SHERIDAN SCHOOL DISTRICT NO. 48J

Sheridan, Oregon

ANNUAL FINANCIAL REPORT

June 30, 2025

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CERTIFIED PUBLIC ACCOUNTANTS

436 1st Avenue W • P.O. Box 1072
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SHERIDAN SCHOOL DISTRICT NO. 48J
Sheridan, Oregon

DISTRICT OFFICIALS

June 30, 2025

BOARD OF DIRECTORS

Scott Burke, Chair
Sheridan, Oregon

Michael Griffith, Vice Chair
Sheridan, Oregon

Samantha Bagby
Sheridan, Oregon

Larry Deibel
Sheridan, Oregon

Rubi Yarez
Sheridan, Oregon

**All board members receive mail at the District's address listed below.*

ADMINISTRATION

Dorie Vickery, Superintendent

Karen Daniels, Business Manager

DISTRICT ADDRESS

435 South Bridge Street
Sheridan, Oregon 97378

SHERIDAN SCHOOL DISTRICT NO. 48J
Sheridan, Oregon

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Sheridan School District No. 48J
Sheridan, Oregon 97378

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the remaining fund information of Sheridan School District No. 48J, Sheridan, Oregon, as of and for the year ended June 30, 2025, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the remaining fund information of Sheridan School District No. 48J, Sheridan, Oregon as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Sheridan School District No. 48J, Sheridan, Oregon, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Change in Accounting Principle

As described in the notes to the financial statements, in the year ended June 30, 2025, the District adopted new accounting guidance: GASB Statement No. 102, *Certain Risk Disclosures*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, 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 Sheridan School District No. 48J, Sheridan, Oregon'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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Sheridan School District No. 48J, Sheridan, Oregon's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Sheridan School District No. 48J, Sheridan, Oregon's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of the District's proportionate share of the net pension liability and contributions, schedules of the District's proportionate share of the net OPEB asset and contributions, schedule of changes in OPEB liability and related ratios, and the budgetary comparison information on pages 5 through 11, 55, 56, 57, and 58 through 59, respectively, be presented to supplement the basic financial statements. Such information, 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, schedules of the District's proportionate share of the net pension liability and contributions, schedules of the District's proportionate share of the net OPEB asset and contributions, and schedule of changes in OPEB liability and related ratios in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the aforementioned information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison information is the responsibility of management and is derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The budgetary comparison 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 and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sheridan School District No. 48J, Sheridan, Oregon's basic financial statements. The accompanying individual fund schedules and schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund schedules and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the supplemental information required by the 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 November 25, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is 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 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 the District's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated November 25, 2025 on our tests of the District's compliance with certain provisions of laws and regulations specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Accuity, LLC

By: _____
Glen O. Kearns, CPA

Albany, Oregon
November 25, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

SHERIDAN SCHOOL DISTRICT NO. 48J
Sheridan, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

INTRODUCTION

As management of Sheridan School District No. 48J, Sheridan, Oregon, we offer readers this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2025. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- At June 30, 2025, total net position of Sheridan School District No. 48J amounted to $8,694,144. Of this amount, $12,171,657 was invested in capital assets. The remaining balance included $1,532,019 restricted for various purposes, and $(5,009,532) of unrestricted net position.

- At June 30, 2025, the District's governmental funds reported combined ending fund balances of $3,676,502, a decrease of $223,867 from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Sheridan School District No. 48J's basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets, liabilities, and deferred outflows/inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

Both of the government-wide financial statements present functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities).

The government-wide financial statements can be found on pages 12 through 14 of this report.

Fund Financial Statements

The fund financial statements are designed to demonstrate compliance with finance-related legal requirements overseeing the use of fund accounting. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. All of the funds of Sheridan School District No. 48J can be divided into two categories: governmental funds and proprietary funds.

- **Governmental Funds**

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

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

  The District maintains four individual governmental funds. Information is presented separately in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Special Projects, Debt Service, and Capital Projects Funds, all of which are considered to be major governmental funds.

  Sheridan School District No. 48J adopts an annual appropriated budget for all of its funds. A budgetary comparison statement has been provided for each fund individually to demonstrate compliance with their respective budgets. The basic governmental fund financial statements can be found on pages 15 through 18 of this report.

- **Proprietary Funds**

  Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The District maintains one proprietary fund, which is an internal service fund.

Internal service funds serve as an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses the internal service fund to account for its unemployment insurance. Because this predominantly benefits governmental functions, it has been included within governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 19 through 21 of this report.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the financial data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 22 through 54 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which includes schedules of the District's proportionate share of the net pension liability and contributions, schedules of the District's proportionate share of the net OPEB asset and contributions, schedule of changes in OPEB liability and related ratios, and the budgetary comparison information for the General and Special Projects Funds. This required supplementary information can be found on pages 55 through 59 of this report.

Individual fund schedules are presented immediately following the required supplementary information on pages 60 through 62 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. At June 30, 2025, the District's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $8,694,144.

A large portion of the District's net position reflects its investment in capital assets (e.g., land, buildings, and equipment) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets for classrooms and supporting services for providing kindergarten through twelfth grade education. Consequently, these assets are not available for future spending.

District's Net Position

The District's net position increased by $211,351 during the current fiscal year. The increase is primarily due to an increase in state school funding.

Condensed statement of net position information is shown below.

Condensed Statement of Net Position

	Governmental Activities	
	2025	2024
Assets		
Current and other assets	$ 3,944,767	$ 3,655,169
Restricted assets	1,532,019	1,897,639
Net capital assets	12,171,657	11,431,594
Total assets	17,648,443	16,984,402
Deferred outflows of resources	5,496,259	4,817,760
Liabilities		
Current liabilities	2,315,582	2,159,919
Noncurrent liabilities	11,004,355	9,742,813
Total liabilities	13,319,937	11,902,732
Deferred inflows of resources	1,130,621	1,416,637
Net position		
Net investment in capital assets	12,171,657	11,362,594
Restricted for various purposes	1,532,019	1,958,474
Unrestricted	(5,009,532)	(4,838,275)
Total net position	$ 8,694,144	$ 8,482,793

District's Changes in Net Position

The condensed statement of activities information shown on the next page explains changes in net position.

Condensed Statement of Activities

	Governmental Activities	
	2025	2024
Program revenues		
Charges for services	$ 100,647	$ 101,505
Operating grants and contributions	2,906,452	2,578,886
Capital grants and contributions	184,182	1,362,612
Total program revenues	3,191,281	4,043,003
General revenues		
Property taxes - general	2,075,156	1,972,863
State school fund - general support	13,308,329	10,979,878
Common school fund	132,698	121,508
Unrestricted grants and contributions	1,448	2,965
Investment earnings	298,446	291,025
Miscellaneous	62,729	96,539
Total general revenues	15,878,806	13,464,778
Total revenues	19,070,087	17,507,781
Program expenses		
Instruction	12,528,454	11,013,352
Support services	5,319,433	5,383,831
Enterprise and community services	569,371	541,800
Facilities acquisition and construction	4,500	-
Interest on long-term debt	-	3,972
Unallocated depreciation expense	436,978	412,132
Total program expenses	18,858,736	17,355,087
Change in net position	211,351	152,694
Net position - beginning	8,482,793	8,330,099
Net position - end of year	$ 8,694,144	$ 8,482,793

Revenues

Since the District's mission is to provide a free and appropriate public education for kindergarten through twelfth grade students within its boundaries, the District may not charge for its core services. As expected, therefore, general revenues provide 83% of the funding required for governmental programs. Property taxes and state school funding combined for 97% of general revenues and 81% of total revenues.

Charges for services make up less than 1% of total revenues and are composed of the following items for which it is appropriate that the District charge tuition or fees:

• Food services charges for lunch and breakfast	$	3,909
• Various student extracurricular activities		96,738
Total charges for services	$	100,647

Operating and capital grants and contributions represent 15% and 1% of total revenues, respectively. Included in this category are $2,451,963 of state reimbursements for special education programs, $454,489 for grants and contributions to support various educational activities, and $184,182 to support capital improvements.

