

YAMHILL CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2025



CLEAR TRAIL CPAS
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YAMHILL CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2025

YAMHILL CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

BOARD OF DIRECTORS

BOARD OF DIRECTORS

TERM EXPIRES

Jami Eglund,

June 30, 2025

Erin Galyean, Chair

June 30, 2027

Susan FitzGerald, Vice Chair

June 30, 2027

JaJetta Dumdi

June 30, 2025

Ken Watson

June 30, 2025

All board members will receive mail at the following address:

120 N. Larch Place
Yamhill, OR 97148
(503) 852-6980

ADMINISTRATION

Clint Raever, Superintendent
Melanie Neece, Business Manager

YAMHILL CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

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January 5, 2026

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Yamhill Carlton School District No. 1
Yamhill County, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Yamhill Carlton School District No. 1, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental funds, each major fund, and the aggregate remaining fund information of Yamhill Carlton School District No. 1, as of June 30, 2025, and the changes in financial position 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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standard*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Yamhill Carlton School District No. 1 to meet our other ethical responsibilities, in accordance with the relevant ethical requirement relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the

methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary Information

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

Other Information

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

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

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2026 on our consideration of the internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and

not to provide an opinion on the effectiveness of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated January 5, 2026 on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

A handwritten signature in black ink that reads "Tara M. Kamp, CPA". The signature is written in a cursive style.

TARA M KAMP, CPA
CLEAR TRAIL CPAS

YAMHILL-CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025

As management of Yamhill-Carlton School District, No. 1 (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended **June 30, 2025**.

FINANCIAL HIGHLIGHTS

- In the government-wide financial statements, the assets and deferred outflows of the District exceeded its liabilities and deferred inflows at June 30, 2025 by \$12,834,736.
- The District's total net position increased by \$1,562,308 for the year ended June 30, 2025.
- As of June 30, 2025, the District's governmental funds reported combined ending fund balances of \$7,227,638, an increase of \$992,106 in comparison with the prior year. The ending fund balance includes \$3,368,060 which is non-spendable or reserved for specific programs. \$3,859,578 constitutes unassigned ending fund balance which is available for spending at the District's discretion subject to board policy.
- At June 30, 2025, the General Fund balance was \$3,859,578 or 27.2% of total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management's Discussion and Analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains supplementary information in addition to the basic financial statements.

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

The *Statement of Net Position* presents information on all of the District's assets and liabilities, with the difference between the two 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).

In the government-wide financial statements, the District's activities are shown in one category:

Governmental activities. The District's basic functions are shown here, such as regular and special education, child nutrition services, transportation, administration, and facilities acquisition and

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Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025

construction. These activities are primarily financed through property taxes, Oregon's State School Fund, and other intergovernmental revenues.

The government-wide financial statements can be found on pages 5 and 6 of this report.

Fund financial statements. The *fund financial statements* provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are reported as governmental funds.

Governmental funds. The *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 the 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 a government'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 statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are reconciled to the government-wide Statements of Net Position and Activities.

The basic governmental fund financial statements can be found on pages 7 - 10 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages **13 - 44** of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *Required Supplementary Information* concerning the PERS schedules detailing ten years of pension (assets)/liabilities and pension contributions. With the addition of GASB 73 and GASB 75, implemented in fiscal year ending June 30, 2018, the schedule of changes in other post-employment benefits (OPEB) liability is presented. This requirement is to show information for ten years. Along with this information is the budget to actual presentations for required major funds. Required supplementary information can be found on page **45 - 49** of this report.

YAMHILL-CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025

Supplementary Information presented on pages 50 - 52, includes budgetary comparison for nonmajor and other funds. *Other information* includes continuing disclosures information and other financial schedules. Other information can be found on pages 46 - 56.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted previously, net position, over time, may serve as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$12,834,736 as of June 30, 2025.

YAMHILL CARLTON SCHOOL DISTRICT NO. 1			
NET POSITION			
	Governmental Activities		Increase (Decrease)
	30-Jun-25	30-Jun-24	
ASSETS			
Current and Other Assets	\$ 8,053,378	\$ 7,316,209	\$ 737,169
Capital Assets	29,257,816	29,881,590	(623,774)
Total Assets	37,311,194	37,197,799	113,395
DEFERRED OUTFLOWS OF RESOURCES			
Pension-Related Deferrals	3,988,608	718,402	3,270,206
Total OPEB Related Deferred Outflows	154,407	174,620	(20,213)
Total deferred Outflows of Resources	4,143,015	893,022	3,249,993
LIABILITIES			
Current Liab	7,640,421	2,490,979	5,149,442
Long-Term Obligations	18,297,270	20,114,356	(1,817,086)
Total Liabilities	25,937,691	22,605,335	3,332,356
DEFERRED INFLOWS OF RESOURCES			
Deferred Leased Assets	4,728	23,640	(18,912)
Net Pension-Related Deferrals	2,458,757	2,793,445	(334,688)
Total OPEB Related Deferred Inflows	218,297	236,503	(18,206)
Total deferred Inflows	2,681,782	3,053,588	(371,806)
NET POSITION			
Net Investment in Capital Assets	15,829,042	15,067,078	761,964
Restricted	1,406,478	1,073,656	332,822
Unrestricted	(4,400,784)	(3,708,836)	(691,948)
Total Net Position	\$ 12,834,736	\$ 12,431,898	\$ 402,838
Total Net Position	\$ 12,834,736	\$ 12,431,898	\$ 402,838

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Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025

Capital assets, which consist of the District's land, buildings, building improvements, vehicles, and equipment, represent about 78% of total assets. The remaining assets consist mainly of investments, cash, prepaid pension costs, and grants and property taxes receivable.

The District's long-term liability, representing about 70% of the District's total liabilities, is for the repayment of general obligation and limited tax pension obligation bonds. Current liabilities, which make up about 30% of the District's total liabilities, consist principally of payables on accounts, interest, salaries and benefits.

A portion of the District's net position reflect its investment in capital assets (e.g. land, buildings, and equipment), less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students and other District residents; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debit, it should be noted that the resources needed to repay this debt must be provided from other sources (generally property taxes), since the capital assets themselves cannot be used to liquidate these liabilities.

Governmental activities. During the current fiscal year, the District's net position increased by \$402,838. The key elements of the change in the District's net position for the years ended June 30, 2025 and June 30, 2024 are as follows:

- Assets increased by \$113,395, primarily due to changes in capital assets and other balances over year.
- Deferred outflows of resources increased by \$3,249,993, largely related to changes in Pension- Related and OPEB-related amounts.
- Liabilities increased by \$3,332,356, reflecting changes in long-term obligations and other accrued liabilities.
- Deferred inflows of resources decreased by \$371,806, primarily related to pension and OPEB activity

YAMHILL-CARLTON SCHOOL DISTRICT NO. 1
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Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025

YAMHILL CARLTON SCHOOL DISTRICT NO. 1			
CHANGES IN NET POSITION			
Year Ended June 30, 2025			
	Governmental Activities		Increase
	30-Jun-25	30-Jun-24	(Decrease)
REVENUES			
Program Revenues			
Charges for Services	\$ 343,616	\$ 430,624	\$ (87,008)
Operating Grants and Contributions	2,888,425	2,384,499	503,926
Capital Grants and Contributions	0	0	0
General Revenues			
Property Taxes Levied for:			
General Purposes	4,486,611	4,217,734	268,877
Debt Service	1,018,406	987,850	30,556
State Sources	8,963,915	8,928,197	35,718
Other Local Sources	351,190	271,194	79,996
Intermediate Sources	204,259	323,831	(119,572)
Federal, Unrestricted	0	0	0
Miscellaneous	0	129,512	(129,512)
Earnings on Investments	402,024	335,875	66,149
Total Revenues	<u>18,658,446</u>	<u>18,009,316</u>	<u>649,130</u>
EXPENSES			
Instruction	9,575,868	8,078,036	1,497,832
Support services	6,475,054	5,676,738	798,316
Enterprise and community	436,322	341,719	94,603
Interest on long-term debt	608,895	832,585	(223,690)
Total expenses	<u>17,096,138</u>	<u>14,929,078</u>	<u>2,167,061</u>
Change in Net Position	1,562,308	3,080,238	(1,517,930)
			0
Net Position, Beginning as restated	12,431,898	9,351,660	3,080,238
Net Position, Adjustment	-1,159,470	0	(1,159,470)
Net Position, Ending	<u>\$ 12,834,736</u>	<u>\$ 12,431,898</u>	<u>\$ 402,838</u>

FUND FINANCIAL ANALYSIS

The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. For more information on the details behind each fund balance category see: Note 1, beginning on page 13 of this report.

