>1,457,400</u>	<u>4,108,792</u>	<u>9,199,394</u>
EXPENDITURES				
Current:				
Instruction	2,991,048	843,706	2,004,397	5,839,151
Support services	425,951	613,694	1,693,405	2,733,050
Enterprise and community services	<u>151,446</u>	<u>-</u>	<u>-</u>	<u>151,446</u>
TOTAL EXPENDITURES	<u>3,568,445</u>	<u>1,457,400</u>	<u>3,697,802</u>	<u>8,723,647</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>64,757</u>	<u>-</u>	<u>410,990</u>	<u>475,747</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>-</u>	<u>-</u>	<u>(410,990)</u>	<u>(410,990)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(410,990)</u>	<u>(410,990)</u>
NET CHANGE IN FUND BALANCE	64,757	-	-	64,757
FUND BALANCE, July 1, 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, June 30, 2022	<u>\$ 64,757</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,757</u>

* Excludes Measure 98 Fund and Student Investment Account Fund

**GRANTS PASS SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FEDERAL AND OTHER GRANTS FUND
YEAR ENDED JUNE 30, 2022**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Local sources:				
Donations	\$ 232,000	\$ 232,000	\$ 67,324	\$ (164,676)
Miscellaneous	-	-	21,864	21,864
Intermediate sources:				
Intergovernmental	135,000	135,000	20,988	(114,012)
State sources:				
Intergovernmental	-	-	277,754	277,754
Federal sources:				
Intergovernmental	<u>8,722,858</u>	<u>8,722,858</u>	<u>3,245,272</u>	<u>(5,477,586)</u>
TOTAL REVENUES	<u>9,089,858</u>	<u>9,089,858</u>	<u>3,633,202</u>	<u>(5,456,656)</u>
EXPENDITURES				
Current:				
Instruction	7,067,539	7,067,539	2,991,048	4,076,491
Support services	1,654,319	1,654,319	425,951	1,228,368
Enterprise and community services	<u>368,000</u>	<u>368,000</u>	<u>151,446</u>	<u>216,554</u>
TOTAL EXPENDITURES	<u>9,089,858</u>	<u>9,089,858</u>	<u>3,568,445</u>	<u>5,521,413</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	64,757	64,757
FUND BALANCE, July 1, 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, June 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,757</u>	<u>\$ 64,757</u>

**GRANTS PASS SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
STUDENT INVESTMENT ACCOUNT FUND
YEAR ENDED JUNE 30, 2022**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
State sources:				
Intergovernmental	\$ 4,013,181	\$ 4,013,181	\$ 4,108,792	\$ 95,611
TOTAL REVENUES	<u>4,013,181</u>	<u>4,013,181</u>	<u>4,108,792</u>	<u>95,611</u>
EXPENDITURES				
Current:				
Instruction	2,257,300	2,257,300	2,004,397	252,903
Support services	<u>1,218,554</u>	<u>1,218,554</u>	<u>1,693,405</u>	<u>(474,851)</u>
TOTAL EXPENDITURES	<u>3,475,854</u>	<u>3,475,854</u>	<u>3,697,802</u>	<u>(221,948)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>537,327</u>	<u>537,327</u>	<u>410,990</u>	<u>(126,337)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(537,327)</u>	<u>(537,327)</u>	<u>(410,990)</u>	<u>126,337</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(537,327)</u>	<u>(537,327)</u>	<u>(410,990)</u>	<u>126,337</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, July 1, 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, June 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**GRANTS PASS SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
MEASURE 98 FUND
YEAR ENDED JUNE 30, 2022**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
State sources:				
Intergovernmental	\$ 1,666,148	\$ 1,666,148	\$ 1,457,400	\$ (208,748)
TOTAL REVENUES	<u>1,666,148</u>	<u>1,666,148</u>	<u>1,457,400</u>	<u>(208,748)</u>
EXPENDITURES				
Current:				
Instruction	898,488	898,488	843,706	54,782
Support services	600,882	600,882	613,694	(12,812)
Contingency	<u>166,778</u>	<u>166,778</u>	<u>-</u>	<u>166,778</u>
TOTAL EXPENDITURES	<u>1,666,148</u>	<u>1,666,148</u>	<u>1,457,400</u>	<u>208,748</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	-
FUND BALANCE, July 1, 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, June 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**GRANTS PASS SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
PERS RESERVE FUND
YEAR ENDED JUNE 30, 2022**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Local sources:				
Interest on investments	\$ 28,000	\$ 28,000	\$ 18,904	\$ (9,096)
TOTAL REVENUES	<u>28,000</u>	<u>28,000</u>	<u>18,904</u>	<u>(9,096)</u>
EXPENDITURES				
Current:				
Instruction	1,859,556	1,859,556	-	1,859,556
Support services	1,148,297	1,148,297	-	1,148,297
Enterprise and community services	14,028	14,028	-	14,028
TOTAL EXPENDITURES	<u>3,021,881</u>	<u>3,021,881</u>	<u>-</u>	<u>3,021,881</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,993,881)</u>	<u>(2,993,881)</u>	<u>18,904</u>	<u>3,012,785</u>
NET CHANGE IN FUND BALANCE	(2,993,881)	(2,993,881)	18,904	3,012,785
FUND BALANCE, July 1, 2021	<u>3,329,646</u>	<u>3,329,646</u>	<u>3,329,522</u>	<u>(124)</u>
FUND BALANCE, June 30, 2022	<u>\$ 335,765</u>	<u>\$ 335,765</u>	<u>\$ 3,348,426</u>	<u>\$ 3,012,661</u>

OTHER SUPPLEMENTARY INFORMATION

**GRANTS PASS SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2022**

	<u>Budget</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Adopted</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Local sources:				
Construction excise taxes	\$ 250,000	\$ 250,000	\$ 252,533	\$ 2,533
Donations	750,000	750,000	25,000	(725,000)
Interest on investments	30,000	30,000	1,716	(28,284)
Miscellaneous	-	-	186,085	186,085
State sources:				
Intergovernmental	5,000,000	5,000,000	49,999	(4,950,001)
TOTAL REVENUES	<u>6,030,000</u>	<u>6,030,000</u>	<u>515,333</u>	<u>(5,514,667)</u>
EXPENDITURES				
Current:				
Instruction	116,775	116,775	35,656	81,119
Support services	320,355	320,355	294,259	26,096
Facilities acquisition and construction	19,624,844	19,624,844	8,759,001	10,865,843
Debt service	380,000	380,000	376,266	3,734
TOTAL EXPENDITURES	<u>20,441,974</u>	<u>20,441,974</u>	<u>9,465,182</u>	<u>10,976,792</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(14,411,974)</u>	<u>(14,411,974)</u>	<u>(8,949,849)</u>	<u>5,462,125</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from the issuance of debt	13,811,974	13,811,974	-	(13,811,974)
Transfers in	600,000	600,000	600,000	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>14,411,974</u>	<u>14,411,974</u>	<u>600,000</u>	<u>(13,811,974)</u>
NET CHANGE IN FUND BALANCE	-	-	(8,349,849)	(8,349,849)
FUND BALANCE, July 1, 2021	<u>-</u>	<u>-</u>	<u>9,300,964</u>	<u>9,300,964</u>
FUND BALANCE, June 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 951,115</u>	<u>\$ 951,115</u>

**GRANTS PASS SCHOOL DISTRICT NO. 7
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022**

	Student Body Fund	Food Service Fund	Cool Schools Fund	Bus Replacement Fund	Debt Service Fund	Total
ASSETS						
Equity in pooled cash and investments	\$ 412,904	\$ 200	\$ 50,957	\$ 382,014	\$ 241,129	\$ 1,087,204
Receivables	-	494,066	9,393	179,785	-	683,244
Interfund receivable	66,070	557,697	-	-	-	623,767
TOTAL ASSETS	\$ 478,974	\$ 1,051,963	\$ 60,350	\$ 561,799	\$ 241,129	\$ 2,394,215
LIABILITIES AND FUND BALANCES						
Liabilities:						
Interfund payable	1,928	-	-	58,522	-	60,450
TOTAL LIABILITIES	1,928	-	-	58,522	-	60,450
Fund Balances:						
Restricted	477,046	1,051,963	60,350	-	-	1,589,359
Committed	-	-	-	503,277	241,129	744,406
TOTAL FUND BALANCES	477,046	1,051,963	60,350	503,277	241,129	2,333,765
TOTAL LIABILITIES AND FUND BALANCES	\$ 478,974	\$ 1,051,963	\$ 60,350	\$ 561,799	\$ 241,129	\$ 2,394,215

GRANTS PASS SCHOOL DISTRICT NO. 7
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	Student Body Fund	Food Service Fund	Cool Schools Fund	Replacement Fund	Debt Service Fund	Total
REVENUES						
Intergovernmental	\$ -	\$ 3,984,757	\$ -	\$ 179,785	\$ -	\$ 4,164,542
Charges for services	249,056	15,226	-	-	-	264,282
Donations	349,628	-	-	-	-	349,628
Miscellaneous	12,719	25,317	144,080	-	-	182,116
TOTAL REVENUES	<u>611,403</u>	<u>4,025,300</u>	<u>144,080</u>	<u>179,785</u>	<u>-</u>	<u>4,960,568</u>
EXPENDITURES						
Current:						
Instruction	567,269	-	-	-	-	567,269
Support services	64	-	-	645,527	-	645,591
Community services	-	2,981,519	-	-	-	2,981,519
Debt Service	-	-	-	545,039	608,871	1,153,910
TOTAL EXPENDITURES	<u>567,333</u>	<u>2,981,519</u>	<u>-</u>	<u>1,190,566</u>	<u>608,871</u>	<u>5,348,289</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>44,070</u>	<u>1,043,781</u>	<u>144,080</u>	<u>(1,010,781)</u>	<u>(608,871)</u>	<u>(387,721)</u>
OTHER FINANCING SOURCES (USES):						
Proceeds from debt issuance	-	-	-	629,527	-	629,527
Transfers in	14,475	-	-	737,327	850,000	1,601,802
Transfers out	-	-	(600,000)	-	-	(600,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>14,475</u>	<u>-</u>	<u>(600,000)</u>	<u>1,366,854</u>	<u>850,000</u>	<u>1,631,329</u>
NET CHANGE IN FUND BALANCE	58,545	1,043,781	(455,920)	356,073	241,129	1,243,608
FUND BALANCE, July 1, 2021	<u>418,501</u>	<u>8,182</u>	<u>516,270</u>	<u>147,204</u>	<u>-</u>	<u>1,090,157</u>
FUND BALANCE, June 30, 2022	<u>\$ 477,046</u>	<u>\$ 1,051,963</u>	<u>\$ 60,350</u>	<u>\$ 503,277</u>	<u>\$ 241,129</u>	<u>\$ 2,333,765</u>

**GRANTS PASS SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
STUDENT BODY FUND
YEAR ENDED JUNE 30, 2022**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Local sources:				
Charges for services	\$ 1,087,725	\$ 1,087,725	\$ 249,056	\$ (838,669)
Donations	1,309,376	1,309,376	349,628	(959,748)
Miscellaneous	133,100	133,100	12,719	(120,381)
TOTAL REVENUES	<u>2,530,201</u>	<u>2,530,201</u>	<u>611,403</u>	<u>(1,918,798)</u>
EXPENDITURES				
Current:				
Instruction	2,959,004	2,959,004	567,269	2,391,735
Support services	28,197	28,197	64	28,133
TOTAL EXPENDITURES	<u>2,987,201</u>	<u>2,987,201</u>	<u>567,333</u>	<u>2,419,868</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(457,000)</u>	<u>(457,000)</u>	<u>44,070</u>	<u>501,070</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	14,475	14,475
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>14,475</u>	<u>14,475</u>
NET CHANGE IN FUND BALANCE	(457,000)	(457,000)	58,545	515,545
FUND BALANCE, July 1, 2021	<u>457,000</u>	<u>457,000</u>	<u>418,501</u>	<u>(38,499)</u>
FUND BALANCE, June 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 477,046</u>	<u>\$ 477,046</u>

**GRANTS PASS SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOOD SERVICE FUND
YEAR ENDED JUNE 30, 2022**

	<u>Budget</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Local sources:				
Charges for services	\$ 184,745	\$ 184,745	\$ 15,226	\$ (169,519)
Miscellaneous	15,000	15,000	25,317	10,317
State sources:				
Intergovernmental	36,000	36,000	45,174	9,174
Federal sources:				
Intergovernmental	<u>3,973,907</u>	<u>3,973,907</u>	<u>3,939,583</u>	<u>(34,324)</u>
TOTAL REVENUES	<u>4,209,652</u>	<u>4,209,652</u>	<u>4,025,300</u>	<u>(184,352)</u>
EXPENDITURES				
Current:				
Enterprise and community services	<u>4,209,652</u>	<u>4,209,652</u>	<u>2,981,519</u>	<u>1,228,133</u>
TOTAL EXPENDITURES	<u>4,209,652</u>	<u>4,209,652</u>	<u>2,981,519</u>	<u>1,228,133</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	1,043,781	1,043,781
FUND BALANCE, July 1, 2021	<u>-</u>	<u>-</u>	<u>8,182</u>	<u>8,182</u>
FUND BALANCE, June 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,051,963</u>	<u>\$ 1,051,963</u>

**GRANTS PASS SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
COOL SCHOOLS FUND
YEAR ENDED JUNE 30, 2022**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Local sources:				
Miscellaneous	\$ 130,000	\$ 130,000	\$ 144,080	\$ 14,080
TOTAL REVENUES	<u>130,000</u>	<u>130,000</u>	<u>144,080</u>	<u>14,080</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(637,673)</u>	<u>(637,673)</u>	<u>(600,000)</u>	<u>37,673</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(637,673)</u>	<u>(637,673)</u>	<u>(600,000)</u>	<u>37,673</u>
NET CHANGE IN FUND BALANCE	(507,673)	(507,673)	(455,920)	51,753
FUND BALANCE, July 1, 2021	<u>507,673</u>	<u>507,673</u>	<u>516,270</u>	<u>8,597</u>
FUND BALANCE, June 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,350</u>	<u>\$ 60,350</u>

**GRANTS PASS SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
BUS REPLACEMENT FUND
YEAR ENDED JUNE 30, 2022**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
State sources				
Intergovernmental	\$ -	\$ -	\$ 179,785	\$ 179,785
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>179,785</u>	<u>179,785</u>
EXPENDITURES				
Current:				
Support services	1,877,327	1,877,327	645,527	1,231,800
Debt service	-	-	545,039	(545,039)
TOTAL EXPENDITURES	<u>1,877,327</u>	<u>1,877,327</u>	<u>1,190,566</u>	<u>686,761</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,877,327)</u>	<u>(1,877,327)</u>	<u>(1,010,781)</u>	<u>866,546</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from debt issuance	630,000	630,000	629,527	(473)
Transfers in	737,327	737,327	737,327	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,367,327</u>	<u>1,367,327</u>	<u>1,366,854</u>	<u>(473)</u>
NET CHANGE IN FUND BALANCE	(510,000)	(510,000)	356,073	866,073
FUND BALANCE, July 1, 2021	<u>510,000</u>	<u>510,000</u>	<u>147,204</u>	<u>(362,796)</u>
FUND BALANCE, June 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 503,277</u>	<u>\$ 503,277</u>

**GRANTS PASS SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2022**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Adopted</u>	<u>Final</u>		
EXPENDITURES				
Current:				
Debt service	\$ 700,000	\$ 700,000	\$ 608,871	\$ 91,129
TOTAL EXPENDITURES	<u>700,000</u>	<u>700,000</u>	<u>608,871</u>	<u>91,129</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(700,000)</u>	<u>(700,000)</u>	<u>(608,871)</u>	<u>91,129</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	<u>950,000</u>	<u>950,000</u>	<u>850,000</u>	<u>(100,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>950,000</u>	<u>950,000</u>	<u>850,000</u>	<u>(100,000)</u>
NET CHANGE IN FUND BALANCE	250,000	250,000	241,129	(8,871)
FUND BALANCE, July 1, 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, June 30, 2022	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ 241,129</u>	<u>\$ (8,871)</u>

**GRANTS PASS SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN NET POSITION - BUDGET AND ACTUAL
INSURANCE RESERVE FUND
YEAR ENDED JUNE 30, 2022**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Local sources:				
Charges for services (interfund)	\$ 11,000	\$ 11,000	\$ 10,733	\$ (267)
TOTAL REVENUES	<u>11,000</u>	<u>11,000</u>	<u>10,733</u>	<u>(267)</u>
EXPENDITURES				
Current:				
Support services	57,330	57,330	13,104	44,226
TOTAL EXPENDITURES	<u>57,330</u>	<u>57,330</u>	<u>13,104</u>	<u>44,226</u>
CHANGE IN NET POSITION	(46,330)	(46,330)	(2,371)	43,959
NET POSITION, July 1, 2021	<u>46,330</u>	<u>46,330</u>	<u>46,633</u>	<u>303</u>
NET POSITON, June 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,262</u>	<u>\$ 44,262</u>

SCHOOL DISTRICT FINANCIAL
ACCOUNTING SUMMARIES

**GRANTS PASS SCHOOL DISTRICT NO. 7
2021-2022 ALL FUND REVENUE SUMMARY**

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700	Total
Revenue from Local Sources								
1110 Ad Valorem Taxes Levied by District	15,948,901	-	-	252,533	-	-	-	16,201,434
1120 Local Option Ad Valorem Taxes Levied by District	-	-	-	-	-	-	-	-
1130 Construction Excise Tax	-	-	-	-	-	-	-	-
1190 Penalties and Interest on Taxes	-	-	-	-	-	-	-	-
1200 Revenue from Local Gov't Units Other Than Districts	52	-	-	-	-	-	-	52
1310 Regular Day School Tuition	4,746	-	-	-	-	-	-	4,746
1320 Adult/Continuing Education Tuition	63	-	-	-	-	-	-	63
1330 Summer School Tuition	-	-	-	-	-	-	-	-
1400 Transportation Fees	-	-	-	-	-	-	-	-
1500 Earnings on Investments	51,827	18,904	-	1,716	-	-	-	72,447
1600 Food Service	-	15,226	-	-	-	-	-	15,226
1700 Extracurricular Activities	200,667	574,835	-	-	-	-	-	775,502
1800 Community Services Activities	-	-	-	-	-	-	-	-
1910 Rentals	15,490	-	-	-	-	-	-	15,490
1920 Contributions and Donations From Private Sources	95,496	91,172	-	25,000	-	-	-	211,668
1930 Rental or Lease Payments From Private Contractors	1,620	-	-	-	-	-	-	1,620
1940 Services Provided Other Local Education Agencies	-	-	-	-	-	-	-	-
1950 Textbook Sales and Rentals	-	-	-	-	-	-	-	-
1960 Recovery of Prior Years' Expenditure	-	-	-	-	-	-	-	-
1970 Services Provided Other Funds	-	-	-	-	-	10,733	-	10,733
1980 Fees Charged to Grants	302,182	-	-	-	-	-	-	302,182
1990 Miscellaneous	1,089,828	203,980	-	186,085	-	-	-	1,479,893
Total Revenue from Local Sources	17,710,872	904,117	-	465,334	-	10,733	-	19,091,056

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700	Total
Revenue from Intermediate Sources								
2101 County School Funds	-	-	-	-	-	-	-	-
2102 Education Service District Apportionment	1,632,316	30	-	-	-	-	-	1,632,346
2105 Natural Gas, Oil, and Mineral Receipts	-	-	-	-	-	-	-	-
2199 Other Intermediate Sources	-	-	-	-	-	-	-	-
2200 Restricted Revenue	-	20,958	-	-	-	-	-	20,958
2800 Revenue in Lieu of Taxes	-	-	-	-	-	-	-	-
2900 Revenue for/on Behalf of the District	-	-	-	-	-	-	-	-
Total Revenue from Intermediate Sources	1,632,316	20,988	-	-	-	-	-	1,653,304

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700	Total
Revenue from State Sources								
3101 State School Fund - General Support	45,165,458	-	-	-	-	-	-	45,165,458
3102 State School Fund - School Lunch Match	-	32,638	-	-	-	-	-	32,638
3103 Common School Fund	668,306	-	-	-	-	-	-	668,306
3104 State Managed County Timber	-	-	-	-	-	-	-	-
3199 Other Unrestricted Grants-in-Aid	-	13,793	-	49,999	-	-	-	63,792
3204 Driver Education	-	-	-	-	-	-	-	-
3211 Restricted - Family Friends	-	-	-	-	-	-	-	-
3222 State School Fund (SSF) Transportation Equipment	-	-	-	-	-	-	-	-
3299 Other Restricted Grants-in-Aid	125,944	6,022,475	-	-	-	-	-	6,148,419
3800 Revenue in Lieu of Taxes	-	-	-	-	-	-	-	-
3900 Revenue for/on Behalf of the District	-	-	-	-	-	-	-	-
Total Revenue from State Sources	45,959,708	6,068,906	-	49,999	-	-	-	52,078,613

