CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2025

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

BOARD OF EDUCATION

JUNE 30, 2025

	Term Expires
Scott Leeper - Chair	June 30, 2029
Mike Knepp – Vice Chair	June 30, 2029
Gabrielle Bebe	June 30, 2029
Chelsea Williams	June 30, 2029
Seth Taylor	June 30, 2027

All board members receive mail at the District Office address below.

ADMINISTRATION

Stefanie Garber – Superintendent
Megan VerVaecke – Business Manager
412 West E Street
PO Box 259
Culver, Oregon 97734

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Jefferson County, Oregon

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Jefferson County, Oregon

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Independent Auditor's Report

To the Board of Directors
Culver School District
Deschutes County, Oregon

Report on the Audit of the Financial Statements

Opinions

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

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

Emphasis of a Matter

As discussed in Note 18 to the financial statements, the District implemented GASB 101 – *Compensated Absences*, effective for the fiscal year ended June 30, 2025. This implementation required a change in accounting principle related to the recognition and measurement of compensated absences. As a result, the beginning net position of governmental activities as of July 1, 2024 has been restated to reflect the cumulative effect of applying the new standard. Our opinion is not modified with respect to this matter.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of the proportionate share of net pension liability and contributions – PERS, schedule of the proportionate share of net OPEB liability and contributions – Retiree Health Insurance Account, schedule of changes in total OPEB liability and related ratios – medical benefit, and the schedules of revenues, expenditures, and changes in fund balance, budget and actual for the general and special revenue funds be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.
We have applied certain limited procedures to the management's discussion and analysis, schedule of the proportionate share of net pension liability and contributions – PERS, schedule of the proportionate share

of net OPEB liability and contributions – RHIA, and the schedule of changes in total OPEB liability and related ratios – implicit health subsidy, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The schedules of revenues, expenditures, and changes in fund balance, budget and actual for the general and special revenue funds have 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 schedules of revenues, expenditures, and changes in fund balance, budget and actual for the general and special funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises of the schedules of revenues, expenditures and changes in fund balances – reconciliation to fund financial statements for the general fund, special revenue fund, debt service fund, capital projects fund, the schedules of revenues, expenditures a changes in fund balances - budgetary schedules for the debt service and capital project funds, the bonded debt obligation schedules and the information required by Oregon Department of Education but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 22, 2025 on our consideration of District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering District's internal control over financial reporting and compliance.

Other Reporting Required by Oregon Minimum Standards for Audits of Oregon Municipal Corporations

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 22, 2025 on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Prior Year Summarized Information

Sensiba LLP previously audited the District's financial statements for the year ended June 30, 2024. In our report dated December 18, 2024, we opined the statements were presented fairly in all material respects. We are not aware of any material modifications that should be made to the comparative information for it to be consistent with the audited financial statements from which it was derived.

Brenda Bartlett

Sensiba LLP
Bend, Oregon

December 22, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Culver School District No. 4, our discussion and analysis provide an overview of the District's financial activities for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with the District's Financial Statements, which follows this Management's Discussion and Analysis.

FINANCIAL HIGHLIGHTS

- At June 30, 2025 the District assets exceeded its liabilities by $5.3 million.
- The District has $12.3 million invested in capital assets, net of depreciation.
- Ending Net Position increased by $597,000 in FY 2024- 2025 primarily due to a decrease in liabilities. The decrease is driven primarily by lower outstanding bond balances and a year-over-year reduction in the District's PERS net pension liability.

OVERVIEW OF THE FINANCIAL STATEMENTS

The School District's annual report consists of a series of financial statements that show information for the District as a whole, its funds, and its fiduciary responsibilities. The Statement of Net Position and the Statement of Activities provides information about the activities of the District as a whole and presents a longer-term view of the District's finances. For our government activities, these statements tell how we financed our services in the short-term as well as what remains for future spending.

Our fund financial statements are included later in the financial report. Fund statements also may give you some insights into the District's overall financial health. They report the District's operations in more detail than the government-wide financial statements by providing information about the District's most significant fund, the General Fund.

Government-wide financial statements. These statements present information on the District's finances in a manner similar to private sector business. One of the most important questions asked about the District is, "Is the District as a whole better off or worse off financially as a result of the year's activities." The Statement of Net Position and Statement of Activities report information on the District as a whole and on its activities in a way that helps answer this question. We prepare these statements to include all assets and liabilities, using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position. The statement of net position shows the District's assets and liabilities, with the difference between the two reported as net position. All capital assets and long-term liabilities, and general government functions, are shown in the Statement of Net Position.

The Statement of Activities. The statement of activities shows revenue, expenses, and the change in net position for the District as a whole. Revenues and expenses attributable to specific functions are segregated from general revenues, to display the extent to which general revenues support each function.

Fund financial statements. Governmental funds account for the same functions as reported as governmental activities in the government-wide statements. The governmental fund reporting focuses on how money flows in and out of the funds and the balances left at year end that are available for spending. They are reported using the accounting method called "modified accrual" accounting, which measures cash and all other financial assets that can readily convert to cash. This information is essential for preparation of and compliance with annual budgets. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliations following government statements. The notes to the financial statements provide additional information that is essential to a complete understanding of the data provided in the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Total assets, liabilities and net position are compared as follows:

	June 30,	
	2025	2024
Assets		
Current and other assets	$ 3,995,500	$ 4,269,068
Capital assets (net)	12,359,502	11,973,973
Total assets	16,355,002	16,243,041
Deferred Outflows of Resources	4,793,014	4,128,198
Total Assets and Pension Related Deferrals	$ 21,148,016	$ 20,371,239
Liabilities		
Other liabilities	$ 1,863,623	$ 1,644,646
Long-term liabilities	12,256,180	13,024,204
Total liabilities	14,119,803	14,668,850
Deferred Inflows of Resources	1,678,173	949,501
Net Position		
Restricted	9,229,158	8,458,793
Unrestricted	(3,879,118)	(3,705,905)
Total net position	$ 5,350,040	$ 4,752,888

The District's revenues and expenses for fiscal year 2025 and 2024 are as follows:

		2025		2024
REVENUES				
Program revenues				
Charges for services	$	345,417	$	260,051
Operating grants		2,518,107		2,394,726
General revenues				
Property taxes		2,890,517		3,009,274
State revenue sharing		7,807,585		7,231,687
Miscellaneous		268,722		231,642
Total revenues		13,830,348		13,127,380
EXPENSES				
Instruction		7,081,805		7,051,405
Support services		5,351,645		5,174,484
Community services		544,907		509,588
Interest on long-term debt		121,660		132,659
Total expenses		13,100,017		12,868,136
Change in net position		730,331		259,244
Net position - beginning		4,752,888		4,493,644
Net position - beginning (restated)		(133,179)		-
Net position - ending	$	5,350,040	$	4,752,888

Approximately 22% of the District's activities are paid by property taxes, with another 60% from the State of Oregon shared revenues and 18% from various operating grants.

The overall change in net position was $730,331 primarily due to an increase in various revenue sources, including State revenue sharing, with a 5% total increase in revenues. The District's expenses increased 2% due to increased costs for goods and services and an increase in wages and benefits due to collective bargaining agreements.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The focus of government funds is to provide information on near term inflows, outflows, and balances of spendable resources. Unassigned fund balance measures the District net resources for appropriation in the next fiscal year. As of June 30, 2025, total fund balance of the governmental funds was $2.7 million, of which $1.1 million is unassigned.

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

	2025	2024	Change
General Fund	$ 1,724,299	$ 1,931,350	$ (207,050)
Special Revenue Fund	549,528	451,105	98,424
Debt Service Fund	117,352	116,861	491
Capital Projects Fund	388,952	467,413	(78,461)
	$ 2,780,131	$ 2,966,729	$ (186,596)

The Budget adjustment in the General Fund was an increase to Interfund Transfers. The correlating decrease was reflected in the Instruction allocation. The Budget adjustments in the Special Revenue Fund was reflected with an increase to Federal and State revenue sources received and expected to be spent during the year. An appropriation decrease in the Support services allocation was also made to help offset the increase in the Enterprise Services allocation.

	Original Appropriation	Increase	Decrease	Final Appropriation
General Fund				
Instruction	$ 6,213,360	$ -	$ 15,000	$ 6,198,360
Support Services	4,482,868	-	-	4,482,868
Interfund Transfers	110,000	15,000	-	125,000
Contingencies	100,000	-	-	100,000
	$ 10,906,228	$ 15,000	$ 15,000	$ 10,906,228

	Original Appropriation	Increase	Decrease	Final Appropriation
Special Revenue Fund				
Instruction	$ 1,151,821	$ -	$ -	$ 1,151,821
Support Services	1,106,552		18,000	1,088,552
Enterprise Services	483,216	75,000	-	558,216
	$ 2,741,588	$ 75,000	$ 18,000	$ 2,798,588

CAPITAL ASSETS

	2025	2024
Land and land improvements	$ 1,737,297	$ 1,737,297
Construction in progress	383,232	-
Buildings, net of depreciation	9,250,154	9,532,417
Equipment, net of depreciation	823,463	704,258
Leased equipment, net of amortization	5,077	17,265
IT subscriptions, net of amortization	160,279	182,476
Total capital assets	$ 12,359,502	$ 12,173,713

See footnote 6 for further information on capital assets, including current year activity.

During the year, the District's investment in Capital Assets increased overall by $185,789. The District invested a total of $680,062 in capital assets, which were primarily funded through grants. Of that amount, $216,454 was attributed to the acquisition of a new school bus. The District also made improvements to the Athletic Complex with a new concrete slab and handrails at the football stadium to ensure safety and ADA accessibility for patrons. This project accounted for $39,989 of the capital investments. Other purchases of equipment included interactive displays for classrooms and bathroom partitions.

The remaining $383,232 investment in capital assets is accounted for in Construction in progress. The District received a $2.4 million seismic grant from the state for structural upgrades to the gymnasium complex. Pre-planning and pre-construction services began in the 2024-2025 fiscal year. Construction will begin in the 2025-2026 fiscal year.

IT subscriptions and leased equipment are now classified as capital assets under the new GASB 96 standard, also known as right of use assets. The District implemented the new standard in the 2022-2023 fiscal year and originally recognized an additional $193,633 in capital assets. For the 2024-2025 fiscal year, the District saw a decrease of $22,197 in right of use assets for a total of $165,356 as of June 30, 2025. These assets are mainly subscription-based IT programs that are used for supplemental curriculum in the classroom.

See footnote 7 for further information on Right of Use liabilities including current year activity.

LONG-TERM DEBT

At the end of the year, the District had a total long-term debt outstanding of $3.84 million. This is a decrease of $659,284 from the prior year. As part of the GASB 96 standard, the District recognized an additional $39,036 in long term debt as part of the analysis of right to use IT subscriptions. Of the $3.84 million outstanding in long-term debt, $881,749 is due within one year, of which $765,000 is the payment due on the District's 2014 General Obligation Bond. In the current fiscal year, the District paid down $914,774 of the total debt owed.