At June 30, 2025, the District's governmental funds reported combined ending fund balances of 7,227,638. Of this amount, \$3,368,060 (46.59 %) of the ending fund balances constitutes non-spendable or restricted ending fund balance, which are amounts that are either not expendable (such as inventory or prepaid expenses) or are legally restricted by outside parties for a specific purpose (such as bonded debt). The remaining \$3,859,578 (53.40%) of the ending fund balances is unassigned and available for spending at the District's discretion.

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For the Fiscal Year Ended June 30, 2025

General Fund. The General Fund is the chief operating fund of the District. As of June 30, 2025, the unassigned fund balance was \$3,859,578. As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. The fund balance represents about 5.8% of total General Fund expenditures. The total fund balance increased by \$340,686 as compared to prior year’s fund balance.

Special Revenue. The Special Revenue Fund accounts for revenue and expenditures of grants restricted for specific educational projects as well as internal funds segregated by the Board for the food service program, student activities, and other activities. Grant revenues are primarily from Federal sources. As of June 30, 2025, the restricted and assigned fund balance was \$684,227, an increase of \$151,421 from the prior year.

Debt Service. The Debt Service Fund has a total fund balance of \$835,338, all of which is restricted for the payment of debt service.

Capital Assets. The District's investment in capital assets includes land, buildings and building improvements, vehicles and equipment. As of June 30, 2025, the District had invested \$29,257,816 in capital assets, net of depreciation. For more information on capital assets, see: Note 4, on page 23 of this report.

YAMHILL CARLTON SCHOOL DISTRICT NO. 1			
CAPITAL ASSETS			
(net of depreciation)			
	Governmental Activities		Increase
	June 30,	June 30,	
	2025	2024	(Decrease)
Land	\$ 5,514,354	\$ 5,514,354	\$ 0
Construction in Progress	0	0	0
Building and Equipment	23,705,873	24,269,509	(563,636)
Subscriptions	15,643	47,203	(31,560)
Leased Machinery & Equipment	21,946	50,524	(28,578)
Total Capital Assets, net of depreciation	\$ 29,257,816	\$ 29,881,590	\$ (623,774)

Long-Term Debt. At the end of the current fiscal year, the District had \$18,297,270 in outstanding debt. This is a decrease of \$1,817,086 from prior year, due to the continued pay down of outstanding obligations. Refer to: Note 6, on pages 24 - 27 of this report for detailed information. This includes the

YAMHILL-CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025

addition of leased equipment with GASB Statement No. 87 and subscription-based information technology arrangements (SBITA) with GASB Statement No. 96.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Oregon State School Fund (SSF) continues to be the primary revenue source for the District and a critical component of its financial planning. For the fiscal year ended June 30, 2025, the SSF accounted for approximately 61.87% of the District's General Fund resources.

For the 2023-2025 biennium, the Oregon Legislature approved a \$10.2 billion State School Fund appropriation late in the legislative session. However, the District's 2025-2026 adopted budget was based on the preliminary \$11.36 billion funding level available at the time the budget was finalized. The State School Fund continues to prioritize funding necessary to maintain current service levels, and school districts statewide continue advocacy efforts to support adequate and sustainable funding.

The Oregon Department of Education continues to implement its Integrated Guidance framework for budgeting and planning, which aligns multiple state-funded programs to improve coordination and operational effectiveness. Programs included within this framework include High School Success, the Student Investment Account (SIA), Continuous Improvement Planning, Career and Technical Education, Every Day Matters, Early Literacy, and Early Indicator and Intervention Systems. These programs share common goals focused on providing a well-rounded education, advancing educational equity, strengthening systems and capacity, and fostering community engagement. The District engaged students, staff, and community members in the planning process to guide resource allocation under this framework. Planning for the 2025-2027 Integrated Guidance application continues to emphasize community involvement to ensure these resources remain aligned with identified district priorities.

Labor Agreements: Labor costs remain a significant factor in the District's financial planning.

The Classified bargaining agreement, settled in July 2025, covered fiscal years 2025–2028, terms of the agreement included: This is a 3-year agreement that covers the 2025-26 through 2026-27, and 2027-28 school years.

2025-26, there are increases to individual job classifications listed on the 2025-2026 salary schedule and a 4% COLA to the entire salary schedule, plus steps for those eligible.

2026-27, there is a 3.5% COLA to the entire salary schedule plus steps for those eligible.

2027-28, there is a 3% COLA to the entire salary schedule plus steps for those eligible. If the Western States CPI in February of 2027 is 4% or more, the Union will receive a 3.5% increase for 2027-28. Classified staff that regularly use their Spanish bilingual skills for their job will receive a \$10,000 annual stipend MOU signed 07/14/25. Spanish language skills will be based on passing a proficiency test.

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Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2025

The District’s contribution toward medical, dental, and vision insurance premiums increased to \$1,565 in 2025–26, \$1,575 in 2026–27, and \$1,585 in 2027–28 prorated for all classifications.

An eligible employee who “opts out” of insurance by meeting the bargaining unit requirements shall receive a monthly stipend equal to 30% of District’s monthly contribution towards insurance in lieu of the contractual District benefit. The stipend will be considered taxable income.

The Licensed bargaining agreement, settled in June 2025, covered fiscal years 2025–28, terms of the agreement included: This is a 3-year agreement that covers the 2025-26 through 2027-28 school years.

- 2025-26, there is a 6% COLA to the entire salary schedule plus steps for those eligible.
- 2026-27, there is a 5% COLA to the entire salary schedule plus steps for those eligible.
- 2027-28, there is a 4.5% COLA to the entire salary schedule plus steps for those eligible.

The District’s contribution toward medical, dental, and vision insurance premiums increased to \$1,585 in 2025–26, \$1,615 in 2026–27, and \$1,645 in 2027–28 prorated for all classifications. An eligible employee who “opts out” of insurance by meeting the bargaining unit requirements shall receive a monthly stipend equal to 30% of District’s monthly contribution towards insurance in lieu of the contractual District benefit. The stipend will be considered taxable income.

Long-Range Facilities Plan

The District engaged an independent contractor to develop a Long-Range Facilities Plan with input from staff and community members. The facilities committee continues to provide guidance on identified priorities. District facilities remain essential to daily operations. While improvements have been implemented to enhance safety and security, additional maintenance, repairs, and system upgrades remain necessary.

Rising utility costs, including electricity and water, are considered in the development of the operations budget, along with facility projects that are financially feasible within available resources. The District’s Budget Committee and School Board considered these economic conditions, funding levels, labor agreements, and operational needs when preparing the 2025–2026 budget.

