

SCIO SCHOOL DISTRICT
SCIO, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2025



CLEAR TRAIL CPAS
Clear Solutions, Clear Results

**SCIO SCHOOL DISTRICT
SCIO, OREGON 97374**

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

SCIO SCHOOL DISTRICT NO. 95C

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SCIO SCHOOL DISTRICT NO. 95C
Scio, Oregon

PRINCIPAL OFFICIALS

BOARD OF DIRECTORS

TERM EXPIRES

Edward DeWilde
39668 Montgomery Drive
Scio, OR 97374

2025

Michael Ennis
38644 Shelburn Drive
Scio, OR 97374

2025

Nicole Buganski
38071 Franklin Butte
Scio, OR 97374

2025

Derrly James
42032 Hwy 226
Scio, OR 97374

2025

Anber Nelson
PO Box 240
Scio, OR 97374

2027

ADMINISTRATION

Kimberlee Roth, Superintendent

The Board members receive mail at the following address:

SCIO SCHOOL DISTRICT NO. 95C
38875 N.W. First Avenue
Scio, Oregon 97374



2850 SW Cedar Hills Blvd, #2074, Beaverton OR 97005 • 503-586-7170 • ClearTrailCPAS.com

January 9, 2026

To the Board of Directors
Scio School District

INDEPENDENT AUDITORS' REPORT

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Scio School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Scio School 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.

Change in Accounting Principle

The District adopted new accounting guidance, GASB Statement No. 101 – *Compensated Absences*, during the fiscal year under audit. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 Scio School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards 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 Scio School 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 Scio School 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 and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CRF) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, 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 Information

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

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

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2026 on our consideration of the internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated January 9, 2026, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



Kenneth Allen, CPA
CLEAR TRAIL CPAS

SCIO SCHOOL DISTRICT 95C
SCIO, OREGON

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

SCIO SCHOOL DISTRICT 95C MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

As management of Scio School District (the District), we offer readers this discussion and analysis of the District's financial activities for the fiscal year ended June 30, 2025. This Management's Discussion and Analysis (MD&A) is intended to provide an overview of the District's financial position and results of operations and should be read in conjunction with the District's basic financial statements and accompanying notes contained in this report.

FINANCIAL HIGHLIGHTS

- At June 30, 2025, the District's net position in the government-wide financial statements was \$23,643,019 representing an increase of \$4,215,287 from the prior fiscal year.
- The District's General Fund ending fund balance as of June 30, 2025 was \$2,527,287.
- The District's total ending fund balance across all governmental funds as of June 30, 2025 was \$9,585,762.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management's 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 required supplementary information and other supplementary schedules in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to that of a private-sector business. These statements include the Statement of Net Position and the Statement of Activities and present information about the District as a whole using the accrual basis of accounting. All assets, deferred outflows, liabilities, deferred inflows, and long-term obligations are included, regardless of when cash is received or paid.

The Statement of Net Position presents the District's assets, deferred outflows, liabilities, and deferred inflows, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the overall financial position of the District is improving or deteriorating.

The Statement of Activities presents revenues, expenses, and changes in net position for the District as a whole. Expenses are reported by function, and revenues attributable to specific programs are presented separately from general revenues to show the extent to which each function is supported by program revenues versus general sources such as property taxes and state funding.

The District's activities are reported as governmental activities, which include instruction, support services, transportation, facilities, and other educational services. These activities are primarily financed through property taxes, the Oregon State School Fund, and other intergovernmental revenues.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's most significant funds rather than the District as a whole. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental fund financial statements focus on near-term inflows and outflows of spendable resources and on balances available at the end of the fiscal year. These statements are prepared using the modified accrual basis of accounting. Because this focus differs from that of the government-wide financial statements, reconciliations are provided to explain the relationship between governmental funds and governmental activities.

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data presented in the government-wide and fund financial statements. The notes explain accounting policies, detail balances and transactions, and provide other disclosures necessary for a complete and accurate presentation of the District's financial position and results of operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Condensed Statement of Net Position

Deferred Outflows	3,623,106	3,335,599	287,507
Capital Assets (net)	18,402,432	13,091,091	5,311,341
Total Assets and Deferred Outflows	<u>33,522,891</u>	<u>28,250,463</u>	<u>5,272,428</u>
Liabilities and Deferred Inflows			
Current Liabilities	1,822,111	1,457,524	364,587
Long Term Liabilities	147,371	-	147,371
Net Pension Liability	7,058,973	6,073,912	985,061
Deferred Inflows	880,343	1,320,221	(439,878)
Total Liabilities and Deferred Inflows	<u>9,908,798</u>	<u>8,851,657</u>	<u>1,057,141</u>
Net Position			
Net Investment in Capital Assets	18,402,433	13,091,091	5,311,342
Restricted for Various Purposes	477,916	344,687	133,229
Unrestricted	4,733,745	5,963,029	(1,229,284)
Total Net Position	<u>\$ 23,614,094</u>	<u>\$ 19,398,807</u>	<u>\$ 4,215,287</u>

The District's net position increased by \$4,215,287 during the current fiscal year as reflected above. The statement of activities information shown on the following page explains the change in net position.

The increase in net position was primarily attributable to the capital asset additions associated with the District's seismic upgrade of the high school and the upgrade of the security system. Funding for the project was provided primarily through federal and state grants, which supported the capital investment recognized during the fiscal year.

FUND FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The District's revenues and expenses for the fiscal year 2024-2025, compared to the prior fiscal year, are as follows:

Condensed Statement of Activities

	<u>2025</u>	<u>2024</u>	<u>Difference</u>
Revenues			
Charges for Services	\$ 215,536	\$ 268,810	\$ (53,274)
Operating Grants	2,834,030	2,488,558	345,472
Capital Grants and Contributions	2,542,556	419,551	2,123,005
General Revenues			
Property Taxes	1,720,777	1,692,123	28,654
State Revenue Sharing	25,035,766	19,515,984	5,519,782
Other Intermediate Sources	202,092	5,310	196,782
Other State Sources	127,294	160,898	(33,604)
Earnings on Investments	593,227	546,220	47,007
Miscellaneous	416,178	118,325	297,853
Total Revenues	<u>33,687,456</u>	<u>25,215,779</u>	<u>8,471,677</u>
Expenses			
Instruction	23,846,648	18,210,371	5,636,277
Support Services	5,043,642	4,682,266	361,376
Enterprise and Community Services	396,352	363,794	32,558
Total Expenditures	<u>29,286,642</u>	<u>23,256,431</u>	<u>6,030,211</u>
Change in Net Position	4,400,814	1,959,348	2,441,466
Beginning Net Position	19,398,807	17,439,459	1,959,348
Restatement of Net Position	<u>(185,527)</u>	<u>-</u>	<u>(185,527)</u>
Ending Net Position	<u>\$ 23,614,094</u>	<u>\$ 19,398,807</u>	<u>4,215,287</u>

FUND FINANCIAL ANALYSIS

The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Unreserved fund balance measures the District's net resources available for appropriation in the next fiscal year. As of June 30, 2025, total fund balance of the governmental funds was \$23,614,094. These amounts are available to use, in accordance with applicable restrictions on the nature of the expenditures.

The District experienced a \$5,519,782 increase in State Revenue Sharing driving almost exclusively to a 38% increase in enrollment in the Willamette Connections Academy, a District-sponsored charter school. This same enrollment growth drove a corresponding increase in instructional expenses, primarily in the form of payments to charter schools.

FUND FINANCIAL ANALYSIS (Cont'd)

Summary of ending fund balances for the major governmental funds for 2024 and 2025 are as follows:

	Ending Fund Balance		
	2025	2024	Change
General Fund	\$ 2,527,287	\$ 3,139,754	\$ (612,467)
Restricted Funds	345,613	344,687	926
Committed Funds	1,671,435	2,036,637	(365,202)
Unassigned Funds	1,172,658	999	1,171,659
Capital Project Fund	3,868,769	4,689,823	(821,054)
	<u>\$ 9,585,762</u>	<u>\$ 10,211,900</u>	<u>\$ (626,138)</u>

The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Unreserved fund balance measures the District's net resources available for appropriation in the next fiscal year. As of June 30, 2025, the grand total fund balance of all governmental funds was \$9,585,762. These amounts are available for use in accordance with applicable restrictions on the nature of the expenditures.

CAPITAL ASSETS

Capital assets, including land, buildings and improvements, site improvements, vehicles, and equipment, as of June 30, 2025 and June 30, 2024, are summarized as follows:

	2025	2024	Change
Non-Depreciable Assets:			
Land	\$ 873,511	\$ 873,511	\$ -
Construction in Progress	1,551,652	820,967	730,685
	<u>\$ 2,425,163</u>	<u>\$ 1,694,478</u>	<u>\$ 730,685</u>
Depreciable Assets:			
Buildings & Improvements	12,907,453	12,174,000	733,453
Improvements	8,943,772	4,595,531	4,348,241
Machinery & Equipment	2,991,086	2,794,456	196,630
	<u>\$ 24,842,311</u>	<u>\$ 19,563,987</u>	<u>\$ 5,278,324</u>
Less Accumulated Depreciation:			
Buildings & Improvements	4,064,259	3690171	374,088
Improvements	3,042,077	2876806	165,271
Machinery & Equipment	1,758,706	1600397	158,309
	<u>\$ 8,865,042</u>	<u>\$ 8,167,374</u>	<u>\$ 697,668</u>
Total Net Capital Assets	<u>\$ 18,402,432</u>	<u>\$ 13,091,091</u>	<u>\$ 5,311,341</u>

DEBT ADMINISTRATION

As of June 30, 2025, the District has no debt obligations.