The District implemented GASB 101 in the 2024-2025 fiscal year. This standard updates the recognition and measurement requirements for compensated absences, including vacation, sick leave, and similar employee benefits. The adoption of GASB 101 was applied retroactively, and the prior-year financial statements were restated to reflect the implementation of the new standard. The restatement reflects a change in accounting principle and does not represent a change in the District's employee leave policies or benefit programs. The impact of the restatement is presented in the financial statements and related notes.

See footnote 8 for further information on the District's long-term debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The primary economic factor influencing the District's operating fund is the stability of funding from the State of Oregon's State School Fund. For the year ended June 30, 2025, the State School Fund – General Support provided approximately 56% of the District's program resources. Local property taxes provided approximately an additional 21%. Prior years' staffing shortages, combined with increased expectations and requirements from the State, resulted in higher compensation and benefit requests during collective bargaining sessions across the state and region. At the same time, the District has experienced a decline in student enrollment, which has reduced State funding and contributed to ongoing financial uncertainty. This combination of rising personnel costs and declining enrollment has created instability in the District's operating budget and has required the District to make difficult decisions, including targeted budget reductions, to align expenditures with available resources.

The District's significant reliance on State funding, along with increasing mandates from the Oregon Department of Education, continues to present challenges, particularly for a smaller district with limited flexibility to absorb funding fluctuations. While compensation increases and expanded service demands have gained momentum in recent years, the revenue generated through enrollment-based funding has not kept pace, further constraining the District's financial capacity.

In response to these pressures, the State undertook a review of its Current Service Level (CSL) calculations to better reflect the true costs of operating schools. Updates to the CSL methodology were approved during the Spring 2025 legislative session and are intended to provide improved alignment between funding and actual district expenditures. While these changes may help reduce financial volatility for districts in future years, their full impact has not yet been realized.

Until greater funding stability is achieved, the District continues to rely on available cash carryover to address ongoing operational needs and to meet increasing State and Federal mandates. The District will continue to closely monitor enrollment trends, expenditures, and funding levels to maintain fiscal stability while continuing to support students and staff.

Salaries and benefit costs are expected to increase around 4% in 2025-2026, due to new contractual obligations and substantial increases in benefit costs. The increase is based on classified staff receiving a 4.25% COLA and full experience step and certified staff receiving a 3.00% COLA and full experience step. The District continues to see an increase in unemployment costs due to the new law that allows qualified classified staff to file for unemployment during break periods. The District saw an increased cost of $19,000 for unemployment claims in 2024-2025 compared to $3,000 in claims in 2023-2024. The cost for unemployment claims is expected to increase with more employees filing for benefits during break periods. The health insurance benefits cap also increased $100 per month per employee.

The District's enrollment saw a decrease in the 2024-2025 school year. Enrollment is expected to remain at the current level for the 2024-2025 school year. Total enrollment was 649 at the end of the 2024-2025 school year. The District's budget committee and School Board considered all of these factors while preparing the District's budget for 2025-2026 fiscal year.

REQUESTS FOR INFORMATION

The financial report is designed to provide a general overview of Culver School District's finances for all those interested. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to Culver School District, PO Box 259, Culver, Oregon 97734.

BASIC FINANCIAL STATEMENTS

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

STATEMENT OF NET POSITION

YEAR ENDED JUNE 30, 2025 AND SUMMARIZED INFORMATION FOR JUNE 30, 2024

	2025	2024
ASSETS		
Current Assets		
Cash and investments	$ 3,078,763	$ 3,082,861
Property taxes receivable	154,886	134,247
Grants receivable	470,082	548,627
Accounts receivable	131,345	150,808
Supply inventory	16,499	13,544
Net other postemployment benefit asset - RHIA	143,925	139,240
Non-Current Capital Assets		
Right of use assets, net of amortization	165,356	199,741
Non-depreciable assets	2,120,529	1,737,297
Depreciable assets, net of depreciation	10,073,617	10,236,676
TOTAL ASSETS	16,355,002	16,243,041
DEFERRED OUTFLOWS OF RESOURCES		
Pension related deferrals - PERS	4,729,100	4,022,218
Other postemployment benefit obligation - IR Subsidy	42,667	50,361
Other postemployment benefit obligation - RHIA	21,247	55,619
TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,793,014	4,128,198
LIABILITIES		
Current liabilities		
Accounts payable	200,016	71,855
Payroll liabilities	765,920	753,729
Interest payable	15,938	7,222
Due within one year: Bonds, notes, right of use	881,749	811,840
Noncurrent liabilities		
Net other postemployment benefit liability - IR Subsidy	128,000	126,991
Net pension liability - PERS	8,957,579	9,168,873
Accrued compensated absences	206,372	34,917
Bond premium	171,969	230,306
Due in more than one year: Bonds, notes, right of use	2,792,260	3,463,117
TOTAL LIABILITIES	14,119,803	14,668,850
DEFERRED INFLOWS OF RESOURCES		
Deferred revenue - grant funds	-	25,201
Pension related deferrals - PERS	1,585,845	807,669
Other postemployment benefit obligation - IR Subsidy	87,692	91,370
Other postemployment benefit obligation - RHIA	4,636	25,261
TOTAL DEFERRED INFLOWS OF RESOURCES	1,678,173	949,501
NET POSITION		
Net investment in capital assets	8,513,524	7,668,451
Restricted		
Restricted for Capital Projects	388,952	467,413
Restricted for OPEB RHIA	160,536	169,598
Restricted for Debt Service	117,352	116,861
Restricted for Private Donations	48,794	36,470
Unrestricted	(3,879,118)	(3,705,905)
TOTAL NET POSITION	$ 5,350,040	$ 4,752,888

See notes to financial statements

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2025 AND SUMMARIZED INFORMATION FOR JUNE 30, 2024

		Program Revenues			Net (Expense) Revenue and Changes in Net Position Governmental Activities	
FUNCTIONS	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	2025	2024
Instruction	$ 7,081,805	$ 343,917	$ 1,635,245	$ -	$ (5,102,643)	$ (4,723,521)
Support Services	5,351,645	1,500	440,341	61,000	(4,848,804)	(4,847,630)
Community Services	544,907	-	-	-	(544,907)	(509,549)
Facilities Acquisition & Construction	-	-	-	381,521	381,521	-
Interest on long-term debt	121,660	-	-	-	(121,660)	(132,659)
Total governmental activities	13,100,017	345,417	2,075,586	442,521	(10,236,493)	(10,213,359)

	2025	2024
General revenues:		
Property taxes levied for general purposes	2,035,353	2,128,740
Property taxes levied for debt service	855,164	880,534
Construction excise tax	28,265	14,573
State revenue sharing	7,807,585	7,231,687
Income Not Restricted to Specific Programs		
Local sources	52,783	55,524
Intermediate sources	15,813	13,247
Federal, unrestricted	1,072	-
Gain (Loss) on disposal of capital assets	-	(15,184)
Interest and investment earnings	170,789	163,482
Total general revenues	10,966,824	10,472,603
CHANGE IN NET POSITION	730,331	259,244
Net Position - beginning, as reported	4,752,888	4,493,644
Restatement - Implementation of GASB 101	(133,179)	-
Net Position - beginning, as restated	4,619,709	4,493,644
Net Position - ending	$ 5,350,040	$ 4,752,888

See notes to financial statements

Jefferson County, Oregon

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2025 AND SUMMARIZED INFORMATION FOR JUNE 30, 2024

		Special	Debt	Capital	Totals	
ASSETS	General	Revenues	Service	Projects	2025	2024
Cash and investments	$ 2,095,985	$ 489,481	$ 102,634	$ 390,663	$ 3,078,763	$ 3,082,861
Property taxes receivable	109,296	-	45,590	-	154,886	134,247
Accounts receivable	66,556	64,789	-	-	131,345	150,808
Interfund receivable	388,941	-	-	-	388,941	600,685
Grants receivable	-	272,760	-	197,322	470,082	548,627
Supply inventory	-	16,499	-	-	16,499	13,544
Total assets	$ 2,660,778	$ 843,529	$ 148,224	$ 587,985	$ 4,240,516	$ 4,530,772
LIABILITIES						
Liabilities						
Accounts payable	$ 95,923	$ 44,566	$ -	$ 59,527	$ 200,016	$ 71,855
Interfund payable	-	249,435	-	139,506	388,941	600,685
Payroll liabilities	765,920	-	-	-	765,920	753,729
Total liabilities	861,843	294,001	-	199,033	1,354,877	1,426,269
DEFERRED INFLOWS						
Deferred revenue - grant funds	-	-	-	-	-	25,201
Unavailable revenue - property taxes	74,636	-	30,872	-	105,508	112,573
Total deferred inflows	74,636	-	30,872	-	105,508	137,774
FUND BALANCES						
Nonspendable	-	16,499	-	-	16,499	13,544
Restricted for:						
Private donations	-	48,794	-	-	48,794	36,470
Energy program	-	136,433	-	-	136,433	106,781
Debt service	-	-	117,352	-	117,352	116,861
Capital projects	-	-	-	388,952	388,952	467,413
Assigned for:						
Appropriated ending fund balance	567,956	-	-	-	567,956	1,006,882
Textbook replacement	-	37,962	-	-	37,962	44,435
Asset replacement	-	29,510	-	-	29,510	27,772
Employee pension fund	-	94,434	-	-	94,434	88,870
Student body funds	-	181,912	-	-	181,912	135,176
Unassigned	1,156,343	3,984	-	-	1,160,327	922,525
Total fund balances	1,724,299	549,528	117,352	388,952	2,780,131	2,966,729
Total liabilities, deferred inflows and fund balances	$ 2,660,778	$ 843,529	$ 148,224	$ 587,985	$ 4,240,516	$ 4,530,772

See notes to financial statements

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION

JUNE 30, 2025

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS		$ 2,780,131
The net PERS pension asset (liability) is the difference between the total pension liability and the assets set aside to pay benefits earned to past and current employees and beneficiaries.		(8,957,579)
Net other postemployment benefit assets applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund assets.		143,925
Deferred inflows and outflows of resources related to the pension plan include differences between expected and actual experience, changes of assumptions, differences between projects and actual earning, and contributions subsequent to the measurement date.		
Deferred outflows - PERS		4,729,100
Deferred inflows - PERS		(1,585,845)
Deferred Outflows - other postemployment benefits		63,914
Deferred Inflows - other postemployment benefits		(92,328)
The cost of capital assets (land, buildings, improvements, equipment and vehicles) purchased or constructed is reported as an expenditure in governmental funds. The Statement of Net Position includes those capital assets amount the assets of the District as a whole.		
Net capital assets, excluding right of use assets		12,194,146
Right of use capital assets are not financial resources and therefore are not reported in the governmental funds.		
Lease Assets, net		5,077
IT Subscription assets, net		160,279
Prepaid expenses are reported as assets in the District's governmental activities.		
Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long term are reported in the Statement of Net Position.		
General obligation bonds payable	$ (3,549,093)	
Interest payable	(15,938)	
Net other postemployment benefit liability	(128,000)	
Right of use liabilities	(124,916)	
Accrued compensated absences	(206,372)	(4,024,319)
The unamortized portion of bond premium revenue is not available to pay for current period revenues, and therefore is not reported in the governmental funds.		(171,969)
Unavailable revenue related to property taxes.		105,508
NET POSITION		$ 5,350,040