Expenses

Expenses related to governmental activities are presented in several broad functional categories. Costs of direct classroom instruction activities account for 66% of the total expenses of $18,858,736.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

related legal requirements.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measurement of the District's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the District's governmental funds reported combined fund balances of $3,676,502. Of this amount, $1,354,991 constitutes unassigned fund balance, which is available for spending at the District's discretion. The General Fund is the chief operating fund of the District. At the end of the current fiscal year, the total fund balance of the General Fund was $1,354,991, all of which was unassigned.

Proprietary Fund

The District's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. Net position of the proprietary fund at year end amounted to $510,829, all of which is considered to be unrestricted.

BUDGETARY HIGHLIGHTS

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

CAPITAL ASSETS

The District's investment in capital assets for its governmental activities as of June 30, 2025 amounted to $12,171,657, net of accumulated depreciation. This investment in capital assets includes land, construction in progress, buildings and improvements, and machinery and equipment. The total depreciation related to the District's investment in capital assets for the current fiscal year amounted to $436,978. Additional information on the District's capital assets can be found in Note II-B on page 34 of this report.

LONG-TERM LIABILITIES

The District's total long-term liabilities outstanding decreased by $69,000 during the current fiscal year. Additional information on the District's long-term liabilities can be found in Note II-E on pages 35 through 36 of this report.

KEY ECONOMIC FACTORS AND BUDGET INFORMATION FOR THE FUTURE

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that could affect its future financial health:

- Funding for the state school fund and several major state grant programs is projected to decline over the next few fiscal years. Combined with ongoing decreases in student enrollment, the District anticipates reduced revenue that may require budget adjustments and potential cuts.

- The District's aging infrastructure is driving significant increases in repair and replacement costs. Securing a successful bond levy will provide critical support in addressing these capital needs and help mitigate the growing financial pressure on the General Fund.

All of these factors were considered in preparing the District's budget for fiscal year 2025-2026.

The unassigned fund balance of the General Fund of $1,354,991 will be available for program resources in fiscal year 2025-2026.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Sheridan School District No. 48J's finances for all those with an interest. Questions concerning any of the information provided in the report or requests for additional information should be addressed to the Business Manager, Karen Daniels, Sheridan School District No. 48J, 435 S. Bridge Street, Sheridan, Oregon 97378.

BASIC FINANCIAL STATEMENTS

SHERIDAN SCHOOL DISTRICT NO. 48J
Sheridan, Oregon

STATEMENT OF NET POSITION

June 30, 2025

	Governmental Activities
ASSETS	
Current assets	
Cash and cash equivalents	$ 3,241,979
Cash with agent	26,081
Accounts and grants receivable	397,483
Property taxes receivable	102,047
Total current assets	3,767,590
Restricted assets	
Cash and cash equivalents	1,532,019
Noncurrent assets	
OPEB RHIA asset	177,177
Capital assets not being depreciated	4,377,697
Capital assets being depreciated, net	7,793,960
Total noncurrent assets	12,348,834
Total assets	17,648,443
DEFERRED OUTFLOWS OF RESOURCES	5,496,259
LIABILITIES	
Current liabilities	
Accounts payable	67,347
Payroll and other liabilities	950,271
Compensated absences	1,297,964
Total current liabilities	2,315,582
Noncurrent liabilities	
Net pension liability - PERS	10,711,502
OPEB liability - medical benefit	292,853
Total noncurrent liabilities	11,004,355
Total liabilities	13,319,937
DEFERRED INFLOWS OF RESOURCES	1,130,621

(Continued)

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

SHERIDAN SCHOOL DISTRICT NO. 48J
Sheridan, Oregon

STATEMENT OF NET POSITION

June 30, 2025

(Continued)

	Governmental Activities
NET POSITION	
Net investment in capital assets	$ 12,171,657
Restricted for:	
Special projects	1,030,902
Food service	19,824
Debt service	361,641
Student activities	116,132
Bond projects	3,520
Unrestricted	(5,009,532)
Total net position	$ 8,694,144

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

SHERIDAN SCHOOL DISTRICT NO. 48J
Sheridan, Oregon

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental activities					
Instruction	$ 12,528,454	$ 1,000	$ 2,451,963	$ -	$ (10,075,491)
Support services	5,319,433	95,738	-	-	(5,223,695)
Enterprise and community services	569,371	3,909	454,489	-	(110,973)
Facilities acquisition and construction	4,500	-	-	184,182	179,682
Unallocated depreciation expense	436,978	-	-	-	(436,978)
Total governmental activities	$ 18,858,736	$ 100,647	$ 2,906,452	$ 184,182	(15,667,455)
General revenues					
Property taxes - general					2,075,156
State school fund - general support					13,308,329
Common school fund					132,698
Unrestricted grants and contributions					1,448
Investment earnings					298,446
Miscellaneous					62,729
Total general revenues					15,878,806
Change in net position					211,351
Net position - beginning					8,482,793
Net position - ending					$ 8,694,144

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

SHERIDAN SCHOOL DISTRICT NO. 48J
Sheridan, Oregon

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2025

	General Fund	Special Projects Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 2,225,474	$ 1,229,511	$ 361,641	$ 446,543	$ 4,263,169
Cash with agent	26,081	-	-	-	26,081
Grants receivable	106,954	290,529	-	-	397,483
Property taxes receivable	102,047	-	-	-	102,047
Total assets	$ 2,460,556	$ 1,520,040	$ 361,641	$ 446,543	$ 4,788,780
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	$ 60,634	$ 6,713	$ -	$ -	$ 67,347
Payroll liabilities	950,271	-	-	-	950,271
Total liabilities	1,010,905	6,713	-	-	1,017,618
Deferred inflows of resources					
Unavailable revenue - property taxes	94,660	-	-	-	94,660
Fund balances					
Restricted	-	1,166,858	361,641	3,520	1,532,019
Committed	-	346,469	-	443,023	789,492
Unassigned	1,354,991	-	-	-	1,354,991
Total fund balances	1,354,991	1,513,327	361,641	446,543	3,676,502
Total liabilities, deferred inflows of resources, and fund balances	$ 2,460,556	$ 1,520,040	$ 361,641	$ 446,543	$ 4,788,780

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

SHERIDAN SCHOOL DISTRICT NO. 48J
Sheridan, Oregon

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES

June 30, 2025

Total fund balances		$ 3,676,502
Capital assets are not financial resources and are therefore not reported in the governmental funds:		
Cost	13,020,767	
Accumulated depreciation	(849,110)	12,171,657
Property tax revenue is recognized in the net position of governmental activities when the taxes are levied; however, in the governmental fund statements, it is recognized when available to be used for current year operations. Taxes not collected within 60 days of the end of the year are not considered available to pay for current year operations and are therefore not reported as revenue in the governmental funds.		94,660
The internal service fund is used by management to charge the costs of unemployment insurance premiums to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		510,829
Amounts relating to the District's proportionate share of PERS and OPEB actuarial valuation balances are not reported in governmental fund statements.		
Deferred outflows of resources related to pension and OPEB expense	5,496,259	
Deferred inflows of resources related to the return on plan assets	(1,130,621)	
Net OPEB asset - RHIA	177,177	
Net pension liability - PERS	(10,711,502)	
OPEB liability - medical benefit	(292,853)	(6,461,540)
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. These liabilities consist of:		
Compensated absences		(1,297,964)
Net position of governmental activities		$ 8,694,144