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700	Total
Revenue from Federal Sources								
4100 Unrestricted Revenue Direct From the Federal Gov't	-	-	-	-	-	-	-	-
4200 Unrest Rev From the Federal Gov't Through the State	-	-	-	-	-	-	-	-
4300 Restricted Revenue From the Federal Government	-	-	-	-	-	-	-	-
4500 Restricted Rev From the Fed Gov't Through the State	4,559,049	2,350,791	-	-	-	-	-	6,909,840
4501 R/GIA ESEA Ch1, & PL 89-313	-	-	-	-	-	-	-	-
4505 School Nutrition	-	3,723,074	-	-	-	-	-	3,723,074
4508 R/GIA PL 94-142 Handicapped	-	821,255	-	-	-	-	-	821,255
4590 USDA Commodity Distribution	-	289,735	-	-	-	-	-	289,735
4700 Grants-In-Aid From the Fed Gov't Through Intermediate	-	-	-	-	-	-	-	-
4701 Federal Funds through Intermediate Agency	-	-	-	-	-	-	-	-
4801 Federal Forest Fees	135,378	-	-	-	-	-	-	135,378
4802 Impact Aid to School Districts for Operation (PL 874)	-	-	-	-	-	-	-	-
4803 Coos Bay Wagon Road Funds	-	-	-	-	-	-	-	-
4899 Other Revenue in Lieu of Taxes	-	-	-	-	-	-	-	-
4900 Revenue for/on Behalf of the District	-	-	-	-	-	-	-	-
Total Revenue from Federal Sources	4,694,427	7,184,855	-	-	-	-	-	11,879,282

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700	Total
Revenue from Other Sources								
5100 Long Term Debt Financing Sources	-	629,527	-	-	-	-	-	629,527
5200 Interfund Transfers	146,515	751,802	850,000	600,000	-	-	-	2,348,317
5300 Sale of or Compensation for Loss of Fixed Assets	17,782	-	-	-	-	-	-	17,782
5400 Resources - Beginning Fund Balance	6,130,912	4,419,679	-	9,300,964	-	46,633	-	19,898,188
Total Revenue from Other Sources	6,295,209	5,801,008	850,000	9,900,964	-	46,633	-	22,893,814

Grand Totals	\$ 76,292,532	\$ 19,979,874	\$ 850,000	\$ 10,416,297	\$ -	\$ 57,366	\$ -	\$ 107,596,069
---------------------	----------------------	----------------------	-------------------	----------------------	-------------	------------------	-------------	-----------------------

**GRANTS PASS SCHOOL DISTRICT NO. 7
2021-2022 AUDIT EXPENDITURES SUMMARY
GENERAL FUND**

Function Description	100	200	300	400	500	600	700	Total
1111 Elementary	9,902,781	5,080,123	347,233	376,267	-	-	-	15,706,404
1112 Elementary	-	-	-	-	-	-	-	-
1113 Elementary Extracurricular	9,759	3,007	1,080	103,440	-	-	-	117,286
1121 Middle School Programs	4,927,430	2,546,385	188,328	286,851	-	1,171	-	7,950,165
1122 Middle School Extracurricular	291,934	89,262	25,482	31,654	-	498	-	438,830
1131 High School Programs	6,333,197	3,274,172	291,455	288,958	16,611	555	-	10,204,948
1132 High School Extracurricular	567,370	126,674	123,504	60,090	-	4,155	-	881,793
1210 Talented and Gifted	7,208	2,427	6,523	9,063	-	-	-	25,221
1220 Youth Transition Programs	-	-	-	-	-	-	-	-
1250 Less Restricted Prog Students w/Disabilities	3,871,487	2,397,889	147,808	55,572	-	-	-	6,472,756
1272 Title I	14,736	4,988	-	-	-	-	-	19,724
1280 Alternative Education	722,348	390,411	16,061	59,754	-	250	-	1,188,824
1291 English as a Second Language	234,152	145,979	991	640	-	-	-	381,762
1294 Youth Corrections Education	7,002	-	-	-	-	-	-	7,002
1400 Summer School Programs	80,227	18,529	118,598	38,236	-	-	-	255,590
Total Instruction	26,969,631	14,079,846	1,267,063	1,310,525	16,611	6,629	-	43,650,305
2110 Attendance & Social Work Services	274,697	197,730	162,446	13,380	-	-	-	648,253
2120 Guidance Services	839,124	432,629	419	2,648	-	-	-	1,274,820
2130 Health Services	93,825	49,326	439	775	-	915	-	145,280
2140 Psychological Services	186,239	96,589	452	6,279	-	-	-	289,559
2150 Speech Pathology & Audiology	232,666	98,809	370,424	4,799	-	-	-	706,698
2190 Service Direction, Student Support	276,819	136,699	-	2,827	-	834	-	417,179
2210 Improvement of Instruction	314,811	154,802	148,687	85,035	-	1,517	-	704,852
2220 Educational Media Services	440,992	305,763	1,888	172,073	-	120	-	920,836
2240 Instructional Staff Development	92,925	27,132	12,853	4,620	-	-	-	137,530
2241 Site Council	302	30	5,311	1,580	-	-	-	7,223
2310 Board of Education Services	-	-	167,321	8,407	9,069	23,389	-	208,186
2320 Executive Administration Services	258,575	136,417	27,204	12,171	-	2,098	-	436,465
2400	-	-	58	-	-	-	-	58
2410 Office of the Principal Services	3,337,432	1,779,268	104,684	156,945	-	146,689	-	5,525,018
2510	-	-	-	1,722	-	-	-	1,722
2520 Fiscal Services	596,742	507,215	83,172	369,993	-	23,768	-	1,580,890
2540 Operation & Maint of Plant Services	1,958,403	1,200,822	1,621,299	401,385	395,410	246,345	-	5,823,664
2550 Student Transportation Services	1,993,203	1,314,605	39,124	502,420	6,645	62,671	-	3,918,668
2570 Internal Services	242,020	138,023	196,941	236,756	32,330	-	-	846,070
2630 Information Services	76,100	44,087	19,582	517	-	290	-	140,576
2640 Staff Services	277,499	155,512	43,917	40,897	-	1,295	-	519,120
2660 Technology Services	579,274	301,505	216,798	1,194,816	-	595	-	2,292,988
2680 Interpretation Services	1,048	352	-	-	-	-	-	1,400
2700 Supplemental Retirement Program	611,816	72,958	-	-	-	-	-	684,774
Total Support Services	12,684,512	7,150,273	3,223,019	3,220,045	443,454	510,526	-	27,231,829
3100 Food Services	-	-	-	-	-	-	-	-
3200 Other Enterprise Services	-	-	-	-	-	-	-	-
3300 Community Services	-	-	-	-	-	-	-	-
3500 Custody & Care of Children Services	-	-	-	-	-	-	-	-
Total Enterprise and Community Service	-	-	-	-	-	-	-	-
4110 Service Area Direction	-	-	-	-	-	-	-	-
4120 Site Acquisition and Improvement	-	-	-	-	-	-	-	-
4150 Building Purchases & Improvements	-	-	-	-	-	-	-	-
4190 Other Facilities & Construction Services	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction	-	-	-	-	-	-	-	-
5100 Debt Service	-	-	-	-	-	-	-	-
5200 Transfer of Funds	-	-	-	-	-	-	1,337,327	1,337,327
5300 ESD Apportionment	-	-	-	-	-	-	-	-
6000 Contingency	-	-	-	-	-	-	-	-
Total Other Requirements	-	-	-	-	-	-	1,337,327	1,337,327
Total Requirements and Balances	\$ 39,654,143	\$ 21,230,119	\$ 4,490,082	\$ 4,530,570	\$ 460,065	\$ 517,155	\$ 1,337,327	\$ 72,219,461

**GRANTS PASS SCHOOL DISTRICT NO. 7
2021-2022 AUDIT EXPENDITURES SUMMARY
FEDERAL AND OTHER GRANTS FUNDS**

Function	Description	100	200	300	400	500	600	700	Total
1111	Elementary	341,374	256,395	5,050	9,113	-	-	-	611,932
1113	Elementary Extracurricular								-
1121	Middle School Programs	433,211	215,390	20,365	130,369				799,335
1122	Middle School Extracurricular								-
1131	High School Programs	539,740	294,568	135,129	146,722	6,098	62,328		1,184,585
1132	High School Extracurricular	2,150	562						2,712
1140	Pre-Kindergarten Programs								-
1210	Talented and Gifted								-
1220	Youth Transition Programs								-
1250	Less Restricted Prog Students w/Disabilities	487,713	334,945	1,161	824				824,643
1260	Early Intervention								-
1272	Title I	1,061,469	569,321	68,408	130,361		55,240		1,884,799
1280	Alternative Education	48,992	24,401	650	2,678				76,721
1291	English as a Second Language	19,409	10,225	7,979	1,068				38,681
1294	Youth Corrections	100,621	52,993	8,063	2,187				163,864
1299	Other Programs			1,500	33,980				35,480
1400	Summer School Programs	155,912	49,138	11,349					216,399
	Instruction	3,190,591	1,807,938	259,654	457,302	6,098	117,568	-	5,839,151
2110	Attendance & Social Work Services	21,725	12,825	536,965					571,515
2120	Guidance Services	323,142	172,309						495,451
2130	Health Services	46,721	19,882						66,603
2140	Psychological Services	355,128	173,708						528,836
2150	Speech Pathology & Audiology								-
2190	Service Direction, Student Support	73,257	37,037						110,294
2210	Improvement of Instruction	118,607	50,452	137,586	1,245		169,990		477,880
2220	Educational Media Services								-
2240	Instructional Staff Development	101,429	52,810	135,901			14,203		304,343
2241	Site Council								-
2310	Board of Education Services								-
2320	Executive Administration Services								-
2410	Office of the Principal Services								-
2520	Fiscal Services								-
2540	Operation & Maint of Plant Services			1,074	11,746	3,900			16,720
2550	Student Transportation Services			705					705
2570	Internal Services								-
2640	Staff Services								-
2660	Technology Services	108,312	52,391						160,703
2700	Supplemental Retirement Program								-
	Support Services	1,148,321	571,414	812,231	12,991	3,900	184,193	-	2,733,050
3100	Food Services	13,464			104,807				118,271
3200	Other Enterprise Services								-
3300	Community Services	15,257	4,924	2,869	10,125				33,175
3500	Custody & Care of Children Services								-
	Enterprise and Community Service	28,721	4,924	2,869	114,932	-	-	-	151,446
4110	Service Area Direction	-	-	-	-	-	-	-	-
4120	Site Acquisition and Improvement	-	-	-	-	-	-	-	-
4150	Building Purchases & Improvements	-	-	-	-	-	-	-	-
4190	Other Facilities & Construction Services	-	-	-	-	-	-	-	-
	Total Facilities Acquisition and Construction	-	-	-	-	-	-	-	-
5100	Debt Service	-	-	-	-	-	-	-	-
5200	Transfer of Funds	-	-	-	-	-	-	410,990	410,990
5300	ESD Apportionment	-	-	-	-	-	-	-	-
6000	Contingency	-	-	-	-	-	-	-	-
	Total Other Requirements	-	-	-	-	-	-	410,990	410,990
Total	Requirements and Balances	\$4,367,633	\$2,384,276	\$1,074,754	\$ 585,225	\$ 9,998	\$ 301,761	\$ 410,990	\$9,134,637

**GRANTS PASS SCHOOL DISTRICT NO. 7
2021-2022 AUDIT EXPENDITURES SUMMARY
STUDENT BODY FUND**

Function Description	100	200	300	400	500	600	700	Total
1111 Elementary	-	-	-	-	-	-	-	-
1112 Elementary	-	-	-	-	-	-	-	-
1113 Elementary Extracurricular	-	-	-	9,695	-	-	-	9,695
1121 Middle School Programs	-	-	4,128	2,522	-	-	-	6,650
1122 Middle School Extracurricular	-	-	4,477	14,258	-	150	-	18,885
1131 High School Programs	-	-	10,750	5,660	-	-	-	16,410
1132 High School Extracurricular	16,107	2,462	230,991	260,035	-	6,034	-	515,629
1210 Talented and Gifted	-	-	-	-	-	-	-	-
1220 Youth Transition Programs	-	-	-	-	-	-	-	-
1250 Less Restricted Prog Students w/Disabilities	-	-	-	-	-	-	-	-
1280 Alternative Education	-	-	-	-	-	-	-	-
1291 English as a Second Language	-	-	-	-	-	-	-	-
1400 Summer School Programs	-	-	-	-	-	-	-	-
Total Instruction	16,107	2,462	250,346	292,170	-	6,184	-	567,269
2110 Attendance & Social Work Services	-	-	-	-	-	-	-	-
2120 Guidance Services	-	-	-	-	-	-	-	-
2130 Health Services	-	-	-	-	-	-	-	-
2140 Psychological Services	-	-	-	-	-	-	-	-
2150 Speech Pathology & Audiology	-	-	-	-	-	-	-	-
2190 Service Direction, Student Support	-	-	-	-	-	-	-	-
2210 Improvement of Instruction	-	-	-	-	-	-	-	-
2220 Educational Media Services	-	-	-	-	-	-	-	-
2240 Instructional Staff Development	-	-	-	-	-	-	-	-
2241 Site Council	-	-	-	-	-	-	-	-
2310 Board of Education Services	-	-	-	-	-	-	-	-
2320 Executive Administration Services	-	-	-	-	-	-	-	-
2410 Office of the Principal Services	-	-	-	-	-	-	-	-
2520 Fiscal Services	-	-	-	-	-	64	-	64
2540 Operation & Maint of Plant Services	-	-	-	-	-	-	-	-
2550 Student Transportation Services	-	-	-	-	-	-	-	-
2570 Internal Services	-	-	-	-	-	-	-	-
2640 Staff Services	-	-	-	-	-	-	-	-
2660 Technology Services	-	-	-	-	-	-	-	-
2700 Supplemental Retirement Program	-	-	-	-	-	-	-	-
Total Support Services	-	-	-	-	-	64	-	64
3100 Food Services	-	-	-	-	-	-	-	-
3200 Other Enterprise Services	-	-	-	-	-	-	-	-
3300 Community Services	-	-	-	-	-	-	-	-
3500 Custody & Care of Children Services	-	-	-	-	-	-	-	-
Total Enterprise and Community Service	-	-	-	-	-	-	-	-
4110 Service Area Direction	-	-	-	-	-	-	-	-
4120 Site Acquisition and Improvement	-	-	-	-	-	-	-	-
4150 Building Purchases & Improvements	-	-	-	-	-	-	-	-
4190 Other Facilities & Construction Services	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction	-	-	-	-	-	-	-	-
5100 Debt Service	-	-	-	-	-	-	-	-
5200 Transfer of Funds	-	-	-	-	-	-	-	-
5300 ESD Apportionment	-	-	-	-	-	-	-	-
6000 Contingency	-	-	-	-	-	-	-	-
Total Other Requirements	-	-	-	-	-	-	-	-
Total Requirements and Balances	\$ 16,107	\$ 2,462	\$ 250,346	\$ 292,170	\$ -	\$ 6,248	\$ -	\$ 567,333

GRANTS PASS SCHOOL DISTRICT NO. 7
2021-2022 AUDIT EXPENDITURES SUMMARY
FOOD SERVICE FUND

Function Description	100	200	300	400	500	600	700	Total
1111 Elementary	-	-	-	-	-	-	-	-
1112 Elementary	-	-	-	-	-	-	-	-
1113 Elementary Extracurricular	-	-	-	-	-	-	-	-
1121 Middle School Programs	-	-	-	-	-	-	-	-
1122 Middle School Extracurricular	-	-	-	-	-	-	-	-
1131 High School Programs	-	-	-	-	-	-	-	-
1132 High School Extracurricular	-	-	-	-	-	-	-	-
1210 Talented and Gifted	-	-	-	-	-	-	-	-
1220 Youth Transition Programs	-	-	-	-	-	-	-	-
1250 Less Restricted Prog Students w/Disabilities	-	-	-	-	-	-	-	-
1280 Alternative Education	-	-	-	-	-	-	-	-
1291 English as a Second Language	-	-	-	-	-	-	-	-
1400 Summer School Programs	-	-	-	-	-	-	-	-
Total Instruction	-	-	-	-	-	-	-	-
2110 Attendance & Social Work Services	-	-	-	-	-	-	-	-
2120 Guidance Services	-	-	-	-	-	-	-	-
2130 Health Services	-	-	-	-	-	-	-	-
2140 Psychological Services	-	-	-	-	-	-	-	-
2150 Speech Pathology & Audiology	-	-	-	-	-	-	-	-
2190 Service Direction, Student Support	-	-	-	-	-	-	-	-
2210 Improvement of Instruction	-	-	-	-	-	-	-	-
2220 Educational Media Services	-	-	-	-	-	-	-	-
2240 Instructional Staff Development	-	-	-	-	-	-	-	-
2241 Site Council	-	-	-	-	-	-	-	-
2310 Board of Education Services	-	-	-	-	-	-	-	-
2320 Executive Administration Services	-	-	-	-	-	-	-	-
2410 Office of the Principal Services	-	-	-	-	-	-	-	-
2520 Fiscal Services	-	-	-	-	-	-	-	-
2540 Operation & Maint of Plant Services	-	-	-	-	-	-	-	-
2550 Student Transportation Services	-	-	-	-	-	-	-	-
2570 Internal Services	-	-	-	-	-	-	-	-
2640 Staff Services	-	-	-	-	-	-	-	-
2660 Technology Services	-	-	-	-	-	-	-	-
2700 Supplemental Retirement Program	-	-	-	-	-	-	-	-
Total Support Services	-	-	-	-	-	-	-	-
3100 Food Services	1,024,455	661,159	31,914	1,231,610	28,960	150	-	2,978,248
3200 Other Enterprise Services	-	-	-	3,063	-	-	-	3,063
3300 Community Services	-	-	-	208	-	-	-	208
3500 Custody & Care of Children Services	-	-	-	-	-	-	-	-
Total Enterprise and Community Service	1,024,455	661,159	31,914	1,234,881	28,960	150	-	2,981,519
4110 Service Area Direction	-	-	-	-	-	-	-	-
4120 Site Acquisition and Improvement	-	-	-	-	-	-	-	-
4150 Building Purchases & Improvements	-	-	-	-	-	-	-	-
4190 Other Facilities & Construction Services	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction	-	-	-	-	-	-	-	-
5100 Debt Service	-	-	-	-	-	-	-	-
5200 Transfer of Funds	-	-	-	-	-	-	-	-
5300 ESD Apportionment	-	-	-	-	-	-	-	-
6000 Contingency	-	-	-	-	-	-	-	-
Total Other Requirements	-	-	-	-	-	-	-	-
Total Requirements and Balances	\$ 1,024,455	\$ 661,159	\$ 31,914	\$ 1,234,881	\$ 28,960	\$ 150	\$ -	\$ 2,981,519

**GRANTS PASS SCHOOL DISTRICT NO. 7
2021-2022 AUDIT EXPENDITURES SUMMARY
COOL SCHOOLS FUND**

Function Description	100	200	300	400	500	600	700	Total
1111 Elementary	-	-	-	-	-	-	-	-
1112 Elementary	-	-	-	-	-	-	-	-
1113 Elementary Extracurricular	-	-	-	-	-	-	-	-
1121 Middle School Programs	-	-	-	-	-	-	-	-
1122 Middle School Extracurricular	-	-	-	-	-	-	-	-
1131 High School Programs	-	-	-	-	-	-	-	-
1132 High School Extracurricular	-	-	-	-	-	-	-	-
1210 Talented and Gifted	-	-	-	-	-	-	-	-
1220 Youth Transition Programs	-	-	-	-	-	-	-	-
1250 Less Restricted Prog Students w/Disabilities	-	-	-	-	-	-	-	-
1280 Alternative Education	-	-	-	-	-	-	-	-
1291 English as a Second Language	-	-	-	-	-	-	-	-
1400 Summer School Programs	-	-	-	-	-	-	-	-
Total Instruction	-	-	-	-	-	-	-	-
2110 Attendance & Social Work Services	-	-	-	-	-	-	-	-
2120 Guidance Services	-	-	-	-	-	-	-	-
2130 Health Services	-	-	-	-	-	-	-	-
2140 Psychological Services	-	-	-	-	-	-	-	-
2150 Speech Pathology & Audiology	-	-	-	-	-	-	-	-
2190 Service Direction, Student Support	-	-	-	-	-	-	-	-
2210 Improvement of Instruction	-	-	-	-	-	-	-	-
2220 Educational Media Services	-	-	-	-	-	-	-	-
2240 Instructional Staff Development	-	-	-	-	-	-	-	-
2241 Site Council	-	-	-	-	-	-	-	-
2310 Board of Education Services	-	-	-	-	-	-	-	-
2320 Executive Administration Services	-	-	-	-	-	-	-	-
2410 Office of the Principal Services	-	-	-	-	-	-	-	-
2520 Fiscal Services	-	-	-	-	-	-	-	-
2540 Operation & Maint of Plant Services	-	-	-	-	-	-	-	-
2550 Student Transportation Services	-	-	-	-	-	-	-	-
2570 Internal Services	-	-	-	-	-	-	-	-
2640 Staff Services	-	-	-	-	-	-	-	-
2660 Technology Services	-	-	-	-	-	-	-	-
2700 Supplemental Retirement Program	-	-	-	-	-	-	-	-
Total Support Services	-	-	-	-	-	-	-	-
3100 Food Services	-	-	-	-	-	-	-	-
3200 Other Enterprise Services	-	-	-	-	-	-	-	-
3300 Community Services	-	-	-	-	-	-	-	-
3500 Custody & Care of Children Services	-	-	-	-	-	-	-	-
Total Enterprise and Community Service	-	-	-	-	-	-	-	-
4110 Service Area Direction	-	-	-	-	-	-	-	-
4120 Site Acquisition and Improvement	-	-	-	-	-	-	-	-
4150 Building Purchases & Improvements	-	-	-	-	-	-	-	-
4190 Other Facilities & Construction Services	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction	-	-	-	-	-	-	-	-
5100 Debt Service	-	-	-	-	-	-	-	-
5200 Transfer of Funds	-	-	-	-	-	-	600,000	600,000
5300 ESD Apportionment	-	-	-	-	-	-	-	-
6000 Contingency	-	-	-	-	-	-	-	-
Total Other Requirements	-	-	-	-	-	-	600,000	600,000
Total Requirements and Balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 600,000	\$ 600,000