See notes to financial statements

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2025 AND SUMMARIZED INFORMATION FOR JUNE 30, 2024

	General	Special Revenue	Debt Service	Capital Projects	Totals 2025	Totals 2024
Revenues						
Local sources						
Property tax	$ 2,040,151	$ -	$ 857,431	$ -	$ 2,897,582	$ 3,004,223
Construction excise tax	-	-	-	28,265	28,265	14,573
Grants and contributions	-	127,258	-	-	127,258	71,065
Tuition	43,808	-	-		43,808	25,860
Interest and miscellaneous	165,620	194,615	21,410	18,249	399,894	418,682
Intermediate sources	15,365	-	448	-	15,813	13,247
State sources						
State school fund	7,658,504	3,146	-	59,900	7,721,550	7,149,931
Restricted grants	89,182	1,246,291	-	381,521	1,716,994	1,202,034
Federal sources	11,176	877,044	-	-	888,220	1,274,448
Total revenues	10,023,806	2,448,354	879,289	487,935	13,839,384	13,174,063
Expenditures						
Instruction	5,772,521	1,059,964	-	-	6,832,485	6,680,255
Support services	4,315,604	774,083	-	85,472	5,175,159	5,194,998
Enterprise services	-	547,818	-	-	547,818	507,416
Capital outlay	37,305	39,698	-	621,288	698,291	327,691
Debt service	31,507	45,569	878,798	78,598	1,034,472	926,711
Total expenditures	10,156,937	2,467,132	878,798	785,358	14,288,225	13,637,071
Excess (deficiency) of revenues over (under) expenditures	(133,131)	(18,778)	491	(297,423)	(448,841)	(463,008)
Other financing sources (uses)						
Loan proceeds	-	-	-	216,454	216,454	-
IT Subscriptions	36,080	9,709	-	-	45,789	39,710
Transfers in	-	110,000	-	2,508	112,508	100,000
Transfers out	(110,000)	(2,508)	-	-	(112,508)	(100,000)
Total other financing sources and (uses)	(73,920)	117,201	-	218,962	262,243	39,710
Net change in fund balances	(207,051)	98,423	491	(78,461)	(186,598)	(423,298)
Fund balances - beginning of year	1,931,350	451,105	116,861	467,413	2,966,729	3,390,027
Fund balances - end of year	$ 1,724,299	$ 549,528	$ 117,352	$ 388,952	$ 2,780,131	$ 2,966,729

See notes to financial statements

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2025

TOTAL NET CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS		$ (186,598)
The revenue (expense) represents the changes in net asset (liability) and deferred inflows/outflows from year to year due to changes in the fair value of plan net position available to pay benefits.		
PERS	$ 140,000	
Other postemployment benefits - IR Subsidy	(5,025)	
Other postemployment benefits - RHIA	(9,062)	125,913
Compensated absences are recognized as an expenditure in the governmental funds when they are paid. In the Statement of Activities compensated absences are recognized as an expense when earned.		(38,276)
Capital asset additions are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation/amortization expense. This is the amount by which capital assets additions exceeds depreciation/amortiziation		
Additions, net of disposals and adjustments		
IT subscription assets	47,013	
Other capital assets	680,062	
Depreciation/Amortization expense		
Leased equipment	(12,188)	
IT subscription assets	(69,210)	
Other capital assets	(459,889)	185,788
Changes of long-term debt principal are reported as expenditures and revenues in governmental funds, whereas they are reported as changes in bonds payable in the Statement of Net Position.		
Issuance of right-of-use liabilities	(45,789)	
Lease repayments	12,768	
IT Subscription repayments	58,503	
Issuance of Bonds, Loans	(216,454)	
Bonds, Loans repayments	791,920	600,948
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		(8,716)
Bond issue premiums are reported as revenue received in the Governmental Funds. For government-wide reporting, these costs are reported as a liability and amortized over the life of the bond. This represents the amount expensed in the Statement of Activities.		58,337
Property tax revenue in the Statement of Activities differs from the amount reported in the governmental funds. In the governmental funds, which are on the modified accrual basis, the District recognizes unavailable revenue for all property taxes levied but not received, however in the Statement of Activities, there is not unavailable revenue and the full property tax receivable is accrued.		(7,065)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 730,331

See notes to financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Program Revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; revenues reduce the cost of the function to be financed from general revenues. The Statement of Activities presents charges for services and operating grants and contributions under program revenues.

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Governmental Fund Types

Governmental funds are used to account for the 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, which is two (2) months. 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, pension costs, and claims and judgments, which are not recognized as expenditures because they will be liquidated with future expendable financial resources. Principal and interest on general long-term debt, long-term leases, and claims and judgments are recognized as expenditures to the extent they have matured. Capital asset acquisitions, including entering into contracts giving the District the right to use leased and subscription-based assets, are reported as expenditures in the governmental funds. Proceeds from general-long term debt and financing through leases and subscriptions are reported as other financing sources.

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.

These are the following major governmental funds:

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

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

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

Capital Projects Funds – The Capital Projects Funds account for bus replacement, major improvement and construction projects. Major financing is from bond proceeds, interest income and fund balance carryforward.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Use of Estimates

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

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 (3) months or less from the date of acquisition.

Property Taxes

Uncollected real and personal property taxes are reflected on the statement of net position and the balance sheet as receivables. Uncollected taxes are deemed by management to be substantially collectible or recoverable are due from property owners within the District.

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

Grants

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

Supplies Inventories

General Fund operating and maintenance supplies and food and other cafeteria supplies recorded in the Special Revenue Funds are valued at cost using the first-in, first-out method. All inventory items are charged to expenditures of user departments at the time of withdrawal from inventory (consumption method) for the government wide statements. Food inventories include the value of United States Department of Agriculture donated commodities; revenues and expenditures in Special Revenue Funds include the value of donated commodities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Prepaid Items
Prepaid items are accounted for using the purchases method.

Capital Assets
Capital assets, which include land, buildings, equipment, construction in progress, and right to use leases and IT subscriptions are reported in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost, except for right to use assets which are measured as discussed below.

Right of Use capital assets include leased equipment and IT subscriptions. Lease assets are assets which the District leases for a term of more than one year. The value of leases is determined by the net present value of the leases at the District's incremental borrowing rate at the time of the lease agreement, amortized using the straight-line method over the term of the agreement. Subscription assets are assets in which the government obtains control of the right to use the underlying IT asset. The value of the subscription asset is initially measured as the sum of the initial subscription liability amount, any payments made to the IT software vendor before commencement of the subscription term, and any capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. The subscription asset is amortized in a straight-line manner over the course of the subscription term.

Donated capital assets are recorded at their estimated fair market value on the date donated. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Capital assets are depreciated/amortized using the straight-line method over the following useful lives:

Buildings and Improvements	50 years
Equipment and Vehicles	5 to 15 years
Right to Use Leased Equipment	3 to 6 years
Right to Use IT Subscriptions	2 to 10 years

Compensated Absences
It is policy to permit employees to accumulate earned but unused vacation and sick pay benefits. The District records a liability for compensated absences in accordance with *GASB Statement No. 101, Compensated Absences*, which requires the District to recognize a liability for unused leave when (1) the leave is attributable to services already rendered, (2) the leave accumulates, and (3) the leave is more likely than not to be used for time off or otherwise paid or settled.
The District provides eligible employees with vacation leave, sick leave, and other forms of compensated absences based on employee classification. Vacation leave is earned and may be carried

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

over subject to District policy. Sick leave accumulates without limit but is not payable upon termination.

Under GASB 101, the District evaluates whether accumulated leave is **more likely than not** to be used for time off or paid out. Leave expected to be used for future absences is measured using the employee's pay rate in effect at the financial reporting date. Leave expected to be paid out is measured using the payout rate established by District policy or collective bargaining agreements.

Generally, only the portion expected to be liquidated with expendable available resources is reported in the government funds.

Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued, including entering into contracts giving the District the right to use leased and subscription-based assets, is reported as other financing sources, while discounts on debt issuances are reported as other financing uses. The present value of lease and subscription payments expected to be made during the applicable term is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Outflows / Inflows or Resources

In addition to assets, the basic financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources. Deferred outflows include PERS/pension related deferrals and OPEB health insurance related deferrals.

In addition to liabilities, the basic financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will be recognized as an inflow of resources (revenue) until that time. Deferred inflows reported in the governmental funds balance sheet include unavailable revenue from property taxes and unspent grant funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows also include PERS/pension related deferrals and OPEB health insurance related deferrals.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Leases
The District is a lessee for a noncancellable lease of equipment and recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of $5,000 or more.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Right to use assets
Right-to-Use assets include Lease and IT Subscriptions. Lease assets are assets which the District leases for a term of more than one year. The value of leases is determined by the net present value of the leases at the District's incremental borrowing rate at the time of the lease agreement, amortized using the straight-line method over the term of the agreement. Subscription assets are assets in which the government obtains control of the right to use the underlying IT asset. The value of the subscription asset is initially measured as the sum of the initial subscription liability amount, any payments made to the IT software vendor before commencement of the subscription term, and any capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. The subscription asset is amortized in a straight-line manner over the course of the subscription term.

IT Subscriptions payable
In the government-wide financial statements, subscription liabilities are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, the present value of subscription payments expected to be made during the subscription term is reported as other financing sources. The subscription liability is initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments are discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government's incremental borrowing rate if the interest rate is not readily determinable. Amortization of the discount on the subscription liability is recognized as an outflow of resources (for example, interest expense) in subsequent financial reporting periods.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Net Position

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

> *Net Investment in Capital Assets* – consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
>
> *Restricted* – consists of external constraints placed on asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
>
> *Unrestricted* – consists of all other assets that are not included in the other categories previously mentioned.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Balances

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

- <u>Nonspendable fund balance</u> represents amounts that are not in a spendable form. The nonspendable fund balance represents inventories.
- <u>Restricted fund balance</u> 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).
- <u>Committed fund balance</u> represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.
- <u>Assigned fund balance</u> represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body. The authority to classify portions of ending fund balance as Assigned is granted to the Superintendent and the Business Manager.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

- 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) and unassigned.