Requests for Information

This financial report is designed to present the user (citizens, taxpayers, investors and creditors) with a general overview of the District’s finances and to demonstrate the District’s accountability. Questions concerning any of the information provided in this report or requests for additional information, contact the Business Office, Yamhill-Carlton School District, 120 N. Larch Place, Yamhill, Oregon 97148.

YAMHILL CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

YAMHILL-CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

STATEMENT OF NET POSITION
 June 30, 2025

ASSETS	
Cash and Cash Equivalents	\$ 6,913,314
Property Taxes Receivable	291,293
Accounts Receivable	650,917
Leases Receivable	4,950
Supply Inventory	11,288
OPEB RHIA	181,616
Capital Assets - Nondepreciable	5,514,354
Capital Assets - Depreciable, Net of Depreciation	<u>23,743,462</u>
Total Assets	<u>37,311,194</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension-Related Deferrals	3,988,608
Deferred OPEB RHIA Asset	5,776
OPEB Related Deferred Outflows	<u>148,631</u>
Total deferred Outflows of Resources	<u>4,143,015</u>
LIABILITIES:	
Accounts Payable	47,261
Interest Payable	151,843
Payroll Liabilities	360,879
Accrued Compensated Absences	1,178,643
Unearned Revenue	11,288
Noncurrent Liabilities	
Proportionate Share of Net Pension Liability	5,161,490
Total OPEB Liability	729,017
Due within one year	1,828,794
Due in more than one year	<u>16,468,476</u>
Total Liabilities	<u>25,937,691</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Leased Assets	4,728
Pension-Related Deferrals	2,458,757
Deferred OPEB RHIA Asset	16,557
OPEB Related Deferred Inflows	<u>201,740</u>
Total deferred Inflows	<u>2,681,782</u>
NET POSITION:	
Net Investment in Capital Assets	15,829,042
Restricted for:	
Debt Service	835,338
Food Service	55,308
OPEB RHIA Asset	181,616
Unemployment Retiree Reserve	334,216
Unrestricted	<u>(4,400,784)</u>
Total Net Position	<u>\$ 12,834,736</u>

See accompanying notes to basic financial statements.

YAMHILL-CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

FUNCTIONS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
Instruction	\$ 9,575,868	\$ 250,130	\$ 2,426,142	\$ (6,899,596)
Support Services	6,475,054	70,294	177,254	(6,227,506)
Community Services	436,322	23,192	285,029	(128,101)
Interest on Long-Term Debt	608,895	-	-	(608,895)
Total Governmental Activities	<u>\$ 17,096,138</u>	<u>\$ 343,616</u>	<u>\$ 2,888,425</u>	<u>(13,864,097)</u>

General Revenues

Taxes:

Property Taxes, Levied for General Purposes	4,486,611
Property Taxes, Levied for Debt Service	1,018,406
State Sources	8,963,915

Income Not Restricted to Specific Programs

Local Sources	351,190
Intermediate Sources	204,259
Interest and Investment Earnings	402,024

Total General Revenues 15,426,405

Changes in Net Position 1,562,308

Net Position - Beginning 12,431,898

Prior Period Adjustment (1,159,470)

Net Position - Ending \$ 12,834,736

See accompanying notes to basic financial statements.

YAMHILL-CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

BALANCE SHEET - GOVERNMENTAL FUNDS
 June 30, 2025

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTALS
ASSETS:					
Cash and Investments	\$ 4,112,109	\$ 170,697	\$ 820,728	\$ 1,809,780	\$ 6,913,314
Property Taxes Receivable	233,366	-	57,927	-	291,293
Accounts Receivable	90,847	521,577	-	38,493	650,917
Leases Receivable	-	-	-	4,950	4,950
Inventory	-	11,288	-	-	11,288
Total Assets	\$ 4,436,322	\$ 703,562	\$ 878,655	\$ 1,853,223	\$ 7,871,762
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ 39,214	\$ 8,047	\$ -	\$ -	\$ 47,261
Payroll Liabilities	360,879	-	-	-	360,879
Unearned Revenue	-	11,288	-	-	11,288
Total Liabilities	400,093	19,335	-	-	419,428
Deferred Inflows:					
Unavailable Revenue - Leases	-	-	-	4,728	4,728
Unavailable Property Taxes	176,651	-	43,317	-	219,968
Total Deferred Inflows	176,651	-	43,317	4,728	224,696
Fund Balances:					
Non-spendable	-	11,288	-	-	11,288
Restricted for:					
Capital Projects	-	-	-	1,848,495	1,848,495
Debt Service	-	-	835,338	-	835,338
Food Service	-	55,308	-	-	55,308
Unemployment Retiree Reserve	-	334,216	-	-	334,216
Assigned:					
Student Body	-	83	-	-	83
Other	-	283,332	-	-	283,332
Unassigned	3,859,578	-	-	-	3,859,578
Total Fund Balances	3,859,578	684,227	835,338	1,848,495	7,227,638
Total Liabilities, Deferred Inflows and Fund Balances	\$ 4,436,322	\$ 703,562	\$ 878,655	\$ 1,853,223	\$ 7,871,762

See accompanying notes to basic financial statements.

YAMHILL-CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

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

Total Fund Balances - Governmental Funds	\$	7,227,638
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The cost of capital assets (land, buildings, furniture and equipment) purchased or constructed is reported as an expenditure in governmental funds. The Statement of Net Position includes those capital assets among the assets of the District as a whole.

Net Capital Assets		29,257,816
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Accrued interest payable is not included as a liability in the governmental funds.		(151,843)
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Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long term, are reported in the Statement of Net Position.

Long term Liabilities

General Obligation Bonds Payable	\$ (10,435,000)	
Lease Liabilities	(21,225)	
Subscriptions	(19,037)	
Full Faith & Credit	(3,005,000)	
Limited Tax PERS Bond	(3,020,000)	
Accrued Compensated Absences	<u>(1,178,643)</u>	(17,678,905)

The Net Pension Liability and OPEB Liability and the related deferred inflows and outflows are not reported in the governmental funds balance sheet.

Pension Liability	(5,161,490)	
Pension Deferred Outflow	3,988,608	
Pension Deferred Inflow	<u>(2,458,757)</u>	(3,631,639)

OPEB Liability	(729,017)	
OPEB Deferred Outflow	148,631	
OPEB Deferred Inflow	<u>(201,740)</u>	(782,126)

OPEB RHIA Asset	181,616	
OPEB RHIA Deferred Outflow	5,776	
OPEB RHIA Deferred Inflow	<u>(16,557)</u>	170,835

The unamortized portion of bond premium revenue is not available to pay for current period revenues, and therefore is not reported in the governmental funds.		(1,797,008)
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Unearned revenue related to property taxes		<u>219,968</u>
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Net Position	\$	<u><u>12,834,736</u></u>
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See accompanying notes to basic financial statements.