ECONOMIC FACTORS AND THE 2024-2025 BUDGET

Resources supporting General Fund operations continue to reflect a mix of local and state revenues, with additional income from federal, county, and other sources. The largest portion of General Fund resource capacity remains determined by the State School Fund formula, which allocates funds to school districts based primarily on Average Daily Membership (ADM) and other statutory factors.

For fiscal year 2025-26, the District's General Fund resources are budgeted at \$31,682,445, with state sources accounting for the majority of this total and local revenue contributing the remainder. The General Fund represents approximately 65.3% of the District's total approved budget for 2025-26. State School Fund payments for the year are based on the broader \$11.36 billion State School Fund budget for the biennium under the 49/51 funding split, supporting the District's core instructional and operational programs.

The District continues to sponsor two charter schools, Willamette Connections Academy and Lourdes Charter School, and projected district enrollment for the 2025-26 school year is estimated at 2,217 students. Charter enrollment levels materially influence both state revenue and associated instructional expenditures passed through to the charter operators.

The 2025-26 budget reflects ongoing investment in facility safety and long-term resilience, including resources associated with the Elementary Seismic Upgrade Grant. Continued support is budgeted for programs such as Early Literacy and the English Learner Outcomes Program, positioning the District to respond to shifts in available funding and evolving educational priorities.

REQUESTS FOR INFORMATION

This financial report is designed to provide readers with a general overview of the District's finances and to demonstrate the District's accountability for the resources entrusted to it. Questions concerning any of the information presented in this report or requests for additional financial information should be directed to the District's Business Office at Scio School District, 38875 NW 1st Avenue, Scio, Oregon 97374.

SCIO SCHOOL DISTRICT NO. 95C
SCIO, OREGON

BASIC FINANCIAL STATEMENTS

SCIO SCHOOL DISTRICT 95-C
SCIO, OREGON

STATEMENT OF NET POSITION
June 30, 2025

ASSETS	
Cash and Investments	\$ 10,121,471
Property Taxes Receivable	70,770
Accounts receivable	1,144,637
Prepaid Expenses	2,125
Net Pension Asset - RHIA	132,303
Subscription Assets, net of accumulated amortization	26,047
Capital Assets, Net of Depreciation	<u>18,402,432</u>
Total Assets	<u>29,899,785</u>
DEFERRED OUTFLOWS	
Pension Related Deferrals	3,568,511
OPEB Related Deferrals - Implicit	49,980
OPEB Related Deferrals - RHIA	<u>4,615</u>
Total Deferred Outflows	<u>3,623,106</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	1,107,501
Payroll Liabilities	<u>574,970</u>
Total Current Liabilities	<u>1,682,471</u>
Non-Current Liabilities:	
Due Within one year:	
Compensated Absences Payable	128,641
Subscription Liability	10,999
Due in More than one year:	
Compensated Absences	142,510
Subscription Liability	4,861
Net Pension Liability	6,891,452
OPEB Liability	<u>167,521</u>
Total Non-Current Liabilities	<u>7,345,984</u>
Total Liabilities	<u>9,028,455</u>
DEFERRED INFLOWS	
Pension Related Deferrals	821,963
OPEB Related Deferrals - Implicit	39,636
OPEB Related Deferrals - RHIA	<u>18,744</u>
Total Deferred Inflows	<u>880,343</u>
NET POSITION:	
Net Investment In Capital Assets	18,402,432
Restricted	
PERS RHIA	132,303
Student activities	209,956
Food Service	135,657
Unrestricted	<u>4,733,745</u>
Total Net Position	<u>\$ 23,614,093</u>

The accompanying notes are an integral part of this statement.

SCIO SCHOOL DISTRICT 95-C
SCIO, OREGON

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

FUNCTIONS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
Instruction	\$ 23,846,647	\$ 197,883	\$ 1,932,289	\$ 2,542,556	\$ (19,173,919)
Support Services	5,043,642	-	475,507	-	(4,568,135)
Enterprise & Community Services	396,352	17,653	426,234	-	47,535
Total Governmental Activities	<u>\$ 29,286,642</u>	<u>\$ 215,536</u>	<u>\$ 2,834,030</u>	<u>\$ 2,542,556</u>	<u>(23,694,520)</u>
General Revenues					
Property Taxes, Levied for General Purposes					1,720,777
State School Fund - General Support					25,035,766
Common School Fund					109,094
Earnings on Investments					593,227
Federal Sources					5,870
Other State Sources					12,330
Intermediate Sources					202,092
Miscellaneous					<u>416,178</u>
Total General Revenues					<u>28,095,334</u>
Changes in Net Position					4,400,814
Net Position - Beginning of Year					<u>19,398,806</u>
Restatement of Net Position					(185,527)
Net Position - Ending					<u>\$ 23,614,093</u>

The accompanying notes are an integral part of this statement.

SCIO SCHOOL DISTRICT 95-C
SCIO, OREGON

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2025

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTALS
ASSETS:				
Current Assets:				
Cash and Investments	\$ 3,111,746	\$ 2,467,257	\$ 4,542,468	\$ 10,121,471
Property Taxes Receivable	70,770	-	-	70,770
Accounts Receivable	55,214	750,394	339,029	1,144,637
Prepaid Expenses	2,125	-	-	2,125
Total Assets	<u>3,239,855</u>	<u>3,217,651</u>	<u>4,881,497</u>	<u>11,339,003</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	66,828	27,945	1,012,728	1,107,501
Unearned Revenue	-	-	-	-
Payroll Liabilities	574,970	-	-	574,970
Total Current Liabilities	<u>641,798</u>	<u>27,945</u>	<u>1,012,728</u>	<u>1,682,471</u>
DEFERRED INFLOWS				
Uncollected Property Taxes	<u>70,770</u>	<u>-</u>	<u>-</u>	<u>70,770</u>
FUND BALANCES (DEFICITS):				
Non-spendable	2,125	-	-	2,125
Restricted	-	345,613	-	345,613
Committed	-	1,671,435	-	1,671,435
Assigned	-	-	3,868,769	3,868,769
Unassigned	2,525,162	1,172,658	-	3,697,820
Total Fund Balances (Deficit)	<u>2,527,287</u>	<u>3,189,706</u>	<u>3,868,769</u>	<u>9,585,762</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 3,239,855</u>	<u>\$ 3,217,651</u>	<u>\$ 4,881,497</u>	<u>\$ 11,339,003</u>

The accompanying notes are an integral part of this statement.

SCIO SCHOOL DISTRICT 95-C
SCIO, OREGON

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

Total Fund Balances - Governmental Funds	\$	9,585,762
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The Net Pension Asset (Liability) is the difference between the total pension liability and the assets set aside to pay benefits earned to past and current employees and beneficiaries.

Net Pension Liability	\$ (6,891,452)	
Net Pension Asset - RHIA	<u>132,303</u>	
		(6,759,149)

Deferred Inflows and Outflows of resources related to the pension and OPEB plan's include differences between expected and actual experience, changes of assumptions, differences between projected and actual earnings, and contributions subsequent to the measurement date.

Net Pension Related Deferrals	2,746,548	
Net OPEB Related Deferrals - Implicit.	10,344	
Net OPEB Related Deferrals - RHIA	<u>(14,129)</u>	
		2,742,763

The cost of capital assets (land, buildings, furniture, equipment and sbitas) purchased or constructed is reported as an expenditure in the governmental fund. The Statement of Net Position includes those capital assets among the assets of the School as a whole.

Net Subscription Assets		26047
Net Capital Assets		18,402,432

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 is recognized as an expenditure when due.

These liabilities consist of:

Compensated Absences	(271,151)	
Subscription Liability	(15,860)	
OPEB Liability	<u>\$ (167,521)</u>	
		(454,532)

Uncollected Property Taxes are deferred in the governmental fund financial statements. In the government-wide statements, however, they are fully recognized as an asset and revenue as soon as the taxes are initially levied.

		<u>70,770</u>
Net Position	\$	<u><u>23,614,093</u></u>

See accompanying notes to the basic financial statements

SCIO SCHOOL DISTRICT 95-C
SCIO, OREGON

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

REVENUES:	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTALS
Local Sources				
Property Taxes	\$ 1,735,560	\$ -	\$ -	\$ 1,735,560
Other Local Sources	173,221	792,606	269,440	1,235,267
Total Local Sources	1,908,781	792,606	269,440	2,970,827
Total Intermediate Sources	36,225	-	194,078	230,303
State Sources				
State School Fund	24,640,250	-	-	24,640,250
Other State Sources	121,424	1,551,146	2,938,072	4,610,642
Total State Sources	24,761,674	1,551,146	2,938,072	29,250,892
Total Federal Sources	5,870	1,313,885	-	1,319,755
Total Revenues	26,712,550	3,657,637	3,401,590	33,771,777
EXPENDITURES:				
Current:				
Instruction	21,699,278	1,368,801	-	23,068,079
Support Services	4,127,709	737,079	-	4,864,788
Enterprise and Community Service	-	382,296	-	382,296
Facilities Acquisition and Construction	-	-	111,766	111,766
Capital Outlay	5,321	682,360	5,283,305	5,970,986
Total Expenditures	25,832,308	3,170,536	5,395,071	34,397,915
Revenues over (under) Expenditures	880,242	487,101	(1,993,481)	(626,138)
Other Financing Sources, (uses):				
Transfers In	201,478	521,760	1,172,427	1,895,665
Transfers Out	(1,694,187)	(201,478)	-	(1,895,665)
Total other Financing Sources (uses)	(1,492,709)	320,282	1,172,427	-
Net Change in Fund Balance	(612,467)	807,383	(821,054)	(626,138)
Beginning Fund Balance	3,139,754	2,382,323	4,689,823	10,211,900
Ending Fund Balance	\$ 2,527,287	\$ 3,189,706	\$ 3,868,769	\$ 9,585,762

The accompanying notes are an integral part of this statement.