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' 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.

Fair Value Inputs and Methodologies and Hierarchy

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

Level 1 – unadjusted price quotations in active markets/exchanges for identical assets or liabilities that each Fund has the ability to access
Level 2 – other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market-corroborated inputs)
Level 3 – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund's own assumptions used in determining the fair value of investments)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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.

NOTE 2 – BUDGETARY INFORMATION

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

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

Budget amounts shown in the financial statements include the original budget amounts and four appropriation increases. Appropriations lapse at the end of each fiscal year. Expenditures of the various funds were within authorized appropriations.

NOTE 3 – BUDGET/GAAP REPORTING DIFFERENCES

The budgetary statements provided as part of supplementary information elsewhere in this report are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The budgetary basis of accounting is the same as generally accepted accounting principles in the United States of America with the exceptions that capital outlay expenditures are expenses when purchased, depreciation and amortization are not calculated, principal on debt and capital lease payments are budgeted as expenditures when paid, property taxes are recorded when received, pension costs and compensated absences are not recorded until paid, and inventories of supplies are budgeted as expenditures when purchased.

NOTE 4 - CASH AND INVESTMENTS

The cash management policies are governed by state statues. A cash pool is maintained that is available for use by all funds. Each fund type's portion of this pool is reported on the combined balance sheet as Cash and Investments or amounts of Interfund Payables. In addition, cash is separately held by some of the funds.

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

Demand deposits	$ 1,233,736
US Bank Transfer Acct	11,578
State Treasurer's Investment Pool	560,961
Jefferson County Investment Pool	1,352,751
	$ 3,159,026

Deposits

Deposits with financial institutions include bank demand deposits. Oregon Revised Statues require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury.

Investments

Statues authorize investing in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Fitch Ratings and Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record (A-2/P-2 if Oregon commercial paper) and the state treasurer's investment pool.

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase

NOTE 4 - CASH AND INVESTMENTS - continued

agreements and reverse repurchase agreements. The fund's compliance with all portfolio guidelines can be found in their annual report when issued.

The LGIP seeks to exchange shares at $1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at $1.00 per share, it is possible to lose money by investing in the pool. These investments are measured using an estimated fair value equivalent to book value. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized.

The audited financial reports of the Oregon Short Term Fund can be found here:

https://www.oregon.gov/treasury/public-financial-services/oregon-short-term-funds/pages/default.aspx

If the link has expired, please contact the Oregon Short Term Fund directly.

		Investment Maturities (months)		
Investment Type	Fair Value	Less than 3	3-18	18-59
State Treasurer's Investment Pool	$ 560,961	$ 560,961	$ -	$ -
Jefferson County Investment Pool	1,352,751	1,352,751	-	-
Bond Account - County	11,578	11,578	-	-
	$ 1,925,290	$ 1,925,290	$ -	$ -

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. There were no investments that have a maturity date greater than three months.

Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the deposits may not be returned. There is no deposit policy for custodial credit risk. As of June 30, 2025, none of the bank balance was exposed to custodial credit risk. The total bank balance per the bank statements as of June 30, 2025 was $1,245,314, of which $250,000 was covered by federal depository insurance and the remainder was collateralized by the Oregon Public Funds Collateralization Program (PFCP).

NOTE 4 - CASH AND INVESTMENTS – continued

Credit Risk – Investments
Oregon Revised Statutes do not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE. The State Investment Pool is not rated.

Concentration of Credit Risk
As of June 30, 2025, 29% of total investments were in the State Treasurer's Investment Pool and 70% of total investments were in the Jefferson County Investment Pool. State statutes do not limit the percentage of investments in these types of instruments.

NOTE 5 – ACCOUNTS RECEIVABLE

Accounts receivable is comprised primarily of claims for reimbursement of costs under various federal and state grant programs. No allowance for uncollectible accounts had been recorded because management considers all receivables to be collectible.

NOTE 6 - CAPITAL ASSETS

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

	Balance June 30, 2024	Increases	Decreases	Transfers/ Adjustments	Balance June 30, 2025
Capital assets not being depreciated/amortized					
Land	$ 1,737,297	$	$	$	$ 1,737,297
Construction in progress	-	383,232			383,232
Total capital assets not being depreciated/amortized	**1,737,297**	**383,232**			**2,120,529**
Capital assets being depreciated					
Building and improvements	16,694,251	39,989			16,734,240
Vehicles and equipment	2,074,022	256,842			2,330,864
Total capital assets being depreciated	18,768,273	296,831			19,065,104
Less accumulated depreciation for					
Buildings and improvements	7,161,834	322,252			7,484,086
Vehicles and equipment	1,369,764	137,637			1,507,401
Total accumulated depreciation	8,531,598	459,889			8,991,487
Total capital assets being depreciated, net	**10,236,675**	**(163,058)**			**10,073,617**
Total tangible capital assets, net	**11,973,972**	**220,174**	-	-	**12,194,146**
Right to use assets being amortized					
Leased equipment	60,939				60,939
IT subscriptions	295,553	47,013			342,566
Total right to use assets being amortized	356,492	47,013			403,505
Less accumulated amortization for					
Leased equipment	43,674	12,188			55,862
IT subscriptions	113,077	69,210			182,287
Total accumulated amortization	156,751	81,398			238,149
Total right to use assets, net	**199,741**	**(34,385)**			**165,356**
Total capital assets, net	**$ 12,173,713**	**$ 185,789**	**$ -**	**$ -**	**$ 12,359,502**

Depreciation and amortization expense for the year were charged to the following programs:

Instruction	$ 350,323
Support Services	190,564
Community Services	400
	$ 541,287

NOTE 7 – RIGHT OF USE LIABILITIES

	Beginning Balance	Issued	Matured and Redeemed	Adjustments	Ending Balance	Due in One Year
Lease liabilities						
Copiers	18,204		(12,768)		5,436	5,436
Total lease liabilities	18,204		(12,768)		5,436	5,436
IT subscription liabilities						
TalentEd - Powerschool; interest at 4.25% principal and interest of $2,296 paid annually; due 2026	6,603		(1,996)		4,607	2,196
TalentEd Perform - Powerschool: interest at principal and interest of $1,286-$7,713 paid annually; due 2027	14,688		(7,114)	1,163	8,737	7,459
TimeClock Plus: interest at 5% principal and interest of $2,650-$3,533 paid annually; due 2026	5,823		(2,413)		3,410	2,537
Powerschool E-Enrollment: interest at 2.75% principal and interest of $3,423-$5,134 paid annually; due 2026	8,763		(4,955)		3,808	3,807
Lexia Core 5: interest at 2.5% principal and interest of $766-$9,195 paid annually; due 2028	26,548		(6,640)	(1,261)	18,647	8,829
Microsoft: interest at 4.75% principal and interest of $384-$2,307 paid annually; due 2027	4,737		(2,127)		2,610	2,231
Google Workspace: interest at 4.75% principal and interest of $288-$1,728 paid annually; due 2027	3,552		(1,594)		1,958	1,671
Imagine Learning: interest at 4.75% principal and interest of $3,495-$4,194 paid annually; due 2027	11,098		(3,747)		7,351	3,929
IXL Learning: interest at 2.5% principal and interest of $362-$4,347 paid annually; due 2028	12,552		(3,140)	(596)	8,816	4,175
Powerschool - SIS: interest at 4% principal and interest of $2,126-$8,505 paid annually; due 2025	2,112	14,795	(5,470)		11,437	4,781
ParentSquare: interest at: 4.75% principal and interest of $4,233 paid annually; due 2025	4,128		(3,951)	3,613	3,790	3,790
IXL-Addtl Licenses: interest at: 5.50% principal and interest of $3,304 paid annually; due 2027	7,014		(2,146)		4,868	2,267
TalentEd Contracts: interest at: 5.75% principal and interest of $6,041 paid annually; due 2027	11,500		(5,298)	3,833	10,035	5,611

NOTE 7 – RIGHT OF USE LIABILITIES - continued

	Beginning Balance	Issued	Matured and Redeemed	Adjustments	Ending Balance	Due in One Year
Continued						
Naviance-PowerSchool: interest at: 5.50% principal and interest of $8,201 paid annually; due 2027	13,076		(6,090)		6,986	6,433
Debtbook: interest at: 5.50% principal and interest of $5,083 paid annually; due 2028		14,532	(1,107)		13,425	4,433
Wayfinder: interest at: 5.50% principal and interest of $8,571 paid annually; due 2027		9,709	(714)		8,995	8,283
Total IT subscription liabilities	132,194	39,036	(58,502)	6,752	119,480	72,432
Total right of use liabilities	$ 150,398	$ 39,036	$ (71,270)	$ 6,752	$ 124,916	$ 77,868

The District entered into a five-year lease agreement for copy machines in November 2020.

Future maturities of right of use liabilities are as follows:

Year Ending June 30,	Leases		IT Subscriptions		Total
	Principal	Interest	Principal	Interest	
2026	5,436	39	72,432	3,814	81,721
2027			40,291	1,132	41,423
2028			6,757	108	6,865
	$ 5,436	$ 39	$ 119,480	$ 5,054	$ 130,009

NOTE 8 – LONG-TERM OBLIGATIONS

	Changes in Long-term Obligations				
	Beginning Balance	Issued	Matured and Redeemed	Ending Balance	Due in One Year
Notes Payable					
Bus Purchase 2020-2021 (Bus #14)	29,559		(29,559)		
Bus Purchase 2024-2025		216,454	(47,361)	169,093	38,881
Bonds Payable					
GO Bond 2014	4,095,000		(715,000)	3,380,000	765,000
Premium related to Bond					
Bond premium	230,306		(58,337)	171,969	
Leases	18,204		(12,768)	5,436	5,436
IT Subscriptions	132,193	39,036	(51,749)	119,480	72,432
Total Long-term Obligations	$ 4,505,262	$ 255,490	$ (914,774)	$ 3,845,978	$ 881,749

On February 20, 2014, $8,800,000 of General Obligation bonds were issued to refinance $725,000 of the 2008 bond and to make improvements to school buildings. A portion of the net proceeds of $9,665,912 (including an $865,912 premium and after payment of $120,483 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the 2008 Full Faith and Credit bonds' total debt service payments were reduced over 9 years by $897,587. There are no significant default remedy clauses noted in the agreements that would impact the financial statements or require disclosure under GASB 88.

NOTE 8 – LONG-TERM OBLIGATIONS – continued

The District entered into an installment purchase agreement with Santander Bank in July of 2024 to finance the acquisition of a school bus. The agreement is reported as long-term debt and is payable in five annual installments through June 30, 2029.