YAMHILL-CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

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

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTALS
REVENUES:					
Taxes	\$ 4,491,149	\$ -	\$ 1,018,406	\$ 210,075	\$ 5,719,630
State Sources	8,955,891	1,900,459	-	-	10,856,350
Federal Sources	-	818,736	-	-	818,736
Charges for Services	364,957	23,192	1,140,677	18,912	1,547,738
Interest	394,114	826	7,012	72	402,024
Contributions and Donations	-	10,311	-	-	10,311
Other	267,191	212,468	32,658	-	512,317
Total Revenues	14,473,302	2,965,992	2,198,753	229,059	19,867,106
EXPENDITURES:					
Current:					
Instruction	7,592,348	1,793,266	-	-	9,385,614
Support Services	5,598,384	775,084	-	1,651	6,375,119
Community Services	-	456,333	-	-	456,333
Facilities Acquisition and Construction	-	-	-	8,756	8,756
Debt Service					
Principal	39,851	4,217	1,625,000	-	1,669,068
Interest	1,977	95	785,006	-	787,078
Capital Outlay	18,749	179,533	-	25,000	223,282
Total Expenditures	13,251,309	3,208,528	2,410,006	35,407	18,905,250
Excess of Revenues Over, (Under) Expenditures	1,221,993	(242,536)	(211,253)	193,652	961,856
OTHER FINANCING SOURCES (USES)					
Sale of Capital Assets	30,250	-	-	-	30,250
Transfers In	-	393,957	117,600	400,000	911,557
Transfers Out	(911,557)	-	-	-	(911,557)
Total Other Financing Sources (Uses)	(881,307)	393,957	117,600	400,000	30,250
Net Change in Fund Balance	340,686	151,421	(93,653)	593,652	992,106
Beginning Fund Balance	3,518,892	532,806	928,991	1,254,843	6,235,532
Ending Fund Balance	<u>\$ 3,859,578</u>	<u>\$ 684,227</u>	<u>\$ 835,338</u>	<u>\$ 1,848,495</u>	<u>\$ 7,227,638</u>

See accompanying notes to basic financial statements.

YAMHILL-CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

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

Total Net Changes in Fund Balances - Governmental Funds \$ 992,106

Repayment of bond principal, capital leases and vested compensated absences is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Additions to bond principal, capital leases and vested compensated absences is an expense for the Statement of Net Position but not the governmental funds.

GO Bonds	\$	585,000	
Leases		28,791	
Subscriptions		31,948	
Bond Premium		131,347	
Limited Tax PERS Bonds		1,025,000	
Full Faith and Credit		15,000	
Accrued Vacation Payable		<u>(16,028)</u>	
			1,801,058

Fixed asset additions are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which capital assets additions exceeds depreciation.

Capital Asset Additions		314,654	
Depreciation Expense		(938,428)	

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. 30,165

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds as follows:

Unavailable property taxes recognized on a full accrual basis		(4,538)	
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The Pension Expense represents the changes in Net Pension Asset (Liability) from year to year due to changes in total pension liability and the fair value of pension plan net position available to pay pension benefits. (803,304)

The expense related to RHIA OPEB liability represents the net changes in the liability balance from year to year and is not recorded in the governmental funds. 170,835

The expense related to OPEB liability represents the net changes in the liability balance from year to year and is not recorded in the governmental funds. (240)

Change in Net Position of Governmental Activities \$ 1,562,308

See accompanying notes to basic financial statements.

YAMHILL-CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

STATEMENT OF FIDUCIARY NET POSITION - CUSTODIAL FUND
June 30, 2025

	<u>LAUGHLIN SCHOLARSHIP FUND</u>
ASSETS:	
Cash and Investments	\$ <u>53,362</u>
Total Assets	\$ <u><u>53,362</u></u>
NET POSITION:	
Restricted	\$ <u>53,362</u>
Total Net Position	\$ <u><u>53,362</u></u>

See accompanying notes to basic financial statements.

YAMHILL-CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CUSTODIAL FUND
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2025

	LAUGHLIN SCHOLARSHIP FUND
ADDITIONS:	
From Local Sources	\$ -
Total Revenues	-
DEDUCTIONS:	
Instruction	2,000
Total Expenditures	2,000
Net Change in Net Position	(2,000)
Net Position - Beginning	55,362
Net Position - Ending	\$ 53,362

See accompanying notes to basic financial statements.

YAMHILL-CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below.

REPORTING ENTITY

Yamhill Carlton School District No. 1 (the District) is a municipal corporation governed by a separately elected five-member board authorized to transact all business on the District's behalf. The District is a primary government exercising financial accountability for all public education within its boundaries. The Board approves administrative officials. The daily functioning is under supervision of the Superintendent. As required by generally accepted accounting principles, all activities have been included in the basic financial statements.

The financial statements include all funds and account groups. The District is not financially accountable for any other governmental entity. Financial accountability is determined in accordance with criteria set forth in GAAP and Governmental Accounting Standards Board (GASB) Statement No. 61. Financial accountability is based primarily on the authority to appoint a voting majority of an organization's governing board, ability to impose its will on that organization, the potential for that organization to provide specific financial benefits or impose specific financial burdens and that organization's fiscal dependency. There are no component units.

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all the non-fiduciary activities. The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded 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. Under terms of grant agreements, certain programs are funded by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are restricted and unrestricted resources available to finance the program. It is policy to first apply cost reimbursement grant resources to such programs and then general revenues. In the process of aggregating data for the Statement of Net Position and Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables were eliminated to minimize the "grossing up" effect on assets and liabilities. Neither fiduciary funds nor component units that are fiduciary in nature are included.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from general revenues. Program revenues include 1) charges to customers who purchase or use goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

YAMHILL-CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS) (CONTINUED)

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUND TYPES

Governmental funds are used to account for general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are “measurable and available”). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, interfund transactions, and certain compensated absences and claims and judgments which are recognized as expenditures because they will be liquidated with expendable financial resources.

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

The following major governmental funds are reported:

GENERAL FUND

This fund accounts for all financial resources and expenditures except those required to be accounted for in another fund. The principal revenue sources are property taxes and an apportionment from the State of Oregon School Support Fund.

SPECIAL REVENUE FUND

This fund consists of all special revenue funds established to account for revenues and expenditures related to grants, student activities and other special revenues.

DEBT SERVICE FUND

This fund accounts for the property tax revenues related to debt service and makes the debt service payments on the general obligation bonds.

YAMHILL-CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CAPITAL PROJECTS FUND

This fund accounts for activities related to the acquisition, construction, repairing and equipping of facilities. Principal revenue sources are proceeds from the sale of bonds and construction excise tax.

FIDUCIARY FUND – NON-MAJOR

LAUGHLIN SCHOLARSHIP FUND

This fund accounts for donations received from the Laughlin family. The funds are disbursed to award recipients chosen annually by the Laughlin family.

BUDGETS

A budget is prepared and legally adopted for each governmental fund type on the modified accrual basis of accounting in the main program categories required by Oregon Local Budget Law. The budgets for all budgeted funds are adopted on a basis consistent with generally accepted accounting principles except that property taxes received after year-end are not considered budgetary resources in the funds, inventory is expensed when purchased, capital outlay is reported as an expenditure rather than capitalized, depreciation and amortization are not recorded and debt, vacation pay, and Other Post-Employment Benefits (OPEB) obligations are expensed when paid instead of when incurred.

The budget process begins early in each fiscal year with the establishment of the budget committee. Recommendations are developed through early spring with the budget committee approving the budget in late spring. Public notices of the budget hearing are generally published in spring with a public hearing being held approximately three weeks later. The Board may amend the budget prior to adoption. However, budgeted expenditures for each fund may not be increased by more than ten percent without re-publication. The budget is then adopted, appropriations are made, and the tax levy declared no later than June 30th.

Expenditure budgets are appropriated at the following levels for each fund: Instruction, Support Services, Enterprise & Community Services, Other Uses - Debt Service and Interfund Transfers, and Operating Contingency.

Expenditures cannot legally exceed the adopted appropriation levels except in the case of grants which could not be estimated at the time of budget adoption. Appropriations lapse at the fiscal year-end. Management may amend line items in the budget without Board approval as long as appropriation levels (the legal level of control) are not changed. Supplemental appropriations may occur if the Board approves them due to unforeseen circumstances which could not be determined at the time the budget was adopted.