SCIO SCHOOL DISTRICT
SCIO, OREGON

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

Total Net Changes in Fund Balances - Governmental Funds	\$	(626,138)
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Capital Outlays are reported in the governmental fund as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized expenditures exceeds depreciation.

Capitalized Expenditures	\$ 6,009,008		
Depreciation Expense	<u>(697,668)</u>		
			5,311,340

The current year net change in pension related assets, deferred outflows, liabilities and deferred inflows affects total income on the statement of activities

Pension (Expense)/Revenue			(252,017)
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The change in Other Post-Employment Benefit obligations is not reflected in the fund financial statements, but is a component of expenditures on the Statement of Activities

OPEB, (Expense)/Revenue	6,759		
RHIA (Expense)/Revenue	<u>28,539</u>		
			35,298

Compensated absences are only expensed as paid in the governmental funds. On the Statement of Activities they are expensed as earned

Compensated Absences			(63,073)
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In the statement of activities, right-to-use subscription assets are amortized over their estimated useful lives.		10,187
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Property tax revenues that are not immediately collectable are deferred in the governmental fund financial statements, but fully recognized in the government wide statements. This is the change in deferred taxes year over year

		<u>(14,783)</u>
Change in Net Position of Governmental Activities	\$	<u><u>4,400,814</u></u>

See accompanying notes to the basic financial statement.

SCIO SCHOOL DISTRICT NO. 95C
SCIO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Scio School District 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 principles. The more significant of the District's accounting policies are described below.

A. REPORTING ENTITY

Scio School District No. 95C (the District) is a municipal corporation established in 1895 and governed by an elected five-member Board of Directors. The Board approves administration officials. The daily functioning of the District is under the supervision of the Superintendent-Clerk. As required by generally accepted accounting principles, all activities of the District have been included in these basic financial statements.

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

B. BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole.

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

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

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Interest of general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities. In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities.

SCIO SCHOOL DISTRICT NO. 95C
SCIO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUND TYPES

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

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

The District reports the following major governmental funds:

GENERAL FUND

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

SPECIAL REVENUE FUND

The Special Revenue Fund accounts for revenues and expenditures restricted for specific educational projects or programs. Principal revenue sources are federal, state, and local grants, extracurricular activities, the supplemental retirement program for certified teaching staff, and energy savings projects.

CAPITAL PROJECTS FUND

This fund is used to account for resources set aside for the purpose of capital improvements and major equipment replacement. The principal sources of revenues are transfers from the General Fund and state transportation funding.

SCIO SCHOOL DISTRICT NO. 95C
SCIO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, there are both restricted and unrestricted net position available to finance the program. It is the 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 modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. All revenues reported in the governmental funds are considered to be available if they are collected within sixty days after year-end. 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 capital leases are reported as other financing sources.

FUND EQUITY

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved/undesignated were replaced with five new classifications – nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable fund balance represents amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.
- Assigned fund balance represents amounts that are constrained by the expressed intent to use

SCIO SCHOOL DISTRICT NO. 95C
SCIO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FUND EQUITY (Continued)

committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body.

- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

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

NET POSITION

Net position comprises the various net earnings from operations, non-operating revenues, expenses and contributions of capital. Net position is classified in the following categories.

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

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

Unrestricted Net Position – consists of all other net position items that are not included in the “restricted” category previously mentioned.

When both restricted and unrestricted net position is available for use, restricted net position is utilized first.

CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents

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

Fair Value Inputs and Methodologies and Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset.

SCIO SCHOOL DISTRICT NO. 95C
SCIO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

The classification of securities within the fair value hierarchy is based up on the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

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

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

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

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

PROPERTY TAXES RECEIVABLE

Property taxes are levied and become a lien on July 1. Collection dates are November 15, February 15, and May 15 following the lien date. 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. All property taxes receivable are due from property owners within the District.

INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The receipt and payment of monies through one central checking account, as well as transfers between funds, result in inter-fund payables and receivables until cash is transferred from one fund to the other. These amounts represent current assets and liabilities and are reported as due to or due from other funds.

GRANTS

Unreimbursed expenditures due from grantor agencies are reflected in the basic financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenditures are incurred. Grant monies received prior to the occurrence of qualifying expenditures are recorded as deferred revenue.

SCIO SCHOOL DISTRICT NO. 95C
SCIO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

SUPPLY INVENTORIES

The District elects to not report supply inventories based on their lack of significant value.

ACCOUNTS AND OTHER RECEIVABLES

Accounts and other receivables are comprised primarily of State school support and claims for reimbursement of costs under various federal and state grants.

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. Capital assets are defined as assets with an initial cost of more than \$5,000 and an estimated life in excess of a single reporting period. 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	20-50 years
Office, athletic, maintenance, tools, machinery and other equipment	5-30 years
Kitchen Service Equipment	15 years
Playground Equipment	20 years
Vehicles	15 years

RETIREMENT PLANS

Substantially all of the District's employees are participants in the State of Oregon Public Employees Retirement System (PERS). For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of PERS and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. GASB Statements 68 and 71 have been implemented as of July 1, 2014.

COMPENSATED ABSENCES

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

SCIO SCHOOL DISTRICT NO. 95C
SCIO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

COMPENSATED ABSENCES (Continued)

Vacation

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

Sick Leave

The District's policy permits employees to accumulate earned but unused sick leave. All sick leave lapses when employees leave the employ of the District and, upon separation from service, no monetary obligation exists. However, a liability for estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences.

SUBSCRIPTION ASSETS AND SUBSCRIPTION PAYABLE

Assets related to subscription-based information technology arrangements (SBITAS) are assets which the government leases for a term of more than one year. The value is determined by any initial down payments plus the net present value of the required future payments at the government's incremental borrowing rate at the time of the agreement, amortized over the term of the agreement. In the governmental fund financial statements, debt proceeds revenue and capital outlay expenses are recorded for all SBITA agreements entered into during the year.

In the government-wide financial statements, leases payable and payables related to subscription based information technology arrangements (SBITAS) are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, annual payments related to leases and SBITAs are recorded as debt service expenditures.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

A budget is prepared and legally adopted for each governmental fund type on the modified accrual basis of accounting. The budgetary basis of accounting is substantially the same as accounting principles generally accepted in the United States of America basis, except capital outlay expenditures are expensed when purchased, debt is recorded as an expense when paid, tax revenue is recorded when received, inventories are budgeted as expenditures when purchased, and depreciation is not recorded. 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, community services, facilities acquisition and construction, debt service, operating contingency and transfers) for each fund. The detail 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

SCIO SCHOOL DISTRICT NO. 95C
SCIO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

BUDGETARY INFORMATION (Continued)

meeting. A supplemental budget greater than 10% of a fund's original budget requires hearings before the public, publication in newspapers and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control (major function levels) with Board approval. Appropriations lapse at the end of each fiscal year.

Expenditures of the various funds were within authorized appropriations for the year ended June 30, 2025.

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 effect 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 expenditures during the reporting period. Actual results could differ from those estimates.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element 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. The Statement of Net Position reports deferred outflows related to pensions and OPEB.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report deferred inflows for unavailable property tax revenues. The Statement of Net Position reports deferred inflows related to pensions and OPEB.

3. CASH AND INVESTMENTS

The District maintains a pool of cash and investments that are available for use by all funds, except the Student Activities Fund. Each fund's portion of this pool is displayed on the financial statements as cash and investments. Additionally, the Student Activities Fund holds separate cash accounts. Interest earned on pooled cash and investments is allocated to participating funds based upon their combined cash and investment balances.

The District maintains a pool of cash and investments that are available for use by all funds, except the Student Activities Fund. Each fund's portion of this pool is displayed on the financial statements as cash and investments. Additionally, the Student Activities Fund holds separate cash accounts. Interest earned on pooled cash and investments is allocated to participating funds based upon their combined cash and investment balances.

NOTES TO BASIC FINANCIAL STATEMENTS

SCIO SCHOOL DISTRICT NO. 95C
SCIO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

3. CASH AND INVESTMENTS (Continued)

Interest Rate Risk

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB. The District does not have any investments that exceed an 18 month maturity.

Credit Risk

Oregon Revised Statutes do not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE. The State Investment Pool is not rated. Deposits with financial institutions include bank demand deposits. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury.

Concentration of Credit Risk

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2025, the District had \$489,384 of deposits in accounts insured by the FDIC. \$250,000 of the balance is covered by FDIC insurance and the remainder is collateralized by the Oregon Public Funds Collateralization Program.

4. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage for any of the past three years.

5. RECEIVABLES

Receivables at June 30, 2025 consist of the following:

Property Taxes Receivable - represent delinquent amounts due to the District for property taxes levied by the District in current and prior years.

Grants Receivable - represent amounts due for claims for reimbursement of costs under various State and Federal grant programs.

State and Local Revenue Receivable – represents earned but not yet received revenue from State and Local sources.

District management believes that all receivables are collectible, and thus, no allowance for doubtful accounts is considered necessary.