The agreement bears interest at a fixed rate of 5.605%. In the event of a default, the lender may repossess the asset in accordance with the terms of the agreement. The installment purchase agreement does not contain a termination clause that would allow the District to cancel the agreement without penalty.

As of June 30, 2025, the outstanding principal balance of the installment purchase agreement was $169,093.

	Future Maturities		
Year Ending June 30,	Bus Purchase 2024-2025	GO Bond 2014	Total
2026	38,881	765,000	803,881
2027	41,060	815,000	856,060
2028	43,361	870,000	913,361
2029	45,791	930,000	975,791
	$ 169,093	$ 3,380,000	$ 3,549,093

GASB Statement No. 101 permits the presentation of changes in compensated absences on a net basis. Accordingly, the District's compensated absences schedule reflects the net change in the liability for the fiscal year. Changes in compensated absences for the fiscal year ended June 30, 2025 were as follows:

	Changes in Long-term Obligations - Compensated Absences		
	Beginning Balance	Net Change	Ending Balance
Governmental Activities			
Compensated Absences	168,096	38,276	206,372
Total Long-term Obligations	$ 168,096	$ 38,276	$ 206,372

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS – IMPLICIT RATE SUBSIDY

Postemployment Healthcare Plan
The District reports its liability for other postemployment benefits consistent with established generally accepted accounting principles and to reflect an actuarially determined liability for the present value of projected future benefits for retired and active employees on the financial statements.

Plan Description
The District sponsors a self-pay early retirement health insurance program for its retirees. 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 plan does not issue a stand-alone financial report.

Funding Policy
The District did not establish an irrevocable trust (or equivalent arrangement) to account for the plan. The benefits from this program are paid by the retired employees on a self-pay basis and the required contribution is based on projected pay-as-you go financing requirements. There is no obligation on the part of the District to fund these benefits in advance.

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS – IMPLICIT RATE SUBSIDY – continued

Actuarial Methods and Assumptions

The District engaged an actuary to perform an evaluation as of July 1, 2023, using entry age normal actuarial funding method. The OPEB liability was determined based on measurement dates of June 30, 2024 and 2025, using the following actuarial assumptions:

Discount Rate	5.25%
General Inflation	2.50%
Annual Salary Increases	3.50% plus merit increases/decreases ranging from .06% to 5.54%
Health Care Cost Trend	
Medical and Vision:	

Year	Rate	Year	Rate
2025	4.00%	2034	5.30%
2026	4.50%	2035	5.20%
2027	5.00%	2036	5.10%
2028	5.50%	2037	5.00%
2029	5.80%	2038	4.90%
2030	5.70%	2039	4.80%
2031	5.60%	2040	4.70%
2032	5.50%	2041	4.60%
2033	5.40%	2041+	4.50%

Demographic assumptions regarding retirement eligibility, retirement rates, disability, and turnover are based on valuation assumptions from the Oregon PERS 2022 Experience Study. Election rate and lapse assumptions are based on experience implied by valuation data for this and other Oregon public employers. Mortality rates used are the Pub-2010 Retiree tables for teachers, sex distinct, projected generationally: 125% of a blend of 80% of published rates and 20% of PUB-2010 Retiree Tables for males, 100% of published rates for females.

Future retiree coverage: 35% of active members were assumed to elect coverage upon retirement. 50% of members who elect coverage upon retirement are also assumed to elect spouse coverage. Retirees for whom the Employer will never pay any portion of the health care premiums are assumed to have a 7% probability of lapsing (dropping) coverage per year. Female spouses are assumed to be two years younger than male spouses.

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS – IMPLICIT RATE SUBSIDY – continued

Under GASB 75, unfunded plans must use a discount rate that reflects a 20-year tax-exempt municipal bond yield or index rate. The assumptions in this report reflect the Bond Buyer 20-Year General Obligation Bond Index.

For the report dated July 1, 2023, 100 participants were covered under the plan, all of which were active participants.

Changes in OPEB Liability

The District recognized $7,469 of OPEB expense related to the implicit rate subsidy for the year ended June 30, 2025.

Balance as of June 30, 2024	$ 126,991
Changes for the year:	
Service cost	11,448
Interest on total OPEB liability	5,489
Difference between expected and actual experience	
Effect of economic/demographic gains/losses	-
Effect of assumptions changes or inputs	(13,484)
Benefit payments	(2,444)
Balance as of June 30, 2025	$ 128,000

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS – IMPLICIT RATE SUBSIDY - continued

Sensitivity Analysis
The following analysis presents the net OPEB liability using a discount rate of 5.25%, 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 and one percentage point higher than the current discount rate. A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption:

	1% Decrease 4.25%	Current Discount rate 5.25%	1% Increase 6.25%
Total OPEB Liability	$ 138,695	$ 128,000	$ 118,059

	1% Decrease 3.50%	Current Trend Rate 4.50%	1% Increase 5.50%
Total OPEB Liability	$ 110,766	$ 128,000	$ 148,814

Deferred Inflow and Outflows
Under GASB 75, gains and losses which are amortized over future years are referred to as deferred inflows (gains) and deferred outflows (losses). Economic and demographic gains and losses and changes in the Total OPEB Liability due to changes in assumptions are recognized over the closed period equal to the average expected remaining service lives of all covered active and inactive participants. The amortization period of 8.1 year is calculated as the weighted average of expected remaining service lives assuming zero years for all retirees.

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources as follows:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	$ 31,341	$ 43,041
Changes of assumptions or other input	11,326	44,651
Total	$ 42,667	$ 87,692

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS – IMPLICIT RATE SUBSIDY - continued

Changes of assumptions or inputs reported as deferred outflows of resources will be recognized in OPEB expense as follows:

Year ending June 30,	
2026	(9,468)
2027	(9,468)
2028	(9,471)
2029	(6,112)
2030	(6,112)
Thereafter	(4,394)
	$ (45,025)

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS – PERS RETIREE HEALTH INSURANCE PLAN

Plan Description

The District contributes to the Oregon Public Employees Retirement System (PERS) which is a cost sharing multiple employer defined benefit pension plan. Plan assets may be used to pay the benefits of the employees of any employer that provides pensions through the plan. Participation by school districts is mandatory. PERS administers the Retirement Health Insurance Account (RHIA), a cost-sharing, multiple employer defined benefit other postemployment benefit plan (OPEB). RHIA plan assets may be sued to pay the benefits of any employer that is a member of PERS. Contributions to RHIA are mandatory for PERS members.

PERS 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.

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS – PERS RETIREE HEALTH INSURANCE PLAN - continued

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

Participating employers are contractually required to contribute to RHIA at a rate assessed each year by PERS, and the District currently contributes 0.06% 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 PERS Board of Trustees sets the employer contribution rates as a measure of the proportionate relationship of the employer to all employers consistent with the manner in which contributions to the OPEB plan are determined. The basis for the employer's portion is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the plan with the total actual contributions made in the fiscal year of all employers. The District's contributions to RHIA for the years ended June 30, 2024, and 2025, were $162, and $2 respectively, which equaled the required contributions each year.

At June 30, 2025, the District reported a net OPEB asset of $143,925 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, 2021. 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 0.03563305 and 0.03802640 percent, respectively.

<u>Components of OPEB Expense/(Income)</u>

Employer's proportionate share of collective system OPEB Expense/(Income)	$ (17,111)
Net amortization of employer-specific deferred amounts from:	
Changes in proportionate share	26,251
Total Expense (Income)	$ 9,140

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS – PERS RETIREE HEALTH INSURANCE PLAN - continued

Components of Deferred Outflows/Inflows of Resources

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	$	$ 2,815
Changes of assumptions	-	1,821
Net difference between projected and actual earnings on investments	4,064	-
Changes in proportionate share	17,183	-
Total	$ 21,247	$ 4,636

Contributions made subsequent to the measurement date are immaterial and therefore are not reported as a reduction of the net OPEB liability/(asset).

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

Year ending June 30,	
2025	8,621
2026	5,323
2027	2,199
2028	468
	$ 16,611

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS – PERS RETIREE HEALTH INSURANCE PLAN - continued

Actuarial Methods and Assumptions

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.

https://www.oregon.gov/pers/emp/pages/gasb.aspx

Valuation Date	December 31, 2022
Measurement Date	June 30, 2024
Experience Study Report	2022, Published July 24,2023
Actuarial cost method	Entry Age Normal
Inflation rate	2.40 percent
Investment rate of return	6.90 percent
Discount rate	6.90 percent
Projected salary increase	3.40 percent
Cost of Living Adjustments (Remove? – Not in report	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro Decision; blend based on service.
Mortality	All – Pub-2010, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree Tables Active members: Pub-2010 Employees Tables Disabled retirees: Pub-2010 Disabled Retiree Tables

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.

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS – PERS RETIREE HEALTH INSURANCE PLAN - continued

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

Long-Term Expected Rate of Return - To develop an analytical basis for the selection of the long-term expected rate of return assumption, in January 2023 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions and includes an 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.

Sensitivity – The following presents the District's proportionate share of the net OPEB liability/(asset) calculated using the discount rate of, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-perentage-point higher than the current rate.

	Current Discount rate	Total OPEB Asset
1% decrease	5.90%	$ 133,231
Current rate	6.90%	143,925
1% increase	7.90%	153,133

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS – PERS RETIREE HEALTH INSURANCE PLAN – continued

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.

Long-Term Expected Rate of Return [1]

Asset Class	Target Allocation	Annual Arithmetic Return [2]	20-Year Annuallized Geometric Mean	Annual Standard Deviation
Global Equity	27.50 %	8.57 %	7.07 %	17.99 %
Private Equity	25.50	12.89	8.83	30.00
Core Fixed Income	25.00	4.59	4.50	4.22
Real Estate	12.25	6.90	5.83	15.13
Master Limited Partnerships	0.75	9.41	6.02	27.04
Infrastructure	1.50	7.88	6.51	17.11
Hedge Fund of Funds - Multistrategy	1.25	6.81	6.27	9.04
Hedge Fund Equity - Hedge	0.63	7.39	6.48	12.04
Hedge Fund - Macro	5.62	5.44	4.83	7.49
Assumed Inflation - Mean			2.35 %	1.41 %

[1] Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, including revisions adopted at the OIC meeting on January 25, 2023.
[2] The arithmetic mean is a component that goes into calculating the geometric mean. Expected rates of return are presented using the geometric mean, which the Board uses in setting the discount rate.

(Source: June 30, 2024, PERS ACFR, Table 31; p. 88)

NOTE 11 – PUBLIC PENSION RETIREMENT PLAN

Plan Description

The District contributes to the Oregon Public Employees Retirement System (PERS) which is a cost sharing multiple employer defined benefit pension plan. Plan assets may be used to pay the benefits of the employees of any employer that provides pensions through the plan. Participation by school districts is mandatory. PERS issues a publicly available financial report which can be obtained on their website, www.oregon.gov/PERS.