Budget amounts shown in the basic financial statements reflect the original budgeted appropriation amounts. Expenditures of the various funds were within authorized appropriations for the year ended June 30, 2025.

PROPERTY TAXES RECEIVABLE

Real and personal property taxes are attached as an enforceable lien on property as of January 1. All taxes levied as of the lien date and are payable in three installments on November 15, February 15, and May 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

YAMHILL-CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CASH AND CASH EQUIVALENTS

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

FAIR VALUE INPUTS AND METHODOLOGIES AND HIERARCHY

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

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

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

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

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

ACCOUNTS AND OTHER RECEIVABLES

Accounts and other receivables are comprised primarily of State School support and claims for reimbursement of costs under various federal and state grants. No allowance for uncollectible accounts has been recorded because all receivables are considered by management to be collectible.

GRANTS

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

SUPPLY INVENTORIES

School food and other cafeteria supplies are stated at average invoice cost. Commodities purchased from the United States Department of Agriculture in the Food Service Fund are included in inventories at USDA wholesale value. Supplies are accounted for based on the purchase method. Donated commodities consumed

YAMHILL-CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

during the year are reported as revenues and expenditures. The amount of unused donated commodities at balance sheet date is considered immaterial by management for reporting purposes.

CAPITAL ASSETS

Capital assets include land, buildings & improvements, and vehicles & equipment, and are recorded at original cost or estimated original cost. Donated capital assets are recorded at their estimated fair market value on the date donated. Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Interest incurred during construction is not capitalized. The cost of routine maintenance and repairs that do not add to the value of the assets or materially extend asset lives are charged to expenditures as incurred and not capitalized. Capital assets were depreciated, in prior years, using the straight-line method over the following useful lives:

Building and Improvements	20 to 50 years
Land Improvements	15 to 25 years
Equipment	5 to 20 years
Vehicles	10 years

In the government fund financial statements, capital assets are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Accordingly, capital assets are not capitalized and related depreciation is not reported in the governmental fund financial statements.

COMPENSATED ABSENCES

The District recognizes a liability for compensated absences for leave that has been earned by employees for services previously rendered, in accordance with applicable accounting standards. Compensated absences include vacation and sick leave to the extent that the leave is expected to be paid or used.

Vacation

The District's policy permits employees to accumulate earned but unused vacation leave. Upon separation from employment, employees are entitled to payment for unused vacation leave at their current rate of pay. Accordingly, a liability is recorded for accumulated unused vacation leave.

Sick Leave

The District's policy permits employees to accumulate earned but unused sick leave. Sick leave is not payable upon separation from employment. However, for Tier I and Tier II employees, accumulated unused sick leave may be used to increase service credit or otherwise be applied toward the calculation of retirement benefits. In accordance with GASB guidance, the District recognizes a liability for the portion of accumulated sick leave that is expected to be used or applied toward retirement benefits, while no liability is recognized for sick leave that is expected to lapse.

YAMHILL-CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues, expense/expenditures during the reporting period. Actual results could differ from those estimates.

LONG-TERM OBLIGATIONS

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

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

LEASE ASSETS

Lease assets are assets which the government leases for a term of more than one year. The value of leases is determined by the net present value of the leases at the government's incremental borrowing rate at the time of the lease agreement, amortized over the term of the agreement.

LEASE PAYABLE

In the government-wide financial statements, leases payable are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, the present value of lease payments is reported as other financing sources.

SUBSCRIPTION ASSETS

Subscription assets are assets in which the government obtains control of the right to use the underlying IT asset. The value of the subscription asset is initially measured as the sum of the initial subscription liability amount, any payments made to the IT software vendor before commencement of the subscription term, and any capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. The subscription asset is amortized in a straight-line manner over the course of the subscription term.

SUBSCRIPTIONS LIABILITIES

In the government-wide financial statements, subscription liabilities are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, the present value of subscription payments expected to be made during the subscription term is reported as other financing sources. The subscription liability should be initially measured at the present value of subscription payments expected to be made

YAMHILL-CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government's incremental borrowing rate if the interest rate is not readily determinable. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods.

RETIREMENT PLANS

Substantially all of the District's employees are participants in the State of Oregon Public Employees Retirement System (PERS). For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of PERS and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value in accordance with GASB Statements 68, 71, 73 and 75.

PERS

Substantially all employees participate in the Public Employees Retirement System (PERS). Contributions to PERS are made on a current basis as required by the plan and are charged to expenditures as funded.

EARLY RETIREMENT

Certificated employees who have reached age 55 or hired before July 1, 2005, the last 10 years of which have been in the District, are eligible for early retirement benefits which are funded and charged to expenditures as payments become due to early retirees.

NET POSITION

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

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

Restricted – consists of external constraints placed on asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. There are assets restricted for capital projects, debt service, food service and unemployment retiree reserve.

Unrestricted – consists of all other assets that are not included in the other categories previously mentioned.

The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND BALANCE

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

- Nonspendable fund balance represents amounts that are not in a spendable form. The nonspendable fund balance represents inventories and prepaids.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.
- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body.
- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

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

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

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(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District's deferred inflows are clearly labeled on the face of the financial statements.

YAMHILL-CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS

DEPOSITS

Deposits with financial institutions are comprised of bank demand deposits. The total bank balance per the bank statements is \$312,277 all of which is covered by federal depository insurance. The remainder is covered by the collateral held in a multiple financial institutions collateral pool administered by the Oregon State Treasurer. The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. State statutes (ORS 295.002) allow public officials to deposit public funds in one or more depositories currently qualified pursuant to ORS 295.001 to 295.108. As long as the bank depository has entered into an agreement (ORS 295.008(2)(b)) and has deposited securities pursuant to state statutes (ORS 295.015(1)), there may be deposits at any one bank depository and its branches, a sum in excess of the amount insured by the Federal Deposit Insurance Corporation.

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

Deposits			
Demand Deposits	30,288	Governmental Funds	6,913,314
LGIP	<u>6,936,388</u>	Fiduciary Funds	<u>53,362</u>
Total	<u>\$ 6,966,676</u>	Total	<u>\$ 6,966,676</u>

INVESTMENTS

State statutes governing cash management are followed. Statutes authorize investing in banker's acceptances, time certificates of deposit, repurchase agreements, obligations of the United States and its agencies and instrumentalities, and the Oregon State Treasurer's Local Government Investment Pool.

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund's compliance with all portfolio guidelines can be found in their annual report when issued. The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. As of June 30, 2025, the fair value of the position in the LGIP is 100.49% of the value of the pool shares in the Oregon Short Term Fund audited financial statements. The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value measurement in the Oregon Short Term Fund's audited financial report. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. The audited financial reports of the Oregon Short Term Fund can be found here:

[http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-\(OSTF\).aspx](http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-(OSTF).aspx)

YAMHILL-CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (CONTINUED)

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

There were the following investments and maturities at June 30, 2025:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in months)</u>		
		<u>Less than 3</u>	<u>3-17</u>	<u>18-59</u>
State Treasurer's Investment Pool	\$ 6,936,388	\$ 6,936,388	\$ -	\$ -
Total	<u>\$ 6,936,388</u>	<u>\$ 6,936,388</u>	<u>\$ -</u>	<u>\$ -</u>

Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, deposits may not be returned. The District does not have a deposit policy for custodial credit risk. As of June 30, 2025, none of the bank balance was exposed to custodial credit risk because it was fully insured.

Interest Rate Risk

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB. There are no investments that have a maturity date beyond three months.

Credit Risk – Investments

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

Concentration of Credit Risk

At June 30, 2025, 100% of total investments were in the State Treasurer's Investment Pool. State statutes do not limit the percentage of investments in this instrument.