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

SHERIDAN SCHOOL DISTRICT NO. 48J
Sheridan, Oregon

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2025

	General Fund	Special Projects Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
REVENUES					
Property taxes	$ 2,074,510	$ -	$ 7,673	$ -	$ 2,082,183
Federal grants	-	1,086,630	-	-	1,086,630
State school fund	13,098,329	160,000	-	50,000	13,308,329
Common school fund	132,698	-	-	-	132,698
Other state grants	6,000	1,688,740	-	-	1,694,740
County school funds	1,448	-	-	-	1,448
Other local/intermediate sources	19,613	315,477	25,990	-	361,080
Fees and charges	1,450	98,197	-	-	99,647
Interest revenue	231,877	7,110	10,312	17,445	266,744
Miscellaneous	3,745	8,297	-	-	12,042
Total revenues	15,569,670	3,364,451	43,975	67,445	19,045,541
EXPENDITURES					
Current					
Instruction	10,903,339	1,301,476	-	-	12,204,815
Support services	4,452,843	1,911,962	-	89,026	6,453,831
Community services	-	563,046	-	-	563,046
Debt service	-	-	43,216	-	43,216
Facilities acquisition and construction	-	-	-	4,500	4,500
Total expenditures	15,356,182	3,776,484	43,216	93,526	19,269,408
Excess (deficiency) of revenues over (under) expenditures	213,488	(412,033)	759	(26,081)	(223,867)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	3,144	13,194	-	16,338
Transfers out	(16,338)	-	-	-	(16,338)
Total other financing sources (uses)	(16,338)	3,144	13,194	-	-
Net change in fund balances	197,150	(408,889)	13,953	(26,081)	(223,867)
Fund balances - beginning	1,157,841	1,922,216	347,688	472,624	3,900,369
Fund balances - ending	$ 1,354,991	$ 1,513,327	$ 361,641	$ 446,543	$ 3,676,502

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

SHERIDAN SCHOOL DISTRICT NO. 48J
Sheridan, Oregon

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

For the Year Ended June 30, 2025

Net change in fund balances		$ (223,867)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures; however, in the statement of activities, the costs of these assets are allocated over their estimated useful lives and reported as depreciation expense. These amounts consist of:		
Capital asset additions	1,177,041	
Current year depreciation expense	(436,978)	740,063
Long-term debt proceeds are reported as other financing sources in the governmental funds. In the statement of net position, however, issuing long-term debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net position.		
Debt principal paid		69,000
Some expenses reported in the statement of activities do not require the use of current financial resources and are therefore not reported as expenditures in the governmental funds.		
Compensated absences		(166,303)
Internal service funds are used by management to charge the costs of unemployment insurance premiums to individual funds. This activity is consolidated with the governmental funds in the statement of activities.		24,546
Pension and OPEB expense that does not meet the measurable and available criteria is not recognized as expense in the current year in governmental funds. In the statement of activities, pension/OPEB expense is recognized when determined to have been accrued.		(232,088)
Change in net position		$ 211,351

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

SHERIDAN SCHOOL DISTRICT NO. 48J
Sheridan, Oregon

STATEMENT OF NET POSITION

PROPRIETARY FUND

June 30, 2025

	Governmental Activities - Internal Service Fund
	Unemployment Insurance
ASSETS	
Cash and cash equivalents	$ 510,829
LIABILITIES	-
NET POSITION	-
Unrestricted	$ 510,829

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

SHERIDAN SCHOOL DISTRICT NO. 48J
Sheridan, Oregon

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

PROPRIETARY FUND

For the Year Ended June 30, 2025

	Governmental Activities - Internal Service Fund
	Unemployment Insurance
Operating revenues	$ -
Operating expenses	-
Operating income (loss)	-
Nonoperating revenues (expenses)	
Investment earnings	24,546
Change in net position	24,546
Net position - beginning	486,283
Net position - ending	$ 510,829

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

SHERIDAN SCHOOL DISTRICT NO. 48J
Sheridan, Oregon

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

For the Year Ended June 30, 2025

	Governmental Activities - Internal Service Fund
	Unemployment Insurance
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	$ 24,546
Net cash provided (used) by investing activities	24,546
Net increase (decrease) in cash and cash equivalents	24,546
Cash and cash equivalents - beginning	486,283
Cash and cash equivalents - ending	$ 510,829

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

NOTES TO BASIC FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Sheridan School District No. 48J have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Description of Government-Wide Financial Statements

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

B. Reporting Entity

Sheridan School District No. 48J functions as a local education agency, serving students in grades kindergarten through twelve, and consists of two schools. The District is governed by a five-member board of directors.

C. Basis of Presentation – Government-Wide Financial Statements

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

D. Basis of Presentation – Fund Financial Statements

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

The District reports the following major governmental funds:

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

Special Revenue Fund

Special Projects Fund – The Special Projects Fund accounts for the proceeds of specific revenue sources that are restricted for specific purposes. The primary sources of revenue are from federal and state grants. The primary uses of revenue are for salaries and employment benefits, education program enhancement, and equipment purchases.

The District considers the following funds to be particularly important to financial statement users and has elected to present these funds as major governmental funds:

Debt Service Fund – The Debt Service Fund accounts for the repayment of the District's long-term debt. The primary sources of revenue are property taxes and investment earnings. The primary use of revenue is payment of principal and interest due on long-term debt.

Capital Projects Fund – The Capital Projects Fund accounts for major capital improvements within the District. The primary sources of revenue are state school funding and investment earnings. The primary use of revenue is capital outlay.

The District also reports the following proprietary fund:

Internal Service Fund

Unemployment Insurance Fund – The Unemployment Insurance Fund is used to account for funds allocated for unemployment benefits. The primary sources of revenue are investment earnings and monies from other local sources. The primary use of revenue is for unemployment benefits.

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

E. Measurement Focus and Basis of Accounting

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

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available.

Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and have therefore been recognized as revenues of the current fiscal period. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the District.

F. Budgetary Information

Annual budgets are adopted on the modified accrual basis of accounting. The District budgets all funds in accordance with the requirements of state law. Annual appropriated budgets are adopted for the general, special revenue, debt service, capital projects, and internal service funds.

The District begins its budgeting process by appointing budget committee members. The budget officer prepares a budget, which is reviewed by the budget committee. The budget is then published in proposed form and is presented at public hearings to obtain taxpayer comments and approval from the budget committee. The budget is legally adopted by the board of directors by resolution prior to the beginning of the District's fiscal year. The board resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations.

Total instruction, support services, community services, debt service, capital outlay, operating contingencies, and interfund transfers for each fund are the levels of control established by the resolution. The detailed budget document, however, is required to contain more specific detailed information for the aforementioned expenditure categories and management may revise the detailed line-item budgets within appropriation categories.

Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. A supplemental budget less than 10% of a fund's original budget may be adopted by the board of directors at a regular board meeting. A supplemental budget greater than 10% of a fund's original budget requires hearings before the public, publication in newspapers, and approval by the board of directors.

Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the board of directors. During the year, there were no supplemental budgets. The District does not use encumbrances and appropriations lapse at year end.

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

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

1. Cash and Cash Equivalents

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

2. Investments

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

3. Accounts and Grants Receivable

Receivables for federal and state grants, and state, county, and local shared revenues are recorded as revenue when earned.

4. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost where no historical records exist. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance or repairs that do not add to the value of an asset or materially extend its life are charged to expenditures as incurred and are not capitalized. Major capital outlays for capital assets and improvements are capitalized as projects are constructed.

Land and construction in progress are not depreciated. The other property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Machinery and equipment	5-15
Buildings and improvements	10-40

5. Compensated Absences

Amounts of vested or accumulated vacation and sick leave that are expected to be liquidated with expendable available financial resources are reported as expenditures when paid. Amounts of vested or accumulated vacation and sick leave that are not expected to be liquidated with expendable available financial resources are reported as long-term liabilities on the statement of net position.

6. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bond using the bonds outstanding method. Bonds payable are reported net of the applicable bond premium or discount. Management has determined that the bonds outstanding method approximates the effective interest method.

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

7. Deferred Outflows/Inflows of Resources (Non-Pension/OPEB Related)

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and will therefore not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

8. Pensions

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

9. Other Postemployment Benefits

For purposes of measuring the net postemployment benefit (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position of OPERS, and additions to/deductions from OPERS' fiduciary net position have been determined on the same basis as they are reported by OPERS. 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.

For purposes of measuring the net OPEB medical benefit, the District has relied on actuarial reports. The net OPEB liability, deferred outflows of resources, and deferred inflows of resources are related to changes in assumptions for the covered active and inactive participants.

10. Net Position Flow Assumption

Sometimes, the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

11. Fund Balance Flow Assumption

Sometimes, the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

12. Fund Balance Policies

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

Restricted fund balance includes amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

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

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

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

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

The District's minimum fund balance policy requires a carryover fund balance of 5% of budgeted revenues.

H. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic remittances of collection to entities levying taxes. Property taxes are levied and become a lien as of July 1 on property values assessed as of June 30. Property taxes are payable in three installments, which are due on November 15, February 15, and May 15. Uncollected property taxes are shown as assets in the governmental funds. Property taxes collected within approximately 60 days of fiscal year-end are recognized as revenue, while the remaining are recorded as deferred inflows of resources because they are not deemed available to finance operations of the current period.

3. Proprietary Fund Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenue of the internal service fund is charges to other agencies for services provided. Operating expenses for the internal service fund include the cost of services and administrative expenses. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

4. Retirement Plan

Most of the District's employees participate in Oregon's Public Employees Retirement System (PERS). Contributions and expenditures are made on a current basis, as required by the plan.

I. Use of Estimates

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

II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

Sheridan School District No. 48J maintains a cash and cash equivalents pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the fund financial statements as cash and cash equivalents. Additionally, several funds held separate cash accounts. Interest earned on pooled cash and investments is allocated to participating funds based upon their combined cash and investment balances.

Investments, including amounts held in pooled cash and investments, are stated at fair value. In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, investments with a remaining maturity of more than one year at the time of purchase are stated at fair value. The District participates in an external investment pool (State of Oregon Local Government Investment Pool (LGIP)). The LGIP is not registered with the U.S. Securities and Exchange Commission as an investment company. The State's investment policies are governed by Oregon Revised Statutes (ORS) and the Oregon Investment Council (OIC). The State Treasurer is the investment officer for the OIC and is responsible for all funds in the State Treasury. These funds are invested, exercising reasonable care, skill, and caution. Investments in the LGIP are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board, which established diversification percentages and specifies the types and maturities of investments. The portion of the external investment pool that belongs to local government investment participants is reported in an Investment Trust Fund in the State's Annual Comprehensive Financial Report (ACFR). A copy of the State's ACFR may be obtained at the Oregon State Treasury, 867 Hawthorne Avenue SE, Salem, Oregon 97301.

Fair Value Measurement

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

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

The LGIP investments are not required to be categorized under the fair value hierarchy. The fair value of the District's position in the LGIP is the same as the value of the pool shares.

Credit Risk

Oregon statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the Local Government Investment Pool. The District has adopted an investment policy requiring diversification of investments.

Investments

As of June 30, 2025, the District had the following investments:

	Credit Quality Rating	Maturities	Fair Value
Oregon Local Government Investment Pool	Unrated	-	$ 5,015,582

Interest Rate Risk

The District has a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increases in interest rates.

Concentration of Credit Risk

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

Custodial Credit Risk – Investments

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

Custodial Credit Risk – Deposits

This is the risk that, in the event of a bank failure, the District's deposits may not be returned. All District deposits not covered by Federal Depository Insurance Corporation (FDIC) insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon, organized in accordance with ORS 295. The PFCP is a shared liability structure for participating bank depositories. Barring any exceptions, a bank depository is required to pledge collateral valued at a minimum of 10% of their quarter-end public fund deposits if they are considered well capitalized, 25% of their quarter-end public fund deposits if they are considered adequately capitalized, or 110% of their quarter-end public fund deposits if they are considered undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities.

The District holds accounts at US Bank, for which the FDIC provides insurance coverage of $250,000 for demand deposit accounts and $250,000 for time and savings accounts. At June 30, 2025, the District had deposits of $250,000 insured by the FDIC and $290,156 collateralized by the PFCP.

Deposits

The District's deposits and investments at June 30, 2025 are as follows:

Checking accounts (book overdraft)	$ (241,584)
Investments	5,015,582
Total deposits and investments	$ 4,773,998

Cash and investments by fund:

Governmental activities - unrestricted	
General Fund	$ 2,225,474
Special Projects Fund	62,653
Capital Projects Fund	443,023
Unemployment Insurance Fund	510,829
Total governmental activities - unrestricted	3,241,979
Governmental activities - restricted	
Special Projects Fund	1,166,858
Debt Service Fund	361,641
Capital Projects Fund	3,520
Total governmental activities - restricted	1,532,019
Total cash and investments	$ 4,773,998

Restricted cash is for future payments of principal and interest on long-term debt, special projects, and the completion of bond projects.

B. Capital Assets

Capital asset activity for the year ended June 30, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	$ 648,696	$ -	$ -	$ 648,696
Construction in progress	2,714,335	1,014,666	-	3,729,001
Total capital assets not being depreciated	3,363,031	1,014,666	-	4,377,697
Capital assets being depreciated				
Buildings and improvements	16,678,094	29,850	-	16,707,944
Machinery and equipment	1,204,342	132,525	-	1,336,867
Total capital assets being depreciated	17,882,436	162,375	-	18,044,811
Less accumulated depreciation for				
Buildings and improvements	(9,253,417)	(369,779)	-	(9,623,196)
Machinery and equipment	(560,456)	(67,199)	-	(627,655)
Total accumulated depreciation	(9,813,873)	(436,978)	-	(10,250,851)
Total capital assets being depreciated, net	8,068,563	(274,603)	-	7,793,960
Governmental activities capital assets, net	$ 11,431,594	$ 740,063	$ -	$ 12,171,657

Capital assets are reported on the statement of net position as follows:

	Capital Assets	Accumulated Depreciation	Net Capital Assets
Governmental activities			
Land	$ 648,696	$ -	$ 648,696
Construction in progress	3,729,001	-	3,729,001
Buildings and improvements	16,707,944	(9,623,196)	7,084,748
Machinery and equipment	1,336,867	(627,655)	709,212
Total governmental activities capital assets	$ 22,422,508	$ (10,250,851)	$ 12,171,657

Depreciation was not charged to specific functions or programs of the District. Capital assets are for the use of the entire District and are therefore unallocated. Depreciation expense is reported on the statement of activities as follows:

Governmental activities	
Unallocated depreciation expense	$ 436,978

C. Deferred Inflows/Outflows of Resources

Deferred inflows and outflows of resources summarized on the statement of net position are comprised of the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net pension liability - PERS	$ 5,412,678	$ 871,128
OPEB RHIA asset	5,080	31,507
OPEB medical benefit liability	78,501	227,986
Total	$ 5,496,259	$ 1,130,621

D. Compensated Absences

The following is a summary of net compensated absences for the year ended June 30, 2025:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities				
Compensated absences	$ 1,131,661	$ 166,303	$ -	$ 1,297,964

The General Fund is used to liquidate compensated absences liabilities.

E. Long-Term Liabilities

1. Changes in Long-Term Liabilities

The following is a summary of long-term liabilities transactions for the year:

	Interest Rates	Original Amount	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities							
Qualified Zone Academy Bond	0%	$ 1,000,000	$ 69,000	$ -	$ 69,000	$ -	$ -

2. Qualified Zone Academy Bonds

The District entered into an agreement dated July 29, 2009 under the Qualified Zone Academy Bonds (QZAB) Program. The QZAB Program provides no-interest financing to purchase certain goods and services for schools located in eligible District areas (zones). The District received financing of $1,000,000 from a local bank on July 29, 2009 for upgrades and improvements to Sheridan High School and Faulconer-Chapman School, which are pledged as collateral.

Interest on the debt is paid by the United States government through the issuance of federal income tax credits to the holder of the QZAB debt (the bank). The rate of return to the bank was established by the United States government at the time of the sale. To reflect the time value of money, the liability recorded in the financial statements reflects future payments discounted at an imputed interest rate of 4.8%, which was the District's long-term borrowing rate at July 2009. The agreement required annual payments of $66,500 on July 29 of each year, and a final payment of $69,000 was due on July 29, 2024. As of June 30, 2025, the obligation had been paid in full.

F. Interfund Transfers

Operating transfers are reflected as other financing sources (uses) in the governmental funds. Interfund transfers during the year ended June 30, 2025 consisted of:

	Transfers in:		
	Special Projects Fund	Debt Service Fund	Total
Transfers out:			
General Fund	$ 3,144	$ 13,194	$ 16,338

The primary purposes of the transfers were to fund future special projects and debt payments.