**GRANTS PASS SCHOOL DISTRICT NO. 7
2021-2022 AUDIT EXPENDITURES SUMMARY
BUS REPLACEMENT FUND**

Function Description	100	200	300	400	500	600	700	Total
1111 Elementary	-	-	-	-	-	-	-	-
1112 Elementary	-	-	-	-	-	-	-	-
1113 Elementary Extracurricular	-	-	-	-	-	-	-	-
1121 Middle School Programs	-	-	-	-	-	-	-	-
1122 Middle School Extracurricular	-	-	-	-	-	-	-	-
1131 High School Programs	-	-	-	-	-	-	-	-
1132 High School Extracurricular	-	-	-	-	-	-	-	-
1210 Talented and Gifted	-	-	-	-	-	-	-	-
1220 Youth Transition Programs	-	-	-	-	-	-	-	-
1250 Less Restricted Prog Students w/Disabilities	-	-	-	-	-	-	-	-
1280 Alternative Education	-	-	-	-	-	-	-	-
1291 English as a Second Language	-	-	-	-	-	-	-	-
1400 Summer School Programs	-	-	-	-	-	-	-	-
Total Instruction	-	-	-	-	-	-	-	-
2110 Attendance & Social Work Services	-	-	-	-	-	-	-	-
2120 Guidance Services	-	-	-	-	-	-	-	-
2130 Health Services	-	-	-	-	-	-	-	-
2140 Psychological Services	-	-	-	-	-	-	-	-
2150 Speech Pathology & Audiology	-	-	-	-	-	-	-	-
2190 Service Direction, Student Support	-	-	-	-	-	-	-	-
2210 Improvement of Instruction	-	-	-	-	-	-	-	-
2220 Educational Media Services	-	-	-	-	-	-	-	-
2240 Instructional Staff Development	-	-	-	-	-	-	-	-
2241 Site Council	-	-	-	-	-	-	-	-
2310 Board of Education Services	-	-	-	-	-	-	-	-
2320 Executive Administration Services	-	-	-	-	-	-	-	-
2410 Office of the Principal Services	-	-	-	-	-	-	-	-
2520 Fiscal Services	-	-	-	-	-	-	-	-
2540 Operation & Maint of Plant Services	-	-	-	-	-	-	-	-
2550 Student Transportation Services	-	-	-	-	645,527	-	-	645,527
2570 Internal Services	-	-	-	-	-	-	-	-
2640 Staff Services	-	-	-	-	-	-	-	-
2660 Technology Services	-	-	-	-	-	-	-	-
2700 Supplemental Retirement Program	-	-	-	-	-	-	-	-
Total Support Services	-	-	-	-	645,527	-	-	645,527
3100 Food Services	-	-	-	-	-	-	-	-
3200 Other Enterprise Services	-	-	-	-	-	-	-	-
3300 Community Services	-	-	-	-	-	-	-	-
3500 Custody & Care of Children Services	-	-	-	-	-	-	-	-
Total Enterprise and Community Service	-	-	-	-	-	-	-	-
4110 Service Area Direction	-	-	-	-	-	-	-	-
4120 Site Acquisition and Improvement	-	-	-	-	-	-	-	-
4150 Building Purchases & Improvements	-	-	-	-	-	-	-	-
4190 Other Facilities & Construction Services	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction	-	-	-	-	-	-	-	-
5100 Debt Service	-	-	-	-	545,039	-	-	545,039
5200 Transfer of Funds	-	-	-	-	-	-	-	-
5300 ESD Apportionment	-	-	-	-	-	-	-	-
6000 Contingency	-	-	-	-	-	-	-	-
Total Other Requirements	-	-	-	-	545,039	-	-	545,039
Total Requirements and Balances	\$ -	\$ -	\$ -	\$ -	\$ 1,190,566	\$ -	\$ -	\$ 1,190,566

**GRANTS PASS SCHOOL DISTRICT NO. 7
2021-2022 AUDIT EXPENDITURES SUMMARY
PERS RESERVE FUND**

Function Description	100	200	300	400	500	600	700	Total
1111 Elementary	-	-	-	-	-	-	-	-
1112 Elementary	-	-	-	-	-	-	-	-
1113 Elementary Extracurricular	-	-	-	-	-	-	-	-
1121 Middle School Programs	-	-	-	-	-	-	-	-
1122 Middle School Extracurricular	-	-	-	-	-	-	-	-
1131 High School Programs	-	-	-	-	-	-	-	-
1132 High School Extracurricular	-	-	-	-	-	-	-	-
1210 Talented and Gifted	-	-	-	-	-	-	-	-
1220 Youth Transition Programs	-	-	-	-	-	-	-	-
1250 Less Restricted Prog Students w/Disabilities	-	-	-	-	-	-	-	-
1280 Alternative Education	-	-	-	-	-	-	-	-
1291 English as a Second Language	-	-	-	-	-	-	-	-
1400 Summer School Programs	-	-	-	-	-	-	-	-
Total Instruction	-	-	-	-	-	-	-	-
2110 Attendance & Social Work Services	-	-	-	-	-	-	-	-
2120 Guidance Services	-	-	-	-	-	-	-	-
2130 Health Services	-	-	-	-	-	-	-	-
2140 Psychological Services	-	-	-	-	-	-	-	-
2150 Speech Pathology & Audiology	-	-	-	-	-	-	-	-
2190 Service Direction, Student Support	-	-	-	-	-	-	-	-
2210 Improvement of Instruction	-	-	-	-	-	-	-	-
2220 Educational Media Services	-	-	-	-	-	-	-	-
2240 Instructional Staff Development	-	-	-	-	-	-	-	-
2241 Site Council	-	-	-	-	-	-	-	-
2310 Board of Education Services	-	-	-	-	-	-	-	-
2320 Executive Administration Services	-	-	-	-	-	-	-	-
2410 Office of the Principal Services	-	-	-	-	-	-	-	-
2520 Fiscal Services	-	-	-	-	-	-	-	-
2540 Operation & Maint of Plant Services	-	-	-	-	-	-	-	-
2550 Student Transportation Services	-	-	-	-	-	-	-	-
2570 Internal Services	-	-	-	-	-	-	-	-
2640 Staff Services	-	-	-	-	-	-	-	-
2660 Technology Services	-	-	-	-	-	-	-	-
2700 Supplemental Retirement Program	-	-	-	-	-	-	-	-
Total Support Services	-	-	-	-	-	-	-	-
3100 Food Services	-	-	-	-	-	-	-	-
3200 Other Enterprise Services	-	-	-	-	-	-	-	-
3300 Community Services	-	-	-	-	-	-	-	-
3500 Custody & Care of Children Services	-	-	-	-	-	-	-	-
Total Enterprise and Community Service	-	-	-	-	-	-	-	-
4110 Service Area Direction	-	-	-	-	-	-	-	-
4120 Site Acquisition and Improvement	-	-	-	-	-	-	-	-
4150 Building Purchases & Improvements	-	-	-	-	-	-	-	-
4190 Other Facilities & Construction Services	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction	-	-	-	-	-	-	-	-
5100 Debt Service	-	-	-	-	-	-	-	-
5200 Transfer of Funds	-	-	-	-	-	-	-	-
5300 ESD Apportionment	-	-	-	-	-	-	-	-
6000 Contingency	-	-	-	-	-	-	-	-
Total Other Requirements	-	-	-	-	-	-	-	-
Total Requirements and Balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**GRANTS PASS SCHOOL DISTRICT NO. 7
2021-2022 AUDIT EXPENDITURES SUMMARY
DEBT SERVICE FUND**

Function Description	100	200	300	400	500	600	700	Total
1111 Elementary	-	-	-	-	-	-	-	-
1112 Elementary	-	-	-	-	-	-	-	-
1113 Elementary Extracurricular	-	-	-	-	-	-	-	-
1121 Middle School Programs	-	-	-	-	-	-	-	-
1122 Middle School Extracurricular	-	-	-	-	-	-	-	-
1131 High School Programs	-	-	-	-	-	-	-	-
1132 High School Extracurricular	-	-	-	-	-	-	-	-
1210 Talented and Gifted	-	-	-	-	-	-	-	-
1220 Youth Transition Programs	-	-	-	-	-	-	-	-
1250 Less Restricted Prog Students w/Disabilities	-	-	-	-	-	-	-	-
1280 Alternative Education	-	-	-	-	-	-	-	-
1291 English as a Second Language	-	-	-	-	-	-	-	-
1400 Summer School Programs	-	-	-	-	-	-	-	-
Total Instruction	-	-	-	-	-	-	-	-
2110 Attendance & Social Work Services	-	-	-	-	-	-	-	-
2120 Guidance Services	-	-	-	-	-	-	-	-
2130 Health Services	-	-	-	-	-	-	-	-
2140 Psychological Services	-	-	-	-	-	-	-	-
2150 Speech Pathology & Audiology	-	-	-	-	-	-	-	-
2190 Service Direction, Student Support	-	-	-	-	-	-	-	-
2210 Improvement of Instruction	-	-	-	-	-	-	-	-
2220 Educational Media Services	-	-	-	-	-	-	-	-
2240 Instructional Staff Development	-	-	-	-	-	-	-	-
2241 Site Council	-	-	-	-	-	-	-	-
2310 Board of Education Services	-	-	-	-	-	-	-	-
2320 Executive Administration Services	-	-	-	-	-	-	-	-
2410 Office of the Principal Services	-	-	-	-	-	-	-	-
2520 Fiscal Services	-	-	-	-	-	-	-	-
2540 Operation & Maint of Plant Services	-	-	-	-	-	-	-	-
2550 Student Transportation Services	-	-	-	-	-	-	-	-
2570 Internal Services	-	-	-	-	-	-	-	-
2640 Staff Services	-	-	-	-	-	-	-	-
2660 Technology Services	-	-	-	-	-	-	-	-
2700 Supplemental Retirement Program	-	-	-	-	-	-	-	-
Total Support Services	-	-	-	-	-	-	-	-
3100 Food Services	-	-	-	-	-	-	-	-
3200 Other Enterprise Services	-	-	-	-	-	-	-	-
3300 Community Services	-	-	-	-	-	-	-	-
3500 Custody & Care of Children Services	-	-	-	-	-	-	-	-
Total Enterprise and Community Service	-	-	-	-	-	-	-	-
4110 Service Area Direction	-	-	-	-	-	-	-	-
4120 Site Acquisition and Improvement	-	-	-	-	-	-	-	-
4150 Building Purchases & Improvements	-	-	-	-	-	-	-	-
4190 Other Facilities & Construction Services	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction	-	-	-	-	-	-	-	-
5100 Debt Service	-	-	-	-	-	608,871	-	608,871
5200 Transfer of Funds	-	-	-	-	-	-	-	-
5300 ESD Apportionment	-	-	-	-	-	-	-	-
6000 Contingency	-	-	-	-	-	-	-	-
Total Other Requirements	-	-	-	-	-	608,871	-	608,871
Total Requirements and Balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 608,871	\$ -	\$ 608,871

**GRANTS PASS SCHOOL DISTRICT NO. 7
2021-2022 AUDIT EXPENDITURES SUMMARY
CAPITAL PROJECTS FUND**

Function Description	100	200	300	400	500	600	700	Total
1111 Elementary	-	-	-	-	-	-	-	-
1112 Elementary	-	-	-	-	-	-	-	-
1113 Elementary Extracurricular	-	-	-	-	-	-	-	-
1121 Middle School Programs	-	-	-	-	-	-	-	-
1122 Middle School Extracurricular	-	-	-	-	-	-	-	-
1131 High School Programs	-	-	-	-	-	-	-	-
1132 High School Extracurricular	-	-	-	35,656	-	-	-	35,656
1210 Talented and Gifted	-	-	-	-	-	-	-	-
1220 Youth Transition Programs	-	-	-	-	-	-	-	-
1250 Less Restricted Prog Students w/Disabilities	-	-	-	-	-	-	-	-
1280 Alternative Education	-	-	-	-	-	-	-	-
1291 English as a Second Language	-	-	-	-	-	-	-	-
1400 Summer School Programs	-	-	-	-	-	-	-	-
Total Instruction	-	-	-	35,656	-	-	-	35,656
2110 Attendance & Social Work Services	-	-	-	-	-	-	-	-
2120 Guidance Services	-	-	-	-	-	-	-	-
2130 Health Services	-	-	-	-	-	-	-	-
2140 Psychological Services	-	-	-	-	-	-	-	-
2150 Speech Pathology & Audiology	-	-	-	-	-	-	-	-
2190 Service Direction, Student Support	-	-	-	-	-	-	-	-
2210 Improvement of Instruction	-	-	-	-	-	-	-	-
2220 Educational Media Services	-	-	-	-	-	-	-	-
2240 Instructional Staff Development	-	-	-	-	-	-	-	-
2241 Site Council	-	-	-	-	-	-	-	-
2310 Board of Education Services	-	-	6,665	-	-	-	-	6,665
2320 Executive Administration Services	-	-	-	-	-	-	-	-
2410 Office of the Principal Services	-	-	-	78,634	-	-	-	78,634
2520 Fiscal Services	50,505	19,171	12,314	-	-	-	-	81,990
2540 Operation & Maint of Plant Services	-	-	52,361	9,260	65,349	-	-	126,970
2550 Student Transportation Services	-	-	-	-	-	-	-	-
2570 Internal Services	-	-	-	-	-	-	-	-
2640 Staff Services	-	-	-	-	-	-	-	-
2660 Technology Services	-	-	-	-	-	-	-	-
2700 Supplemental Retirement Program	-	-	-	-	-	-	-	-
Total Support Services	50,505	19,171	71,340	87,894	65,349	-	-	294,259
3100 Food Services	-	-	-	-	-	-	-	-
3200 Other Enterprise Services	-	-	-	-	-	-	-	-
3300 Community Services	-	-	-	-	-	-	-	-
3500 Custody & Care of Children Services	-	-	-	-	-	-	-	-
Total Enterprise and Community Service	-	-	-	-	-	-	-	-
4110 Service Area Direction	-	-	-	-	-	-	-	-
4120 Site Acquisition and Improvement	-	-	-	-	-	-	-	-
4150 Building Purchases & Improvements	-	-	7,933	-	8,751,068	-	-	8,759,001
4190 Other Facilities & Construction Services	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction	-	-	7,933	-	8,751,068	-	-	8,759,001
5100 Debt Service	-	-	-	-	-	376,266	-	376,266
5200 Transfer of Funds	-	-	-	-	-	-	-	-
5300 ESD Apportionment	-	-	-	-	-	-	-	-
6000 Contingency	-	-	-	-	-	-	-	-
Total Other Requirements	-	-	-	-	-	376,266	-	376,266
Total Requirements and Balances	\$ 50,505	\$ 19,171	\$ 79,273	\$ 123,550	\$ 8,816,417	\$ 376,266	\$ -	\$ 9,465,182

**GRANTS PASS SCHOOL DISTRICT NO. 7
2021-2022 AUDIT EXPENDITURES SUMMARY
INTERNAL SERVICE FUND**

Function Description	100	200	300	400	500	600	700	Total
1111 Elementary	-	-	-	-	-	-	-	-
1112 Elementary	-	-	-	-	-	-	-	-
1113 Elementary Extracurricular	-	-	-	-	-	-	-	-
1121 Middle School Programs	-	-	-	-	-	-	-	-
1122 Middle School Extracurricular	-	-	-	-	-	-	-	-
1131 High School Programs	-	-	-	-	-	-	-	-
1132 High School Extracurricular	-	-	-	-	-	-	-	-
1210 Talented and Gifted	-	-	-	-	-	-	-	-
1220 Youth Transition Programs	-	-	-	-	-	-	-	-
1250 Less Restricted Prog Students w/Disabilities	-	-	-	-	-	-	-	-
1280 Alternative Education	-	-	-	-	-	-	-	-
1291 English as a Second Language	-	-	-	-	-	-	-	-
1400 Summer School Programs	-	-	-	-	-	-	-	-
Total Instruction	-	-	-	-	-	-	-	-
2110 Attendance & Social Work Services	-	-	-	-	-	-	-	-
2120 Guidance Services	-	-	-	-	-	-	-	-
2130 Health Services	-	-	-	-	-	-	-	-
2140 Psychological Services	-	-	-	-	-	-	-	-
2150 Speech Pathology & Audiology	-	-	-	-	-	-	-	-
2190 Service Direction, Student Support	-	-	-	-	-	-	-	-
2210 Improvement of Instruction	-	-	-	-	-	-	-	-
2220 Educational Media Services	-	-	-	-	-	-	-	-
2240 Instructional Staff Development	-	-	-	-	-	-	-	-
2241 Site Council	-	-	-	-	-	-	-	-
2310 Board of Education Services	-	-	-	-	-	-	-	-
2320 Executive Administration Services	-	-	-	-	-	-	-	-
2410 Office of the Principal Services	-	-	-	-	-	-	-	-
2520 Fiscal Services	-	13,104	-	-	-	-	-	13,104
2540 Operation & Maint of Plant Services	-	-	-	-	-	-	-	-
2550 Student Transportation Services	-	-	-	-	-	-	-	-
2570 Internal Services	-	-	-	-	-	-	-	-
2640 Staff Services	-	-	-	-	-	-	-	-
2660 Technology Services	-	-	-	-	-	-	-	-
2700 Supplemental Retirement Program	-	-	-	-	-	-	-	-
Total Support Services	-	13,104	-	-	-	-	-	13,104
3100 Food Services	-	-	-	-	-	-	-	-
3200 Other Enterprise Services	-	-	-	-	-	-	-	-
3300 Community Services	-	-	-	-	-	-	-	-
3500 Custody & Care of Children Services	-	-	-	-	-	-	-	-
Total Enterprise and Community Service	-	-	-	-	-	-	-	-
4110 Service Area Direction	-	-	-	-	-	-	-	-
4120 Site Acquisition and Improvement	-	-	-	-	-	-	-	-
4150 Building Purchases & Improvements	-	-	-	-	-	-	-	-
4190 Other Facilities & Construction Services	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction	-	-	-	-	-	-	-	-
5100 Debt Service	-	-	-	-	-	-	-	-
5200 Transfer of Funds	-	-	-	-	-	-	-	-
5300 ESD Apportionment	-	-	-	-	-	-	-	-
6000 Contingency	-	-	-	-	-	-	-	-
Total Other Requirements	-	-	-	-	-	-	-	-
Total Requirements and Balances	\$ -	\$ 13,104	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,104

INDEPENDENT AUDITOR'S REPORT REQUIRED BY STATE REGULATIONS

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Board of Education
Grants Pass School District No. 7
Grants Pass, Oregon 97526

We have audited the basic financial statements of Grants Pass School District No. 7 (the District) as of and for the year ended June 30, 2022 and have issued our report thereon dated December 27, 2022. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-0000 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 the 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 but were not limited to the following:

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

In connection with our audit, nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administration Rules 162-010-0000 through 162-010-0320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, except as disclosed in *Note 1* of the financial statements.

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 the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

We did identify a certain deficiency in internal control, noted in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* that we consider to be a significant deficiency.

Restrictions on Use

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



Aria Bettinger, CPA
KDP Certified Public Accountants, LLP
Medford, Oregon
December 27, 2022

ITEMS REQUIRED BY THE UNIFORM GUIDANCE

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

Board of Education
Grants Pass School District No. 7
Grants Pass, Oregon 97526

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Grants Pass School District No. 7 (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 27, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that are not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider a material weakness. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

Management's Response to Findings

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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



Aria Bettinger, CPA
KDP Certified Public Accountants, LLP
Medford, Oregon
December 27, 2022

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

Board of Education
Grants Pass School District No. 7
Grants Pass, Oregon 97526

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Grants Pass School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

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

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

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



Aria Bettinger, CPA
KDP Certified Public Accountants, LLP
Medford, Oregon
December 27, 2022

GRANTS PASS SCHOOL DISTRICT NO. 7
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Grant/Contract Number	Federal Expenditures
U.S. Department of Agriculture			
Passed through Oregon Department of Education:			
School Breakfast Program (SBP)	10.553	N/A	\$ 712,085
COVID-19 National School Lunch Program (NSLP)	10.555	N/A	53,966
National School Lunch Program (NSLP)	10.555	N/A	1,756,196
Commodities NSLP	10.555	N/A	289,238
Summer Food Service Program for Children (SFSPC)	10.559	N/A	131,623
Commodities SFSP	10.559	N/A	497
Fresh Fruit and Vegetable Program	10.582	61219, 61297, 61298	73,226
Total Child Nutrition Cluster			<u>3,016,831</u>
Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	32,100
Total AL 10.579			<u>32,100</u>
COVID-19 State Pandemic Electronic Benefit Transfer Administrative Costs Gr.	10.649	N/A	5,814
Total AL 10.649			<u>5,814</u>
Total U.S. Department of Agriculture			\$ 3,054,745
U.S. Department of Education			
Passed through Oregon Department of Education:			
Title I Grants to Local Educational Agencies (ESSA 19-20 Supplement)	84.010	65110	\$ 35,088
Title I Grants to Local Educational Agencies (20-21)	84.010	58269	155,256
Title I Grants to Local Educational Agencies (21-22)	84.010	66978	1,786,878
Total AL 84.010			<u>1,977,222</u>
Passed through Oregon Department of Education:			
Special Education - Grants to States (IDEA Part B)	84.027	60662, 68626	821,255
Total Special Education Cluster (IDEA)			<u>821,255</u>
Passed through Oregon Department of Education:			
English Language Acquisition State Grants (21-22)	84.365	67134	11,415
Total AL 84.365			<u>11,415</u>
Passed through Oregon Department of Education:			
Supporting Effective Instruction State Grants (20-21)	84.367	58761, 67411	283,318
Total AL 84.367			<u>283,318</u>
Passed through Oregon Department of Education:			
Student Support and Academic Enrichment Program (20-21)	84.424	58579, 66767	78,836
Total AL 84.424			<u>78,836</u>
Passed through Oregon Department of Education:			
COVID-19 Education Stabilization Fund (ESSER)	84.425D	57816, 64586, 64792	4,409,542
COVID-19 Education Stabilization Fund (ARP ESSER)	84.425U	64891	149,507
Total AL 84.425			<u>4,559,049</u>
Total U.S. Department of Education			\$ 7,731,095
Total Expenditures of Federal Awards			\$ 10,785,840
Passed through Josephine County Treasurer:			
Schools and Roads - Grants to States	10.665	N/A	\$ 135,378
Total Forest Service Schools and Roads Cluster			<u>\$ 135,378</u>

**GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

NOTE A – BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

NOTE C – INDIRECT COST RATE:

The District has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE D – FOOD DISTRIBUTION:

Non-monetary assistance is reported in the Schedule at fair market value of the commodities received and disbursed. For the year ended June 30, 2022, the District received food commodities totaling \$289,735.