SCIO SCHOOL DISTRICT NO. 95C
SCIO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

6. INTERFUND TRANSFERS

Transfers are used to fund operations between the funds. Amounts are comprised of the following at June 30, 2025:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 201,478	\$ 1,694,187
Capital Projects	1,172,427	-
Special Revenue	521,760	201,478
	<u>\$ 1,895,665</u>	<u>\$ 1,895,665</u>

7. CAPITAL ASSETS

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

	<u>Balance June 30, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2025</u>
Land	\$ 873,511	\$ -	\$ -	\$ 873,511
Construction in Progress	820,967	1,473,522	(742,837)	1,551,652
Total Non-Depreciable Assets	<u>1,694,478</u>	<u>1,473,522</u>	<u>(742,837)</u>	<u>2,425,163</u>
Buildings & Improvements	12,174,000	733,453	-	12,907,453
Improvements	4,595,531	4,348,241	-	8,943,772
Machinery and Equipment	2,794,456	196,630	-	2,991,086
Total Depreciable Assets	<u>19,563,987</u>	<u>5,278,324</u>	<u>-</u>	<u>24,842,311</u>
Accumulated Depreciation				
Building & Improvements	3,690,171	374,088	-	4,064,259
Improvements	2,876,806	165,270	-	3,042,076
Equipment & Vehicles	1,600,397	158,310	-	1,758,707
Total Accumulated Depreciation	<u>8,167,374</u>	<u>\$ 697,668</u>	<u>\$ -</u>	<u>8,865,042</u>
Governmental Activities Capital Assets, Net	<u>\$ 13,091,091</u>			<u>\$ 18,402,432</u>

Depreciation was allocated to the functions as follows:

Instruction	\$ 568,383
Support Services	119,865
Community Services	9,420
Total Depreciation	<u>\$ 697,668</u>

SCIO SCHOOL DISTRICT NO. 95C
SCIO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM

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

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

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

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

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

SCIO SCHOOL DISTRICT NO. 95C
SCIO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM (CONTINUED)

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

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

Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

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

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

- ii. **Death Benefits.** Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member. The surviving spouse may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached 70½ years.
- iii. **Disability Benefits.** A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

Contributions – PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2022 actuarial valuation, which became effective July 1, 2023. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2025 were \$1,077,594, excluding amounts to fund employer specific liabilities. In addition approximately \$296,256 in employee contributions were paid or picked up by the District in fiscal 2025. At June 30, 2025, the District reported a net pension liability of \$6,891,452 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated December 31, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of the measurement date of June 30, 2024 and 2023, the District's proportion was .031 percent and .031 percent, respectively. Pension expense for the year ended June 30, 2025 was \$252,017.

SCIO SCHOOL DISTRICT NO. 95C
SCIO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM (CONTINUED)

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

- (1) Tier 1/Tier 2 – 23.35%
- (2) OPSRP general services – 20.51%

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 408,255	\$ 16,448
Changes in assumptions	692,869	888
Net difference between projected and actual earnings on pension plan investments	437,800	-
Net changes in proportionate share	89,816	581,753
Differences between contributions and proportionate share of contributions	862,177	222,874
Subtotal - Amortized Deferrals (below)	2,490,917	821,963
Contributions subsequent to measuring date	1,077,594	-
Deferred outflow (inflow) of resources	<u>\$ 3,568,511</u>	<u>\$ 821,963</u>

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

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

<u>Year ending June 30,</u>	<u>Amount</u>
2026	\$ 245,673
2027	841,858
2028	338,586
2029	195,519
2030	47,319
Thereafter	-
Total	<u>\$ 1,668,955</u>

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

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

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NOTES TO BASIC FINANCIAL STATEMENTS

8. STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM (CONTINUED)

Actuarial Valuations – The employer contribution rates effective July 1, 2023 through June 30, 2025, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount

for the amortization unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

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

Actuarial Methods and Assumptions:

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

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

SCIO SCHOOL DISTRICT NO. 95C
SCIO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM (CONTINUED)

Assumed Asset Allocation:

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

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

Long-Term Expected Rate of Return:

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

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

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

SCIO SCHOOL DISTRICT NO. 95C
SCIO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM (CONTINUED)

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

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

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
Proportionate share of the net pension liability	\$ 10,870,986	\$ 6,891,452	\$ 3,558,398

Changes Subsequent to the Measurement Date

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

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

Deferred Compensation Plan

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

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SCIO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM (CONTINUED)

OPSRP Individual Account Program (OPSRP IAP)

Plan Description:

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

Pension Benefits:

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

Death Benefits:

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

Contributions:

Employees of the District pay six (6) percent of their covered payroll. Effective July 1, 2020, currently employed Tier 1/Tier 2 and OPSRP members earning \$2,500 or more per month (increased to \$3,333 per month in 2022) will have a portion of their 6 percent monthly IAP contributions redirected to an Employee Pension Stability Account. The Employee Pension Stability Account will be used to pay part of the member's future benefit. Of the 6 percent monthly IAP contribution, Tier 1/Tier 2 will have 2.5 percent redirected to the Employee Pension Stability Account and OPSRP will have 0.75 percent redirected to the Employee Pension Stability Account, with the remaining going to the member's existing IAP account. Members may voluntarily choose to make additional after-tax contributions into their IAP account to make a full 6 percent contribution to the IAP. The District made approximately \$296,256 in contributions to member IAP accounts for the year ended June 30, 2025.

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

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

SCIO SCHOOL DISTRICT NO. 95C
SCIO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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

Plan Description:

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

Funding Policy:

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

Participating districts are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the District currently contributes 0.00% of annual covered OPERF payroll and 0.00% of OPSRP payroll under a contractual requirement in effect until June 30, 2025. Consistent with GASB Statement 75, the OPERS Board of Trustees sets the employer contribution rates as a measure of the proportionate relationship of the employer to all employers consistent with the manner in which contributions to the OPEB plan are determined. The basis for the employer's portion is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the plan with the total actual contributions made in the fiscal year of all employers. Contributions to RHIA have not been significant in any of the three prior fiscal years.

At June 30, 2025, the District reported a net OPEB liability/(asset) of (\$132,303) for its proportionate share of the net OPEB liability/(asset). The OPEB liability/(asset) was measured as of June 30, 2024, and the total OPEB liability/(asset) used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of December 31, 2022. Consistent with GASB Statement No. 75, paragraph 59(a), the District's proportion of the net OPEB liability/(asset) is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers. As of the measurement date of June 30, 2024 and 2023, the District's proportion was .033 percent and .025 percent, respectively. OPEB expense for the year ended June 30, 2025 was (\$28,467).

SCIO SCHOOL DISTRICT NO. 95C
SCIO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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

Components of OPEB Expense/(Income):

Employer's proportionate share of collective system OPEB Expense/(Income)
 Net amortization of employer-specific deferred amounts from:
 - Changes in proportionate share (per paragraph 64 of GASB 75)
 - Differences between employer contributions and employer's proportionate share of system contributions (per paragraph 65 of GASB 75)
 Employer's Total OPEB Expense/(Income)

Components of Deferred Outflows/Inflows of Resources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ -	\$ 2,588
Changes in assumptions	-	1,673
Net difference between projected and actual earnings on pension plan investments	3,736	-
Net changes in proportionate share	879	14,483
Differences between contributions and proportionate share of contributions	-	-
Subtotal - Amortized Deferrals (below)	4,615	18,744
Contributions subsequent to measuring date	-	-
Deferred outflow (inflow) of resources	<u>\$ 4,615</u>	<u>\$ 18,744</u>

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

Amounts reported as deferred outflows or inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2026	\$ (19,787)
2027	3,205
2028	2,021
2029	431
2030	-
Thereafter	-
Total	<u>\$ (14,130)</u>

SCIO SCHOOL DISTRICT NO. 95C
SCIO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS Retirement Health Insurance Account Cost-Sharing Multiple-Employer Other Postemployment Benefit (OPEB) Plan Schedules of Employer Allocations and OPEB Amounts by Employer report, as of and for the Year Ended June 30, 2024. That independently audited report was dated January 31, 2025 and can be found at:

<https://www.oregon.gov/pers/emp/Documents/GASB/2024/Oregon-Public-Employees-Retirement-System-RHIA-Schedule-Plan-FY06302024.pdf>

Actuarial Methods and Assumptions:

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

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

Discount Rate:

The discount rate used to measure the total OPEB liability as of the measurement date of June 30, 2024 was 6.90 percent. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined. Based on those

SCIO SCHOOL DISTRICT NO. 95C
SCIO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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

assumptions, the RHIA plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments for the RHIA plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

Long-Term Expected Rate of Return:

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

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

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

Sensitivity of the District's proportionate share of the net OPEB liability/(asset) to changes in the discount rate – The following presents the District's proportionate share of the net OPEB liability/(asset) 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.

SCIO SCHOOL DISTRICT NO. 95C
SCIO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
Proportionate share of the net OPEB liability (asset)	\$ (122,472)	\$ (132,303)	\$ (140,768)

Changes Subsequent to the Measurement Date

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

10. OTHER POSTEMPLOYMENT BENEFIT PLAN

Plan Description

The District administers a single-employer defined benefit healthcare plan that covers both active and retired participants. The plan provides post-retirement healthcare benefits for eligible retirees and their dependents through the District's group health insurance plans. The District's post-retirement plan was established in accordance with Oregon Revised Statutes (ORS) 243.303 which states, in part, that for the purposes of establishing healthcare premiums, the calculated rate must be based on the cost of all plan members, including both active employees and retirees. Because claim costs are generally higher for retiree groups than for active members, the premium amount does not represent the full cost of coverage for retirees. The resulting additional cost, or implicit subsidy, is required to be valued under GASB Statement 75 related to Other Post-Employment Benefits (OPEB). Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations of the OPEB plan reflect a long-term perspective. The valuation date was July 1, 2024 and the measurement date was June 30, 2024.