G. Constraints on Fund Balances

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

	General Fund	Special Projects Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Fund balances:					
Restricted for:					
Special projects	$ -	$ 1,030,902	$ -	$ -	$ 1,030,902
Food service	-	19,824	-	-	19,824
Debt service	-	-	361,641	-	361,641
Student body activities	-	116,132	-	-	116,132
Bond projects	-	-	-	3,520	3,520
Committed to:					
PERS reserve	-	58,227	-	-	58,227
Funding shortfall reserve	-	288,242	-	-	288,242
Capital projects	-	-	-	443,023	443,023
Unassigned	1,354,991	-	-	-	1,354,991
Total fund balances	$ 1,354,991	$ 1,513,327	$ 361,641	$ 446,543	$ 3,676,502

III. OTHER INFORMATION

A. Risk Management

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

B. Pension Plan

1. Plan Description

The District is a participating employer in the Oregon Public Employees Retirement System (OPERS), a cost-sharing, multiple-employer, defined benefit, and defined contribution pension plan. The Oregon Legislature has delegated authority to the Public Employees Retirement System Board to administer and manage the system. All benefits of the system are established by the legislature, pursuant to Oregon Revised Statutes (ORS) Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues a publicly available annual comprehensive financial report and actuarial valuation, both of which can be obtained at: https://www.oregon.gov/pers/emp/pages/annual-reports.aspx.

2. Benefits Provided

a. Tier One/Tier Two Retirement Benefits (ORS Chapter 238)

Pension Benefits

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

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if they have had a contribution in each of five calendar years or have reached at least 50 years of age before ceasing employment with a participating employer. General service employees may retire after reaching age 55. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Pension Plan is closed to new members hired on or after August 29, 2003.

Death Benefits

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

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

Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 when determining the monthly benefit.

Benefit Changes After Retirement

Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the fair value of underlying global equity investments of that account. Under ORS 238.360, monthly benefits are adjusted annually through cost-of-living adjustments (COLA), starting with the monthly benefits received or entitled to be received on August 1. The COLA is capped at 2.0%.

b. Oregon Public Service Retirement Plan (OPSRP) Pension Program (Defined Benefit)

Pension Benefits

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

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

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

Death Benefits

Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50% of the pension that would otherwise have been paid to the deceased member.

Disability Benefits

A member who has accrued 10 or more years of retirement credit before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45% of the member's salary determined as of the last full month of employment before the disability occurred.

Benefit Changes After Retirement

Under ORS 238.360, monthly benefits are adjusted annually through cost-of-living adjustments (COLA), starting with the monthly benefits received or entitled to be received on August 1. The COLA is capped at 2.0%.

c. OPSRP Individual Account Program (IAP) (Defined Contribution)

Benefit Terms

The IAP is an individual account-based program under the OPERS tax-qualified governmental plan as defined under ORS 238A.400. An IAP member becomes vested on the date the employee account is established or on the date the rollover account is established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the OPSRP IAP may receive the amounts in their employee account, rollover account, and vested employer-funded account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, or 20-year period or an anticipated life span option. Installment amounts vary with market returns as the account remains invested while in distribution. When chosen, the distribution option must result in a $200 minimum distribution amount, or the frequency of the installments will be adjusted to reach that minimum.

Death Benefits

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

Recordkeeping

OPERS contracts with Voya Financial to maintain IAP participant records.

3. Contributions

PERS' funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates during the period were based on the December 31, 2022 actuarial valuation, which became effective July 1, 2023. Employer contributions for the year ended June 30, 2025 were $1,634,233, excluding amounts to fund employer-specific liabilities. The rates in effect for the fiscal year ended June 30, 2025 were 26.93% for Tier One/Tier Two general service members, 24.09% for OPSRP Pension Program general service members, and 6% for OPSRP IAP. The District has elected to make the payments on behalf of its employees for the OPSRP IAP.

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

At June 30, 2025, the District reported a liability of $10,711,502 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 liability was determined by an actuarial valuation as of December 31, 2022 rolled forward to June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan, relative to the projected contributions of all participating entities, actuarially determined. At the June 30, 2024 measurement date, the District's proportion was 0.048%, which decreased from its proportion of 0.051% measured as of June 30, 2023.

For the year ended June 30, 2025, the District recognized pension expense of $1,815,420. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 634,557	$ 25,565
Change in assumptions	1,076,938	1,380
Net difference between projected and actual earnings on investments	680,480	-
Change in proportionate share	1,089,302	674,084
Differences between employer contributions and employer's proportionate share of system contributions	356,667	170,099
Total (prior to post-MD contributions)	3,837,944	871,128
Contributions subsequent to the MD	1,574,734	-
Total	$ 5,412,678	$ 871,128

Deferred outflows of resources related to pensions of $1,574,734 resulting from the District's contributions subsequent to the measurement date will be recognized as either a reduction of the net pension liability or an increase in the net pension asset in the year ended June 30, 2026.

Other amounts reported as deferred outflows (inflows) of resources related to pensions will be recognized in pension expense as follows:

Subsequent fiscal years	Deferred Outflows/ (Inflows) of Resources
1st Fiscal Year	$ 162,584
2nd Fiscal Year	1,462,216
3rd Fiscal Year	880,856
4th Fiscal Year	401,245
5th Fiscal Year	59,915

5. Actuarial Assumptions

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

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an actuarially determined amount for funding a disability benefit component, and (3) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2022
Measurement Date	June 30, 2024
Experience Study	2022, published July 24, 2023
Actuarial Assumptions:	
Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.40%
Long-Term Expected Rate of Return	6.90%
Discount Rate	6.90%
Projected Salary Increases	3.40%
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25% / 0.15%) in accordance with *Moro* decision; blend based on service.
Mortality	**Healthy retirees and beneficiaries:** Pub-2010 Healthy retirees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. **Active members:** Pub-2010 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. **Disabled retirees:** Pub-2010 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

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

6. 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 Public Employees Retirement System Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. For more information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see OPERS' annual comprehensive financial report, which can be obtained at: https://www.oregon.gov/pers/emp/pages/annual-reports.aspx.

7. Discount Rate

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

8. Sensitivity of the District's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.90%, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.90%) or one percentage point higher (7.90%) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
District's proportionate share of the net pension liability (asset)	$ 16,896,959	$ 10,711,502	$ 5,530,879

9. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS annual comprehensive financial report.

C. Other Post-Employment Benefits – PERS Retirement Health Insurance Account (RHIA)

1. Plan Description

The District contributes to the PERS Retirement Health Insurance Account (RHIA), established by ORS 238.420, for each of its eligible employees. RHIA is a cost-sharing, multiple-employer, other postemployment benefit plan administered by OPERS. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants hired after August 29, 2003. OPERS issues a publicly available annual comprehensive financial report, which can be obtained at: https://www.oregon.gov/pers/emp/pages/annual-reports.aspx.

2. Benefits Provided

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 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the RHIA established by the employer, and any monthly cost in excess of $60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost, the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if they (1) are receiving a retirement benefit or allowance from PERS or (2) were insured at the time the member died and the member retired before May 1, 1991.

3. Contributions

PERS' funding policy provides for employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates for the period were based on the December 31, 2022 actuarial valuation, which became effective July 1, 2023. The District's contribution rates for the period were 0.05% for Tier One/Tier Two members to fund the normal cost portion of RHIA benefits. No unfunded actuarial accrued liability rate was assigned for the RHIA program as it was funded at 221.3% as of December 31, 2023. Typically, PERS employers contribute an actuarially determined percentage of all PERS-covered salaries to amortize the unfunded actuarial accrued liability over a fixed period with new unfunded actuarial accrued liabilities being amortized over 10 years. The District's total contributions for the year ended June 30, 2025 amounted to $77.

4. OPEB Assets, Liabilities, Expense, and Deferred Outflows and Inflows of Resources Related to RHIA

At June 30, 2025, the District reported an asset of $177,177 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2024, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2022 rolled forward to June 30, 2024. The District's proportion of the net OPEB asset was based on the District's contributions to the RHIA program during the measurement period relative to contributions from all participating employers. At the June 30, 2024 measurement date, the District's proportionate share was 0.044%, which is an increase from its proportion of 0.031% measured as of June 30, 2023.