NOTE E – SUBRECIPIENTS:

The District did not have any federal awards that were passed through to subrecipients for the year ended June 30, 2022.

NOTE F – SCHOOLS AND ROADS - GRANTS TO STATES:

The District includes federal forest fees in the Schedule due to requirements of the Oregon Department of Education. These expenditures are not subject to the Uniform Guidance audit due to treatment based on guidance provided by both the Oregon Department of Education and United States Department of Agriculture.

**GRANTS PASS SCHOOL DISTRICT NO. 7
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of major federal programs:

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
#84.010	Title I Grants to Local Educational Agencies
#84.425	Education Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as a low-risk auditee? Yes No

**GRANTS PASS SCHOOL DISTRICT NO. 7
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022 (CONTINUED)**

SECTION II – FINANCIAL STATEMENT FINDINGS

2022-001: Financial Reporting: Audit Adjustments – Significant Deficiency

Criteria – Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Properly recording assets and liabilities and the associated revenue and expense is a key component of effective internal control over financial reporting.

Condition – Cash, accounts receivable and related revenue and expense, and liabilities were not properly recorded at June 30, 2022.

Cause – Internal controls in place did not ensure that cash, accounts receivable and associated revenue, and accrued liabilities and associated expenses were calculated and reported accurately.

Effect or potential effect – Prior to adjustments, various asset, liability, revenue and expense accounts were not properly recorded at year end by material amounts.

Recommendations – We highly recommend that the District enhance internal controls to ensure that all accounts are reconciled timely and all necessary year end calculations are completed, and that work is reviewed on a regular basis.

Views of Responsible Officials and Planned Corrective Actions – Management agrees with this finding. Management will properly apply internal controls to the financial statement close process to ensure the District's financial statements are correctly reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None Reported

**GRANTS PASS SCHOOL DISTRICT NO. 7
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2022**

FINANCIAL STATEMENT FINDINGS

2021-001: Financial Reporting: Audit Adjustments – Significant Deficiency

Statement of Condition: Cash, accounts receivable and related revenue and expense, and liabilities were not properly recorded at June 30, 2021.

Recommendations: We highly recommend that the District enhance internal controls to ensure that all accounts are reconciled timely and all necessary year end calculations are completed, and that work is reviewed on a regular basis.

Current Status: This finding is ongoing. See 2022-001 for similar finding noted in the 2022 audit.

Appendix C

Book Entry Only System

**SAMPLE OFFERING DOCUMENT LANGUAGE
DESCRIBING BOOK-ENTRY-ONLY ISSUANCE**

(Prepared by DTC--bracketed material may apply only to certain issues)

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit

has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]

[6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.]

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

Appendix D

Form of Continuing Disclosure Certificate

**FORM OF
CONTINUING DISCLOSURE CERTIFICATE**

This Continuing Disclosure Certificate (the “**Certificate**”) is executed and delivered by Grants Pass School District No. 7, Josephine County, Oregon (the “**Issuer**”) in connection with the sale and issuance of the Issuer’s \$_____ Full Faith and Credit and Refunding Obligations, Series 2023 (the “**Obligations**”). The Obligations are being executed and delivered pursuant to Resolution No. _____ adopted by the Board of Directors of the Issuer on _____, 2023 (the “**Resolution**”). Capitalized terms used but not otherwise defined herein shall have the meanings assigned thereto in the Resolution. The Issuer covenants as follows:

Section 1. Purpose of Certificate. This Certificate is being executed and delivered by the Issuer for the benefit of Holders and Beneficial Owners of the Obligations and to assist the Underwriter in complying with Securities and Exchange Commission (“**SEC**”) Rule 15c2-12 (the “**Rule**”).

Section 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“**Annual Report**” means any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Certificate.

“**Beneficial Owner**” means any person who has or shares the power, directly or indirectly, to vote or to consent with respect to, or dispose of ownership of, any Obligations (including persons holding Obligations through nominees, depositories or other intermediaries), or is treated as the owner of any Obligations for federal income tax purposes.

“**Dissemination Agent**” means the Issuer, or any agent appointed by the Issuer to assist the Issuer in disseminating information hereunder, or any successor Dissemination Agent designated in writing by the Issuer which has filed with the Issuer a written acceptance of such designation.

“**Holder**” means the registered holders of the Obligations, as recorded in the registration books of the Registrar.

“**Listed Events**” means any of the events listed in Section 5(a) of this Certificate.

“**MSRB**” means the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the SEC, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, located at <http://emma.msrb.org> as of the date of this Certificate.

“**Official Statement**” means the Official Statement dated _____, 2023, prepared and distributed in connection with the initial sale of the Obligations.

“**Rule**” means Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“**Underwriter**” means the original underwriter(s) of the Obligations required to comply with the Rule in connection with the offering of the Obligations.

Section 3. Provisions of Annual Reports.

a. Not later than 270 days after the end of the Issuer’s fiscal year (presently June 30), commencing with the report for the 2022-2023 fiscal year, the Issuer shall, or shall cause the Dissemination Agent (if any) to, provide to the MSRB an electronic copy of its Annual Report which is consistent with the requirements of Section 4 of this Certificate and which Annual Report is in a format and accompanied by such identifying information as prescribed by the MSRB. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(a).

b. If the Issuer has designated a Dissemination Agent, then not later than fifteen (15) business days prior to the filing date in Section 3.a., the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). The Dissemination Agent (if other than the Issuer) shall file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Certificate, and stating the date it was provided to the MSRB.

c. If the Issuer does not provide (or cause the Dissemination Agent to provide) an Annual Report to the MSRB by the date required in Section 3.a., the Issuer shall provide in a timely manner (or cause the Dissemination Agent to provide in a timely manner) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

Section 4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

a. The Issuer’s latest publicly available annual financial statements prepared in accordance with the Oregon Local Budget Law (or any successor statute) and in accordance with general accepted accounting principles so prescribed by the Governmental Accounting Standards Board (or its successors) and generally of the type included in the Official Statement under the heading “Appendix B – Financial Statements.”

b. To the extent not provided in the audited financial statements and for the same period as such audited financial statements, the Issuer shall also provide information, of the type set forth in the Official Statement, containing:

1. The total real market value and total assessed value of property within the Issuer’s boundaries (as indicated in the records of the county assessors), or other statement of property valuation that reflects the current Oregon statutes pertaining to property valuation;

2. The amount or rate of property taxes levied by the Issuer for the fiscal year for both operations and debt service, and the amount of property taxes the Issuer received during the fiscal year;

3. The total principal amount of obligations of the Issuer which are outstanding at the end of the fiscal year; and

4. Major taxpayers located within the District.

c. Any or all of the items listed above may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been made available to the public on the MSRB's website. The Issuer shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

a. The Issuer agrees to provide or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the Listed Event, to the MSRB, notice of the occurrence of any of the following with respect to the Obligations:

- i. Principal and interest payment delinquencies;
- ii. Non-payment related defaults, if material;
- iii. Unscheduled draws on debt service reserves reflecting financial difficulties;
- iv. Unscheduled draws on credit enhancements reflecting financial difficulties;
- v. Substitution of credit or liquidity providers, or their failure to perform;
- vi. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Obligations, or other events affecting the tax status of the Obligations;
- vii. Modifications to rights of Obligation holders, if material;
- viii. Obligation calls, if material, and tender offers;
- ix. Defeasances;
- x. Release, substitution or sale of property securing repayment of the Obligations, if material;
- xi. Rating changes;
- xii. Bankruptcy, insolvency, receivership or similar event of the Issuer;*
- xiii. The consummation of a merger, consolidation, or acquisition involving the Issuer, or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

* For the purposes of the event identified in paragraph 5.a.xii., the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or government authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

- xiv. Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- xv. Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
- xvi. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

For the purposes of paragraphs xv. and xvi. above, “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii); the term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

b. The Issuer agrees to provide or cause to be provided, in a timely manner, notice of a failure to provide required annual financial information, on or before the date specified herein.

c. The Issuer may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if, in the judgment of the Issuer, such other event is material with respect to the Obligations, but the Issuer does not undertake any commitment to provide such notice of any event except those events listed above.

Section 6. Termination of Reporting Obligation. The Issuer’s obligations under this Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Obligations.

Section 7. Dissemination Agent. The Issuer may, from time to time, engage or appoint a Dissemination Agent. The Issuer may discharge any Dissemination Agent with or without appointing a successor Dissemination Agent.

Section 8. Form of Information and Filing. All information required to be provided under this certificate will be provided in electronic format and with the identifying information prescribed by the MSRB. So long as the MSRB continues to approve the use of the Electronic Municipal Market Access (“EMMA”) continuing disclosure service, any information required to be provided to the MSRB under this Certificate may be provided through EMMA. As of the date of this Certificate, the web portal for EMMA is www.emma.msrb.org.

Section 9. Amendment or Waiver. Notwithstanding any other provision of this Certificate, the Issuer may amend this Certificate, and any provisions of this Certificate may be waived, provided that the following conditions are satisfied:

- (a) If the amendment or waiver relates to the provisions of Sections 3.a., 4, or 5, it may only be made in accordance with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person with respect to the Obligations, or type of business conducted;

(b) This Certificate, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of Holders or Beneficial Owners of the Obligations.

In the event of any amendment or waiver of a provision of this Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5.a., and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 10. Choice of Law. This Certificate shall be governed by and construed in accordance with the laws of the State of Oregon, provided that to the extent this Certificate addresses matters of federal securities laws, including the Rule, this Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

Section 11. Enforceability and Remedies. The Issuer agrees that this Certificate is intended to be for the benefit of the Holders and Beneficial Owners of the Obligations and shall be enforceable by or on behalf of such Holders and Beneficial Owners; provided that, the right of Holders to challenge the adequacy of the information furnished hereunder shall be limited to an action by or on behalf of Holders representing twenty-five percent (25%) of the aggregate outstanding principal amount of Obligations. Any failure by the Issuer to comply with the provisions of this undertaking shall not be an Event of Default under the Resolution. This Certificate confers no rights on any person or entity other than the Issuer, Holders and Beneficial Owners of the Obligations, and any Dissemination Agent.

Section 12. Beneficiaries. This Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Underwriter and Holders and Beneficial Owners from time to time of the Obligations, and shall create no rights in any other person or entity.

[Signature follows on the next page]

Dated this __ day of _____ 2023.

GRANTS PASS SCHOOL DISTRICT NO. 7
JOSEPHINE COUNTY, OREGON

By: _____
Authorized Representative

EXHIBIT A

FORM OF NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD OF FAILURE TO
FILE ANNUAL REPORT

Name of Issuer: Grants Pass School District No. 7, Josephine County, Oregon

Name of Issue: Full Faith and Credit and Refunding Obligations, Series 2023

Date of Issuance _____, 2023

NOTICE IS HEREBY GIVEN that Grants Pass School District No. 7, Josephine County, Oregon (the “**Issuer**”) has not provided an Annual Report with respect to the above-named Obligations as required by Section 4 of the Continuing Disclosure Certificate of the Issuer, dated _____, 2023. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____.

GRANTS PASS SCHOOL DISTRICT NO. 7
JOSEPHINE COUNTY, OREGON

By: _____

Appendix E

Form of Escrow Agreement and Form of Financing Agreement

ESCROW AGREEMENT

between

U.S. BANK TRUST COMPANY NATIONAL ASSOCIATION

“Escrow Agent, Paying Agent and Registrar”

and

**GRANTS PASS SCHOOL DISTRICT NO. 7
JOSEPHINE COUNTY, OREGON**

“District”

Relating to

**Grants Pass School District No. 7
Josephine County, Oregon**

**\$ _____
Full Faith and Credit Obligations
Series 2023**

Dated as of _____, 2023

TABLE OF CONTENTS

ARTICLE I - DEFINITIONS; RECITALS; AND TRANSFER OF RIGHTS	1
Section 1.01 Definitions.....	1
Section 1.02 Recitals.....	3
ARTICLE II - THE OBLIGATIONS	4
Section 2.01 Authorization, Delivery and Terms of Obligations.....	4
Section 2.02 Payment of Obligations.....	4
Section 2.03 Book-Entry Only System.....	5
Section 2.04 Form of Obligations.....	6
Section 2.05 Execution.....	6
Section 2.06 Registration of Transfer and Exchange.....	6
Section 2.07 Mutilated, Lost, Destroyed or Stolen Obligations.....	6
Section 2.08 Execution of Documents.....	7
Section 2.09 Obligation Register.....	7
Section 2.10 Optional Redemption.....	7
Section 2.11 Provisions for Printed Obligations.....	8
ARTICLE III - ACCOUNTS.....	8
Section 3.01 Payment Account.....	8
Section 3.02 Additional Charges.....	9
Section 3.03 Deposits at Closing.....	9
ARTICLE IV - MONEYS IN FUNDS; INVESTMENT	10
Section 4.01 Moneys and Investments Held in Escrow.....	10
Section 4.02 Investments Authorized.....	10
Section 4.03 Accounting.....	10
Section 4.04 Allocation of Earnings.....	11
Section 4.05 Disposition of Investments.....	11
Section 4.06 Deposit and Investment of Moneys in Account.....	11
ARTICLE V - THE ESCROW AGENT	11
Section 5.01 Compensation of the Escrow Agent.....	11
Section 5.02 Removal of Escrow Agent.....	11
Section 5.03 Resignation of Escrow Agent.....	12
Section 5.04 Merger or Consolidation.....	12
Section 5.05 Acceptance of Appointment by Successor Escrow Agent.....	13
Section 5.06 Duties and Responsibilities of the Escrow Agent Prior to and During Default.....	13
Section 5.07 Protection and Rights of the Escrow Agent.....	14
Section 5.08 Indemnification.....	15
ARTICLE VI - CONCERNING THE OBLIGATION OWNERS.....	16
Section 6.01 Evidence of Action Taken by Owners.....	16
Section 6.02 Action Taken by Owners Irrevocable.....	17
Section 6.03 Certain Obligations Disregarded.....	17
ARTICLE VII - MODIFICATION OF ESCROW AGREEMENT AND FINANCING AGREEMENT	17
Section 7.01 Limitations.....	17
Section 7.02 Supplemental Escrow Agreement Without Consent of Owners.....	17
Section 7.03 Supplemental Escrow Agreement with Consent of the Owners.....	18
Section 7.04 Effect of Supplemental Escrow Agreement.....	19

Section 7.05 Amendments to Financing Agreement Not Requiring Consent of Owners.....	19
Section 7.06 Amendments to Financing Agreement Requiring Consent of the Owners.....	20
ARTICLE VIII - COVENANTS; NOTICES	20
Section 8.01 Compliance With and Enforcement of Financing Agreement.....	20
Section 8.02 Notice in Event of Late Financing Payment.....	21
Section 8.03 Notice of Default.....	21
Section 8.04 Tax Covenants.....	21
Section 8.05 Further Assurances.....	21
ARTICLE IX - EVENTS OF DEFAULT	21
Section 9.01 Events of Default.....	21
Section 9.02 Remedies on Default.....	22
Section 9.03 No Remedy Exclusive.....	22
Section 9.04 No Additional Waiver Implied by One Waiver.....	22
Section 9.05 Application of Moneys Upon Default.....	22
Section 9.06 Action by Owners.....	23
ARTICLE X - LIMITATION OF LIABILITY	23
Section 10.01 Limited Liability of District.....	23
Section 10.02 No Liability of District for Escrow Agent Performance.....	24
Section 10.03 No Liability of Escrow Agent for Financing Payments by District.....	24
Section 10.04 Opinion of Counsel; Experts.....	24
Section 10.05 Limitation of Rights to Parties and Owners.....	24
ARTICLE XI - MISCELLANEOUS.....	24
Section 11.01 Defeasance.....	24
Section 11.02 Notices.....	25
Section 11.03 Payments Due on Holidays.....	26
Section 11.04 Governing Law.....	26
Section 11.05 Partial Invalidity.....	26
Section 11.06 Binding Effect; Successors.....	26
Section 11.07 Execution in Counterparts.....	26
Section 11.08 Destruction of Canceled Obligations.....	27
Section 11.09 Headings.....	27

EXHIBIT A – Forms of Obligations

ESCROW AGREEMENT

THIS ESCROW AGREEMENT, dated as of _____, 2023 is entered into by and between U.S. BANK TRUST COMPANY NATIONAL ASSOCIATION, organized under the laws of the United States, qualified to exercise escrow powers and having a corporate trust office in Portland, Oregon, as Escrow Agent (herein referred to as the “Escrow Agent”), and GRANTS PASS SCHOOL DISTRICT NO. 7, JOSEPHINE COUNTY, OREGON (herein referred to as the “District”). The parties hereby agree as follows:

ARTICLE I - DEFINITIONS; RECITALS; AND TRANSFER OF RIGHTS

Section 1.01 Definitions.

Unless the context clearly requires otherwise, capitalized terms not defined in this Section 1.01 shall have the meanings defined for such terms in the Tax-Exempt Financing Agreement. Capitalized terms used in this Escrow Agreement which are defined in this Section 1.01 shall have the following meanings, unless the context clearly requires otherwise:

“Additional Charges” means the amounts specified as such pursuant to Section 3.02(c) of the Financing Agreement.

“Annual Debt Service” shall mean the amount required in a given Fiscal Year for the payment of the principal of (including any mandatory sinking fund installment on any term obligations due in such year) and interest on any Outstanding Obligations, except interest to be paid from the proceeds of any Obligations.

“Authorized Representative” means the Superintendent or the Director of Finance, or the designee of either one of them, is authorized to act under this Escrow Agreement or the Financing Agreement.

“Beneficial Owner” means the Beneficial Owner of the Obligations as described in Section 2.03 below.

“Business Day” means any day other than a Saturday, Sunday or a day on which the Escrow Agent is authorized by law to remain closed.

“Closing Date” means the day on which the Obligations are delivered to their original purchasers in exchange for payment.

“Code” means the Internal Revenue Code of 1986, as amended, including regulations, rulings and judicial decisions promulgated thereunder.

“Defeasance Obligations” means direct non-callable obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the U.S. Treasury, and CATS and TGRS) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

“District” means the Grants Pass School District No. 7, Josephine County, Oregon.

“Escrow Agent” means the entity serving as escrow agent under this Escrow Agreement, which is U.S. Bank Trust Company National Association, on the date of this Escrow Agreement.

“Escrow Agreement” means this Escrow Agreement, as it may be amended and supplemented.

“Event of Default” has the meaning defined for that term in Section 9.01 below of this Escrow Agreement.

“Financing Agreement” means the Tax-Exempt Financing Agreement which is dated as of _____, 2023, and is signed by the Escrow Agent and the District, as it may be amended and supplemented.

“Financing Documents” means this Escrow Agreement and the Financing Agreement.

“Financing Payments” means the installment payments of principal and interest which the District is required to make under the Financing Agreement to repay the Financing Amount, as shown in Exhibit A to the Financing Agreement.

“Fiscal Year” means each year beginning on July 1, and ending on the following June 30.

“Obligations” means the \$ _____ Full Faith and Credit Obligations, Series 2023 authorized by Section 2.01 below.

“Obligation Register” means the records kept for the registration of Obligations by the Escrow Agent pursuant to Section 2.09 below.

“Outstanding” means, when used as of any particular time with respect to Obligations, all Obligations theretofore executed by the Escrow Agent and registered and delivered by the Escrow Agent under this Escrow Agreement except:

(i) Obligations previously canceled by the Escrow Agent or surrendered to the Escrow Agent for cancellation;

(ii) Obligations for the payment of which funds or Defeasance Obligations in the necessary amount have previously been deposited with the Escrow Agent (whether upon or prior to the maturity date of such Obligations); and,

(iii) Obligations in lieu of or in exchange for which other Obligations have previously been

executed and delivered by the Escrow Agent pursuant to Section 2.07 below.

“Owner” means the person in whose name an Outstanding Obligation is registered.

“Payment Account” means the account established pursuant to Section 3.01 hereof.

“Payment Date” means the date upon which any Financing Payment is due and payable, as provided in Exhibit A to the Financing Agreement.