Funding Policy

The District has not established a trust fund to finance the cost of post-employment health care benefits related to implicit rate subsidies. Premiums are paid by retirees based on the rates established for active employees. Additional costs related to an implicit subsidy are paid by the District on a pay-as-you-go basis. There is no obligation on the part of the District to fund these benefits in advance. The District considered the liability to be solely the responsibility of the District as a whole and it is allocated to the governmental statements.

SCIO SCHOOL DISTRICT NO. 95C
SCIO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

10. OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTIUED)

Actuarial Methods and Assumptions

ACTUARIAL METHODS AND ASSUMPTIONS

I. Relevant Dates

Actuarial Valuation Date July 1, 2023.

Data was collected as of November 6, 2023, and benefits were valued as if the data was representative of data on July 1, 2023.

Measurement Dates June 30, 2023 and June 30, 2024.

Fiscal Year Ends June 30, 2024 and June 30, 2025.

II. Actuarial Cost Method

Entry Age Normal, level percent of salary.

Under this cost method, each participant's normal cost is determined as a level percentage of salary by amortizing the present value of future benefits at entry age (i.e., hire age) over expected future service to retirement. The normal cost for the Plan is the sum of each participant's individual normal cost.

The accrued liability is equal to the accumulated value of the prior normal costs (i.e., the excess of the present value of future benefits over the present value of future normal costs).

III. Assumptions

Interest Rate for Discounting Future Liabilities 3.75% per year for measurement at June 30, 2023, and 4.00% per year for measurement at June 30, 2024 (based on Bond Buyer 20-Bond General Obligation Index as of each measurement date).

General Inflation 2.5% per year. This assumption reflects the actuary's best estimate of future general inflation.

Payroll Growth 3.50% per year. This assumption reflects the actuary's best estimate of future payroll growth experience.

SCIO SCHOOL DISTRICT NO. 95C
SCIO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

10. OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTIUED)

ACTUARIAL METHODS AND ASSUMPTIONS
(Continued)

Salary Merit Scale

Total payroll increase is overall payroll growth plus merit table below. Sample rates are as follows:

<u>Duration</u>	<u>Rate</u>
0	5.54%
5	4.02%
10	2.66%
15	1.53%
20	0.68%
25	0.17%
30 +	0.06%

In addition to the above increases, an additional 2.00% increase is applied during the 2-year select period beginning July 1, 2023 and ending June 30, 2025.

This assumption reflects the Oregon PERS 2022 Experience Study conducted by Milliman, Inc.

ACTUARIAL METHODS AND ASSUMPTIONS
(Continued)

Annual Premium Increase Rate

The assumed increases for medical plans are:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2023-24	3.50%	2033-34	5.30%
2024-25	4.00%	2034-35	5.20%
2025-26	4.50%	2035-36	5.10%
2026-27	5.00%	2036-37	5.00%
2027-28	5.50%	2037-38	4.90%
2028-29	5.80%	2038-39	4.80%
2029-30	5.70%	2039-40	4.70%
2030-31	5.60%	2040-41	4.60%
2031-32	5.50%	2041+	4.50%
2032-33	5.40%		

The initial rates in the table above are based in part on the 2024 Segal Health Plan Cost Trend Survey, tempered by our expectation of the impact of ORS 243.866, as amended in 2017. Rates are trended down in subsequent years in accordance with prevalent actuarial practice, based in part on the Society of Actuaries - Getzen Long Term Healthcare Trends Resource Model, as updated November 2021.

SCIO SCHOOL DISTRICT NO. 95C
SCIO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

10. OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTIUED)

ACTUARIAL METHODS AND ASSUMPTIONS
(Continued)

Mortality Rates

Active employees: PUB 2010 Employee Tables for Teachers, sex distinct, projected generationally.

Active employee adjustments: 125% of a blend of 80% of published rates and 20% of PUB 2010 Employee Tables for General Employees for males, 100% of published rates for females.

Retirees: PUB 2010 Retiree Tables for Teachers, sex distinct, projected generationally.

Retiree adjustments: A blend of 80% of published rates and 20% of PUB 2010 Retiree Tables for General Employees for males, 100% of published rates for females.

Beneficiaries: PUB 2010 Employee and Retiree Tables for General Employees, sex distinct, projected generationally.

Beneficiary adjustments: Set back 12 months for males, no set back for females; 115% of published rates for non-annuitant males, 125% of published rates for non-annuitant females.

Improvement Scale: Unisex Social Security Data Scale (60 year average), with data through 2019.

This assumption reflects the Oregon PERS 2022 Experience Study conducted by Milliman, Inc.

SCIO SCHOOL DISTRICT NO. 95C
SCIO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

10. OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTIUED)

ACTUARIAL METHODS AND ASSUMPTIONS
(Continued)

Turnover Rates

As developed for the valuation of benefits under Oregon PERS. For the current school year, it is assumed that terminations are reflected in the census data provided.

<u>Years of</u> <u>Service</u>	<u>Male</u>	<u>Female</u>
0	16.63%	13.50%
5	6.86%	7.91%
10	3.31%	4.43%
15	2.30%	3.17%
20	1.62%	2.43%
25	1.20%	1.75%
30 +	1.20%	1.75%

This assumption reflects the Oregon PERS 2022 Experience Study conducted by Milliman, Inc.

Disability Rates

As developed for the valuation of benefits under Oregon PERS. Sample rates are as follows:

<u>Age</u>	<u>Rate</u>
30	0.0132%
35	0.0202%
40	0.0325%
45	0.0534%
50	0.0923%

This assumption reflects the Oregon PERS 2022 Experience Study conducted by Milliman, Inc.

SCIO SCHOOL DISTRICT NO. 95C
SCIO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

10. OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTIUED)

**ACTUARIAL METHODS AND ASSUMPTIONS
(Continued)**

Retirement Rates

As developed for the valuation of benefits under Oregon PERS. For the current school year, it is assumed that retirements are reflected in the census data provided. It is also assumed employees will retire by the time both employee and dependent have reached age 65, the age at which they can no longer receive subsidized health benefits.

Age	Tier 1 / Tier 2			OPSRP		
	Years of Service			Years of Service		
	< 15	15 - 29	30 +	< 15	15 - 29	30 +
<55	0.0%	0.0%	25.0%	0.0%	0.0%	0.0%
55	1.5%	3.5%	25.0%	0.5%	2.5%	5.0%
56	1.5%	3.5%	25.0%	0.5%	2.5%	5.0%
57	1.5%	3.5%	25.0%	1.0%	2.5%	7.5%
58	1.5%	11.0%	27.5%	1.5%	3.0%	30.0%
59	4.5%	11.0%	27.5%	1.5%	3.0%	25.0%
60	6.5%	14.5%	27.5%	2.5%	3.75%	20.0%
61	6.5%	14.5%	27.5%	2.5%	5.0%	20.0%
62	15.0%	21.0%	34.0%	6.0%	12.0%	30.0%
63	13.0%	19.5%	29.0%	6.0%	10.0%	20.0%
64	13.0%	19.5%	29.0%	6.0%	10.0%	20.0%
65	25.5%	34.5%	45.0%	12.5%	35.0%	20.0%
66	23.0%	36.5%	45.0%	12.5%	33.0%	20.0%
67	21.0%	34.5%	38.0%	11.0%	22.0%	30.0%
68	21.0%	30.0%	28.5%	9.0%	20.0%	25.0%
69	21.0%	30.0%	28.5%	9.0%	20.0%	25.0%
70	21.0%	30.0%	28.5%	9.0%	20.0%	25.0%
71	21.0%	30.0%	28.5%	9.0%	20.0%	25.0%
72	21.0%	30.0%	28.5%	9.0%	20.0%	25.0%
73	21.0%	30.0%	28.5%	9.0%	20.0%	25.0%
74	21.0%	30.0%	28.5%	9.0%	20.0%	25.0%
75	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

This assumption reflects the Oregon PERS 2022 Experience Study conducted by Milliman, Inc.

SCIO SCHOOL DISTRICT NO. 95C
SCIO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

10. OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTIUED)

ACTUARIAL METHODS AND ASSUMPTIONS
(Continued)

Participation	Of the active employees currently enrolled in a medical plan, 40% are assumed to remain enrolled at retirement until Medicare eligibility. This assumption reflects the actuary's best estimate of future plan experience
Plan Enrollment	Current and future retirees are assumed to remain enrolled in the plans in which they are currently enrolled, if any. This assumption reflects the actuary's best estimate of future plan experience
Lapse	Of the current and future retirees assumed to enroll in coverage, 2.0% are assumed to drop coverage each year. This assumption reflects the actuary's best estimate of future plan experience
Marital Status	50% of future retirees electing coverage are assumed to cover a spouse as well. Males are assumed to be three years older than their female spouses. Actual marital status and ages as of the valuation date are used for current retirees, if available. This assumption reflects the actuary's best estimate of future plan experience
Coverage of Eligible Children	We have assumed no impact of dependent children on the implicit subsidy.

SCIO SCHOOL DISTRICT NO. 95C
SCIO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

10. OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTIUED)

**ACTUARIAL METHODS AND ASSUMPTIONS
(Continued)**

Health Care Claims Costs

2023-24 claims costs for an age 64 retiree or spouse are assumed to be:

MODA Medical Plans

		Male	Female
Plan 1	\$	18,243	\$ 17,667
Plan 2		16,924	16,389
Plan 3		15,877	15,376
Plan 4		14,992	14,519
Plan 5		13,849	13,411
Plan 6		14,126	13,680
Plan 7		13,184	12,768

Kaiser Medical Plans

		Male	Female
Plan 1	\$	17,659	\$ 17,101
Plan 2A		14,624	14,162
Plan 2B		14,169	13,721
Plan 3		11,591	11,225

The age-specific claims costs were developed based on the OEBB health plans' overall demographics and total premiums, to the extent the data was available.