PERS is administered in accordance with Oregon Revised Statutes (ORS) Chapter 238, Chapter 238A, and Internal Revenue Code Section 401(a). The Oregon Legislature has delegated authority to the Public Employees Retirement Board (Board) to administer and manage the System. All members of the Board are appointed by the governor and confirmed by the state Senate. The governor designates the chairperson. One member must be a public employer manager or a local elected official, one member must be a union-represented public employee or retiree, and three members must have experience in business management, pension management, or investing.

The 1995 Legislature enacted Chapter 654, Section 3, Oregon Laws 1995, which has been codified into ORS 238.435. This legislation created a second tier of benefits for those who established membership on or after January 1, 1996. The second tier does not have the Tier One assumed earnings rate guarantee and has a higher normal retirement age of 60, compared to 58 for Tier One.

The 2003 Legislature enacted HB 2020, codified as ORS 238A, which created the Oregon Public Service Retirement Plan (OPSRP). OPSRP consists of the Pension Program (defined benefit), which is part of the Plan and the Individual Account Program, which is reported as a separate plan in PERS financial statements. Membership includes public employees hired on or after August 29, 2003.

Beginning January 1, 2004, PERS active Tier One and Tier Two members became members of the Individual Account Program (IAP) of OPSRP, a defined contribution plan. PERS members retain their existing Plan accounts, but member contributions are now deposited into the member's IAP account, not into the member's Defined Benefit Plan account. Accounts are credited with earnings and losses net of administrative expenses. OPSRP is part of PERS and is administered by the Board. The PERS Board is directed to adopt any rules necessary to administer OPSRP, and such rules are to be considered part of the plan for IRS purposes.

For the year ended June 30, 2025, the District's total payroll was $6,253,571. Covered payroll refers to all compensation paid by the District to active employees covered by PERS.

NOTE 11 – PUBLIC PENSION RETIREMENT PLAN - continued

Contributions
PERS members are required to contribute 6% of their salary toward the IAP program, and the employer makes contributions at an actuarially determined rate as adopted by the PERS Board. The contribution requirements of plan members are established by state statute. The employer contribution is set and may be amended by the Retirement Board. The District's contributions to Oregon PERS for the year ended June 30, 2025, were $1,616,281. In addition, employee contributions made by the District under employment contracts were $332,506 for the year ended June 30, 2025.

<u>Pension Assets, Pension Income, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions</u>

At June 30, 2025, the District reported a liability of $8,957,579 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2022. Update procedures were used to roll forward the total pension liability to the measurement date.

The basis for the employer's proportion is actuarially determined by comparing the employer's projected long-term contribution effort to the Plan with the total projected long-term contribution effort of all employers. The projected long-term contribution effort is equal to the sum of the present value of the future normal costs (PVFNC) and the unfunded actuarial liability (UAL). The contribution rate for every employer has at least two major components; Normal Cost Rate and Unfunded Actuarial Liability (UAL) Rate.

The projected long-term contribution effort is estimated by projecting the present value of all future normal cost rate contributions. The PVFNC represents the portion of the projected long-term contribution effort related to future service.

An employer's PVFNC depends on both the Normal Cost Rates charged on the employer's payrolls, and on the underlying demographics of the respective payrolls. For PERS funding, employers have three different payrolls, each with a different Normal Cost Rate:

- Tier One/Tier Two payroll
- OPSRP General Service payroll
- OPSRP Police & Fire payroll

NOTE 11 – PUBLIC PENSION RETIREMENT PLAN - continued

A UAL exists when Plan assets are less than the actuarial liability as measured by the Plan's actuarial funding valuations. UAL can arise in a biennium when an event such as experience differing from the assumptions used in the actuarial valuation occurs. An amortization schedule is established to eliminate the UAL that arises in a given biennium over a fixed period of time if future experience follows assumption. The UAL Rate is the upcoming year's component of the cumulative amortization schedules, stated as a percent of payroll. The UAL represents the portion of the projected long-term contribution effort related to past service. In determining the employer's projected long-term contribution effort to the Plan, the UAL component was adjusted for supplemental lump-sum payments made during the measurement period, if applicable.

After the employer's projected long-term contribution effort is calculated, that amount is reduced by the value of the employer's supplemental lump-sum payments, known as side accounts, transition surpluses and pre-SLGRP (State and Local Government Rate Pool) surpluses as of the valuation date. Side accounts decrease the employer's projected long-term contribution effort because side accounts are effectively pre-paid contributions.

The employer's projected long-term contribution effort does not include contributions toward the current value of transition liabilities and pre-SLGRP (State and Local Government Rate Pool) liabilities, which PERS has determined meet the definition of separately financed employer liabilities.

For the year ended June 30, 2025, the District recognized pension expense of $1,440,193. The District's proportionate share of the collective net pension liability was 0.04030%, a decrease from its proportionate share of 0.04895%, at the previous measurement date.

	June 30, 2025	
	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	$ 530,654	$ 21,379
Changes of assumptions	900,598	1,154
Net difference between projected and actual earnings on investments	569,057	-
Changes in proportionate share	494,280	1,178,857
Differences between employer contributions and employer's proportionate share of system contributions	627,062	384,455
Total prior to post-measurement date contributions	3,121,651	1,585,845
Contributions subsequent to measurement date	1,607,449	-
	$ 4,729,100	$ 1,585,845

NOTE 11 – PUBLIC PENSION RETIREMENT PLAN - continued

The difference between projected and actual earnings attributable to each measurement period is amortized over a closed five-year period.

The deferred outflows of resources resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources, excluding contributions subsequent to measurement date, will be recognized in pension expense as follows:

Year ending June 30,	
2026	(1,243)
2027	960,060
2028	436,984
2029	135,558
2030	4,445
Thereafter	-
	$ 1,535,803

Differences between expected and actual experience, changes in assumptions, changes in employer proportion and changes between employer contributions and proportionate share of contributions are amortized over the remaining service lives of all plan participants, including retirees, determined as of the beginning of the respective measurement period. Employers are required to recognize pension expense based on the balance of the closed period "layers" attributable to each measurement period.

NOTE 11 – PUBLIC PENSION RETIREMENT PLAN – continued

Actuarial Methods and Assumptions

Valuation Date	December 31, 2022
Measurement Date	June 30, 2024
Experience Study Report	2022, Published July 24, 2023
Actuarial cost method	Entry Age Normal
Inflation rate	2.40 percent
Investment rate of return	6.90 percent
Discount rate	6.90 percent
Projected salary increase	3.40 percent
Cost of Living Adjustments	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro Decision; blend based on service.
Mortality	All – Pub-2010, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree Tables Active members: Pub-2010 Employees Tables Disabled retirees: Pub-2010 Disabled Retiree Tables

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.

Long-Term Expected Rate of Return
To develop an analytical basis for the selection of the long-term expected rate of return assumption, in January 2023 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions and includes an 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.

NOTE 11 – PUBLIC PENSION RETIREMENT PLAN – continued

Long-Term Expected Rate of Return [1] Asset Class	Target Allocation	Annual Arithmetic Return [2]	20-Year Annualized Geometric Mean	Annual Standard Deviation
Global Equity	27.50 %	8.57 %	7.07 %	17.99 %
Private Equity	25.50	12.89	8.83	30.00
Core Fixed Income	25.00	4.59	4.50	4.22
Real Estate	12.25	6.90	5.83	15.13
Master Limited Partnerships	0.75	9.41	6.02	27.04
Infrastructure	1.50	7.88	6.51	17.11
Hedge Fund of Funds - Multistrategy	1.25	6.81	6.27	9.04
Hedge Fund Equity - Hedge	0.63	7.39	6.48	12.04
Hedge Fund - Macro	5.62	5.44	4.83	7.49
Assumed Inflation - Mean			2.35 %	1.41 %

[1] Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, including revisions adopted at the OIC meeting on January 25, 2023.
[2] The arithmetic mean is a component that goes into calculating the geometric mean. Expected rates of return are presented using the geometric mean, which the Board uses in setting the discount rate.

(Source: June 30, 2024, PERS ACFR, Table 31; p. 88)

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

NOTE 11 – PUBLIC PENSION RETIREMENT PLAN - continued

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, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease 5.90%	Discount Rate 6.90%	1% Increase 7.90%
Proportionate share of net pension liability	$ 14,130,217	$ 8,957,579	$ 4,625,242

Plan Fiduciary Net Position
GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected rate of return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position is projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 often requires that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of solvency, it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for PERS:

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

NOTE 11 – PUBLIC PENSION RETIREMENT PLAN - continued

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

NOTE 12 – PROPERTY TAX LIMITATIONS

The voters of the State of Oregon approved ballot Measure 5, a constitutional limit on property taxes for schools and non-school government operations, in November, 1990. 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 initiative has been that school districts have become more dependent upon state funding and less dependent upon property tax revenues as their major source of operating revenue.

The voters of the State of Oregon passed ballot Measure 50 in May 1997 to further reduce property taxes by replacing the previous constitutional limits on tax bases with a rate and value limit. The permanent operating property tax rate was fixed at $4.8766 per thousand of assessed value.

Measure 50 reduced the amount of operating property tax revenues available to the District for its 1998-1999 fiscal year, and thereafter. This reduction was accomplished by rolling assessed property values back to their 1995-1996 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 Measure also sets restrictive voter approval requirements for most tax and many fee increases and new bond issues and requires the State of Oregon to minimize the impact of the tax cuts to school districts. The ultimate impact to the District as a result of this measure has been greater reliance on state funding and less reliance on local funding.

NOTE 13 - RISK MANAGEMENT

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

NOTE 14 – INTERFUND TRANSFERS AND INTERFUND RECEIVABLE / PAYABLE

Transfers were made to fund operations and the internal receivables/payables are used as a pooling of cash between various funds.

Amounts are comprised of the following:

	Transfer In	Transfer Out	Interfund Receivable	Interfund Payable
General Fund	$ -	$ 110,000	$ 388,941	$ -
Special Revenue Fund	110,000	2,508	-	249,435
Capital Projects Fund	2,508	-	-	139,506
Capital Project Fund				
Total	$ 112,508	$ 112,508	$ 388,941	$ 388,941

NOTE 15 – COMMITMENTS AND CONTINGENCIES

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

As of June 30, 2025, the District had ordered but not received a 54-passenger bus for approximately $187 thousand. The purchase is expected to be financed over five years.

NOTE 16 – TAX ABATEMENTS

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

NOTE 17 – SUBSEQUENT EVENTS

In September of 2024, the District signed a contract for Engineer & Architecture services to be performed for Seismic Rehabilitation upgrades to the District's Gymnasium complex. The contract was for $315,600 and spanned over the 24-25 and 25-26 fiscal years while the work is completed. As of June 30, 2025, the balance that remained outstanding on the contract was $76,644. The funds for this work are being funded through a specific use Seismic grant that was awarded to the District.