For the year ended June 30, 2025, the District recognized OPEB credit from this plan of $46,863. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 3,465
Change in assumptions	-	2,241
Net difference between projected and actual earnings on investments	5,003	-
Change in proportionate share	-	25,801
Total (prior to post-MD contributions)	5,003	31,507
Contributions subsequent to the MD	77	-
Total	$ 5,080	$ 31,507

Deferred outflows of resources related to OPEB of $77 resulting from the District's contributions subsequent to the measurement date will be recognized as either a reduction of the net OPEB liability or an increase in the net OPEB asset in the year ending June 30, 2026.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Subsequent fiscal years	Deferred Outflows/ (Inflows) of Resources
1st Fiscal Year	$ (33,623)
2nd Fiscal Year	3,834
3rd Fiscal Year	2,706
4th Fiscal Year	579

5. Actuarial Methods and Assumptions

The RHIA plan is unaffected by healthcare cost trends since the benefit is limited to a $60 monthly payment toward Medicare companion insurance premiums; consequently, the disclosure of a healthcare cost trend is not applicable. Other significant actuarial assumptions are consistent with those disclosed for the OPERS pension plan in Note III-B.5.

6. Long-Term Expected Rate of Return

The long-term expected rate of return assumptions for the OPEB plan are consistent with those disclosed for the OPERS pension plan in Note III-B.6.

7. Discount Rate

The discount rate used to measure the total OPEB liability was 6.90% for the OPEB plan. 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 OPEB plan's 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 OPEB plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

8. Sensitivity of the District's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the District's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 6.90%, as well as what the District's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.90%) or one percentage point higher (7.90%) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
District's proportionate share of the net OPEB liability (asset)	$ (164,012)	$ (177,177)	$ (188,512)

9. OPEB Plan Fiduciary Net Position

Detailed information about the other postemployment benefit plan's fiduciary net position is available in the separately issued OPERS annual comprehensive financial report.

D. Other Post-Employment Benefits – District Medical Benefit Plan

1. Plan Description

The District Medical Benefit Plan consists of a single-employer retiree benefit plan that provides postemployment health, dental, vision, and life insurance benefits to eligible employees and their dependents.

2. Benefits Provided

Plan benefits are established by the Oregon Legislature, pursuant to ORS Chapter 243. ORS stipulates that, for the purpose of establishing healthcare premiums, the rate must be based on all plan members, including both active employees and retirees.

The difference between retiree claims costs, which because of the effect of age is generally higher in comparison to all plan members, and the amount of retiree healthcare premiums represents the District's implicit employer contributions.

The calculated OPEB liability is derived using 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 at 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.

Medical Benefit Membership and Eligibility

Benefits and eligibility for members are established through collective bargaining agreements. All classes of employees are eligible to continue coverage upon retirement. Qualified spouses, domestic partners, and children may qualify for coverage.

Medical Benefit Duration and Amount

Coverage for retirees and eligible dependents continues until Medicare eligibility for each individual (or until dependent children become ineligible).

Participant Statistics

As of July 1, 2023, there were 99 active participants in the Medical Benefit Plan. The average age of active participants was 47.1.

The District did not establish an irrevocable trust (or equivalent arrangement) to account for the plan.

3. Funding Policy

The benefits from this program are paid by the District 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.

4. Actuarial Methods and Assumptions

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

Valuation Date	July 1, 2023
Measurement Date/Fiscal Year End	June 30, 2024 though June 30, 2025
Actuarial Assumptions:	
Actuarial Cost Method	Entry Age Normal
Interest Rate for Discounting Future Liabilities	3.93% per year, based on all years discounted at municipal bond rate
Inflation Rate	2.40% per year
Salary Scale	3.40% per year
Mortality	**Non-annuitant male:** 125% of the combined 80% Pub-2010 Teacher/ 20% Pub-2010 General Employee male table. **Non-annuitant female:** 100% of Pub-2010 Teacher Employee female table. **Annuitant male:** 80% of the Pub-2010 Healthy Teacher Retiree male table and 20% of Pub-2010 Healthy General Retiree male table. **Annuitant female:** 100% of the Pub-2010 Healthy Teacher Retiree female table.
Future Mortality Improvement	Unisex 2019 Social Security Data Scale

Turnover rates were based on percentages developed for the valuation of benefits under Oregon PERS and vary by years of service.

Disability rates were based on percentages developed for the valuation of benefits under Oregon PERS and vary by employee age.

Current and future retirees are assumed to remain enrolled in the plans in which they are currently enrolled, if any. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

5. Total OPEB Liability, Expense, and Deferred Outflows and Inflows of Resources Related to the Medical Benefit Plan

The District's total OPEB liability of $292,853 was measured as of June 30, 2024, and was determined by an actuarial valuation as of July 1, 2023.

For the fiscal year ended June 30, 2025, the District recognized OPEB expense from this plan of $43,537.

	Total OPEB Liability
Beginning balance	$ 247,887
Changes for the year:	
Service cost	66,599
Interest on total OPEB liability	11,020
Effect of assumption changes or inputs	(7,275)
Benefit payments	(25,378)
Ending balance	$ 292,853

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 155,163
Change in assumptions	45,815	72,823
Benefit payments	32,686	-
Total	$ 78,501	$ 227,986

Deferred outflows of resources related to OPEB of $32,686 resulting from the District's benefit payments will be recognized as either a reduction of the net OPEB liability or an increase in the net OPEB asset in the year ended June 30, 2026.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Amortization Period Ending June 30	Deferred Outflows/ (Inflows) of Resources
1st fiscal year	$ (32,732)
2nd fiscal year	(31,578)
3rd fiscal year	(33,614)
4th fiscal year	(40,125)
5th fiscal year	(29,474)
Thereafter	(14,648)

6. Sensitivity of the Net OPEB Liability

The following presents the net OPEB liability, calculated using the discount rate of 3.93%, as well as what the liability would be if it were calculated using a discount rate that is one percentage point lower (2.93%) or one percentage point higher (4.93%) than the current discount rate.

	Discount Rate		
	1% Decrease (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
Total OPEB liability	$ 319,693	$ 292,853	$ 268,910

The following presents the net OPEB liability, calculated using the healthcare cost trend rate of 5.75% graded down to 3.75%, as well as what the liability would be if it were calculated using a rate that is one percentage point lower (4.75%) or one percentage point higher (6.75%) than the current healthcare cost trend rate.

	Healthcare Cost Trend		
	1% Decrease (4.75%)	Current Trend Rate (5.75%)	1% Increase (6.75%)
Total OPEB liability	$ 254,268	$ 292,853	$ 339,164

E. Concentrations

1. Collective Bargaining Agreements

At June 30, 2025, the District had approximately 91% of total employees covered by collective bargaining agreements.

F. New Pronouncements

For the fiscal year ended June 30, 2025, the District implemented the following new accounting standard:

GASB Statement No. 102, *Certain Risk Disclosures* – This statement improves reporting by providing users of financial statements with essential information that previously was not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact.

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

GASB Statement No. 103, *Financial Reporting Model Improvements* – The objective of this statement is to improve key components of the financial reporting model. The purposes of the improvements are to (a) enhance the effectiveness of the financial reporting model in providing information that is essential for decision making and assessing a government's accountability and (b) address certain application issues identified through pre-agenda research conducted by the GASB. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

GASB Statement No. 104, *Disclosure of Certain Capital Assets* – This statement establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures required by GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. It also establishes requirements for capital assets held for sale, including additional disclosures for those capital assets. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

G. Subsequent Events

Management has evaluated subsequent events through November 25, 2025, which was the date that the financial statements were available to be issued.

1. Bonds Issued

Sheridan School District No. 48J successfully sold $6,000,000 in bonds on August 12, 2025, following voter approval in the May 2025 election.