Changes in the Net OPEB Liability

Total OPEB Liability at June 30, 2024	\$ 194,917
Changes for the year:	
Service cost	12,147
Interest	6,947
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions or other input	(2,873)
Benefit payments	(43,617)
Balance as of June 30, 2025	<u>\$ 167,521</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Trend Rates

The following analysis presents the net OPEB liability using a discount rate of 4.00%, as well as what the District's net OPEB liability would be if it was calculated using a discount rate that is one percentage point lower (3.00%) or one percentage point higher (5.00%) than the current rate, a similar sensitivity analysis is presented for the changes in the healthcare trend assumption:

SCIO SCHOOL DISTRICT NO. 95C
SCIO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

10. OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTIUED)

	1% Decrease 3.00%	Current Discount Rate 4.00%	1% Increase 5.00%
Total OPEB Liability	\$ 179,279	\$ 167,521	\$ 156,490

	1% Decrease Healthcare	Current Trend Rate Healthcare	1% Increase Healthcare
Total OPEB Liability	\$ 149,617	\$ 167,521	\$ 188,789

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Benefits

The District reports information on deferred outflows and deferred inflows of resources at year end as well as a schedule of amounts of those deferred outflows of resources and deferred inflows of resources that will be recognized in other post-employment benefit expense for the following five years.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 17,461	\$ 3,501
Changes in assumptions or other input	7,307	36,135
Benefit Payments	25,212	-
Deferred outflow (inflow) of resources	<u>\$ 49,980</u>	<u>\$ 39,636</u>

Amounts reported as deferred outflows or inflow of resources related to pension will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2026	\$ (640)
2027	(640)
2028	(641)
2029	(3,081)
2030	(6,044)
Thereafter	(3,822)
Total	<u>\$ (14,868)</u>

11. DEFINED CONTRIBUTION PLAN

The District sponsors a VEBA plan for eligible employees. Contributions vary based upon the full-time equivalent (FTE) of an employee. The total paid during the 2024-25 fiscal year by the District was \$212,191. The plan is administered by HRA VEBA Trust.

SCIO SCHOOL DISTRICT NO. 95C
SCIO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

12. RELATED PARTY TRANSACTIONS

Lourdes Charter School - During the year ended June 30, 2025, the District remitted State School Fund Support (SSF) in the amount of \$352,871 based upon the average daily membership of Lourdes Charter School.

Willamette Connections Academy – During the year ended June 30, 2025, the District remitted SSF in the amount of \$16,853,768 based upon the average daily membership of Oregon Virtual Education.

13. PROPERTY TAX LIMITATIONS

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

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

SCIO SCHOOL DISTRICT NO. 95C
SCIO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

14. FUND BALANCE CONSTRAINTS

The specific purposes for each of the categories of fund balance as of June 30, 2025, are as follows:

Fund Balances:	General Fund	Special Revenue Fund	Capital Projects Fund	Total
<u>Non-Spendable:</u>				
Prepays	\$ 2,125	\$ -	\$ -	\$ 2,125
<u>Restricted:</u>				
Student Activities	-	209,956	-	209,956
Food Service	-	135,657	-	135,657
	-	345,613	-	345,613
<u>Committed:</u>				
Stabilization	-	800,000	-	800,000
Employee Benefits	-	682,327	-	682,327
Equipment Replacement	-	189,108	-	189,108
	-	1,671,435	-	1,671,435
<u>Assigned:</u>				
Capital Improvements	-	-	3,868,769	3,868,769
	-	-	3,868,769	3,868,769
<u>Unassigned</u>	2,525,162	1,172,658	-	3,697,820
Total Fund Balances	<u>\$ 2,527,287</u>	<u>\$ 3,189,706</u>	<u>\$ 3,868,769</u>	<u>\$ 9,585,762</u>

15. COMMITMENTS AND CONTINGENCIES

The District is involved in various claims and legal matters relating to its operations which have all been tendered to, and are either being adjusted by the District's liability carrier, or are being defended by attorneys retained by the District's liability carrier. The District does not believe that any of these matters will have a material impact on its June 30, 2025 financial statements.

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

SCIO SCHOOL DISTRICT NO. 95C
SCIO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

16. RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS

Implementation of GASB No. 101 – Compensated Absences

In fiscal year 2024-25, the ESD implemented Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences. This Statement was issued to improve the recognition and measurement of compensated absences and liabilities, such as vacation and sick leave, and to enhance consistency in financial reporting among governments.

GASB 101 requires that compensated absences be recognized as a liability when the related leave is earned rather than when it is paid or taken. Under the previous standard, GASB Statement No. 16, certain leave types were only recognized when they were due and payable.

As a result of implementing GASB 101, the beginning net position as of July 1, 2024 has been restated as follows:

Government-wide Statement of Net Position	Governmental Activities
Beginning Net Position, as previously reported	\$ 19,398,806
Adjustment for implementation of GASB 101 (increase in compensated absences liability)	<u>(185,527)</u>
Beginning Net Position, as restated	\$ 19,213,279

The adjustment reflects the cumulative effect of applying the new standard retroactively to beginning balances. The change had to impact on fund balance in the governmental fund financial statements because liabilities for compensated absences are recognized only to the extent they are due and payable in those statements.

17. CERTAIN RISK DISCLOSURES

State and Federal Funding

The School District operates as a subdivision of the state, and as such, its funding is heavily reliant on appropriations from the state legislature to the School Support Fund (SSF). For the year ended June 30, 2025, approximately 74% of the District's total governmental fund revenues were derived from SSF grants. This concentration of funding exposes the District to significant financial risk should state funding levels decrease. Although the legislature approved the next biennial funding cycle, effective beginning July 1, 2025, the District's future funding remains uncertain, particularly given the state's dependence on federal aid for various programs, including education. Federal funding, as noted in subsequent sections, is currently experiencing reductions and is expected to face further reductions in the foreseeable future.

The District also receives a notable portion of its governmental resources through a Student Investment Account (SIA) grant, which accounted for 3% of total governmental fund resources for the fiscal year ending June 30, 2025. The SIA grant is primarily funded through the state's Corporate Activity Tax (CAT), which is subject to fluctuation based on economic conditions at both the federal and state levels. The funding cycle aligns with the state's biennial budget process, with the next cycle commencing on July 1, 2025. This concentration presents additional risk, as the volatility of the underlying tax revenue increases the potential for future reductions. The District's management continues to monitor economic trends and their potential impact on SIA funding levels.

SCIO SCHOOL DISTRICT NO. 95C
SCIO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

17. CERTAIN RISK DISCLOSURES (CONTINUED)

The District also receives federal grants, which totaled 5% of its governmental fund revenues for the year ending June 30, 2025. Most of these federal grants are scheduled to begin in the upcoming fiscal year starting October 1, 2025. As of the financial statement date, federal budget negotiations for 2025-26 are ongoing, and the District's reliance on federal funding introduces exposure to the broader implications of national debt levels and potential federal spending adjustments. Management actively monitors economic and legislative developments to assess potential impacts on future federal funding.

The District's long-term financial strategies are reviewed periodically to address the risks associated with these funding concentrations.

Payroll costs and Collective Bargaining

The School District's operating expenses are predominantly driven by employee salaries and benefits, with approximately 87% of staff compensation covered by two collective bargaining agreements. This heavy reliance on a limited number of agreements exposes the District to financial and operational risks, especially as future contract negotiations could significantly impact the District's resources. Negotiations with the classified staff expires on June 30, 2026, are scheduled to begin during the 25/26 fiscal year. The District's management is actively involved in these discussions to ensure operational continuity and to mitigate potential adverse effects on the District's budget and long-term fiscal health.

18. Subscriptions GASB 96

For the year ended 6/30/2025, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset. For additional information, refer to the disclosures below.

As of 06/30/2025, Scio School District, OR had 5 active subscriptions. The subscriptions have payments that range from \$2,633 to \$6,538 and interest rates that range from 2.3543% to 3.0410%. As of 06/30/2025, the total combined value of the subscription liability is \$15,860, and the total combined value of the short-term subscription liability is \$10,999. The combined value of the right to use asset, as of 06/30/2025 of \$50,190 with accumulated amortization of \$24,143 is included within the Subscription Class activities table found below. The subscriptions had \$0 of Variable Payments and \$0 of Other Payments, not included in the Subscription Liability, within the Fiscal Year.