NOTE 17 – SUBSEQUENT EVENTS – continued

In October of 2024, the District signed a contract for Construction Management and General Contracting services to be performed for Seismic Rehabilitation upgraded to the District's Gymnasium complex. The original contract was for $37,500 and was for pre-construction services in the 24-25 fiscal year. In July of 2025, an amendment was approved for the original contract for Construction Management and General Contracting services to be performed for Seismic Rehabilitation upgrades to the District's Gymnasium Complex. The contract amendment was for an additional $1,802,306 and will span the 25-26 fiscal year while the work is completed. The funds for this work are being funded through a specific use Seismic grant that was awarded to the District.

NOTE 18 – RESTATEMENT – CHANGE IN ACCOUNTING PRINCIPLE

The District implemented *GASB Statement No. 101, Compensated Absences*, during the fiscal year ended June 30, 2025 which clarified the recognition and measurement of paid employee leave. Implementation required a restatement of beginning balances for the cumulative effect of the change in accounting principle for the Government-wide Statements. Net position was restated from the original amount booked of $34,917 to $168,096 for 2023-2024.

REQUIRED SUPPLEMENTARY INFORMATION

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)

YEAR ENDED JUNE 30, 2025

Year Ended June 30,	(a) Employer's proportion of the net pension liability (asset) (NPL(A))	(b) Employer's proportionate share of the NPL(A)	(c) CAL's covered payroll	(b/c) NPL(A) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2025	0.040300%	$ 8,957,579	$ 6,010,777	149.0%	79.3%
2024	0.048951%	9,168,873	5,516,911	166.2%	81.7%
2023	0.046387%	7,102,736	5,059,231	140.4%	84.5%
2022	0.043078%	5,154,963	4,667,157	110.5%	87.6%
2021	0.043511%	9,495,682	4,368,292	217.4%	75.8%
2020	0.192373%	8,444,850	3,810,209	221.6%	80.2%
2019	0.199727%	7,572,557	3,629,236	208.7%	82.1%
2018	0.193411%	7,356,264	3,709,595	198.3%	83.1%
2017	0.209208%	8,279,537	3,782,760	218.9%	80.5%
2016	0.222334%	3,301,675	3,560,360	92.7%	91.9%

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

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

SCHEDULE OF CONTRIBUTIONS
PENSION PLAN

YEAR ENDED JUNE 30, 2025

Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2025	$ 1,616,281	$ 1,616,281		$ 6,253,571	25.8%
2024	1,550,881	1,550,881	-	6,010,777	25.8%
2023	1,357,708	1,357,708	-	5,516,911	24.6%
2022	1,333,360	1,333,360	-	5,059,231	26.4%
2021	1,322,507	1,322,507	-	4,667,157	28.3%
2020	1,157,220	1,157,220	-	4,368,292	26.5%
2019	894,463	894,463	-	3,810,209	23.5%
2018	866,038	866,038	-	3,629,236	23.9%
2017	705,508	705,508	-	3,709,595	19.0%
2016	736,298	736,298	-	3,782,760	19.5%

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

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

NET OPEB LIABILITY (ASSET) - RHIA
YEAR ENDED JUNE 30, 2025

SCHEDULE OF PROPRORTIONATE SHARE

Year Ended June 30,	(a) Employer's proportion of the net pension liability (asset) (NPL(A))	(b) Employer's proportionate share of the NPL(A)	(c) CAL's covered payroll	(b/c) NPL(A) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2025	0.035633%	$ (143,925)	$ 6,010,777	-2.4%	220.6%
2024	0.038026%	(139,240)	5,516,911	-2.5%	201.6%
2023	0.069590%	(247,278)	5,059,231	-4.9%	194.6%
2022	0.029682%	(101,927)	4,667,157	-2.2%	183.9%
2021	0.055677%	(113,447)	4,368,292	-2.6%	150.1%
2020	0.034559%	(66,781)	3,810,209	-1.8%	144.4%

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

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

SCHEDULE OF CONTRIBUTIONS

Year Ended June 30,	(a) Statutorily Required Contribution	(b) Contributions During Year	(b)-(a) Difference	(c) Covered Payroll	(b/c) Contributions as a Percentage of Payroll
2025	$ 2	$ 2	-	$ 6,253,571	0.0%
2024	162	162	-	6,010,777	0.0%
2023	749	749	-	5,516,911	0.0%
2022	1,715	1,715	-	5,059,231	0.0%
2021	794	794	-	4,667,157	0.0%
2020	3,976	3,976	-	4,368,292	0.1%

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

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

SCHEDULE OF CHANGES IN OTHER OPEB LIABILITY
IMPLICIT HEALTH INSURANCE SUBSIDY

YEAR ENDED JUNE 30, 2025

Year Ended June 30,	Total OPEB Liability - Beginning	Service Cost	Interest	Changes of Benefit Terms	Differences Between Expected and Actual Experience	Changes of Assumptions	Benefit Payments	Total OPEB Liability - End of Year	Estimated Covered Payroll	Total OPEB Liability as a % of Covered Payroll
2,025	$ 126,991	$ 11,448	$ 5,489	$ -	$ -	$ (13,484)	$ (2,444)	$ 128,000	$ 6,253,571	2.05%
2024	156,764	16,753	6,397	-	(28,858)	(24,065)	-	126,991	6,010,777	2.11%
2023	142,348	16,850	5,434	-	-	-	(7,868)	156,764	5,516,911	2.84%
2022	113,574	12,482	2,710	-	47,013	(22,207)	(11,224)	142,348	5,059,231	2.81%
2021	100,660	12,060	2,517	-	-	-	(1,663)	113,574	4,916,342	2.31%
2020	118,813	7,178	4,876	(64,189)	-	33,982	-	100,660	4,528,899	2.22%
2019	132,032	6,935	4,630	-	-	-	(24,784)	118,813	3,756,259	3.16%
2018	139,407	6,700	5,025	-	-	-	(19,100)	132,032	3,629,236	3.64%

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.

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

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

YEAR ENDED JUNE 30, 2025

	Original Budget	Final Budget		Actual	Variance to Final Budget
Revenues					
Local sources	$ 2,300,500	$ 2,300,500		$ 2,249,579	$ (50,921)
Intermediate sources	11,000	11,000		15,365	4,365
State sources	7,592,095	7,592,095		7,747,686	155,591
Federal sources	15,000	15,000		11,176	(3,824)
Total revenues	9,918,595	9,918,595		10,023,806	105,211
Expenditures					
Instruction	6,213,360	6,198,360	(1)	5,772,521	425,839
Support services	4,482,868	4,482,868	(1)	4,335,196	147,672
Debt service	19,250	19,250	(1)	13,140	6,110
Contingency	100,000	100,000	(1)	-	100,000
Total expenditures	10,815,478	10,800,478		10,120,857	679,621
Excess (deficiency) of revenues over (under) expenditures	(896,883)	(881,883)		(97,051)	784,832
Other financing sources (uses)					
Transfers out	(110,000)	(125,000)	(1)	(110,000)	15,000
Total other financing sources and (uses)	(110,000)	(125,000)		(110,000)	15,000
Net change in fund balance	(1,006,883)	(1,006,883)		(207,051)	799,832
Fund balance - beginning of year	1,956,924	1,956,924		1,931,350	(25,574)
Fund balance - end of year	$ 950,041	$ 950,041		$ 1,724,299	$ 774,258

(1) Appropriation level

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

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

YEAR ENDED JUNE 30, 2025

	Original Budget	Final Budget		Actual	Variance to Final Budget
Revenues					
Local sources	$ 238,700	$ 238,700		$ 321,873	$ 83,173
State sources	1,125,351	1,155,351		1,249,437	94,086
Federal sources	1,048,509	1,060,509		877,044	(183,465)
Total revenues	2,412,560	2,454,560		2,448,354	(6,206)
Expenditures					
Instruction	1,151,821	1,151,821	(1)	1,066,621	85,200
Support services	1,106,552	1,088,552	(1)	842,984	245,568
Enterprise services	483,216	558,216	(1)	547,818	10,398
Total expenditures	2,741,588	2,798,588		2,457,423	341,165
Excess (deficiency) of revenues over (under) expenditures	(329,028)	(344,028)		(9,069)	334,959
Other financing sources (uses)					
Transfers in	110,000	125,000		110,000	(15,000)
Transfers out		(3,000)	(1)	(2,508)	492
Total other financing sources and (uses)	110,000	122,000		107,492	(14,508)
Net change in fund balance	(219,028)	(222,028)		98,423	320,451
Fund balance - beginning of year	410,416	410,416		451,105	40,689
Fund balance - end of year	$ 191,387	$ 188,387		$ 549,528	$ 361,141

(1) Appropriation level

SUPPLEMENTARY INFORMATION

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
RECONCILIATION TO FUND FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

	Budget Basis Actual	GAAP Adjustments	GAAP Actual
Revenues			
Local sources	$ 2,249,579	$ -	$ 2,249,579
Intermediate sources	15,365	-	15,365
State sources	7,747,686	-	7,747,686
Federal sources	11,176	-	11,176
Total revenues	10,023,806	-	10,023,806
Expenditures			
Instruction	5,772,521	-	5,772,521
Support services	4,335,196	(19,592)	4,315,604
Capital outlay	-	37,305	37,305
Debt service	13,140	18,367	31,507
Total expenditures	10,120,857	36,080	10,156,937
Excess (deficiency) of revenues over (under) expenditures	(97,051)	(36,080)	(133,131)
Other financing sources (uses)			
IT Subscriptions	-	36,080	36,080
Transfers out	(110,000)	-	(110,000)
Total other financing sources and (uses)	(110,000)	36,080	(73,920)
Net change in fund balance	(207,051)	-	(207,051)
Fund balance - beginning of year	1,931,350	-	1,931,350
Fund balance - end of year	$ 1,724,299	$ -	$ 1,724,299

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
RECONCILIATION TO FUND FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

	Budget Basis Actual	GAAP Adjustments	GAAP Actual
Revenues			
Local sources	$ 321,873	$ -	$ 321,873
State sources	1,249,437	-	1,249,437
Federal sources	877,044	-	877,044
Total revenues	2,448,354	-	2,448,354
Expenditures			
Instruction	1,066,621	(6,657)	1,059,964
Support services	842,984	(68,901)	774,083
Enterprise services	547,818	-	547,818
Capital outlay	-	39,698	39,698
Debt Service	-	45,569	45,569
Total expenditures	2,457,423	9,709	2,467,132
Excess (deficiency) of revenues over (under) expenditures	(9,069)	(9,709)	(18,778)
Other financing sources (uses)			
IT Subscriptions	-	9,709	9,709
Transfers in	110,000	-	110,000
Transfers out	(2,508)	-	(2,508)
Total other financing sources and (uses)	107,492	9,709	117,201
Net change in fund balance	98,423	-	98,423
Fund balance - beginning of year	451,105	-	451,105
Fund balance - end of year	$ 549,528	$ -	$ 549,528