“Project” means the facility improvements, construction, and acquisitions, including roofing, equipment, building rehabilitation, land acquisition, related projects, and costs of issuance, and the refunding of the District’s Amended and Restated Full Faith and Credit Financing Agreement and Note, Series 2014 and the refunding of certain lease purchase agreements with Santander Bank, N.A., and payment of the costs of issuance of the Obligations.

“Qualified Investments” means the investments allowable under Oregon Revised Statutes Section 294.035 and the District’s investment policy, both as amended from time to time, in which the District may invest surplus funds.

“Record Date” means the 15th calendar day of the month immediately preceding a Payment Date, whether or not such date is a Business Day.

“Registered Owner” or “Owner” means the Registered Owner as described in Section 2.03 below.

“Responsible Officer” means, when used with respect to the Escrow Agent, any vice president, assistant vice president or other officer of the Escrow Agent within the corporate trust office specified in Section 11.02 (or any successor corporate trust office) customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred at the corporate trust office specified in Section 11.02 because of such person’s knowledge of and familiarity with the particular subject and having direct responsibility for the administration of this Escrow Agreement.

“Special Counsel” means Mersereau Shannon LLP, or other nationally recognized bond counsel appointed by the District.

Section 1.02 Recitals.

District’s Recitals.

(i) The District is authorized by ORS 271.390 and 287A.315 to enter into financing agreements to finance the Project.

(ii) The District enters into this Escrow Agreement to provide for the issuance of the Obligations which will be paid from Financing Payments the District makes under the Financing Agreement.

The Escrow Agent recites that it has placed its rights under the Financing Agreement, including the right to receive Financing Payments, in escrow for the benefit of the Owners of the Obligations, that it accepts its obligations under this Escrow Agreement and the Financing Agreement and has agreed to execute and deliver the Obligations, evidencing proportionate interests in the Financing Payments.

The District and the Escrow Agent hereby agree that the following rights (the “Security”) shall be held in escrow exclusively for the proportionate benefit of the Owners as provided in this Escrow Agreement:

- (i) all rights of the Escrow Agent under the Financing Agreement (except for the Escrow Agent’s right to payment for Additional Charges), and
- (ii) all rights of the Escrow Agent and the District to amounts in the Payment Account.

ARTICLE II - THE OBLIGATIONS

Section 2.01 Authorization, Delivery and Terms of Obligations.

The Escrow Agent is hereby authorized and directed to prepare, authenticate and execute the Obligations in the aggregate principal amount shown in Exhibit A to the Financing Agreement. The Obligations shall not be considered or deemed a debt or liability of the Escrow Agent. The Escrow Agent agrees to apply the Financing Payments as provided in this Escrow Agreement. The Obligations shall be in substantially the form shown in Exhibit A. The Escrow Agent is hereby authorized and directed to enter into the Financing Agreement with the District.

The Escrow Agent shall hold the Obligations in custody subject to its Fast Automated Securities Transfer agreement with DTC upon receipt of the proceeds of the sale of the Obligations.

The Obligations shall be dated, shall mature on the dates and in the stated principal amounts, and bear interest which shall be computed at the rates, as shown in Exhibit A to the Financing Agreement. Interest shall be calculated on the basis of a 360-day year of twelve 30-day months.

Section 2.02 Payment of Obligations.

Each Obligation represents an ownership interest in and a right to receive:

- (i) a proportionate share of the principal component of the Financing Payments due on the maturity date of that Obligation, plus
- (ii) a proportionate share of the interest components of the Financing Payments which are allocable to that principal component.

The District shall pay the Financing Payments to the Escrow Agent in immediately available funds as provided in the Financing Agreement. The Escrow Agent shall transfer the Financing Payments to the Owners as provided in this Escrow Agreement.

Section 2.03 Book-Entry Only System.

The Obligations shall be initially executed and delivered as a book-entry only security issue with no Obligations being made available to the Beneficial Owners in accordance with the blanket letter of representations the District has filed with The Depository Trust Company, New York, New York (“DTC” or the “Depository”). While the Obligations are in book-entry form, the Obligations shall be subject to the rules and procedures of The Depository.

If the Depository determines not to continue to act as securities depository for the Obligations, or the District determines that the Depository shall no longer so act, then the District will discontinue the book-entry-only system with the Depository. If the District fails to designate another qualified securities depository to replace the Depository or elects to discontinue use of a book-entry-only system, the Obligations shall no longer be a book-entry-only issue but shall be registered in the registration books maintained by the Escrow Agent in the name of the Owner as appearing on the Obligation Register and thereafter in the name or names of the Owners of the Obligations transferring or exchanging Obligations in accordance with the provisions of this Section 2.03. The Escrow Agent shall authenticate and deliver printed Obligations to such Owners.

While the Obligations are in book-entry form, the District and the Escrow Agent shall have no responsibility or obligation to any participant or correspondent of the Depository or to any Beneficial Owner for:

- (i) the accuracy of the records of the depository, its nominee or any participant, correspondent or Beneficial Owner with respect to any ownership interest in the Obligations;
- (ii) the delivery to any participant, correspondent, beneficial owner or any other person, other than an Owner as shown in the Obligation Register maintained by the Escrow Agent, of any notice with respect to the Obligations; or
- (iii) the payment to any participant, correspondent, or any other person other than the Owner of the Obligations as shown in the Obligation Register maintained by the Escrow Agent, of any amount with respect to principal, premium, if any, or interest with respect to the Obligations.

Notwithstanding the book-entry-only system, the District and the Escrow Agent may treat and consider the person in whose name each Obligation is registered in the Obligation Register maintained by the Escrow Agent as the absolute owner of such Obligation for the purpose of payment of principal, premium, if any, and interest with respect to such Obligation, or for the purpose of giving notices with respect to such Obligation, or for the purpose of registering transfers with respect to such Obligation, or for all other purposes whatsoever. The District shall pay or cause to be paid all principal, premium, if any, and interest with respect to the Obligations to the Escrow Agent, who then shall pay such amounts only to or

upon the order of the Owners, as shown in the Obligation Register maintained by the Escrow Agent and all such payments shall be valid and effective to fully satisfy and discharge the District's obligation with respect to payment thereof to the extent of the sum or sums so paid.

Section 2.04 Form of Obligations.

The Obligations shall be executed and delivered in fully registered form in denominations of \$5,000 or any integral multiple thereof within a single maturity. The Obligations and the form of assignment shall be substantially in the form set forth in Exhibit A. The Obligations shall be numbered consecutively beginning with R-1.

Section 2.05 Execution.

The Obligations shall be executed by and in the name of the Escrow Agent by the manual signature of an authorized officer of the Escrow Agent and shall be authenticated by manual signature of an authorized officer of the Escrow Agent. Only Obligations which are substantially in the form set forth in Exhibit A and which have been manually authenticated by the Escrow Agent shall be valid for any purpose or entitled to the benefits of this Escrow Agreement.

Section 2.06 Registration of Transfer and Exchange.

The provisions of this Section 2.06 apply only if the Obligations cease to be a book-entry-only issue. The registration of any Obligation may, in accordance with its terms, be transferred upon the Obligation Register by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Obligation for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Escrow Agent and duly executed by the Owner or his or her authorized attorney. Obligations may be exchanged at the office designated by the Escrow Agent for a like aggregate principal amount of Obligations or other authorized denominations of the same maturity. The Escrow Agent may require the Obligation Owner requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange. Whenever any Obligation or Obligations shall be surrendered for registration of transfer or exchange, the Escrow Agent shall execute and deliver a new Obligation or Obligations of the same maturity, for like aggregate principal amount; provided that the Escrow Agent shall not be required to register transfers or make exchanges of Obligations after the _____ (___th) calendar day of the month prior to any Payment Date.

Section 2.07 Mutilated, Lost, Destroyed or Stolen Obligations.

If any Obligation becomes mutilated, the Escrow Agent, at the expense of the Owner of such Obligation, shall execute and deliver a new Obligation of like tenor and maturity but bearing a different number in exchange and substitution for the Obligation so mutilated, but only upon surrender to the Escrow Agent of the Obligation so mutilated. Every mutilated Obligation so surrendered to the Escrow Agent shall be canceled by it.

If any Obligation is lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Escrow Agent and, if such evidence is satisfactory to the Escrow Agent and, if an indemnity satisfactory to the Escrow Agent shall be given, the Escrow Agent, at the expense of the Owner of the Obligation in question, shall execute and deliver a new Obligation of like tenor and maturity and numbered as the Escrow Agent shall determine in lieu of and in substitution for the Obligation so lost, destroyed or stolen.

The Escrow Agent may require payment of an appropriate fee for each new Obligation delivered under this Section 2.07 and of the expenses which may be incurred by the Escrow Agent in carrying out the duties under this Section 2.07.

Section 2.08 Execution of Documents.

The Escrow Agent may accept any evidence of execution of documents by Owners which the Escrow Agent reasonably deems sufficient. Any request or consent of the Owner of any Obligation shall bind every future Owner of the same Obligation.

Section 2.09 Obligation Register.

The Escrow Agent will maintain the Obligation Register, and shall record the registration and transfer of all Obligations in the Obligation Register. The Obligation Register during regular business hours of the Escrow Agent upon one (1) Business Days' notice shall be open to inspection by the District.

Section 2.10 Optional Redemption.

A. Optional Redemption. The Obligations maturing in years 2024 through 2028, inclusive, are not subject to optional redemption prior to maturity. The Obligations maturing on June 1, 2029, and on any date thereafter are subject to redemption at the option of the District prior to their stated maturity dates at any time on or after June 1, 2028, as a whole or in part, and if in part in the amount and dates as chosen by the District, in authorized denominations at a price of par, plus accrued interest, if any, to the date of redemption. The District shall provide written notice of redemption to the Escrow Agent not less than five business days prior to the redemption notice mail date.

For as long as the Obligations are in book-entry only form, if fewer than all of the Obligations of a maturity are called for redemption, the selection of Obligations within a maturity to be redeemed shall be made by DTC in accordance with its operational procedures then in effect. If the Obligations are no longer held in book-entry only form, then the Escrow Agent would select the Obligations for redemption by lot.

So long as the Obligations are in book-entry only form, the Escrow Agent shall notify DTC of an early redemption no fewer than 20 calendar days nor more than 60 calendar days prior to the date fixed for redemption, and shall provide such information as required by a letter of representation submitted to DTC in connection with the issuance of the Obligations. Official written notice of redemption will be given by the District to the Escrow Agent at least five calendar days prior to the date the notice is scheduled to be sent to DTC.

During any period in which the Obligations are not in book-entry only form, unless waived by any Owner of the Obligations to be redeemed, official notice of any redemption of Obligations shall be given by the Escrow Agent on behalf of the District by mailing a copy of an official redemption notice by first class mail, postage redeemed, at least 30 days and not more than 60 days prior to the date fixed for redemption, to the Owners of the Obligations to be redeemed at the address shown on the obligation register or at such other address as is furnished in writing by such Owner to the Escrow Agent.

Any notice of optional redemption given for the Obligations may state that the optional redemption is conditional upon receipt by the Escrow Agent of moneys sufficient to pay the redemption price of such Obligations or upon the satisfaction of any other condition, and/or that such notice may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such redemption price if any such condition so specified is not satisfied or if any such other event occurs. Notice of such rescission or of the failure of any such condition shall be given by the Escrow Agent to affected owners of the Obligations as promptly as practicable upon the failure of such condition or the occurrence of such other event.

Section 2.11 Provisions for Printed Obligations.

If the District discontinues use of the book-entry-only system or termination thereof occurs without designation of a new qualified securities depository, then the provisions of this Section 2.11 shall apply to the Obligations. Upon receipt of a printed Obligation, the Beneficial Owner shall become the Registered Owner. The principal with respect to such Obligations shall be payable upon presentation at the office designated by the Escrow Agent.

ARTICLE III - ACCOUNTS

Section 3.01 Payment Account.

The Payment Account is hereby affirmed, created or established with the Escrow Agent. The Escrow Agent shall keep the Payment Account separate and apart from all other funds and moneys held by it and shall administer and maintain the Payment Account as provided in this Escrow Agreement.

To secure the payment of Financing Payments, on a semiannual basis the District shall transfer the deposits described in Section 3.02(b) of the Financing Agreement to the Escrow Agent. The Escrow Agent shall credit those deposits to the Payment Account and shall invest such amount at the written direction of the District in Qualified Investments provided such funds must be available for payment to Owners on the Payment Date. In the event the Escrow Agent does not receive written direction regarding investments, then the deposits will be held uninvested.

On each Payment Date the Escrow Agent shall withdraw from the Payment Account and transfer to Owners an amount equal to the principal and interest components of the Financing Payment due and payable on such Payment Date.

If on any Payment Date, the amount then due and payable exceeds the amounts deposited with the Escrow Agent and available therefor, the Escrow Agent shall apply such money as provided in Section 9.05 of this Escrow Agreement.

Any amounts in the Payment Account on any Payment Date in excess of the amount necessary to pay the principal and interest components of the Financing Payments shall be retained in the Payment Account and invested in accordance with Section 4.02 of this Escrow Agreement until needed for payment of the Obligations; the excess and any earnings thereon shall be credited against the deposits due from the District as provided in the Financing Agreement. The Escrow Agent shall provide the District, not less than 30 days before each date a deposit is required under the Financing Agreement, an invoice which sets forth the amount of the next deposit.

Any surplus remaining in the Payment Account after payment of all Financing Payments and all Obligations Outstanding and payment of any applicable fees and expenses of the Escrow Agent, or provision for such payment of all Financing Payments having been made to the satisfaction of the Escrow Agent in accordance with Section 11.01 below hereof, shall be remitted to the District.

The District may establish such additional accounts and subaccounts for the purpose of identifying more precisely the sources of payments and disbursements required hereunder. The establishment of any such additional accounts or subaccounts shall not alter any of the requirements of this Escrow Agreement with respect to the deposit or use of moneys hereunder.

Nothing contained in this Escrow Agreement shall cause the Escrow Agent to risk or expend its own funds or otherwise incur any financial liability.

Section 3.02 Additional Charges.

If the Escrow Agent receives Additional Charges pursuant to the Financing Agreement, such Additional Charges shall be applied by the Escrow Agent solely to the payment of any costs in respect of which such Additional Charges were received, and shall not be commingled in any way with any other funds received by the Escrow Agent pursuant to the Financing Agreement or this Escrow Agreement, except as provided above.

Section 3.03 Deposits at Closing.

The net proceeds of the Obligations shall be deposited as set forth in the closing memorandum prepared by the District's underwriter.

Amounts in the Payment Account shall be invested in Qualified Investments pursuant to Section 4.02 and interest earnings thereon shall be retained therein.

ARTICLE IV - MONEYS IN FUNDS; INVESTMENT

Section 4.01 Moneys and Investments Held in Escrow.

The moneys and investments held by the Escrow Agent under this Escrow Agreement are irrevocably held in escrow for the purposes herein specified, and such moneys and any other income or interest earned thereon shall be expended only as provided in this Escrow Agreement, and shall not be subject to levy or attachment or lien by or for the benefit of any creditor of the District, the Escrow Agent or any Owner, but shall be subject to the lien of the Escrow Agent, if any, for the benefit of the Owners.

Section 4.02 Investments Authorized.

Moneys held by the Escrow Agent hereunder shall be invested and reinvested by the Escrow Agent in Qualified Investments at the written direction of the District. Absent written instruction from the District, funds will be held uninvested. The Escrow Agent may conclusively rely upon the District's investment selections that such investments constitute Qualified Investments hereunder.

Qualified Investments in the Payment Account shall mature on or before the date the amounts invested are required for use under this Escrow Agreement. The Escrow Agent shall not be liable for any gain or loss of funds on any investment made in accordance with the instructions from the District.

The Escrow Agent may purchase or sell from itself or any affiliate, as principal or agent, investments authorized by this Section 4.02 and which shall be entitled to its customary fee. Such investments and reinvestments shall be made giving full consideration for the time at which funds are required to be available and the Escrow Agent shall have no liability for the failure of the District to provide timely written investment instructions. The Escrow Agent may act as purchaser or agent in the making or disposing of any investment.

The District acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the District the right to receive brokerage confirmations of the security transactions as they occur, the District specifically waives receipt of such confirmations to the extent permitted by law. The Escrow Agent will furnish the District periodic cash transaction statements which include detail for all investment transactions made by the Escrow Agent hereunder.

Section 4.03 Accounting.

The Escrow Agent shall furnish to the District, at least semi-annually, an accounting of each fund and account and of all investments made by the Escrow Agent. The Escrow Agent shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with this Escrow Agreement.

Section 4.04 Allocation of Earnings.

Interest earnings and investment income on moneys held by the Escrow Agent shall inure to the benefit of the District, but shall be held by the Escrow Agent for application as provided in this Escrow Agreement and the Financing Agreement. Any interest or investment income earned on moneys deposited in the Payment Account shall be credited to the Payment Account.

Section 4.05 Disposition of Investments.

The Escrow Agent may sell at the then current market price, or present for redemption, any Qualified Investment so purchased by the Escrow Agent whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from any Account, and the Escrow Agent shall not be liable or responsible for any loss resulting from such investment. The District may instruct the Escrow Agent in writing at any time to sell any Qualified Investment which may be sold at a profit; proceeds of such sale shall be deposited in the account to which the Qualified Investment was credited. The District shall be liable for any remaining amount necessary to make any required payment, transfer, withdrawal or disbursement from any Account following the sale of such Qualified Investments.

Section 4.06 Deposit and Investment of Moneys in Account.

The Escrow Agent may commingle any of the funds held by it pursuant to this Escrow Agreement in a separate fund or funds for investment purposes; provided, however, that all funds or accounts held by the Escrow Agent hereunder shall be accounted for separately notwithstanding such commingling by the Escrow Agent.

ARTICLE V - THE ESCROW AGENT

Section 5.01 Compensation of the Escrow Agent.

The District shall from time to time pay to the Escrow Agent reasonable compensation for its services and will pay or reimburse the Escrow Agent upon its request for all reasonable expenses, disbursements and advances made by the Escrow Agent in accordance with the provisions of this Escrow Agreement (including the reasonable fees, expenses and disbursements of its counsel), except any such expense, disbursement or advance as may arise from its gross negligence or bad faith.

Section 5.02 Removal of Escrow Agent.

The Escrow Agent may be removed upon 60 days' prior notice and a successor Escrow Agent appointed by the District if:

- (i) in the good faith opinion of the District, expressed in writing and delivered to the Escrow Agent and the successor Escrow Agent, it would not be materially adverse to the interests of the Owners of the Obligations that the Escrow Agent be removed and a successor Escrow Agent appointed, or

(ii) at any time by written demand thereof filed with the Escrow Agent and the successor Escrow Agent by the Owners of a majority in aggregate principal amount of all Obligations Outstanding. Such removal shall become effective upon acceptance of appointment by the successor Escrow Agent.

Any successor Escrow Agent appointed pursuant to the provisions of this section shall:

(a) be a trust company or bank in good standing, duly authorized to exercise trust powers and subject to examination by federal or state authority;

(b) have substantial prior experience as an Escrow Agent for the benefit of the owners of municipal debt securities; and,

(c) shall be a bank or trust company having (either singly or together with its parent holding company) a combined capital (exclusive of borrowed capital) and surplus of at least Seventy-Five Million Dollars (\$75,000,000) and subject to supervision or examination by federal or state authority.

Section 5.03 Resignation of Escrow Agent.

The Escrow Agent or any successor may at any time resign by giving written notice to the District and by giving notice by electronic mail followed by first-class mail to the Owners as of the date such notice is mailed of its intention to resign and of the proposed date of resignation, which shall be a date not less than 60 days after the mailing of such notice, unless an earlier resignation date and the appointment of a successor Escrow Agent shall have been or are approved by the Owners of a majority in aggregate dollar amount of the Obligations then Outstanding.

Upon receiving such notice of resignation or removing the Escrow Agent, the District shall promptly appoint a successor Escrow Agent by an instrument in writing; provided, however, that if the District fails to appoint a successor Escrow Agent within 30 days following receipt of such written notice of resignation or removing the Escrow Agent, the Owners of a majority in aggregate principal amount of all Obligations Outstanding may appoint a successor Escrow Agent, or the resigning or removed Escrow Agent may appoint or petition the appropriate court having jurisdiction to appoint a successor Escrow Agent.

Notwithstanding any other provision of this Escrow Agreement, no removal, resignation or termination of the Escrow Agent shall take effect until a successor shall be appointed.

Section 5.04 Merger or Consolidation.

A merger or consolidation of the Escrow Agent with another entity shall not be treated as the appointment of a successor, and the entity into which the Escrow Agent is merged or consolidated or to which the Escrow Agent may sell or transfer all or substantially all of its corporate trust business shall become the successor Escrow Agent under this Escrow Agreement with the same rights, powers, duties and obligations and subject to the same restrictions, limitations and liabilities as its predecessor, without any

notice or filing, but only if: the merged or consolidated entity notifies the District that it has assumed the obligations of the Escrow Agent under this Escrow Agreement and the Financing Agreement, and the merged or consolidated entity meets the requirements of Section 5.02 above.

Section 5.05 Acceptance of Appointment by Successor Escrow Agent.

Any successor Escrow Agent appointed as provided in Section 5.02 or Section 5.03 above shall execute, acknowledge and deliver to the District, and to its predecessor Escrow Agent an instrument accepting its appointment, and the appointment shall take effect on execution of that acceptance. Upon request of any successor Escrow Agent, the District upon payment of its fees and expenses then due and owing to the prior Escrow Agent and the prior Escrow Agent shall execute any documents the successor Escrow Agent may reasonably require to confirm its rights and powers under this Escrow Agreement and the Financing Agreement.