SCIO SCHOOL DISTRICT NO. 95C
SCIO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

18. Subscriptions GASB 96 (CONTINUED)

Amount of Subscription Assets by Major Classes of Underlying Asset

Asset Class	As of Fiscal Year-end	
	Subscription Asset Value	Accumulated Amortization
Software	\$ 50,190	\$ 24,143
Total Subscriptions	\$ 50,190	\$ 24,143

Principal and Interest Requirements to Maturity

Fiscal Year	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2026	\$ 11,000	\$ 467	\$ 11,466
2027	4,860	\$ 140	\$ 5,000
Total Principal Payments	15,860		
Cumulative Variance as of Fiscal Year-End	-		
Total Remaining Liability	\$ 15,860		

GOVERNMENTAL ACTIVITIES:

	Balance as of July 1, 2024	Additions	Reductions	Balance as of June 30, 2025	Short-Term Balance as of June 30, 2025
Subscription Liability					
Software					
DebtBook Platform	\$ -	\$ 14,585	\$ 5,000	\$ 9,585	\$ 4,724
Google Workspace for Education Plus	5,035	-	2,480	2,555	2,555
Linewize - School Manager	5,129	-	5,129	-	-
PowerSchool TalentEd Subscription	6,388	-	6,388	-	-
Transfinder Software System	7,152	-	3,433	3,720	3,720
Total Software Subscription Liability	23,704	14,585	22,430	15,860	10,999
Total Subscription Liability	\$ 23,704	\$ 14,585	\$ 22,430	\$ 15,860	\$ 10,999

19. Compensated Absences

Compensated absences are assumed to be used on a first in first out basis; therefore, all outstanding balances are considered due within one year of June 30, 2025. This benefit is paid primarily from the general fund. Changes in compensated absences for the year ended June 30, 2025 was as follows:

	Oustanding Beginning of Year	Additions	Deductions	Oustanding End of Year	Due Within One Year
Compensated Absences Payable	208,078	63,073	-	271,151	128,641
Totals	\$ 208,078	\$ 63,073	\$ -	\$ 271,151	\$ 128,641

SCIO SCHOOL DISTRICT 95C
SCIO, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

SCIO SCHOOL DISTRICT 95-C
SCIO, OREGON

REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2025

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (NPL)	(c) covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2025	0.0310 %	\$ 6,891,452	\$ 4,854,658	142.0 %	79.3 %
2024	0.0310	5,878,995	4,486,514	131.0	81.3
2023	0.0345	5,275,214	4,063,651	129.8	84.5
2022	0.0332	3,981,388	3,831,623	103.9	87.6
2021	0.0377	8,230,815	3,759,920	218.9	75.8
2020	0.0432	7,468,544	3,252,208	229.6	80.2
2019	0.0482	7,302,212	3,265,732	223.6	82.1
2018	0.0479	6,463,266	3,410,384	189.5	83.1
2017	0.0597	8,956,485	3,306,689	270.9	80.5
2016	0.0643	3,689,903	3,705,211	99.6	91.9

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

SCHEDULE OF CONTRIBUTIONS

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2025	\$ 1077594	\$ 1,077,594	\$ -	\$ 5,307,569	20.3 %
2024	965,025	965,025	-	4,854,658	19.9
2023	901,570	901,570	-	4,486,514	20.1
2022	858,979	858,979	-	4,063,651	21.1
2021	1,116,241	1,116,241	-	3,831,623	29.1
2020	1,093,060	1,093,060	-	3,759,920	29.1
2019	763,695	763,695	-	3,252,208	23.5
2018	767,868	767,868	-	3,265,732	23.5
2017	651,753	651,753	-	3,410,384	19.1
2016	634,143	634,143	-	3,306,689	19.2

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

SCIO SCHOOL DISTRICT 95-C
SCIO, OREGON

REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2025

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - OREGON RHIA

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (NPL)	(c) Employer's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2025	0.03 %	\$ (132,303)	\$ 4,854,658	-3%	220.6 %
2024	0.03	(91,347)	4,486,514	-2%	201.6
2023	0.03	(96,375)	4,063,651	-2%	194.6
2022	0.02	(76,225)	3,831,623	-2%	183.9
2021	0.04	(92,888)	3,759,920	-2%	150.1
2020	0.03	(57,074)	3,252,208	-2%	144.4
2019	0.03	(34,619)	3,265,732	-1%	124.0
2018	0.04	(14,759)	3,410,384	0%	108.9

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

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

SCHEDULE OF CONTRIBUTIONS - OREGON RHIA

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2025	\$ -	\$ -	\$ -	\$ 5,307,569	- %
2024	-	-	-	4,854,658	-
2023	492	492	-	4,486,514	0.0001
2022	668	668	-	4,063,651	0.0002
2021	594	594	-	3,831,623	0.0002
2020	13,543	13,543	-	3,759,920	0.0036
2019	14,639	14,639	-	3,252,208	0.0045
2018	15,017	15,017	-	3,265,732	0.0046

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

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

SCIO SCHOOL DISTRICT 95-C
SCIO, OREGON

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN OTHER POST EMPLOYMENT BENEFITS LIABILITY AND RELATED RATIOS

For the Year Ended June 30, 2025

	2025	2024	2023	2022
Total Other Post Employment Benefits Liability, Beginning	\$ 194,917	\$ 230,910	\$ 266,594	\$ 247,156
<u>Changes for the year:</u>				
Service Cost	12,147	16,212	15,740	17,730
Interest	6,947	8,030	5,939	5,649
Changes in Benefit Terms	0	-	-	-
Differences between expected and actual experience	-	(4,669)	-	34,925
Changes in assumptions or other input	(2,873)	(20,162)	(20,641)	(11,194)
Benefit Payments	<u>(43,617)</u>	<u>(35,404)</u>	<u>(36,722)</u>	<u>(27,672)</u>
Net changes for the year	<u>(27,396)</u>	<u>(35,993)</u>	<u>(35,684)</u>	<u>19,438</u>
 Total Other Post Employment Benefits Liability, Ending	 <u>167,521</u>	 <u>194,917</u>	 <u>230,910</u>	 <u>266,594</u>
 Fiduciary Net Position - Beginning			-	-
Contributions - Employer	43,617	35,404	36,722	27,672
Net Investment Income				-
Benefit Payments	<u>(43,617)</u>	<u>(35,404)</u>	<u>36,722</u>	<u>(27,672)</u>
Net changes for the year	<u>-</u>	<u>-</u>	<u>73,444</u>	<u>-</u>
Fiduciary Net Position - Ending	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Net Liability for Other Post Employment Benefits - End of Year	 <u>167,521</u>	 <u>\$ 194,917</u>	 <u>\$ 230,910</u>	 <u>\$ 266,594</u>
Fiduciary Net Position as a percentage of the total Other Post Employment Benefits Liability		0%	0%	0%
Covered Payroll		4,486,514	\$4,139,362	\$4,018,798
Net Other Post Employment Benefits Liability as a Percentage of Covered Payroll		4.34%	5.58%	6.63%

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

	2021		2020
\$	223,619	\$	219,340
	13,964		13,492
	8,002		7,851
	-		-
	-		-
	19,487		-
	(17,916)		(17,064)
	<u>23,537</u>		<u>4,279</u>

<u>247,156</u>	<u>223,619</u>
-----------------------	-----------------------

-	-
17,916	17,064
-	-
<u>(17,916)</u>	<u>(17,064)</u>
-	-
-	-

<u>\$ 247,156</u>	<u>\$ 223,619</u>
--------------------------	--------------------------

0%	0%
\$3,581,303	\$3,460,196
6.90%	6.46%

SCIO SCHOOL DISTRICT 95-C
SCIO, OREGON

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

	<u>GENERAL FUND</u>			BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
Local Sources:				
Taxes	\$ 1,710,500	\$ 7,143,194	\$ 1,735,560	\$ (5,407,634)
Tuition Received	500	500	-	(500)
Earnings from Investments	152,535	152,535	32,426	(120,109)
Extracurricular Activities	1,000	1,000	-	(1,000)
Other Local Sources	169,996	169,996	140,795	(29,201)
Total Local Revenues	2,034,531	7,467,225	1,908,781	(5,558,444)
Intermediate Sources				
County School Funds	10,000	10,000	8,014	(1,986)
Restricted Sources	25,000	25,000	28,211	3,211
Total Intermediate Revenues	35,000	35,000	36,225	1,225
State Sources:				
School Support Fund	20,402,011	20,402,011	24,640,250	4,238,239
Common School Fund	249,221	249,221	109,094	(140,127)
State Managed Timber	80,000	80,000	6,450	(73,550)
Other State Sources	500	500	5,880	5,380
Total State Revenues	20,731,732	20,731,732	24,761,674	4,029,942
Federal Sources:				
Grants-in-Aid	500	500	-	(500)
Foster Transportation Reimbursement	5,000	5,000	-	(5,000)
Federal Forest Fees	20,000	20,000	5,870	(14,130)
Other Federal Sources	500	500	-	(500)
Total Federal Revenues	26,000	26,000	5,870	(20,130)
Total Revenues	22,827,263	28,259,957	26,712,550	(1,547,407)
Expenditures				
Instruction*	17,970,019	22,078,850	21,699,278	(379,572)
Support Services*	4,768,866	5,012,236	4,133,030	(879,206)
Enterprise and Community Services*	1,000	1,000	-	(1,000)
Debt Service	1,000	1,000	-	(1,000)
Contingencies	675,000	675,000	-	(675,000)
Total Expenditures	23,415,885	27,768,086	25,832,308	(1,935,778)
Excess (Deficiency) of Revenues over (Unnder) Expenditures	(588,622)	491,871	880,242	388,371
Other Financing Sources (Uses):				
Sale of Assets	3,000	3,000	-	(3,000)
loan Receipts	500	500	-	(500)
Transfers In	15,000	15,000	201,478	186,478
Transfers Out*	(827,188)	(1,907,681)	(1,694,187)	213,494
Total Other Financing Sources (Uses)	(808,688)	(1,889,181)	(1,492,709)	396,472
Net Change in Fund Balance	(1,397,310)	(1,397,310)	(612,467)	784,843
Fund Balance				
Beginning of year	1,717,310	1,717,310	3,139,754	1,422,444
End of Year	\$ 320,000	\$ 320,000	\$ 2,527,287	\$ 2,207,287