REQUIRED SUPPLEMENTARY INFORMATION

SHERIDAN SCHOOL DISTRICT NO. 48J
Sheridan, Oregon

SCHEDULES OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND CONTRIBUTIONS

OREGON PERS SYSTEM

Schedule of the Proportionate Share of the Net Pension Liability

Year Ended June 30	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share net pension liability (NPL)	(c) Employer's covered payroll	(b/c) NPL as a % of covered payroll	Plan fiduciary net position as a % of the total pension liability
2016	0.08893990%	$ 5,106,450	$ 4,352,195	117.33%	91.88%
2017	0.07427670%	11,150,657	4,324,629	257.84%	80.53%
2018	0.06161424%	8,305,623	4,108,009	202.18%	83.12%
2019	0.05553047%	8,412,135	4,038,075	208.32%	82.07%
2020	0.05621338%	9,723,569	4,186,807	232.24%	80.20%
2021	0.04446087%	9,702,891	3,936,944	246.46%	75.79%
2022	0.03872969%	4,634,581	3,741,035	123.88%	87.60%
2023	0.04100453%	6,278,616	4,100,837	153.11%	84.50%
2024	0.05069182%	9,494,926	5,475,681	173.40%	81.70%
2025	0.04819087%	10,711,502	6,078,280	176.23%	79.30%

Schedule of Contributions

Year Ended June 30	Contractually required contribution	Contributions in relation to the contractually required contribution liability (NPL)	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a % of covered payroll
2016	$ 972,622	$ (972,622)	$ -	$ 4,408,282	22.06%
2017	1,189,862	(1,189,862)	-	4,455,328	26.71%
2018	1,258,664	(1,258,664)	-	3,937,400	31.97%
2019	1,452,933	(1,452,933)	-	4,375,596	33.21%
2020	1,405,768	(1,405,768)	-	3,831,383	36.69%
2021	1,539,050	(1,539,050)	-	4,564,373	33.72%
2022	1,558,444	(1,558,444)	-	5,681,947	27.43%
2023	1,192,367	(1,192,367)	-	4,765,908	25.02%
2024	1,535,595	(1,535,595)	-	5,794,433	26.50%
2025	1,574,734	(1,574,734)	-	5,820,550	27.05%

SHERIDAN SCHOOL DISTRICT NO. 48J
Sheridan, Oregon

SCHEDULES OF THE PROPORTIONATE SHARE OF THE NET OPEB ASSET AND CONTRIBUTIONS

OREGON PERS SYSTEM

Schedule of the Proportionate Share of the Net OPEB RHIA

Year Ended June 30	(a) Employer's proportion of the net OPEB RHIA liability (asset)	(b) Employer's proportionate share net OPEB RHIA liability (asset)	(c) Employer's covered payroll	(b/c) NPL as a % of covered payroll	Plan fiduciary net position as a % of the total OPEB RHIA lability (asset)
2017	0.16311227%	$ 11,136	$ 4,324,629	0.26%	94.15%
2018	0.03997588%	(16,684)	4,108,009	-0.41%	108.88%
2019	0.04399143%	(44,555)	4,038,075	-1.10%	123.99%
2020	0.03837450%	(74,153)	4,186,807	-1.77%	144.40%
2021	0.06115863%	(124,617)	3,936,944	-3.17%	150.07%
2022	0.02922801%	(100,369)	3,741,035	-2.68%	183.90%
2023	0.02730011%	(97,007)	4,100,837	-2.37%	194.60%
2024	0.03069221%	(112,238)	5,475,681	-2.05%	201.60%
2025	0.04386565%	(177,177)	6,078,280	-2.91%	220.60%

Schedule of Contributions

Year Ended June 30	Contractually required contribution	Contributions in relation to the contractually required contribution liability (NPL)	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a % of covered payroll
2017	$ 22,277	$ (22,277)	$ -	$ 4,455,328	0.50%
2018	19,687	(19,687)	-	3,937,400	0.50%
2019	21,878	(21,878)	-	4,375,596	0.50%
2020	12,408	(12,408)	-	3,831,383	0.32%
2021	782	(782)	-	4,564,373	0.02%
2022	367	(367)	-	5,681,947	0.01%
2023	605	(605)	-	4,765,908	0.01%
2024	283	(283)	-	5,794,433	0.00%
2025	77	(77)	-	5,820,550	0.00%

SHERIDAN SCHOOL DISTRICT NO. 48J
Sheridan, Oregon

SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS

MEDICAL BENEFIT PLAN

Schedule of Changes and Related Ratios

Year Ended June 30	(a) Total Beginning Medical Benefit	(b) Service Cost	(c) Interest	(d) Effect of Economic and Demographic Gains or Losses	(e) Change in Assumptions
2018	$ 310,667	$ 44,340	$ 9,515	$ -	$ (15,975)
2019	305,984	42,987	11,706	-	(6,819)
2020	309,486	43,846	13,195	(34,120)	100,196
2021	407,612	46,107	15,160	-	34,616
2022	461,958	53,719	11,113	(95,511)	(42,164)
2023	363,306	54,598	8,841	-	(40,728)
2024	368,770	48,907	14,250	(129,818)	(23,670)
2025	247,887	66,599	11,020	-	(7,275)

Year Ended June 30	(f) Benefit Payments	(g) Total Ending Medical Benefit	(h) Employer's covered payroll	(i) Medical Benefit as a % of covered payroll
2018	$ (42,563)	$ 305,984	$ 3,937,400	7.77%
2019	(44,372)	309,486	4,375,596	7.07%
2020	(24,991)	407,612	3,831,383	10.64%
2021	(41,537)	461,958	4,564,373	10.12%
2022	(25,809)	363,306	5,681,947	6.39%
2023	(17,247)	368,770	4,765,908	7.74%
2024	(30,552)	247,887	5,794,433	4.28%
2025	(25,378)	292,853	5,820,550	5.03%

SHERIDAN SCHOOL DISTRICT NO. 48J
Sheridan, Oregon

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

GENERAL FUND

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis	Actual Adjustments	Actual GAAP Basis
REVENUES						
Local revenue	$ 2,105,000	$ 2,269,000	$ 62,066	$ 2,331,066	$ -	$ 2,331,066
Intermediate revenue	-	-	1,577	1,577	-	1,577
State revenue	10,984,631	13,118,631	118,396	13,237,027	-	13,237,027
Total revenues	13,089,631	15,387,631	182,039	15,569,670	-	15,569,670
EXPENDITURES						
Current						
Instruction	9,120,072	11,102,072	(198,733)	10,903,339	-	10,903,339
Support services	4,169,559	4,485,559	(32,716)	4,452,843	-	4,452,843
Contingency	200,000	200,000	(200,000)	-	-	-
Total expenditures	13,489,631	15,787,631	(431,449)	15,356,182	-	15,356,182
Excess (deficiency) of revenues over (under) expenditures	(400,000)	(400,000)	613,488	213,488	-	213,488
OTHER FINANCING SOURCES (USES)						
Transfers in	100,000	100,000	(100,000)	-	-	-
Transfers out	(100,000)	(100,000)	(83,662)	(16,338)	-	(16,338)
Total other financing sources (uses)	-	-	(183,662)	(16,338)	-	(16,338)
Net change in fund balance	(400,000)	(400,000)	429,826	197,150	-	197,150
Fund balance - beginning	1,200,000	1,200,000	(49,546)	1,150,454	7,387	1,157,841
Fund balance - ending	$ 800,000	$ 800,000	$ 547,604	$ 1,347,604	$ 7,387	$ 1,354,991

SHERIDAN SCHOOL DISTRICT NO. 48J
Sheridan, Oregon

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

SPECIAL PROJECTS FUND

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
REVENUES				
Local revenue	$ 214,400	$ 339,400	$ (83,182)	$ 256,218
Intermediate revenue	660,500	680,500	(507,637)	172,863
State revenue	1,819,556	2,319,556	(470,816)	1,848,740
Federal revenue	1,636,248	1,636,248	(549,618)	1,086,630
Total revenues	4,330,704	4,975,704	(1,611,253)	3,364,451
EXPENDITURES				
Current				
Instruction	1,626,509	1,626,509	(325,033)	1,301,476
Support services	3,959,020	4,604,020	(2,692,058)	1,911,962
Community services	649,796	649,796	(86,750)	563,046
Total expenditures	6,235,325	6,880,325	(3,103,841)	3,776,484
Excess (deficiency) of revenues over (under) expenditures	(1,904,621)	(1,904,621)	1,492,588	(412,033)
OTHER FINANCING SOURCES (USES)				
Transfers in	25,000	25,000	(21,856)	3,144
Net change in fund balance	(1,879,621)	(1,879,621)	1,470,732	(408,889)
Fund balance - beginning	1,879,621	1,879,621	42,595	1,922,216
Fund balance - ending	$ -	$ -	$ 1,513,327	$ 1,513,327