3. ACCOUNTS/GRANTS RECEIVABLE

Special revenue fund grants receivable are comprised of claims for reimbursement of costs under various federal and state grant programs. Property taxes are levied and become a lien on all taxable property as of July 1. Taxes unpaid and outstanding on May 16 are considered delinquent. No allowance for uncollectible accounts has been recorded because all receivables are considered by management to be collectible.

YAMHILL-CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

4. CAPITAL ASSETS

Capital assets activity for the year was as follows:

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Capital assets not being depreciated:				
Land and Land Improvements	\$ 5,514,354	\$ -	\$ -	\$ 5,514,354
Total capital assets not being depreciated	5,514,354	-	-	5,514,354
Capital assets being depreciated:				
Buildings and Improvements	31,897,169	181,916	(35,000)	32,044,085
Vehicles & Equipment	1,760,728	132,738	(28,890)	1,864,576
Subscriptions	98,645	-	(22,472)	76,173
Leased Machinery & Equipment	107,848	-	-	107,848
Total capital assets being depreciated	33,864,390	314,654	(86,362)	34,092,682
Less total accumulated depreciation and amortization for:				
Buildings and Improvements	(8,731,604)	(759,161)	35,000	(9,455,765)
Vehicles & Equipment	(656,784)	(119,129)	28,890	(747,023)
Subscriptions	(51,442)	(31,560)	22,472	(60,530)
Leased Machinery & Equipment	(57,324)	(28,578)	-	(85,902)
Total accumulated depreciation and amortization	(9,497,154)	(938,428)	86,362	(10,349,220)
Total capital assets being depreciated and amortized, net	24,367,236	(623,774)	-	23,743,462
Total Capital Assets, Net	\$ 29,881,590			\$ 29,257,816

Depreciation and amortization for the year was charged to the following programs:

Instruction	\$ 543,114
Support Services	368,907
Enterprise and Community Services	26,407
	\$ 938,428

5. LEASE RECEIVABLES AND DEFERRED INFLOWS

On 07/01/2021, Yamhill-Carlton Schools, OR entered into a 51 month lease as Lessor for the use of Verizon Cell Tower. An initial lease receivable was recorded in the amount of \$80,376. As of 06/30/2025, the value of the lease receivable is \$4,950. The lessee is required to make monthly payments of \$1,608. The lease has an interest rate of 0.4570%. The value of the deferred inflow of resources as of 06/30/2025 was \$4,728, and Yamhill-Carlton Schools recognized lease revenue of \$19,548 during the fiscal year. The lessee has 8 extension option(s), each for 60 months.

YAMHILL-CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. LEASE RECEIVABLES AND DEFERRED INFLOWS (CONTINUED)

Governmental Activities

Lease Receivable	July 1, 2024	Additions	Reductions	June 30, 2025
Building				
Verizon Tower Lease	\$ 24,498	\$ -	\$ 19,548	\$ 4,950
Total Lease Receivable	<u>\$ 24,498</u>	<u>\$ -</u>	<u>\$ 19,548</u>	<u>\$ 4,950</u>
Deferred Inflow of Resources				
Building				
Verizon Tower Lease	\$ 23,640	\$ -	\$ 18,912	\$ 4,728
Total Deferred inflow of Resources	<u>\$ 23,640</u>	<u>\$ -</u>	<u>\$ 18,912</u>	<u>\$ 4,728</u>

The deferred inflow is amortized on a straight line basis. Future maturities for the receivables are as follows:

Fiscal Year	Principal Payments	Interest Payments	Total Payments
2026	\$ 4,950	\$ 4	\$ 4,954
Total	<u>\$ 4,950</u>	<u>\$ 4</u>	<u>\$ 4,954</u>

6. LONG-TERM DEBT

A summary of debt transactions of the year ended June 30, 2025, including leased equipment reported as debt in accordance with GASB Statement No. 87 and subscription technology arrangements in accordance with GASB No. 97.:

Issue Date	Interest Rates	Issue Amount	6/30/2024	Issued	Matured and Redeemed	6/30/2025	Due Within One Year
Direct Borrowings and Placements							
2019 FF &C	3.00-4.00%	3,030,000	\$ 3,020,000	\$ -	\$ 15,000	\$ 3,005,000	\$ 25,000
Bonds							
2003 PERS UAL	1.50-5.68%	9,421,889	4,045,000	-	1,025,000	3,020,000	1,145,000
2016 GO Bond	2.00-4.25%	14,200,000	11,020,000	-	585,000	10,435,000	635,000
Subscriptions							
Subscriptions	2.024-2.901%	73,954	50,985	-	31,948	19,037	13,309
Leases							
Turf Tank	2.426%	34,133	31,462	-	10,237	21,225	10,485
Copier	0.460%	73,715	18,554	-	18,554	-	-
			<u>\$ 18,186,001</u>	<u>\$ -</u>	<u>\$ 1,685,739</u>	<u>\$ 16,500,262</u>	<u>\$ 1,828,794</u>
			<u>\$ 1,928,355</u>	<u>\$ -</u>	<u>\$ 131,347</u>	<u>\$ 1,797,008</u>	<u>\$ -</u>
			<u>\$ 20,114,356</u>	<u>\$ -</u>	<u>\$ 1,817,086</u>	<u>\$ 18,297,270</u>	<u>\$ 1,828,794</u>

YAMHILL-CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

6. LONG-TERM DEBT (CONTINUED)

For further detail on debt service, see the ‘Schedule of Bond and Interest Transactions and Balances’ and ‘Schedule of Future Requirements for Retirement of Long-Term Debt’ in the Other Information section of this report.

Bonds

Fiscal Year Ended	Principal	Interest	Total
2025-26	\$ 1,780,000	\$ 582,886	2,362,886
2026-27	1,960,000	492,450	2,452,450
2027-28	1,350,000	392,714	1,742,714
2028-29	805,000	328,550	1,133,550
2029-30	865,000	300,375	1,165,375
2030-35	5,375,000	964,675	6,339,675
2035-40	1,320,000	52,800	1,372,800
 Total	 <u>\$ 13,455,000</u>	 <u>\$ 3,114,450</u>	 <u>\$ 16,569,450</u>

Bonds

Fiscal Year Ended	Principal	Interest	Total
2025-26	\$ 25,000	\$ 119,700	\$ 144,700
2026-27	10,000	119,000	129,000
2027-28	20,000	118,400	138,400
2028-29	25,000	117,500	142,500
2029-30	40,000	116,200	156,200
2030-35	410,000	542,000	952,000
2035-40	885,000	415,900	1,300,900
2040-45	1,590,000	172,800	1,762,800
 Total	 <u>\$ 3,005,000</u>	 <u>\$ 1,721,500</u>	 <u>\$ 4,726,500</u>

General Obligation Bond 2016: The grant agreement also stipulates events of default under the agreement and remedies of the State in case of a default by the District. The events of default include any false or misleading representations by the District to the State or failure to perform any covenant after notice from the State and a cure period. The remedies include requiring the District to repay grant funds that have been disbursed (including any costs of decreasing the portion of the State's bonds, allocable costs of issuance and legal fees) and allowing the State to intercept State school fund disbursements due to the District to make these payments. If the grant was not received, terminated, or required to be repaid, the District does not expect it would have a material impact on the District's ability to complete the Project, repay the Bonds or to operate the District.

YAMHILL-CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

6. LONG-TERM DEBT (CONTINUED)

Pension Obligation Bond 2003: If an Event of Default occurs and is continuing the Program Trustee may exercise any remedy available at law or in equity; however, the Bond Payments shall not be subject to acceleration, and the District shall be responsible solely for its Bond Payments and any Additional Charges reasonably allocated to it.