* Legally adopted appropriation level

SCIO SCHOOL DISTRICT 95-0C
SCIO, OREGON

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

	<u>SPECIAL REVENUE FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
From Local Sources:				
Food Service Daily Sales	\$ 5,600	\$ 5,600	\$ 17,560	\$ 11,960
Extracurricular Activities	204,500	204,500	187,048	(17,452)
Contributions and Donations	11,700	2,856,842	2,050	(2,854,792)
Interest on Investments	60	60	560,801	560,741
Other Miscellaneous	26,900	330,901	25,147	(305,754)
Total from Local Sources	<u>248,760</u>	<u>3,397,903</u>	<u>792,606</u>	<u>(2,605,297)</u>
From Intermediate Sources:				
Unrestricted Sources	-	-	-	
Restricted Sources	<u>223,000</u>	<u>223,000</u>	<u>-</u>	<u>(223,000)</u>
From State Sources:				
Unrestricted Sources	-	-	61,262	61,262
Restricted Sources	<u>1,454,096</u>	<u>1,454,096</u>	<u>1,489,884</u>	<u>35,788</u>
From Federal Sources				
Restricted Revenue Paid through State	<u>1,352,716</u>	<u>1,352,716</u>	<u>1,313,885</u>	<u>(38,831)</u>
Total Revenues	<u><u>3,278,572</u></u>	<u><u>6,427,715</u></u>	<u><u>3,657,637</u></u>	<u><u>(2,608,340)</u></u>
EXPENDITURES				
Instruction*	1,595,111	1,631,407	1,368,801	(262,606)
Support Services*	1,203,924	1,445,435	739,706	(705,729)
Enterprise and Community Services*	426,735	426,735	426,641	(94)
Facilities Acquisitions and Construction*	578,510	641,000	635,388	(5,612)
Debt Service	-	-	-	-
Contingencies	<u>1,804,273</u>	<u>1,804,273</u>	<u>-</u>	<u>(1,804,273)</u>
Total Expenditures	<u>5,608,553</u>	<u>5,948,850</u>	<u>3,170,536</u>	<u>(2,778,314)</u>
Excess (Deficiency) of Revenues over (Unnder) Expenditures	(2,329,981)	478,865	487,101	8,236
Other Financing Sources (Uses):				
Transfers In	20,000	20,000	521,760	501,760
Transfers Out*	<u>(15,000)</u>	<u>(2,823,846)</u>	<u>(201,478)</u>	<u>2,622,368</u>
Total Other Financing Sources (Uses)	5,000	(2,803,846)	320,282	3,124,128
Net Change in Fund Balance	(2,324,981)	(2,324,981)	807,383	3,132,364
Fund Balance				
Beginning of year	<u>2,324,981</u>	<u>2,324,981</u>	<u>2,382,323</u>	<u>57,342</u>
End of Year	<u>-</u>	<u>-</u>	<u>3,189,706</u>	<u>3,189,706</u>

* Legally adopted appropriation level

SCIO SCHOOL DISTRICT 95C
SCIO, OREGON

SUPPLEMENTARY INFORMATION

SCIO SCHOOL DISTRICT 95-C
SCIO, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2025

<u>CAPITAL PROJECTS</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
Local Sources	\$ -	\$ -	\$ 269,440	\$ 269,440
Intermediate Sources:	-	-	194,078	
State Sources	4,785,987	4,785,987	2,938,072	(1,847,915)
Total Revenues	4,785,987	4,785,987	3,401,590	(1,384,397)
EXPENDITURES:				
Support Services				
Capital Outlay	450,000	450,000	149,285	(300,715)
Total Support Services	450,000	450,000	(1) 149,285	300,715
Building Acquisition and Construction:				
Purchased Services	50,000	454,307	98,383	355,924
Supplies and Materials	-	-	13,383	(13,383)
Capital Outlay	9,225,254	9,225,254	5,134,020	4,091,234
Dues and Fees	250	250	-	
Total Building Acquisition & Construction	9,275,504	9,275,504	(1) 5,245,786	4,029,718
Contingency	667,247	667,247	(1) -	667,247
Total Expenditures	10,392,751	10,392,751	5,395,071	4,997,680
Other Financing Sources, (uses)				
Transfers In	732,188	732,188	1,172,427	(440,239)
Total other Financing Sources	732,188	732,188	1,172,427	440,239
Net Change in Fund Balance	(4,874,576)	(4,874,576)	(821,054)	4,053,522
Beginning Fund Balance	4,874,576	4,874,576	4,689,823	(184,753)
Ending Fund Balance	\$ -	\$ -	\$ 3,868,769	\$ 3,868,769

(1) Appropriation Level

SCIO SCHOOL DISTRICT 95C
SCIO, OREGON

2024-2025 AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS



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Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of Scio School District as of and for the year ended June 30, 2025, and have issued our report thereon dated January 9, 2026. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

Compliance

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

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

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

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

OAR 162-10-0240 Internal Control

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

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

A handwritten signature in black ink, appearing to read "Ken Allen".

Kenneth Allen, CPA
Municipal Auditor
CLEAR TRAIL CPAs

SCIO SCHOOL DISTRICT
SCIO, OREGON
GRANT COMPLIANCE REVIEW

SCIO SCHOOL DISTRICT, 95C
SCIO, OREGON

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

Program Title	Pass Through Organization	Federal AL Number	Pass Through Entity Number	Period Covered	Expenditures	Passed Through to Subrecipients
U.S. Department of Education						
Title I Grants to Local Educational Agencies						
Title I Grant 2023-24	ODE	84.010	76575	7/1/2023 - 9/30/2024	6,980	
Title I Grant 2024-25	ODE	84.010	76575	7/1/2024 - 9/30/2025	146,773	
Total Title I Grant (Fund 246)					<u>153,753</u>	
Supporting Effective Instruction State Grant	ODE	84.367	76772	7/1/2023 - 09/30/2024	8,138	
Total (Fund 247)					<u>8,138</u>	
Title IVA - Student Support and Academic Enrichment	ODE	84.424	73004	7/1/2023 - 06/30/2024	9,621	
Total Title IVA Grant (Fund 248)					<u>9,621</u>	
Special Education Cluster						
IDEA - Children with Disabilities 611 2024-25 (Fund 243)	ODE	84.027	74300	7/1/2024 - 09/30/2026	286,892	
IDEA - Special Education Preschool Grants (Fund	ODE	84.173	74300	7/1/2023 - 09/30/2024	1,126	
Total Special Education Cluster					<u>288,018</u>	
Student Support and Academic Enrichment Program (Fund 241	LBCC	84.424	N/A	N/A	18,708	
Total Student Support and Academic Enrichment Program					<u>18,708</u>	
Rural Education	Direct	84.358	N/A	N/a	32,968	
Total U.S. Department of Education					511,206	
U.S. Department of Agriculture:						
Child Nutrition Cluster						
USDA Commodities	ODE	10.555		ongoing	21,600	
National School Lunch Program	ODE	10.555		ongoing	159,063	
Supply Chain Asst.	ODE	10.555		ongoing	20,882	
National School Breakfast Program	ODE	10.553		ongoing	81,072	
Summer Food Service Program for Children	ODE	10.559		ongoing	20,062	
Total U.S. Department of Agriculture					302,679	
U.S. Department of Justice:						
Public Safety Partnership and Community Policing Grants		16.710		10/1/22-9/30/25	500,000	
Total Grants Expended and Passed Through to Subrecipients					1,313,885.00	
Federal Forest Fees					5,870	
Total Federal Revenue					1,319,755.16	



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January 9, 2026

To the Board of Directors
Scio School District
Scio, Oregon

INDEPENDENT AUDITORS' 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*

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 and each major fund of Scio School District as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated January 9, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the internal control over financial reporting (internal control) as a basis for designing 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 internal control. Accordingly, we do not express an opinion on the effectiveness of 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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on 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*.

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 internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in dark ink, appearing to read "Ken Allen", is positioned above the printed name.

Kenneth Allen, CPA
Municipal Auditor
CLEAR TRAIL CPAs



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January 9, 2026

To the Board of Directors
Scio School District
Scio, Oregon

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Scio School District's 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 each of the major federal programs for the year ended June 30, 2025. The major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Scio School 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, 2025.

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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Scio School 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 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 its federal programs.

Auditors' 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 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 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 compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of 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 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 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 Auditors' 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 control 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.

A handwritten signature in dark ink, appearing to read "Ken Allen", with a stylized, flowing script.

Kenneth Allen, CPA
Municipal Auditor
CLEAR TRAIL CPAS

SCIO SCHOOL DISTRICT
SCIO, OREGON

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2025

SECTION I – SUMMARY OF AUDITORS’ RESULTS

FINANCIAL STATEMENTS

Type of auditors’ report issued

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

☐ yes ☒ no

Significant deficiency(s) identified that are not considered to be material weaknesses?

☐ yes ☒ none reported

Noncompliance material to financial statements noted?

☐ yes ☒ no

Any GAGAS audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?

☐ yes ☒ no

FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified?

☐ yes ☒ no

Significant deficiency(s) identified that are not considered to be material weaknesses?

☐ yes ☒ none reported

Type of auditors’ report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?

☐ yes ☒ no

IDENTIFICATION OF MAJOR PROGRAMS

CFDA NUMBER

10.553, 10.555, 10.559
16.710

NAME OF FEDERAL PROGRAM CLUSTER

Child Nutrition Cluster
Public Safety Partnership and Community Policing
Grants

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?

☐ yes ☒ no

SCIO SCHOOL DISTRICT
SCIO, OREGON

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2025

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes federal grant activity under programs of the federal government. The information in this schedule is presented in accordance with 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). Because the schedule presents only a selected portion of the operations, it is not intended to and does not present the net position, changes in net position, or cash flows of the entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The entity has elected to not use the ten percent de minimis indirect cost rate as allowed under Uniform Guidance, due to the fact that it already has a negotiated indirect cost rate with the Oregon Department of Education, and thus is not allowed to use the de minimis rate.