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

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

YEAR ENDED JUNE 30, 2025

	Original Budget	Final Budget		Actual	Variance to Final Budget
Revenues					
Local sources	$ 899,300	$ 899,300		$ 878,841	$ (20,459)
Intermediate Sources	-	-		448	448
Total revenues	899,300	899,300		879,289	(20,011)
Expenditures					
Debt service	878,800	878,800	(1)	878,798	2
Net change in fund balance	20,500	20,500		491	(20,009)
Fund balance - beginning of year	105,000	105,000		116,861	11,861
Fund balance - end of year	$ 125,500	$ 125,500		$ 117,352	$ (8,148)

(1) Appropriation level

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
RECONCILIATION TO FUND FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

	Budget Basis Actual	GAAP Adjustments	GAAP Actual
Revenues			
Local sources	$ 878,841	$ -	$ 878,841
Intermediate Sources	448	-	448
Total revenues	879,289	-	879,289
Expenditures			
Debt service	878,798	-	878,798
Net change in fund balance	491	-	491
Fund balance - beginning of year	116,861	-	116,861
Fund balance - end of year	$ 117,352	$ -	$ 117,352

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

CAPITAL PROJECTS FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2025

	Original Budget	Final Budget		Actual	Variance to Final Budget
Revenues					
Local sources	$ 31,600	$ 31,600		$ 46,514	$ 14,914
State sources	52,229	652,229		441,421	(210,808)
Total revenues	83,829	683,829		487,935	(195,894)
Expenditures					
Support services	561,928	561,928	(1)	185,672	376,256
Facilities Acquisition & Construction	-	600,000	(1)	383,232	216,768
Total expenditures	561,928	1,161,928		568,904	593,024
Excess (deficiency) of revenues over (under) expenditures	(478,099)	(478,099)		(80,969)	397,130
Other financing sources (uses)					
Transfers in	-	-		2,508	2,508
Total other financing sources and (uses)	-	-		2,508	2,508
Net change in fund balance	(478,099)	(478,099)		(78,461)	399,638
Fund balance - beginning of year	478,541	478,541		467,413	(11,128)
Fund balance - end of year	$ 442	$ 442		$ 388,952	$ 388,510

(1) Appropriation level

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

CAPITAL PROJECTS FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
RECONCILIATION TO FUND FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

	Budget Basis Actual	GAAP Adjustments	GAAP Actual
Revenues			
Local sources	$ 46,514	$ -	$ 46,514
State sources	441,421	-	441,421
Total revenues	487,935	-	487,935
Expenditures			
Support services	185,672	(100,200)	85,472
Facilities Acquisition & Construction	383,232	(383,232)	
Capital outlay	-	621,288	621,288
Debt Service	-	78,598	78,598
Total expenditures	568,904	216,454	785,358
Excess (deficiency) of revenues over (under) expenditures	(80,969)	(216,454)	(297,423)
Other financing sources (uses)			
Transfers in	2,508	-	2,508
Loan Proceeds	-	216,454	216,454
Total other financing sources and (uses)	2,508	216,454	218,962
Net change in fund balance	(78,461)	-	(78,461)
Fund balance - beginning of year	467,413	-	467,413
Fund balance - end of year	$ 388,952	$ -	$ 388,952

YEAR ENDED JUNE 30, 2025

SCHEDULE OF BOND AND INTEREST TRANSACTIONS AND BALANCES

Date of Issue	Matured Bonds & Coupons Outstanding July 1, 2024	Bonds & Coupons Maturing During the Year	Bonds Redeemed & Coupons Paid During the Year	Matured Bonds & Coupons Outstanding June 30, 2025	Due Within One Year
January 20, 2014	$ 4,095,000	$	$ 715,000	$ 3,380,000	$ 765,000
	$ 4,095,000	$ -	$ 715,000	$ 3,380,000	$ 765,000

SCHEDULE OF BOND REDEMPTION AND INTEREST REQUIREMENTS

GENERAL OBLIGATION BONDS
SERIES 2014

Year of Maturity	Due June 15 Principal	Due December 15 and June 15 Interest	Interest Rates
2025-26	765,000	135,200	4.000%
2026-27	815,000	104,600	4.000%
2027-28	870,000	72,000	4.000%
2028-29	930,000	37,200	4.000%
	$ 3,380,000	$ 349,000	

OTHER FINANCIAL SCHEDULES

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

SUPPLEMENTAL INFORMATION
AS REQUIRED BY THE OREGON DEPARTMENT OF EDUCATION

YEAR ENDED JUNE 30, 2025

A. Energy bills for heating - all funds:

		Objects 325, 326, and 327
	Function 2540	$ 202,508
	Function 2550	32,618

B. Replacement of equipment - General Fund:
Include all General Fund expenditures in Object 542, excpet for the following exclusions
Exclude these functions:

			Amount
1113, 1122 & 1132	Co-curricular activities	Construction	$ -
1140	Pre-kindergarten	Pupil transportation	-
1300	Continuing education	Food service	-
1400	Summer school	Community services	-

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2025

Federal Grantor / Pass Through Grantor / Program Title	Grant Fund	Period Covered	Assistance Listing Number	Pass-Through Entity Number	Federal Expenditures
US. DEPARTMENT OF EDUCATION					
Passed through Oregon State Department of Education					
Lead Testing Reimbursement	100	7/1/20-10/31/25	66.444	83854	5,640
					5,640
Title 1-A	210	7/1/23-9/30/24	84.010	76456	61,003
	210	7/1/24-9/30/25	84.010	82139	177,197
					238,200
IDEA Part B, Section 611	219	7/1/23-9/30/25	84.027	77947	67,148
	219	7/1/24-9/30/26	84.027	83333	116,293
IDEA Part B, Section 619	229	7/1/24-9/30/26	84.173	83534	1,716
Subtotal - Special Education cluster					185,157
Title II-A Improving Teacher Quality	215	7/1/23-9/30/24	84.367	76653	15,645
	215	7/1/24-9/30/25	84.367	82402	4,543
					20,188
Title IV-A Student Support and Academic Enrichment	226	7/1/23-9/30/24	84.424	77084	1,081
	226	7/1/24-9/30/25	84.424	82599	17,410
					18,491
COVID 19 - LEA ESSER III Fund	238	3/13/20-9/30/24	84.425U	64863	55,344
COVID 19 - Houseless Youth	249	4/23/21-9/30/24	84.425W	69335	2,904
					58,248
Foster Care Transportation	100	7/1/24-6/30/25	93.658		1,072
					1,072
Passed Through G5					
Small Rural Achievement Program	224	7/1/22-9/30/25	84.358A	S358A233331	25,285
					25,285
Total U.S. Department of Education					$ 552,281
US. DEPARTMENT OF AGRICULTURE					
Passed Through Oregon Department of Education					
School Breakfast Program	299	7/1/24-6/30/25	10.553	1603003	77,050
National School Lunch Program	299	7/1/24-6/30/25	10.555	1603003	204,306
USDA Commodities	299	7/1/24-6/30/25	10.555	1603003	29,556
Supply Chain Assistance	299	7/1/24-6/30/25	10.555	1603003	20,563
Subtotal - Child Nutrition Cluster					331,475
Passed Through Local Government - Jefferson County					
Forest Fees - Safe and Rual Schools Act	100		10.666		4,464
Subtotal - Federal Service Schools and Roads Cluster					4,464

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2025

Federal Grantor / Pass Through Grantor / Program Title	Grant Fund	Period Covered	Assistance Listing Number	Pass-Through Entity Number	Federal Expenditures
Total U.S. Department of Agriculture					$ 335,939
Total U.S. Federal Awards					$ 888,220

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2025

NOTE A – PURPOSE OF THE SCHEDULE

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal award activity of Culver School District (the District). The information in this schedule is prepared in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the SEFA presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - Expenditures on the SEFA are reported on the modified accrual basis of accounting. Expenditures are recorded when a liability is incurred. Such expenditures are recognized using the Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The District has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance, but rather uses a rate approved by the Oregon Department of Education each year. Federal Financial Assistance – Pursuant to the Uniform Guidance, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance or direct appropriations. Accordingly, nonmonetary federal assistance, including federal surplus property, is included in federal financial assistance and, therefore, is reported on the Schedule, if applicable. Federal financial assistance does not include direct federal cash assistance to individuals. Solicited contracts between the state and federal government for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

NOTE C – CHILD NUTRITION CLUSTER

The District commingles cash receipts from the US Department of Agriculture with similar state grants. When reporting expenditures on this schedule, the District assumes it expends federal monies first. The District reports commodities consumed on the schedule at fair value.

AUDITORS' COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS

INDEPENDENT AUDITORS' REPORT
REQUIRED BY OREGON STATE REGULATIONS

Board of Directors
Culver School District
Deschutes County, Oregon

We have audited the basic financial statements of the Culver School District, Deschutes County, Oregon (the District) as of and for the year ended June 30, 2025 and have issued our report thereon dated December 22, 2025. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 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**

In connection with our testing, we identified no instances of material non-compliance with the factors listed above.

OAR 162-10-0230 Internal Control

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

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

Brenda Bartlett

Brenda Bartlett, CPA

Sensiba LLP
Bend, Oregon

December 22, 2025

Independent Auditor's Report

The Board of Directors
Culver School District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund, of Culver School District as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Culver School District's basic financial statements, and have issued our report thereon dated December 22, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Culver School District's internal control over financial reporting (internal control) as a basis for designing 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 Culver School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Culver School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Culver School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brenda Bartlett

Sensiba LLP
Bend, Oregon

December 22, 2025

Independent Auditor's Report

Board of Directors
Culver School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, Culver School District complied, in all material respects, with the 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Culver 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 Culver School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Culver School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Culver School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *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 Culver School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 Culver School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Culver School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Culver School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal 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.

Brenda Bartlett

Sensiba LLP
Bend, Oregon

December 22, 2025

CULVER SCHOOL DISTRICT
DESCHUTES COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2025

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiencies?	No
Noncompliance material to the financial statements noted?	No

Federal Awards

Internal control over major federal programs:	
• Material weaknesses identified?	No
• Significant deficiencies identified?	None reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major federal programs:

Assistance Listing No.	Name of Federal Program or Cluster
84.027, 84.173	Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs	$750,000
Auditee qualified as low-risk auditee?	Yes

CULVER SCHOOL DISTRICT
DESCHUTES COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2025

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

None reported.

Section IV – State Award Findings and Questioned Costs

None reported

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