Full Faith & Credit Loan 2019: Upon the occurrence and continuance of any Event of Default, the Escrow Agent may proceed, and upon written request of the Owners of not less than a majority in aggregate principal amount of Obligations the outstanding, shall proceed to take whatever action at law or in equity may appear necessary or desirable to enforce the Financing Agreement or to protect any of the rights vested in the Escrow Agent or the Owners of Obligations by the Escrow Agreement or by the Obligations, either at law or in equity or in bankruptcy or Otherwise, whether for the specific enforcement of any covenant or agreement contained in the Escrow Agreement or in aid of the exercise of any power granted in the Escrow Agreement or for the enforcement of any other legal or equitable right vested in the Escrow Agent by the Escrow Agreement or by law. However, the financing amount and the financing payments shall not be subject to acceleration.

LEASES

On 07/01/2021, The District entered into a 48 month lease as Lessee for the use of Konica Minolta Multifunction Copiers and FP Postage Machine. An initial lease liability was recorded in the amount of \$73,715. As of 06/30/2025, the value of the lease liability is \$0. The District was required to make monthly fixed payments of \$1,550. The lease has an interest rate of 0.4570%. The Equipment estimated useful life was 60 months as of the contract commencement. The value of the right to use asset is included with Equipment on the Lease Class activities table found in the capital asset note. The lease was paid off at the end of the fiscal year.

On 03/15/2024, The District entered into a 40 month lease as Lessee for the use of Turf Tank TWO Robot from Turf Tank. An initial lease liability was recorded in the amount of \$34,133. As of 06/30/2025, the value of the lease liability is \$21,224. The District is required to make monthly fixed payments of \$850. The lease has an interest rate of 2.426%. The Equipment estimated useful life was 40 months as of the contract commencement. The value of the right to use asset is included with Equipment on the Lease Class activities table found in the capital asset note.

<u>Fiscal Year</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2026	\$ 10,485	\$ 515	\$ 11,000
2027	10,740	261	11,001
Total	\$ 21,225	\$ 776	\$ 22,001

YAMHILL-CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

6. LONG-TERM DEBT (CONTINUED)

SUBSCRIPTIONS

As of 06/30/2024, the District had 7 active subscriptions. The subscriptions have payments that range from \$1,289 to \$12,682 and interest rates that range from 2.184% to 2.901%. The total combined value of the subscription liability is \$50,985. The value of the intangible right to use the assets and related amortization are reported in the Capital Asset note.

Total debt service requirements to maturity for the subscription liabilities, as of June 30, 2025, are as follows:

<u>Fiscal Year</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2026	\$ 13,309	\$ 538	\$ 13,847
2027	5,728	159	5,887
Total	\$ 19,037	\$ 697	\$ 19,734

7. DEFINED BENEFIT PENSION PLAN

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

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

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

- a. **PERS Pension (Chapter 238).** The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.

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

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier 1 general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier 2 members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

NOTES TO BASIC FINANCIAL STATEMENTS

7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

- ii. **Death Benefits.** Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following contributions are met:
 - member was employed by PERS employer at the time of death,
 - member died within 120 days after termination of PERS covered employment,
 - member died as a result of injury sustained while employed in a PERS-covered job, or
 - member was on an official leave of absence from a PERS-covered job at the time of death.
 - iii. **Disability Benefits.** A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.
 - iv. **Benefit Changes After Retirement.** Members may choose to continue participation in their variable account after retiring and may experience annual benefit fluctuations due to changes in the fair value of the underlying global equity investments of that account. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes (COLA). The COLA is capped at 2.0 percent.
- b. **OPSRP Pension Program (OPSRP DB).** The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.
- i. **Pension Benefits.** This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:
Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.
General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.
A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.
 - ii. **Death Benefits.** Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member. The surviving spouse may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached 70½ years.

YAMHILL-CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

- iii. **Disability Benefits.** A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member’s salary determined as of the last full month of employment before the disability occurred.

Contributions – PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2022 actuarial valuation, which became effective July 1, 2023. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2025 were \$345, excluding amounts to fund employer specific liabilities. In addition approximately \$426,672 in employee contributions were paid or picked up by the District in fiscal 2025. At June 30, 2025, the District reported a net pension liability of \$5,161,490 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated December 31, 2022. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of the measurement date of June 30, 2024 and 2023, the District’s proportion was .023 percent and .004 percent, respectively. Pension expense for the year ended June 30, 2025 was \$803,304.

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

- (1) Tier 1/Tier 2 – 0.00%
- (2) OPSRP general services – 0.00%

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 305,771	\$ 12,319
Changes in assumptions	518,938	665
Net difference between projected and actual earnings on pension plan investments	327,899	-
Net changes in proportionate share	2,835,655	1,496,262
Differences between contributions and proportionate share of contributions	-	949,511
Subtotal - Amortized Deferrals (below)	3,988,263	2,458,757
Contributions subsequent to measuring date	345	-
Deferred outflow (inflow) of resources	\$ 3,988,608	\$ 2,458,757

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

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

YAMHILL-CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Year ending June 30,	Amount
2026	\$ (37,087)
2027	594,965
2028	350,217
2029	449,914
2030	171,496
Thereafter	-
Total	\$ 1,529,505

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

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

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

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

YAMHILL-CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions:

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

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

Assumed Asset Allocation:

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

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

YAMHILL-CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Long-Term Expected Rate of Return:

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

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

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

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

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

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
Proportionate share of the net pension liability	\$ 8,142,041	\$ 5,161,490	\$ 2,665,133

NOTES TO BASIC FINANCIAL STATEMENTS

7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes Subsequent to the Measurement Date

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

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

Deferred Compensation Plan

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

OPSRP Individual Account Program (OPSRP IAP)

Plan Description:

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

Pension Benefits:

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

NOTES TO BASIC FINANCIAL STATEMENTS

7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Death Benefits:

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

Contributions:

Employees of the District pay six (6) percent of their covered payroll. Effective July 1, 2020, currently employed Tier 1/Tier 2 and OPSRP members earning \$2,500 or more per month (increased to \$3,333 per month in 2022) will have a portion of their 6 percent monthly IAP contributions redirected to an Employee Pension Stability Account. The Employee Pension Stability Account will be used to pay part of the member's future benefit. Of the 6 percent monthly IAP contribution, Tier 1/Tier 2 will have 2.5 percent redirected to the Employee Pension Stability Account and OPSRP will have 0.75 percent redirected to the Employee Pension Stability Account, with the remaining going to the member's existing IAP account. Members may voluntarily choose to make additional after-tax contributions into their IAP account to make a full 6 percent contribution to the IAP. The District did not make any optional contributions to member IAP accounts for the year ended June 30, 2025.

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

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

8. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) – RHIA

Plan Description:

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

Funding Policy:

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

YAMHILL-CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) – RHIA (CONT.)

A surviving spouse or dependent of a deceased OPERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from OPERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating governments are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the Government currently contributes 0.00% of annual covered OPERF payroll and 0.00% of OPSRP payroll under a contractual requirement in effect until June 30, 2025. Consistent with GASB Statement 75, the OPERS Board of Trustees sets the employer contribution rates as a measure of the proportionate relationship of the employer to all employers consistent with the manner in which contributions to the OPEB plan are determined. The basis for the employer's portion is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the plan with the total actual contributions made in the fiscal year of all employers. The Government's contributions to RHIA for the years ended June 30, 2023, 2024 and 2025 were \$772, \$144 and \$117, which equaled the required contributions each year.