Upon acceptance of appointment by a successor Escrow Agent as provided in this Section 5.05, the successor Escrow Agent shall mail, first-class, postage prepaid, notice of its appointment to the Owners.

Section 5.06 Duties and Responsibilities of the Escrow Agent Prior to and During Default.

The Escrow Agent undertakes, prior to the occurrence of an Event of Default and after the curing or waiving of all Events of Default which may have occurred, to perform such duties and only such duties as are specifically set forth in this Escrow Agreement. In case any Event of Default has occurred (which has not been cured or waived) the Escrow Agent shall exercise such of the rights and powers vested in it by this Escrow Agreement, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

No provision of this Escrow Agreement shall be construed to relieve the Escrow Agent from liability for its own grossly negligent action, its grossly negligent failure to act or its own willful misconduct, except that:

(i) Prior to the occurrence of an Event of Default and after the curing or waiving of all Events of Default which may have occurred, the duties and obligations of the Escrow Agent shall be determined solely by the express provisions of this Escrow Agreement, and the Escrow Agent shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Escrow Agreement, and no covenants or obligations shall be implied into this Escrow Agreement adverse to the Escrow Agent;

(ii) The Escrow Agent shall not be liable for any error of judgment made in good faith by a Responsible Officer of the Escrow Agent, unless it shall be proved that the Escrow Agent was negligent in ascertaining the pertinent facts;

(iii) The Escrow Agent shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of a majority in aggregate principal amount of the Obligations at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Escrow Agent, or

exercising any trust or power conferred upon the Escrow Agent, under this Escrow Agreement; and

(iv) No provision contained in this Escrow Agreement shall require the Escrow Agent to expend or risk its own funds or otherwise incur liability in the performance of any of its duties or the exercise of any of its rights or powers, if there is reasonable ground for the Escrow Agent's believing that the repayment of such funds or indemnity satisfactory to it against such risk or liability is not reasonably assured to it.

Section 5.07 Protection and Rights of the Escrow Agent.

The Escrow Agent shall be protected and shall incur no liability in acting or proceeding in good faith upon any opinion, resolution, notice, telegram, request, consent, waiver, certificate, statement, affidavit, voucher, bond, requisition or other paper or document which it shall in good faith believe to be genuine and to have been by the proper person or to have been prepared and furnished pursuant to any of the provisions of this Escrow Agreement, and the Escrow Agent shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements.

The Escrow Agent shall not be bound to recognize any person as an Owner of any Obligation or to take any action at his request unless such Obligation shall be deposited with the Escrow Agent or satisfactory evidence of the ownership of such Obligation shall be furnished to the Escrow Agent. The Escrow Agent may consult with counsel, who may be counsel to the District, with regard to legal questions and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith in accordance therewith. Whenever in the administration of its duties under this Escrow Agreement, the Escrow Agent shall deem it necessary or desirable that a matter be provided or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) shall be deemed to be conclusively proved and established by the certificate of the Authorized Representative and such certificate shall be full warranty to the Escrow Agent for any action taken or suffered under the provisions of this Escrow Agreement upon the faith thereof, but the Escrow Agent may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

The Escrow Agent may become the Owner of Obligations with the same rights it would have if it were not the Escrow Agent; may acquire and dispose of other Obligations or evidences of indebtedness of the District with the same rights it would have if it were not the Escrow Agent; and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners, whether or not such committee shall represent the Owners of the majority in aggregate principal amount of the Obligations then Outstanding.

The recitals, statements and representations by the District contained in this Escrow Agreement or in the Obligations shall be taken and construed as made by and on the part of the District, as the case may be, and not by the Escrow Agent, and the Escrow Agent does not assume, and shall not have, any responsibility or obligation for the correctness of any thereof.

The Escrow Agent may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder, and the Escrow Agent shall not be answerable for the default or misconduct of any such attorney, agent, or receiver selected by it with reasonable care.

The right to indemnification of the Escrow Agent provided in this Escrow Agreement shall survive the termination of the Escrow Agreement.

The Escrow Agent shall be under no obligation to exercise any of the rights or powers vested in it by this Escrow Agreement or the Financing Agreement at the request, order or direction of any Owner pursuant to the terms of this Escrow Agreement or the Financing Agreement unless such Owner shall have offered to the Escrow Agent security or indemnity satisfactory to it against the costs, expenses and liabilities which may be incurred therein or thereby.

The Escrow Agent shall not be liable for any action taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Escrow Agreement or the Financing Agreement.

The Escrow Agent shall not be deemed to have knowledge of any default or Event of Default hereunder or under the Financing Agreement unless and until it shall have actual knowledge thereof, or shall have received written notice thereof, at the office designated in Section 11.02. As used herein, the term "actual knowledge" means the actual fact or statement of knowing, without any duty to make any investigation with regard thereto.

The Escrow Agent shall not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of enforced delay in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or gross negligence, including, but not limited to, acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other occurrences beyond the control of the Escrow Agent; it being understood that the Escrow Agent shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

The Escrow Agent agrees to accept and act upon facsimile transmissions of written instructions and/or directions pursuant to this Escrow Agreement; provided, however, that; (a) subsequent to such facsimile transmission of written instructions and/or directions the Escrow Agent shall forthwith receive the originally executed instructions and/or directions, (b) such originally executed instructions and/or directions shall be signed by a person as may be designated and authorized to sign for the party signing such instructions and/or directions, and (c) the Escrow Agent shall have received a current incumbency certificate containing the specimen signature of such designated person.

Section 5.08 Indemnification.

To the extent permitted by law, the District covenants and agrees to indemnify and save the Escrow Agent and its officer, directors, agents and employees, harmless against any loss, expense (including legal fees and expenses), claim, judgment, suit, damages, or liability which it or they may incur arising out of or

in the exercise or performance of its duties and powers hereunder, including the costs and expenses of defending against any claim or liability, or enforcing any of the rights or remedies granted to it under the terms of this Escrow Agreement, excluding any losses or expenses which are due to the Escrow Agent's breach of fiduciary duties, gross negligence or willful misconduct. The obligations of the District under this Section 5.08 shall survive the resignation or removal of the Escrow Agent under this Escrow Agreement and the payment of the Obligations and discharge under this Escrow Agreement. The damages claimed against the District shall not exceed the damages which may be allowed under the Oregon Tort Claims Act, ORS Section 30.260, et seq., unless the provisions and limitations of such act are preempted by federal law, including, but not limited to the federal securities laws.

Before taking any action under Article IX of this Escrow Agreement or Article VI of the Financing Agreement, the Escrow Agent may require payment of its fees and expenses, including reasonable attorney's fees, and upon receipt of indemnity satisfactory to it be furnished by Beneficial Owners for the reimbursement of all further expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful default by reason of any action so taken.

ARTICLE VI - CONCERNING THE OBLIGATION OWNERS

Section 6.01 Evidence of Action Taken by Owners.

Whenever in this Escrow Agreement it is provided that the Owners of a specified percentage in aggregate principal amount of the Outstanding Obligations may take any action (including the making of any demand or request, the giving of any notice, consent or waiver or the taking of any other action), the fact that at the time of taking any such action the Owners of such specified percentage have joined therein may be evidenced:

- (i) by any instrument or any number of instruments of similar tenor executed by Owners in person or by agent or proxy appointed in writing, or
- (ii) by the record of the Owners voting in favor thereof at any meeting of Owners, or
- (iii) by a combination of such instrument or instruments and any such record of such a meeting of Owners.

Section 6.02 Action Taken by Owners Irrevocable.

Any consent to the taking of any action by any Owner of an Outstanding Obligation shall be irrevocable and shall be conclusive and binding upon such Owner and upon all future Owners of such Obligation and of any Obligation executed and delivered in exchange or substitution therefor, irrespective of whether or not any notation and regard thereto is made upon such Obligation. Any action taken by the Owners of the percentage in aggregate principal amount of the Outstanding Obligations specified in this Escrow Agreement in connection with such action shall be conclusive and binding upon the District, the Escrow Agent and the Owners of all the Obligations.

Section 6.03 Certain Obligations Disregarded.

In determining whether the Owners of the requisite aggregate principal amount of Obligations have concurred in any direction or consent under this Escrow Agreement, Obligations which are owned by the Escrow Agent or the District or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with the Escrow Agent or the District shall be disregarded and treated as though they were not Outstanding for the purpose of any such determination; provided that for the purposes of determining whether the Escrow Agent shall be protected in relying on any such direction or consent only Obligations which a Responsible Officer of the Escrow Agent actually knows are so owned shall be so disregarded. Obligations so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this section, if the pledgee shall establish to the satisfaction of the Escrow Agent the pledgee's right to vote such Obligations and that the pledgee is not a person directly or indirectly controlling or controlled by or under direct or indirect common control with the Escrow Agent or the District. In case of a dispute as to such right, any decision by the Escrow Agent taken upon the advice of counsel shall be full protection to the Escrow Agent.

ARTICLE VII - MODIFICATION OF ESCROW AGREEMENT AND FINANCING AGREEMENT

Section 7.01 Limitations.

The Escrow Agreement and the Financing Agreement may only be modified or amended in accordance with this Article VII. The Escrow Agent may, but shall not be obligated to, enter into any such modification or amendment that affects its rights, protections or obligations hereunder or under the Financing Agreement.

Section 7.02 Supplemental Escrow Agreement Without Consent of Owners.

The District and the Escrow Agent may at any time enter into supplemental Escrow Agreements without the consent of or notice to the Owners, for the following purposes:

To cure any formal defect, omission, inconsistency or ambiguity in this Escrow Agreement; provided that such action shall not, in the reasonable judgment of the District (as certified to the Escrow Agent by an Authorized Representative), materially and adversely affect the interests of the Owners;

To grant to or confer or impose upon the Escrow Agent for the benefit of the Owners any additional rights, remedies, or powers or to amend this Escrow Agreement in any other way for the benefit of the Owners; provided that no such amendment may have, in the reasonable judgment of the District (as certified to the Escrow Agent by an Authorized Representative), a material and adverse effect on any Owner which has not consented to a supplemental Escrow Agreement;

To modify, alter, amend or supplement this Escrow Agreement in any other respect which is not materially adverse to the Owners (as certified to the Escrow Agent by an Authorized Representative) and which does not involve a change described in Sections 7.03(i), 7.03(ii), 7.03(iii), or 7.03(iv) below and which, in the judgment of the Escrow Agent, is not to the prejudice of the Escrow Agent.

Before the Escrow Agent and the District shall enter into any supplemental Escrow Agreement pursuant to this Section, the District shall deliver to the Escrow Agent an opinion of Special Counsel stating that the supplemental Escrow Agreement is authorized or permitted by this Escrow Agreement, complies with its terms, will, upon the execution and delivery thereof, be valid and binding upon the District in accordance with its terms, and will not adversely affect the exclusion from gross income for federal income tax purposes of interest payable on the Obligations.

Section 7.03 Supplemental Escrow Agreement with Consent of the Owners.

Any amendment to this Escrow Agreement which is not described in Section 7.02 above requires the consent of the District, the Escrow Agent and the Owners of not less than sixty percent (60%) in aggregate principal amount of the Obligations then Outstanding. However, the consent of all affected Owners of all the Obligations then Outstanding is required for:

- (i) a change in the terms of the payment of any portion of the Financing Payments, or
- (ii) the creation of a claim or lien upon, or a pledge of security ranking prior to or (except as expressly permitted by this Escrow Agreement) on a parity with the claim, lien or pledge created by this Escrow Agreement, or
- (iii) the creation of a preference or priority of any Obligation or Obligations over any other Obligation or Obligations, or
- (iv) a reduction in the aggregate principal amount of Obligations the consent of the Owners of which is required for any supplemental Escrow Agreement or which is required, under Section 7.06 below, for any modification, alteration, amendment or supplement to the Financing Agreement.

If at any time the District shall request the Escrow Agent to enter into any supplemental Escrow Agreement for any of the purposes of this Section 7.03 which require Owners' consent, the Escrow Agent shall cause notice of the proposed supplemental Escrow Agreement to be given by first-class mail, postage prepaid, to all affected Owners at their addresses as they appear in the Obligation Register. Such notice shall briefly state that a supplemental Escrow Agreement is being proposed by the District and shall include a copy of the proposed supplement as an exhibit, and shall state that a copy thereof is on file at the office

of the Escrow Agent for inspection by all Owners. Within two years after the date of the first mailing, the Escrow Agent and the District may enter into such supplemental Escrow Agreement in substantially the form described in such notice, but only if there shall have first been delivered to the Escrow Agent (i) the required consents, in writing, of Owners of Obligations then Outstanding, and (ii) an opinion of Special Counsel stating that such supplemental Escrow Agreement is authorized or permitted by this Escrow Agreement, complies with its terms, will, upon the execution and delivery thereof, be valid and binding upon the Escrow Agent and the District in accordance with its terms and will not adversely affect the exclusion from gross income for federal income tax purposes of interest with respect to the Obligations.

If the Owners of not less than the percentage of Obligations then Outstanding required by this Section 7.03 shall have consented to and approved the execution and delivery thereof as herein provided, no Owner shall have any right to object to the execution and delivery of such supplemental Escrow Agreement, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution and delivery thereof, or to enjoin or restrain the Escrow Agent or the District from executing and delivering the same or from taking any action pursuant to the provisions thereof.

Section 7.04 Effect of Supplemental Escrow Agreement.

Upon the execution and delivery of any supplemental Escrow Agreement pursuant to the provisions of this Section 7.04, this Escrow Agreement shall be, and be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Escrow Agreement of the Escrow Agent, the District and all Owners of Obligations then Outstanding shall thereafter be determined, exercised and enforced under this Escrow Agreement subject in all respects to such modifications and amendments.

Section 7.05 Amendments to Financing Agreement Not Requiring Consent of Owners.

The District, with the consent of the Escrow Agent but without the consent of or notice to the Owners, may amend, change or modify the Financing Agreement as may be required:

- (i) By the provisions of the Financing Agreement and this Escrow Agreement, if any;
- (ii) To cure any ambiguity, formal defect or omission (that does not materially and adversely affect the Owner as certified to the Escrow Agent by an Authorized Representative) in the Financing Agreement; or
- (iii) To make any other change to the Financing Agreement which, in the reasonable judgment of the District (as certified to the Escrow Agent by an Authorized Representative), does not materially and adversely affect the Owners.

Before the District shall enter into, and the Escrow Agent shall consent to, any amendment change or modification pursuant to this Section 7.05 or Section 7.06 below, there shall have been delivered to the Escrow Agent and the District an opinion of Special Counsel stating that such amendment, change or modification is authorized or permitted by this Escrow Agreement and the Financing Agreement, complies with their terms, will, upon the execution and delivery thereof, be valid and binding upon Escrow Agent and the District in accordance with its terms and will not adversely affect the exclusion from gross income for federal income tax purposes of interest with respect to the Obligations.

Section 7.06 Amendments to Financing Agreement Requiring Consent of the Owners.

Any amendment to the Financing Agreement which is not described in Section 7.05 above requires the consent of the District, the Escrow Agent, and the Owners of not less than sixty percent (60%) in aggregate principal amount of the Obligations Outstanding given as provided in this Section 7.06. However, the consent of the Owners of all affected Obligations then Outstanding is required for any amendment, change or modification of the Financing Agreement that would permit the termination or cancellation of the Financing Agreement or a reduction in or postponement of the payments under the said agreement or any change in the provisions relating to the payments thereunder. If at any time the District shall request the consent of the Escrow Agent to an amendment to the Financing Agreement which is not described in Section 7.05 above, the Escrow Agent shall cause notice to be given of such proposed amendment, change or modification in the same manner as provided by Section 7.03 above with respect to supplemental Escrow Agreements. Such notice shall briefly state that an amendment, change or modification is being proposed by the District, and shall include a copy of such amendment, change or modification as an exhibit, and shall state that copies of the instrument embodying the same are on file at the principal office of the Escrow Agent for inspection by all Owners. The District may enter into, and the Escrow Agent may consent to, any such proposed amendment, change or modification subject to the same conditions and with the same effect as provided in Section 7.03 above hereof with respect to supplemental Escrow Agreements, provided the District has obtained the opinion of Special Counsel which is described in Section 7.05 above.

ARTICLE VIII - COVENANTS; NOTICES

Section 8.01 Compliance with and Enforcement of Financing Agreement.

The District covenants and agrees with the Owners of the Obligations to perform all obligations and duties imposed on it under the Financing Agreement, and to enforce such agreement against the Escrow Agent in accordance with its terms.

The Escrow Agent covenants and agrees with the Owners of the Obligations to perform all obligations and duties imposed on it under the Financing Agreement, and, upon the occurrence of an Event of Default, to enforce such Agreement against the District in accordance with its terms, subject to the rights of the District therein as provided in this Escrow Agreement and the Financing Agreement.

Section 8.02 Notice in Event of Late Financing Payment.

If the amounts on deposit in the Payment Account are insufficient to make any payment when due in accordance with the Financing Agreement, then the Escrow Agent shall promptly, but in no event later than two (2) Business Days prior to the Payment Date, give notice of such fact to the District.

Section 8.03 Notice of Default.

If an Event of Default occurs of which a Responsible Officer of the Escrow Agent has actual knowledge the Escrow Agent shall give written notice of such default to the Owners of the Obligations then Outstanding after confirming in writing such Event of Default with the District. Such notice shall specify that an Event of Default has occurred, and shall contain a brief description of the Event of Default. Any failure to give this notice shall not affect any rights of Owners. This shall be mailed by first-class mail, postage prepaid, to each Owner within thirty (30) days of the Escrow Agent's actual knowledge of default. However, except for an Event of Default described in Section 9.01(a) below, the Escrow Agent may withhold such notice if and so long as the Escrow Agent in good faith determines that the withholding of such notice is in the interests of the Owners of Obligations.

Section 8.04 Tax Covenants.

To maintain the exclusion from gross income for federal income tax purposes of the interest component of each Financing Payment, the District has covenanted in the Financing Agreement to comply with the applicable provisions of the Code. The Escrow Agent hereby agrees to comply with any reasonable instructions received from the District in order to maintain such exclusion.

Section 8.05 Further Assurances.

The Escrow Agent and the District may make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Escrow Agreement, and for better assuring and confirming to the Owners of the Obligations the rights and benefits provided herein.

ARTICLE IX - EVENTS OF DEFAULT

Section 9.01 Events of Default.

The occurrence of one or more of the following shall constitute Events of Default:

- (a) There shall have occurred an Event of Default under the Financing Agreement; or

(b) The District shall fail to observe and perform any other covenant, condition or agreement on its part to be observed or performed under this Escrow Agreement for a period of 60 days after written notice to the District by the Escrow Agent, specifying such failure and requesting that it be remedied; provided however, that if the failure stated in the notice cannot be corrected within the applicable period, the Escrow Agent will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the District within the applicable period and diligently pursued until the default is corrected.

Section 9.02 Remedies on Default.

Upon the occurrence and continuance of any Event of Default, the Escrow Agent may proceed, and upon written request of the Owners of not less than a majority in aggregate principal amount of Obligations then Outstanding and upon being indemnified to its satisfaction, shall proceed to take whatever action at law or in equity may appear necessary or desirable to enforce the Financing Agreement or to protect any of the rights vested in the Escrow Agent or the Owners of Obligations by this Escrow Agreement or by the Obligations, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Escrow Agreement or in aid of the exercise of any power granted in this Escrow Agreement or for the enforcement of any other legal or equitable right vested in the Escrow Agent by this Escrow Agreement or by law; PROVIDED, HOWEVER, THAT UPON AN EVENT OF DEFAULT THE ESCROW AGENT SHALL NOT HAVE THE RIGHT TO DECLARE THE UNPAID PRINCIPAL COMPONENTS OF THE FINANCING PAYMENTS IMMEDIATELY DUE AND PAYABLE.

Section 9.03 No Remedy Exclusive.

No remedy herein conferred upon or reserved to the Escrow Agent is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Escrow Agreement to the Escrow Agent, or given under the Financing Agreement to the Escrow Agent and assigned hereunder to the Escrow Agent, or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. To entitle the Escrow Agent to exercise any remedy reserved to it, it shall not be necessary to give any notice other than such notice as may be required in this Section 9.03 or by law.

Section 9.04 No Additional Waiver Implied by One Waiver.

If any agreement contained in this Escrow Agreement should be breached by a party and thereafter waived by another party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 9.05 Application of Moneys Upon Default.

If at any time after an Event of Default has occurred, such moneys together with any moneys available or thereafter becoming available for such purpose, whether through the exercise of the remedies provided for herein or otherwise, shall be applied by the Escrow Agent as follows:

(i) First: To the payments of costs, expenses and fees, and reasonable compensation of the Escrow Agent, its agents and attorneys, and all expenses and liabilities incurred and advances made by the Escrow Agent.

(ii) Second: To the payment to the persons entitled thereto of the interest components of Financing Payments as they become due in the order of the maturity of such Financing Payments, and, if the amount available shall not be sufficient to pay in full any particular interest component of a Financing Payment, then to the payment ratably, according to the amounts due on such interest portion, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Obligations;

(iii) Third: To the payment of the persons entitled thereto of the principal components of Financing Payments as they become due in the order of the maturity of such Financing Payments, and, if the amount available shall not be sufficient to pay in full any particular principal component of a Financing Payment, then to the payment ratably, according to the amounts due on such principal portion, to the persons entitled thereto, without discrimination or preference; and,

(iv) Fourth: To the District, but only if the Obligations are no longer Outstanding and all Additional Charges have been paid.

Section 9.06 Action by Owners.