OTHER SUPPLEMENTARY INFORMATION

INDIVIDUAL FUND SCHEDULES

SHERIDAN SCHOOL DISTRICT NO. 48J
Sheridan, Oregon

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

DEBT SERVICE FUND

For the Year Ended June 30, 2025

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
REVENUES			
Local revenue	$ 918,336	$ (900,351)	$ 17,985
Intermediate revenue	65,000	(39,010)	25,990
Total revenues	983,336	(939,361)	43,975
EXPENDITURES			
Debt service	1,256,336	(1,213,120)	43,216
Excess (deficiency) of revenues over (under) expenditures	(273,000)	273,759	759
OTHER FINANCING SOURCES (USES)			
Transfers in	50,000	(36,806)	13,194
Transfers out	(50,000)	(50,000)	-
Total other financing sources (uses)	-	13,194	13,194
Net change in fund balance	(273,000)	286,953	13,953
Fund balance - beginning	273,000	74,688	347,688
Fund balance - ending	$ -	$ 361,641	$ 361,641

SHERIDAN SCHOOL DISTRICT NO. 48J
Sheridan, Oregon

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

CAPITAL PROJECTS FUND

For the Year Ended June 30, 2025

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
REVENUES			
Local revenue	$ 17,000	$ 445	$ 17,445
State revenue	-	50,000	50,000
Total revenues	17,000	50,445	67,445
EXPENDITURES			
Current			
Support services	310,000	(220,974)	89,026
Facilities acquisition and construction	7,000	(2,500)	4,500
Total expenditures	317,000	(223,474)	93,526
Excess (deficiency) of revenues over (under) expenditures	(300,000)	273,919	(26,081)
OTHER FINANCING SOURCES (USES)			
Transfers in	50,000	(50,000)	-
Transfers out	(50,000)	(50,000)	-
Total other financing sources (uses)	-	-	-
Net change in fund balance	(300,000)	173,919	(26,081)
Fund balance - beginning	300,000	172,624	472,624
Fund balance - ending	$ -	$ 446,543	$ 446,543

SHERIDAN SCHOOL DISTRICT NO. 48J
Sheridan, Oregon

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - BUDGET AND ACTUAL

UNEMPLOYMENT INSURANCE FUND

For the Year Ended June 30, 2025

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
REVENUES			
Local revenue	$ 20,000	$ 4,546	$ 24,546
EXPENSES			
Current			
Support services	275,000	(275,000)	-
Excess (deficiency) of revenues over (under) expenses	(255,000)	279,546	24,546
Net position - beginning	255,000	231,283	486,283
Net position - ending	$ -	$ 510,829	$ 510,829

AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS

Accuity
Where accuracy meets integrity
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Board of Directors
Sheridan School District No. 48J
Sheridan, Oregon 97378

We have audited the basic financial statements of Sheridan School District No. 48J as of and for the year ended June 30, 2025 and have issued our report thereon dated November 25, 2025. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*.

Compliance

As part of obtaining reasonable assurance about whether Sheridan School District No. 48J's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

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

Authorized investment of surplus funds (ORS Chapter 294)

Public contracts and purchasing (ORS Chapters 279A, 279B, 279C)

State school fund factors and calculation

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

OAR 162-010-0230 Internal Control

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sheridan School District No. 48J's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Sheridan School District No. 48J's internal control over financial reporting. However, we noted certain matters that we have reported to management of the District in a separate letter dated November 25, 2025.

This report is intended solely for the information and use of the board of directors and management of Sheridan School District No. 48J and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

Accuity, LLC
November 25, 2025

SHERIDAN SCHOOL DISTRICT NO. 48J
Sheridan, Oregon

SUPPLEMENTAL INFORMATION REQUIRED BY OREGON DEPARTMENT OF EDUCATION

For the Year Ended June 30, 2025

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

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

	Objects 325 through 327
Function 2540	$ 244,890.37
Function 2550	$ –

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

$ –

Exclude these functions:

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

SINGLE AUDIT SECTION

SHERIDAN SCHOOL DISTRICT NO. 48J
Sheridan, Oregon

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2025

Federal Grantor, Pass Through Grantor, Program Title	Pass-Through Entity ID	ALN	Expenditures
U.S. Department of Education			
Passed through Oregon State Department of Education			
Title I Grants to Local Educational Agencies	2257	84.010	$ 255,063
Special Education Cluster			
IDEA Special Education Grants To States	2257	84.027	180,787
Special Education Preschool Grants	2257	84.173	9,291
Total Special Education Cluster			190,078
Supporting Effective Instruction	2257	84.367	6,712
COVID-19 Elementary and Secondary School Education Emergency Relief Fund	2257	84.425	4,313
Total U.S. Department of Education			456,166
U.S. Department of Labor			
Community Project Funding/Congressionally Directed		17.289	184,182
U.S. Department of the Treasury			
Passed through Higher Education Coordinationg Commission			
COVID-19 Coronavirus State and Local Fiscal Reovery Funds	1936001127	21.027	43,051
U.S. Department of Agriculture			
Passed through Oregon State Department of Education			
Child Nutrition Cluster*			
School Breakfast Program	2257	10.553	127,177
National School Lunch Program	2257	10.555	239,080
NSLP Supply Chain Assistance	2257	10.555	20,974
NSLP Commodities	2257	10.555	32,466
Fresh Fruit and Vegetable Program	2257	10.582	14,710
Summer Food	2257	10.559	11,875
Total Child Nutrition Cluster			446,282
Total federal expenditures			$ 1,129,681

* Major program

SHERIDAN SCHOOL DISTRICT NO. 48J
Sheridan, Oregon

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2025

I. PURPOSE OF SCHEDULE

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule) includes the federal award activity of Sheridan School District No. 48J's under programs of the federal government for the year ended June 30, 2025. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the activities of the District, it is not intended to and does not present the financial position, changes in net position, nor the operating funds' revenues and expenses.

II. SIGNIFICANT ACCOUNTING POLICIES FOR FEDERAL AWARD EXPENDITURES

A. Basis of Presentation

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

B. 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, non-monetary 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.

C. Major Programs

The Uniform Guidance establishes criteria to be used in defining major federal financial assistance programs. Major programs of the District are those programs selected for testing by the auditor using a risk assessment model, as well as certain minimum expenditure requirements, as outlined in the Uniform Guidance.

SHERIDAN SCHOOL DISTRICT NO. 48J
Sheridan, Oregon

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2025

D. Reporting Entity

The reporting entity is fully described in the notes to the District's basic financial statements. Additionally, the Schedule includes all federal programs administered by the District for the year ended June 30, 2025.

E. Revenue and Expenditure Recognition

The receipt and expenditure of federal awards are accounted for under the modified accrual basis of accounting. Revenues are recorded as received in cash or on the accrual basis where measurable and available. Expenditures are recorded when the liability is incurred.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Sheridan School District No. 48J
Sheridan, Oregon 97378

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the remaining fund information of Sheridan School District No. 48J as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Sheridan School District No. 48J's basic financial statements, and have issued our report thereon dated November 25, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sheridan School District No. 48J's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Accuity, LLC
Albany, Oregon

November 25, 2025

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

Board of Directors
Sheridan School District No. 48J
Sheridan, Oregon 97378

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Sheridan School District No. 48J's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2025. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Sheridan School District No. 48J complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Sheridan School District No. 48J 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 Sheridan School District No. 48J's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Sheridan School District No. 48J's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Sheridan School District No. 48J's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Sheridan School District No. 48J'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 Sheridan School District No. 48J'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 Sheridan School District No. 48J'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, of 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. 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.

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.



Accuity, LLC
Albany, Oregon

November 25, 2025

SHERIDAN SCHOOL DISTRICT NO. 48J
Sheridan, Oregon

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2025

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's opinion issued:	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiencies identified not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weaknesses identified?	No
• Significant deficiencies identified not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)	No

Identification of major programs:

Assistance Listing Number(s) (ALN)	*Name of Federal Program or Cluster*
10.55X	Child Nutrition Cluster

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

SECTION II – STATUS OF PRIOR YEAR FINDINGS

Finding Number	Finding Status
2024-001	Corrected during the fiscal year ended June 30, 2025.