If the Escrow Agent fails to take any action to eliminate an occurrence of an Event of Default, the Owners of more than fifty percent (50%) in aggregate principal amount of Obligations then Outstanding may institute any suit, action, mandamus or other proceeding in equity or at law for the protection or enforcement of any right under the Financing Agreement or this Escrow Agreement, but only if the Escrow Agent shall have been given written notice of such default (unless such default shall consist of a failure to make a Financing Payment when due) and the continuance thereof and if such percentage of Owners have first made written request of the Escrow Agent to institute such action or proceedings in its own name as Escrow Agent hereunder and shall have afforded the Escrow Agent 60 days either to proceed to exercise the powers granted therein or granted under law or to institute such action, suit or proceeding in its name and unless also, the Escrow Agent shall have been offered security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and the Escrow Agent shall have refused or neglected to comply with such request within a reasonable time.

ARTICLE X - LIMITATION OF LIABILITY

Section 10.01 Limited Liability of District.

Except for the payment of Financing Payments and Additional Charges when due in accordance with the Financing Agreement, and the performance of the other covenants and agreements of the District contained in the Financing Agreement and this Escrow Agreement, the District shall have no obligation or liability to any of the other parties or to the Owners of the Obligations with respect to this Escrow Agreement or the terms, execution, delivery or transfer of the Obligations, or the distribution of Financing Payments to the Owners by the Escrow Agent.

Section 10.02 No Liability of District for Escrow Agent Performance.

The District shall not have any obligation or liability to any of the other parties or to the Owners of the Obligations with respect to the performance by the Escrow Agent of any duty imposed upon it under this Escrow Agreement.

Section 10.03 No Liability of Escrow Agent for Financing Payments by District.

The Escrow Agent shall not have any obligation or liability to the Owners of the Obligations with respect to the payment of the Financing Payments by the District when due, or with respect to the performance by the District of any other covenant made by it in the Financing Agreement.

Section 10.04 Opinion of Counsel; Experts.

Before being required to take any action, the Escrow Agent may require an opinion of independent counsel acceptable to the Escrow Agent, which opinion shall be made available to the other parties hereto upon request, which counsel may be counsel to any of the parties hereto, or a verified certificate of any party hereto, or both, concerning the proposed action. If it does so in good faith, the Escrow Agent shall be absolutely protected in relying thereon.

If an Event of Default occurs or a dispute arises under this Escrow Agreement or the Financing Agreement, the Escrow Agent may employ as its agents attorneys at law, certified public accountants and recognized authorities in their fields, as it may deem necessary to carry out any of its obligations hereunder. The District shall reimburse the Escrow Agent for its reasonable expenses in so doing. The Escrow Agent shall not be responsible for any misconduct or negligence of any such agent appointed with due care by the Escrow Agent.

The Escrow Agent may consult with counsel (including its own in-house counsel) and the advice of such counsel or any opinion of counsel shall be full and complete authorization and protection in respect to any action taken or not taken by the Escrow Agent hereunder in good faith and in reliance thereon.

Section 10.05 Limitation of Rights to Parties and Owners.

Nothing in this Escrow Agreement or in the Obligations expressed or implied is intended or shall be construed to give any person other than the District, the Escrow Agent and the Owners of the Obligations, any legal or equitable right, remedy or claims under or in respect of this Escrow Agreement; all covenants, conditions and provisions are and shall be for the sole and exclusive benefit of the District, the Escrow Agent and the Owners.

ARTICLE XI - MISCELLANEOUS

Section 11.01 Defeasance.

(a) All or any portion of the Outstanding Obligations may be paid and discharged in any one or more of the following ways:

(i) By paying or causing to be paid the Financing Payments attributable to such Obligations as and when the same become due and payable;

(ii) By irrevocably depositing with the Escrow Agent or an independent escrow agent, in trust, before maturity, money which, together with the amounts then on deposit in the Payment Account, is fully sufficient to pay all Financing Payments attributable to such Obligations; or

(iii) By irrevocably depositing with the Escrow Agent or an independent escrow agent, in trust, Defeasance Obligations in such amounts that will, as evidenced by an accountant's certificate provided by the District to the Escrow Agent, together with the interest to accrue thereon, be sufficient to pay all Financing Payments attributable to such Obligations, as and when the same become due and payable, and providing the Escrow Agent with an opinion of Special Counsel that such deposits will not cause the interest component of Financing Payments to be includable in gross income under federal income tax laws.

(b) All obligations of the Escrow Agent and the District under this Escrow Agreement with respect to such Obligations which are paid or deemed paid hereunder shall cease and terminate, except for the obligation of the District to pay the Additional Charges specified in Section 3.02 of the Financing Agreement and to pay Financing Payments from the amount so deposited, and of the Escrow Agent to apply amounts on deposit to the payment of the Financing Payments.

(c) The Escrow Agent shall, so long as any Obligations remain Outstanding, keep complete and accurate records of all moneys received and disbursed under this Escrow Agreement, which shall be available for inspection by the District and any Owner, or the agent of any of them, at any time during reasonable business hours of the Escrow Agent upon reasonable prior notice. Upon written notice, the Escrow Agent shall promptly make such records available to the District, any Owner, or their respective auditors and other representatives, and shall cooperate with them in reproducing the records at the expense of the requesting party.

Section 11.02 Notices.

All written notices to be given under this Escrow Agreement to any party to this Escrow Agreement shall be sufficiently given and shall be given by electronic mail with confirmation of receipt or by mail to the following addresses (unless the addressee has previously notified the other party in writing of a change in address):

(i) Escrow Agent at: U.S. Bank Trust Company National Association
Global Corporate Trust Services
555 S.W. Oak Street, PD-OR-P7TD
Portland, Oregon 97204
Attention: Corporate Trust Services

(ii) District at: Grants Pass School District No. 7
725 NE Dean Drive
Grants Pass, Oregon 97526
Attn: Director of Finance

Any such notice shall be by facsimile or deposited in the United States mail in first-class, registered or certified form (return receipt requested), with postage fully paid.

Section 11.03 Payments Due on Holidays.

If the date for making any payment or the last day for performance of any act or the exercise of any right, as provided in this Escrow Agreement, is not a Business Day, such payment may be made or act performed or right exercised on the next succeeding day which is not a legal holiday or a day on which such banking institutions are authorized by law to remain closed with the same force and effect as if done on the nominal date provided in this Escrow Agreement.

Section 11.04 Governing Law.

This Escrow Agreement shall be construed and governed in accordance with the laws of the State of Oregon. Any action regarding this Escrow Agreement or the transactions contemplated hereby shall be brought in an appropriate court of the State of Oregon.

Section 11.05 Partial Invalidity.

Any provision of this Escrow Agreement found to be prohibited by law shall be ineffective only to the extent of such prohibition, and shall not invalidate any remainder of this Escrow Agreement.

Section 11.06 Binding Effect; Successors.

This Escrow Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. Whenever in this Escrow Agreement any party hereto is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all covenants and agreements contained in this Escrow Agreement by or on behalf of any party hereto shall bind and inure to the benefit of the successors and assigns thereof whether so expressed or not.

Section 11.07 Execution in Counterparts.

This Escrow Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same agreement.

Section 11.08 Destruction of Canceled Obligations.

Whenever in this Escrow Agreement provision is made for the surrender to or cancellation by the Escrow Agent and the delivery to the Escrow Agent of any Obligations, the Escrow Agent may, in lieu of such cancellation and delivery, destroy such Obligations and deliver a certificate of such destruction to the District, upon request.

Section 11.09 Headings.

The headings, titles and table of contents in this Escrow Agreement are provided for convenience and shall not affect the meaning, construction or effect of this Escrow Agreement. All references herein to sections and other subdivisions which do not specify the document in which the subdivision is located shall be construed as references to this Escrow Agreement.

[Signatures appear on the following page.]

This Escrow Agreement is executed by its parties as of the _____ day of _____.

**GRANTS PASS SCHOOL DISTRICT NO. 7
JOSEPHINE COUNTY, OREGON**

By: _____
Authorized Officer

U.S. BANK TRUST COMPANY NATIONAL ASSOCIATION
as Escrow Agent

By: _____
Authorized Officer

EXHIBIT A
(Forms of Obligations)

No. R-1

\$_____

**FULL FAITH AND CREDIT OBLIGATIONS
SERIES 2023**

Evidencing a Proportionate Interest of the Owner
Hereof in Certain Financing Payments to be Made
Under a Tax-Exempt Financing Agreement between

**GRANTS PASS SCHOOL DISTRICT NO. 7
JOSEPHINE COUNTY, OREGON
as District**

and

as Escrow Agent

<u>DATED</u> <u>DATE</u>	<u>PRINCIPAL COMPONENT</u> <u>INTEREST RATE</u> <u>PER ANNUM</u>	<u>PRINCIPAL COMPONENT</u> <u>MATURITY DATE</u>	<u>CUSIP</u> <u>NUMBER</u>
_____, 2023	_____ %	June 1, _____	

REGISTERED OWNER: -----CEDE & CO-----

PRINCIPAL AMOUNT: ----- DOLLARS -----

This Obligation is executed and delivered by U.S. Bank Trust Company National Association, pursuant to an Escrow Agreement, dated as of _____, 2023 (the "Escrow Agreement"), between U.S. Bank Trust Company National Association, as escrow agent (the "Escrow Agent"), and Grants Pass School District No. 7, Josephine County, Oregon (the "District"). The Escrow Agent and the District have entered into that certain Tax-Exempt Financing Agreement, dated as of _____, 2023 (the "Financing Agreement"), pursuant to which the District is legally required to make financing payments (the "Financing Payments") as further described in the Financing Agreement. The District has assigned to the Escrow Agent all of its right, title and interest in the Financing Payments for the benefit of the Owners of the Obligations under the Escrow Agreement.

This Obligation is one of a series of Full Faith and Credit Obligations, Series 2023 (the "Obligations"), being executed and delivered in the aggregate principal amount of \$_____. The District is authorized to enter into the Financing Agreement and the Escrow Agreement by Resolution No. _____ adopted _____, 2023 (the "Resolution").

This Obligation is entitled proportionately to receipt of the principal component of the Financing Payments in the amount set forth as Principal Amount above due on the Principal Component Maturity Date set forth above and is entitled proportionately to receipt of an amount of the interest component of the Financing Payments each Payment Date attributable to the interest accruing on said principal component at the principal component interest rate set forth above.

ADDITIONAL PROVISIONS OF THIS OBLIGATION APPEAR ON THE REVERSE SIDE HEREOF AND ON SUBSEQUENT PAGES; THESE PROVISIONS HAVE THE SAME EFFECT AS IF THEY WERE PRINTED HEREIN.

U.S. Bank Trust Company National Association, as the Escrow Agent and Registrar (the “Registrar”), shall pay to the Registered Owner specified above, or registered assigns, the Principal Amount specified above on the above Principal Component Maturity Date together with interest thereon from the dated date indicated above at the Principal Component Interest Rate per annum indicated above, but solely from amounts received from the District pursuant to the Financing Agreement and Escrow Agreement. Interest is payable semiannually on June 1 and December 1 of each year until maturity, commencing on December 1, 2023 (the “Payment Date”), to the Owners of record as of the Record Date. Principal components of, and interest components of the Financing Payments on this Obligation shall be received by Cede & Co. as nominee of The Depository Trust Company, New York, New York (“DTC”), or its registered assigns in same-day funds on each Payment Date. Such payments shall be made payable to the order of “Cede & Co.” All terms used in this Obligation and not otherwise defined herein shall have the respective meanings assigned thereto in the Financing Agreement and Escrow Agreement. The Obligations are payable from the Debt Service Account as provided in the Escrow Agreement.

The Obligations shall be subject to optional and mandatory redemption, if any, as provided in the Financing Agreement and Escrow Agreement. If this Obligation is called for redemption and payment is duly provided therefor as specified in the Escrow Agreement, interest on this Obligation shall cease to accrue beginning on the date fixed for redemption. Notice of redemption shall be given by the Escrow Agent to DTC as required by the rules and procedures of DTC.

If notice of redemption has been given as provided in the Escrow Agreement, and the moneys for the redemption (including the interest to the applicable date of redemption) have been set aside in the Payment Account, the Obligations shall become due and payable on the date of redemption upon presentation and surrender thereof at the office or offices specified in said notice, and interest with respect to the Obligations shall cease to accrue after the date fixed for redemption. All moneys held by or on behalf of the Escrow Agent for the redemption of Obligations shall be held in trust for the account of the Owners of the Obligations so to be prepaid. All Obligations paid at maturity or prepaid prior to maturity pursuant to the provisions of the Escrow Agreement, if any, shall be canceled upon surrender thereof.

The Financing Payments are payable from the general non-restricted revenues of the District and other funds which may be available for that purpose, including taxes levied within the restrictions of Sections 11 and 11b, Article XI of the Constitution of the State of Oregon. The obligation of the District to make Financing Payments is a full faith and credit obligation of the District, and is not subject to appropriation. THE REGISTERED OWNERS OF THE OBLIGATIONS DO NOT HAVE A LIEN OR SECURITY INTEREST IN THE PROJECTS FINANCED WITH THE PROCEEDS OF THE OBLIGATIONS.

The Obligations are initially issued as a Book-Entry System issue with no certificates provided to the Owners. Records of Obligation ownership will be maintained by the Escrow Agent and DTC and its participants.

THE ESCROW AGENT HAS NO OBLIGATION OR LIABILITY TO THE OWNERS OF OBLIGATIONS FOR THE PAYMENT OF THE INTEREST OR PRINCIPAL PORTIONS PERTAINING TO THE OBLIGATION; THE ESCROW AGENT'S ONLY OBLIGATIONS ARE TO ADMINISTER, FOR THE BENEFIT OF THE DISTRICT AND THE OWNERS OF OBLIGATIONS, THE VARIOUS ACCOUNTS ESTABLISHED IN THE ESCROW AGREEMENT AND ONLY SUCH DUTIES AS SET FORTH IN THE ESCROW AGREEMENT.

This Obligation shall remain in the Escrow Agent's custody subject to the provisions of the Fast Automated Securities Transfer (FAST) agreement currently in effect between the Escrow Agent and DTC.

IT IS HEREBY CERTIFIED, RECITED, AND DECLARED that all conditions, acts, and things required to exist, to happen, and to be performed precedent to and in the execution and delivery of this Obligation have existed, have happened, and have been performed in due time, form and manner.

IN WITNESS WHEREOF, the Escrow Agent has caused this Obligation to be executed by the manual or facsimile signature of an authorized officer as of the date set forth above.

U.S. BANK TRUST COMPANY NATIONAL ASSOCIATION, as
Escrow Agent

By: _____
Authorized Officer

THIS OBLIGATION SHALL NOT BE VALID UNLESS PROPERLY AUTHENTICATED BY THE REGISTRAR IN THE SPACE INDICATED BELOW.

Date of Authentication: _____, 2023.

CERTIFICATE OF AUTHENTICATION

This is one of the \$ _____ Full Faith and Credit Obligations, Series 2023, which represents an interest in the Financing Payments due under the Financing Agreement described herein, and is properly registered and authenticated pursuant to the Escrow Agreement.

U.S. BANK TRUST COMPANY NATIONAL ASSOCIATION, as Registrar

By: _____
Authorized Officer

ADDITIONAL PROVISIONS

The Obligations maturing in years ____ through ____, inclusive, are not subject to optional redemption prior to maturity. The Obligations maturing on or after _____ are subject to redemption at the option of the District prior to their stated maturity date at any time on or after _____, as a whole or in part, at a price of par, plus accrued interest, if any, to the date of redemption in authorized denominations, upon the exercise by the District of its option to prepay the principal components of the Financing Payments evidenced and represented by such Obligations, at a price of par, plus accrued interest, if any, to the date of redemption. The District shall provide written notice of redemption to the Escrow Agent not less than five business days prior to the redemption notice mail date.

This Obligation has been authenticated by the Registrar pursuant to the terms of the Escrow Agreement and Financing Agreement (collectively the "Agreement"). Copies of the Agreement are on file at the office of the District and at the Principal Office of the Registrar. Reference to the Agreement, and any and all amendments thereto, is made for a description of the covenants of the District securing the Financing Payments, the nature, extent and manner of enforcement of such covenants, the rights and remedies of the registered owners of the Obligations with respect thereto, the right of the District and the Registrar to amend the Agreement and the other terms and conditions upon which the Obligations are delivered thereunder.

This Obligation may be exchanged, transferred or replaced only as provided in the Agreement. The ownership of this Obligation must be registered upon the books of the Registrar as provided in the Agreement. The Registrar may treat the registered owner hereof as the absolute owner hereof for all purposes, and the Registrar shall not be affected by any notice to the contrary.

LEGAL OPINION

I, _____, _____ of the Grants Pass School District No. 7, Josephine County, Oregon certify that the following is a true copy of the signed original legal opinion of Mersereau Shannon LLP, Attorneys, Portland, Oregon. The opinion was dated and issued as of the date of delivery of and payment for the Grants Pass School District No. 7, Josephine County, Oregon \$ _____ Full Faith and Credit Obligations, Series 2023.

_____, 2023

Grants Pass School District No. 7
725 NE Dean Drive
Grants Pass, Oregon 97526

RE: Grants Pass School District No. 7, Josephine County, Oregon, Full Faith and Credit and Refunding Obligations, Series 2023 - \$ _____

We have acted as special counsel in connection with the authorization of Grants Pass School District No. 7, Josephine County, Oregon (the "District") Full Faith and Credit and Refunding Obligations, Series 2023 dated _____, 2023 (the "Obligations") pursuant to a Tax-Exempt Financing Agreement and an Escrow Agreement, both being dated as of _____, 2023 (collectively, the "Agreements") in the principal amount of \$ _____.

The Obligations evidence undivided proportional interests in the Financing Payments to be made by the District pursuant to the Agreements. The Obligations are issued pursuant to Oregon Revised Statutes Section 271.390, Resolution No. ____ adopted by the District on _____, 2023 (the "Resolution") and the Agreement. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolution and the Agreements.

We have examined the law and such certified proceedings of the District and other papers as we deem

necessary to render this opinion.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of any offering material relating to the Obligations and we express no opinion relating thereto.

As to questions of fact material to our opinion, we have relied upon the representations of the District contained in the Resolution, the Agreements, and the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation. We have also relied on the covenants of the District to comply with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), with respect to the investment and use of the proceeds of the Obligations.

Based upon the foregoing, we are of the opinion, as of the date hereof and under existing law, as follows:

1. The Resolution and the Agreements have been legally authorized, executed and delivered by the District under and pursuant to the Constitution and statutes of the State of Oregon and the Resolution and the Agreements are valid and legally binding obligations of the District enforceable in accordance with their terms.

2. The District has pledged its full faith and credit to its obligation to make Financing Payments, secured by the general, non-restricted revenues of the District and other funds which may be available for that purpose, including taxes levied by the District within the restrictions of Section 11 and 11b, Article XI of the Constitution of the State of Oregon). The obligation of the District to make Financing Payments is a full faith and credit obligation. The Agreements are not secured by any lien or security interest on any property, real or personal.

3. Assuming compliance with certain covenants of the District concerning the tax status of the interest component of the Financing Payments evidenced by the Obligations, the interest component of the Financing Payments evidenced by the Obligations *[, including any original issue discount properly allocable to the owner of the Obligations,]* is excluded from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of determining the federal alternative minimum tax, however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. *[Any original issue premium properly allocable to an owner of the Obligations may not be deducted from federal gross income, but must be amortized actuarially on a constant interest rate basis over the term of such Obligation, and the federal tax basis of such Obligation will be decreased over its term by the amount of such amortized premium.].* The opinions set forth in this letter are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Obligations in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance. We express no opinion regarding other federal tax consequences arising with respect to the Obligations.

4. The interest component of the Financing Payments evidenced by the Obligations *[, including any original issue discount properly allocable to the owner of the Obligations,]* is exempt from present State of Oregon personal income taxes.

Except as stated herein, we express no opinion regarding other federal, state or local tax consequences arising with respect to ownership of the Obligations or other matters not expressly included in items 1-4 above. The owners of the Obligations should be aware that the ownership of tax-exempt obligations may result in collateral tax consequences and each owner is advised to consult with its own tax advisor regarding such consequences.

It is to be understood that the rights of the Owners of the Obligations and the enforceability thereof are

subject to (i) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, (ii) the application of equitable principles and to the exercise of judicial discretion in appropriate cases, (iii) common law and statutes affecting the enforceability of contractual obligations generally, and (iv) principles of public policy concerning, affecting or limiting the enforcement of rights or remedies against governmental entities such as the District.

Our opinions are limited to matters of current Oregon law and applicable federal law, and we assume no responsibility for the applicability or effect of laws of other jurisdictions.

Respectfully submitted,

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto (Please insert social security or other identifying number of assignee)

this Obligation and does hereby irrevocably constitute and appoint as attorney to transfer this Obligation on the books kept for registration thereof with the full power of substitution in the premises.

Dated:

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of this Obligation in every particular, without alteration or enlargement or any change whatever.

NOTICE: The signatures to this Assignment must be guaranteed by a financial institution that is a member of the Securities Transfer Agents Medallion Program ("STAMP"), the Stock Exchange Medallion Program ("SEMP") or the New York Stock Exchange, Inc. Medallion Securities Program ("MSP").

Signature Guaranteed

(Bank, Trust Company or Brokerage Firm)

Authorized Officer

The following abbreviations, when used in the inscription on the face of this Obligation, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM -- tenants in common

TEN ENT -- as tenants by the entireties

JT TEN -- as joint tenants with right of survivorship and not as tenants in common

OREGON CUSTODIANS use the following

CUST UL GREG MIN as custodian for
(as custodian for) (name of minor)

OR UNIT TRANS MIN ACT

(under the Oregon Uniform Transfer to Minors Act)

Additional abbreviations may also be used though not in the list above.

TAX-EXEMPT FINANCING AGREEMENT

between

**GRANTS PASS SCHOOL DISTRICT NO. 7
JOSEPHINE COUNTY, OREGON**

“District”

and

**U.S. BANK TRUST COMPANY NATIONAL ASSOCIATION
“Escrow Agent”**

Relating to

**GRANTS PASS SCHOOL DISTRICT NO. 7
Josephine County, Oregon**

**\$ _____
Full Faith and Credit Obligations
Series 2023**

Dated as of _____, 2023

TABLE OF CONTENTS

ARTICLE I - RECITALS, DEFINITIONS AND RULES OF CONSTRUCTION 1

Section 1.01 Recitals. 1

Section 1.02 Definitions. 1

Section 1.03 Rules of Construction. 2

ARTICLE II - REPRESENTATIONS, WARRANTIES AND COVENANTS OF DISTRICT AND ESCROW AGENT 2

Section 2.01 Representations, Warranties and Covenants of District. 2

Section 2.02 Representations, Warranties and Covenants of Escrow Agent. 2

Section 2.03 Tax Covenants. 3

ARTICLE III - THE FINANCING AND THE PAYMENTS 3

Section 3.01 The Financing. 3

Section 3.02 The Payments and Additional Charges. 3

Section 3.03 Optional Redemption. 4

Section 3.04 Nature of District’s Obligations. 5

Section 3.05 Estoppel. 6

ARTICLE IV - ASSIGNMENT 6

Section 4.01 By the Escrow Agent. 6

Section 4.02 By the District. 6

ARTICLE V - TITLE; FUTURE ENCUMBRANCES AND PARITY OBLIGATIONS 6

Section 5.01 Title. 6

Section 5.02 Future Encumbrances and Parity Obligations. 6

Section 5.03 Maintenance; Modification; Taxes; and Other Matters. 6

ARTICLE VI - EVENTS OF DEFAULT AND REMEDIES 7

Section 6.01 Events of Default Defined. 7

Section 6.02 Remedies on Default. 7

ARTICLE VII - MISCELLANEOUS 8

Section 7.01 Notices. 8

Section 7.02 Binding Effect. 8

Section 7.03 Severability. 8

Section 7.04 Amendments. 8

Section 7.05 Execution in Counterparts. 9

Section 7.06 Applicable Law. 9

Section 7.07 The Escrow Agent. 9

Section 7.08 Headings. 9

EXHIBIT A - Financing Payments

TAX-EXEMPT FINANCING AGREEMENT

This Tax-Exempt Financing Agreement is dated as of _____, 2023, and is entered into by and between **GRANTS PASS SCHOOL DISTRICT NO. 7, JOSEPHINE COUNTY, OREGON** (the “District”) and **U.S. BANK TRUST COMPANY NATIONAL ASSOCIATION**, as Escrow Agent (the “Escrow Agent”). The parties hereby agree as follows:

ARTICLE I - RECITALS, DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.01 Recitals.

(a) The District recites:

The District is authorized pursuant to the Constitution and laws of the State of Oregon, namely, Oregon Revised Statutes Sections 271.390 and 287A.315 to enter into financing agreements to finance improvements to the facilities of the District, pledge its full faith and credit and taxing power in connection with such financing agreements, and pay the costs of issuance of such financing agreements.

(b) The District and the Escrow Agent recite:

The Escrow Agent agrees that the Financing Amount (defined herein) shall be used to pay the costs of the Project; and (2) pay the costs of issuance of the Obligations.

(c) The District desires to borrow the Financing Amount to finance the Project, subject to the terms and conditions of and for the purposes set forth herein.

Section 1.02 Definitions.

All capitalized terms not defined in this Financing Agreement shall have the meanings defined for those terms in the Escrow Agreement. Unless the context clearly requires use of a different definition, the following capitalized terms shall have the meanings given those terms in this Section 1.02.

“Escrow Agreement” means the Escrow Agreement relating to the District’s Full Faith and Credit Obligations, Series 2023, which is dated _____, 2023, as it may be amended or supplemented.

“Financing Agreement” means this Tax-Exempt Financing Agreement, including the exhibits attached hereto, including any amendments and its exhibits.

“Financing Amount” means the sum of the principal components of the Financing Payments, as shown in the attached Exhibit A.

“Obligations” means the Grants Pass School District No. 7, Josephine County, Oregon Full Faith and Credit Obligations, Series 2023.

Section 1.03 Rules of Construction.

References to section numbers in documents which do not specify the document in which the section is located shall be construed as references to section numbers in this Financing Agreement.

ARTICLE II - REPRESENTATIONS, WARRANTIES AND COVENANTS OF DISTRICT AND ESCROW AGENT

Section 2.01 Representations, Warranties and Covenants of District.

The District represents, covenants and warrants for the benefit of the Escrow Agent and its assignees as follows:

- (a) The District is a political subdivision of the State of Oregon.
- (b) The District is authorized under ORS 271.390, 287A.315, and Resolution No. _____ adopted by the District Council on _____, 2023, to enter into this Financing Agreement and to perform all of its obligations under this Financing Agreement.
- (c) All required action has been taken to ensure the enforceability of this Financing Agreement (except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally), and the District has complied and will comply with such public bidding or other procurement requirements which apply to this Financing Agreement and the Escrow Agreement.
- (d) All Financing Payments and deposits required by Section 3.02(b) below and the Additional Charges required by Sections 3.02(c)(ii), and 3.02(c)(iii) below shall be paid to the Escrow Agent at its corporate trust office in Portland, Oregon.

Section 2.02 Representations, Warranties and Covenants of Escrow Agent.

The Escrow Agent represents, covenants and warrants for the benefit of the District as follows:

- (a) The Escrow Agent is a national banking association, duly organized and existing under the laws of the United States of America and authorized to exercise escrow powers, and duly qualified to transact business of the type contemplated by this Financing Agreement and the Escrow Agreement in the State of Oregon, and has all necessary power to own its properties and assets and to carry on its business as now conducted.
- (b) The consummation of the transactions contemplated by this Financing Agreement will not violate the provisions of, or constitute a breach or default under, the articles of association, charter or bylaws of the Escrow Agent.
- (c) The execution, delivery and performance by the Escrow Agent of the Escrow Agreement, the Obligations, this Financing Agreement and all related agreements, instruments and documents to which the Escrow Agent is a party have been duly authorized and constitute legal, valid and binding obligations of the Escrow Agent, enforceable against the Escrow Agent in accordance with their terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally.

Section 2.03 Tax Covenants.

To maintain the exclusion from gross income for federal income tax purposes of the interest component of each Financing Payment due under this Financing Agreement, the District covenants to (1) comply with each applicable requirement of Section 103 and Sections 141 through 150 of the Code; (2) to comply with any covenants related to the tax-exempt status of the interest components of Financing Payments that are contained in any of the certificates or other documents executed by the District in connection with the delivery of this Financing Agreement and the Obligations; and (3) pay, when due, all rebates, if any, on the gross proceeds of the Obligations which are required under Section 148 of the Code. The Escrow Agent hereby agrees to comply with any reasonable instructions received from the District, at the District's expense, in order to maintain such exclusion.

ARTICLE III - THE FINANCING AND THE PAYMENTS

Section 3.01 The Financing.

The Escrow Agent agrees that the Financing Amount shall be deposited as provided in this Financing Agreement and the Escrow Agreement. This financing to the District will be deemed to have been made when the deposits and transfers to the District which are specified in this Section 3.01 are made. The District agrees to borrow the Financing Amount and to repay that principal amount in installments, with interest, by making the Financing Payments and paying the Additional Charges as provided in this Financing Agreement. This Financing Agreement shall commence on the Closing Date and shall end on the date all Financing Payments and Additional Charges which the District is required to pay under this Financing Agreement have been paid or defeased in accordance with Section 11.01 of the Escrow Agreement. The Escrow Agent is not selling, arranging for sale or establishing the terms of the Obligations.

Section 3.02 The Payments and Additional Charges.

(a) The District agrees to pay the Escrow Agent, its successors or assigns, without deduction or offset of any kind, as payment for the financing made under this Financing Agreement, the Financing Payments and the Additional Charges.

(b) The District shall pay the Financing Amount to the Escrow Agent in installments, with interest, on the scheduled Payment Date shown in Exhibit A.

To secure the performance of its obligation to pay Financing Payments, the District shall deposit an amount equal to each scheduled Financing Payment with the Escrow Agent three (3) Business Days preceding the scheduled Payment Date. Each deposit made under this Section 3.02(b) shall be applied toward Financing Payments due from the District as provided in the Escrow Agreement.

In making deposits under this Section 3.02(b), the District shall be credited on each deposit date for any amounts then on hand in the Payment Account and available to pay the Financing Payment for which such deposit is being made and the District shall only be required to pay the difference, if any, between the amount of the deposit then due and the amounts then on hand in the Payment Account.

(c) The District covenants to pay the following Additional Charges, as and when the same become due and payable:

(i) all applicable rebates due in connection with this Financing Agreement and the Obligations which are required to be paid under Section 148(f) of the Code;

(ii) to the extent permitted by law, all reasonable costs and expenses which the Escrow Agent may incur because of any default by the District under this Financing Agreement, including reasonable attorneys' fees and costs of suit or action at law to enforce the terms and conditions of this Financing Agreement; and

(iii) the reasonable fees, costs and expenses of the Escrow Agent including those of its counsel, and the reasonable fees, costs and expenses of any successor Escrow Agent.

(d) Additional Charges shall be paid by the District when due, or within 30 days after notice in writing from the Escrow Agent to the District stating the amount of Additional Charges then due and payable and the purpose thereof. Additional Charges described in Section 3.02(c)(i) above shall be paid to the United States. Additional Charges described in Sections 3.02(c)(ii) and 3.02(c)(iii) above shall be paid to the Escrow Agent.

(e) If the date for making any payment or the last day for performance of any act or the exercise of any right, as provided in this Financing Agreement, is not a Business Day, such payment may be made or act performed or right exercised on the next succeeding day which is not a legal holiday or a day on which such banking institutions are authorized by law to remain closed with the same force and effect as if done on the nominal date provided in this Financing Agreement.

Section 3.03 Optional Redemption.

A. Optional Redemption. The Obligations maturing in years 2024 through 2028, inclusive, are not subject to optional redemption prior to maturity. The Obligations maturing on June 1, 2029, and on any date thereafter are subject to redemption at the option of the District prior to their stated maturity dates at any time on or after June 1, 2028, as a whole or in part, and if in part in the amount and dates as chosen by the District, in authorized denominations at a price of par, plus accrued interest, if any, to the date of redemption. The District shall provide written notice of redemption to the Escrow Agent not less than five business days prior to the redemption notice mail date.

For as long as the Obligations are in book-entry only form, if fewer than all of the Obligations of a maturity are called for redemption, the selection of Obligations within a maturity to be redeemed shall be made by DTC in accordance with its operational procedures then in effect. If the Obligations are no longer held in book-entry only form, then the Escrow Agent would select the Obligations for redemption by lot.

So long as the Obligations are in book-entry only form, the Escrow Agent shall notify DTC of an early redemption no fewer than 20 calendar days nor more than 60 calendar days prior to the date fixed for redemption, and shall provide such information as required by a letter of representation submitted to DTC in connection with the issuance of the Obligations. Official written notice of redemption will be given by the District to the Escrow Agent at least five calendar days prior to the date the notice is scheduled to be sent to DTC. The District reserves the right to rescind any redemption notice.

During any period in which the Obligations are not in book-entry only form, unless waived by any Owner of the Obligations to be redeemed, official notice of any redemption of Obligations shall be given by the Escrow Agent on behalf of the District by mailing a copy of an official redemption notice by first class mail, postage redeemed, at least 30 days and not more than 60 days prior to the date fixed for redemption, to the Owners of the Obligations to be redeemed at the address shown on the obligation register or at such other address as is furnished in writing by such Owner to the Escrow Agent. The District reserves the right to rescind any redemption notice.

Any notice of optional redemption given for the Obligations may state that the optional redemption is conditional upon receipt by the Escrow Agent of moneys sufficient to pay the redemption price of such Obligations or upon the satisfaction of any other condition, and/or that such notice may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such redemption price if any such condition so specified is not satisfied or if any such other event occurs. Notice of such rescission or of the failure of any such condition shall be given by the Escrow Agent to affected owners of the Obligations as promptly as practicable upon the failure of such condition or the occurrence of such other event.

Any notice of optional redemption to the Bond Registrar or to the Owners may state that the optional redemption is conditional upon receipt by the Bond Registrar of moneys sufficient to pay the redemption price of such Obligations or upon the satisfaction of any other condition, and/or that such notice may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such redemption price if any such condition so specified is not satisfied or if any such other event occurs. Notice of such rescission or of the failure of any such condition shall be given by the Bond Registrar to affected Owners of Obligations as promptly as practicable upon the failure of such condition or the occurrence of such other event.

Section 3.04 Nature of District's Obligations.

(a) To pay the Financing Payments, the District hereby pledges its full faith and credit, secured first from any available taxes levied by the District, subject to applicable statutory and constitutional limitations (including taxes levied within the restrictions of Section 11 and 11b, Article XI of the Constitution of the State of Oregon) and any obligations which may be issued on a parity with the Obligations in the future (the "Future Parity Obligations").

(b) The Obligations are not general obligations of the District, Josephine County, the State of Oregon or any other political subdivision or municipal corporation. The Obligations are payable solely from the Financing Payments and any sums realized in connection the remedies available upon the occurrence of an event of default as provided herein.

(c) To the extent permitted by law, the District hereby covenants to budget and appropriate in each Fiscal Year, in accordance with the law, sums sufficient to pay when due the Financing Payments and other amounts due under this Financing Agreement.

(d) The District hereby covenants to use all taxing power available to the District under the law which is necessary to generate funds sufficient to permit the District to make Financing Payments, subject only to the limitations provided in Sections 11 and 11b, Article XI of the Oregon Constitution.

(e) The District hereby agrees that its obligation to pay all Financing Payments and Additional Charges is absolute and unconditional, and shall not be subject to any of the following:

- (i) any setoff, counterclaim, recoupment, defense or other right which the District may have against the Escrow Agent, any contractor or anyone else for any reason whatsoever;
- (ii) any insolvency, bankruptcy, reorganization or similar proceedings by the District;
- (iii) abatement through damage, destruction or non-availability of the Project, or

(iv) any other event or circumstance whatsoever, whether or not similar to any of the foregoing.

Section 3.05 Estoppel.

The District hereby certifies, recites and declares that all things, conditions and acts required by the constitution and statutes of the State of Oregon and by this Financing Agreement and the Escrow Agreement to exist, to have happened and to have been performed precedent to and in the execution and the delivery of this Financing Agreement, do exist, have happened and have been performed in due time, form and manner, as required by law, and that this Financing Agreement is a valid and binding obligation of the District which is enforceable against the District in accordance with its terms, except to the extent that enforceability may be limited by applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or other laws or judicial decisions or principles of equity relating to or affecting the enforcement of creditors' rights or contractual obligations generally.

ARTICLE IV - ASSIGNMENT

Section 4.01 By the Escrow Agent.

The Escrow Agent may assign its rights under this Financing Agreement only as specifically permitted by the Escrow Agreement.

Section 4.02 By the District.

The rights and obligations of the District under this Financing Agreement shall not be sold, assigned or transferred.

ARTICLE V - TITLE; FUTURE ENCUMBRANCES AND PARITY OBLIGATIONS

Section 5.01 Title.

The Escrow Agent agrees that the District shall be entitled to exclusive possession and enjoyment of the project financed with the Obligations while this Financing Agreement is in effect, without interference from the Escrow Agent or the Owners. THE ESCROW AGENT SHALL HAVE NO MORTGAGE, SECURITY INTEREST OR OTHER RIGHT TO ANY PROPERTY OF THE DISTRICT.

Section 5.02 Future Encumbrances and Parity Obligations.

The Obligations are not secured by any interest in property of the District and the District reserves the right to sell, lease or grant other interests in any of its property and to issue obligations on parity with the pledge and security of the Obligations under Section 3.04 above.

Section 5.03 Maintenance; Modification; Taxes; and Other Matters.

The Escrow Agent shall have no obligation to maintain or modify the Project financed with the Obligations, or to pay any taxes, fees or charges associated with the Project financed with the Obligations, or to take any action related to the Project financed with the Obligations.

Section 5.04 Force Majeure.

If by reason of force majeure, the District is unable in whole or in part to carry out its agreement herein contained, other than the obligation of the District to pay the Financing Payments when due, the District shall not be deemed in default during the continuance of such inability. The term “force majeure” as used herein shall mean, without limitation, any of the following: acts of God; strikes, lockouts or other industrial disturbances; acts of the public enemy; orders or restraints of any kind of the government of the United States of America, the State of Oregon, or Josephine County, Oregon, or any of their departments, agencies or officials, or any civil or military authority; viruses, insurrections; riots; landslides; earthquakes; fires; storms; droughts; floods; explosions; breakage or accident to machinery, transmission pipes or canals; or any other cause or event not reasonably within the control of the District.

ARTICLE VI - EVENTS OF DEFAULT AND REMEDIES

Section 6.01 Events of Default Defined.

The following shall be events of default under this Financing Agreement and the terms “events of default” and “default” shall mean, whenever they are used in this Financing Agreement, any one or more of the following events:

(a) Failure by the District to pay any Financing Payment required to be paid hereunder in the amount and at the time specified herein;

(b) Failure by the District to observe and perform any covenant, condition or agreement on its part to be observed or performed (other than as referred to in subparagraph (i) above) under this Financing Agreement for a period of 60 days after written notice to the District by the Escrow Agent, specifying such failure and requesting that it be remedied; provided, however, that if the failure stated in the notice cannot be corrected within the applicable period, the Escrow Agent will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the District within the applicable period and diligently pursued until the default is corrected;

(c) The occurrence and continuance of any event of default under the Escrow Agreement; or

(d) The commencement by the District of a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect or an assignment by the District for the benefit of its creditors, or the entry by the District into an agreement of composition with creditors, or the taking of any action by the District in furtherance of any of the foregoing.

Section 6.02 Remedies on Default.

(a) Whenever any event of default referred to in Section 6.01 above shall have happened and be continuing, the Escrow Agent may (and shall, upon being indemnified to its satisfaction, upon written request of the Owners representing not less than a majority in aggregate principal amount of the Obligations Outstanding), without any further demand or notice, exercise any remedy described in Section 9.02 of the Escrow Agreement.

(b) The Escrow Agent shall exercise its rights hereunder only in accordance with the Escrow Agreement. No remedy referred to in this Section 6.02 is exclusive, but each shall be cumulative and in

addition to any other remedy referred to herein or otherwise available to the Escrow Agent at law or in equity. In the event that the Escrow Agent exercises or begins to exercise any one or more of such remedies, such action shall not preclude the simultaneous or later exercise by the Escrow Agent of any other remedies. No express or implied waiver by the Escrow Agent of an event of default shall constitute a waiver of any other or subsequent event of default.

ARTICLE VII - MISCELLANEOUS

Section 7.01 Notices.

All notices or other communications hereunder shall be sufficiently given and shall be given by electronic mail with confirmation of receipt or by mail to the following addresses (unless the addressee has previously notified the other party in writing of a change in address):

(i) Escrow Agent at: U.S. Bank Trust Company National Association
Global Corporate Trust Services
555 S.W. Oak Street, PD-OR-P7TD
Portland, Oregon 97204
Attention: Corporate Trust Services

(ii) District at: Grants Pass School District No. 7
725 NE Dean Drive
Grants Pass, Oregon 97526
Attn: Director of Finance

Any such notice shall be by facsimile or deposited in the United States mail in first-class, registered or certified form (return receipt requested), with postage fully paid.

Section 7.02 Binding Effect.

This Financing Agreement shall inure to the benefit of and shall be binding upon the Escrow Agent and the District and their respective successors and assigns.

Section 7.03 Severability.

In the event any provisions of this Financing Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provisions hereof.

Section 7.04 Amendments.

This Financing Agreement may be amended only as provided in Article VII of the Escrow Agreement.

Section 7.05 Execution in Counterparts.

This Financing Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 7.06 Applicable Law.

This Financing Agreement shall be governed by and construed in accordance with the laws of the State of Oregon. Any action regarding this Financing Agreement or the transactions contemplated hereby shall be brought in an appropriate court of the State of Oregon.

Section 7.07 The Escrow Agent.

The Escrow Agent shall have the same rights, protections, immunities and indemnities hereunder as afforded to it under the Escrow Agreement.

Section 7.08 Headings.

The headings, titles and table of contents in this Financing Agreement are provided for convenience and shall not affect the meaning, construction or effect of this Financing Agreement. All references herein to sections, and other subdivisions which do not specify the document in which the subdivision is located shall be construed as references to this Financing Agreement.

[Signatures appear on the following page.]

IN WITNESS WHEREOF, the Escrow Agent has executed this Financing Agreement in its corporate name by its duly authorized officer and the District has caused this Financing Agreement to be executed in its name by its duly authorized representative, all as of the date first above written.

**GRANTS PASS SCHOOL DISTRICT NO. 7
JOSEPHINE COUNTY, OREGON**

By: _____
Authorized Officer

U.S. BANK TRUST COMPANY NATIONAL ASSOCIATION
as Escrow Agent

By: _____
Authorized Officer

EXHIBIT A

FINANCING PAYMENTS

Financing Amount: \$ _____
Series 2023 Obligations