At June 30, 2025, the Government reported a net OPEB liability/(asset) of (\$181,616) for its proportionate share of the net OPEB liability/(asset). The OPEB liability/(asset) was measured as of June 30, 2024, and the total OPEB liability/(asset) used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of December 31, 2022. Consistent with GASB Statement No. 75, paragraph 59(a), the Government's proportion of the net OPEB liability/(asset) is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers. As of the measurement date of June 30, 2024 and 2023, the Government's proportion was .045 percent and .039 percent, respectively. OPEB expense for the year ended June 30, 2025 was (\$176,494).

Components of OPEB Expense/(Income):

Employer's proportionate share of collective system OPEB Expense/(Income)	\$ (21,592)
Net amortization of employer-specific deferred amounts from:	
- Changes in proportionate share (per paragraph 64 of GASB 75)	(10,013)
- Differences between employer contributions and employer's proportionate share of system contributions (per paragraph 65 of GASB 75)	-
Employer's Total OPEB Expense/(Income)	<u>\$ (31,605)</u>

YAMHILL-CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) – RHIA (CONT.)

Components of Deferred Outflows/Inflows of Resources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ -	\$ 3,552
Changes in assumptions	-	2,297
Net difference between projected and actual earnings on pension plan investments	5,128	-
Net changes in proportionate share	531	10,708
Differences between contributions and proportionate share of contributions	-	-
Subtotal - Amortized Deferrals (below)	5,659	16,557
Contributions subsequent to measuring date	117	-
Deferred outflow (inflow) of resources	\$ 5,776	\$ 16,557

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

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

Year ending June 30,	Amount
2026	\$ (19,499)
2027	5,234
2028	2,774
2029	592
2030	-
Thereafter	-
Total	\$ (10,899)

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

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

YAMHILL-CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) – RHIA (CONT.)

Actuarial Methods and Assumptions:

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

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

Discount Rate:

The discount rate used to measure the total OPEB liability as of the measurement date of June 30, 2024 was 6.90 percent. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments for the RHIA plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in January 2023 the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation.

YAMHILL-CARLTON SCHOOL DISTRICT NO. 1
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NOTES TO BASIC FINANCIAL STATEMENTS

8. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) – RHIA (CONT.)

The OIC’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

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

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

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

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
Proportionate share of the net OPEB liability (asset)	\$ (168,121)	\$ (181,616)	\$ (193,235)

Changes Subsequent to the Measurement Date

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

YAMHILL-CARLTON SCHOOL DISTRICT NO. 1
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NOTES TO BASIC FINANCIAL STATEMENTS

9. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) – HEALTH INSURANCE SUBSIDY

Plan Description:

The District operates a single-employer retiree benefit plan that provides postemployment health, dental and vision insurance benefits to eligible employees and their spouses. There are active and retired members in the plan. All classes of employee are eligible to continue coverage upon retirement. Qualified spouses domestic partners, and children may qualify for coverage. Coverage for retirees and eligible dependents continues until Medicare eligibility for each individual (or until dependent children become ineligible).

Benefits and eligibility for members are established through the collective bargaining agreements. The postretirement healthcare plan is established in accordance with Oregon Revised Statutes (ORS) 243.303. ORS stipulated 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 cost, 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 contribution. The District did not establish an irrevocable trust (or equivalent arrangement) to account for the plan.

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 not obligation on the part of the District to fund these benefits in advance.

Actuarial Methods and Assumptions:

The District engaged an actuary to perform an evaluation as of July 1, 2023 using entry age normal, level percent of salary Actuarial Cost Method. The Single Employer Pension Plan liability was determined using the following actuarial assumptions, applied to all periods including the measurement:

Discount Rate per year		3.93%
General Inflation Rate per year		2.40%
Salary Scale per year		3.40%
Annual Medical Premium increase rate	2024-2025	5.75%
	2026	5.50%
	2027	5.25%
	2028	5.00%
	2029-2030	4.75%
	2031	4.50%
	2032-2065	4.25%
	2066-2071	4.00%
	2072+	3.75%
Dental and Vision Premium Increase Rate	2024	3.50%
	2025-2073	4.00%
	2074+	3.75%

Mortality rates were based on the Pub-2010 Teacher Employee and Healthy Retiree tables, sex distinct for members and dependents. Future mortality improvement is not projected as it would be immaterial to the valuation.

YAMHILL-CARLTON SCHOOL DISTRICT NO. 1
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NOTES TO BASIC FINANCIAL STATEMENTS

9. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) HEALTH INSURANCE SUBSIDY (CONT.)

Disability rates were not used.

Changes in Medical Benefit OPEB Liability:

Total OPEB Liability - Beginning	2025	2024	2023
	\$ 720,003	\$ 684,967	\$ 725,322
Changes for the Year:			
Service Cost	54,099	60,746	69,651
Interest	27,235	25,224	16,434
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	-	(84,695)	(57,831)
Changes of Assumptions or Other Input	(15,944)	100,696	-
Benefit Payments	(56,376)	(66,935)	(68,609)
Net Changes for the Year	9,014	35,036	(40,355)
Total OPEB Liability - Ending	\$ 729,017	\$ 720,003	\$ 684,967

Sensitivity of the Net Other Post-Employment Benefit Liability to Changes in Discount and Trend Rates: The following analysis presents the net OPEB liability using a discount rate of 3.93%, as well as what the District's net OPEB liability would be if it was calculated using a discount rate that is one percentage point lower (2.93%) or one percentage point higher (4.93%) than the current rate, a similar sensitivity analysis is presented for the changes in the healthcare trend assumption:

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	\$ 788,044	\$ 729,017	\$ 677,256
	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$ 667,065	\$ 729,017	\$ 802,742

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

YAMHILL-CARLTON SCHOOL DISTRICT NO. 1
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NOTES TO BASIC FINANCIAL STATEMENTS

9. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) HEALTH INSURANCE SUBSIDY (CONT.)

	Deferred Inflows of Resources	Deferred Outflows of Resources
Difference between expected and actual experience	\$ 147,863	\$ -
Changes in assumptions	53,877	98,067
Benefit Payments	-	50,564
Deferred outflow (inflow) of resources	\$ 201,740	\$ 148,631

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

Year ending June 30	Amount
2026	\$ (27,139)
2027	(22,915)
2028	(20,342)
2029	(24,089)
2030	(7,221)
Thereafter	(1,967)
Total	\$ (103,673)

10. ACCRUED COMPENSATED ABSENCES

Compensated absences balances at June 30, 2025 and 2024 are \$1,178,643, and \$1,162,615, respectively.

	Restated Beginning Balance	Net Change	Ending Balance
Governmental	\$ 1,162,615	\$ 16,028	\$ 1,178,643
Total	\$ 1,162,615	\$ 16,028	\$ 1,178,643

11. COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amount, if any to be immaterial. A substantial portion of operating funding is received from the State of Oregon. State funding is determined through state wide revenue projections that are paid to individual school districts based on pupil counts and other factors in the state school fund revenue formula. Since these projections and pupil counts fluctuate, there can be increases or decreases in revenue. Due to these future uncertainties at the state level, the future effect on operations cannot be determined.

YAMHILL-CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

12. RISK MANAGEMENT

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

The District carries commercial insurance for all other losses, including workers' compensation and employee health and accident insurance. Premiums to the health insurance company are paid through a combination of employer contributions and payroll withholdings for eligible employees. The District came under the State Unemployment Act as of July 1, 1974. The District has elected to pay State Unemployment insurance to the State of Oregon to pay for any claims paid to former employees. There have been no significant reductions in coverage from the prior years and settlements have not exceeded insurance coverage in the past three years.

13. INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2025 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 911,557
Special Revenue Funds	393,957	-
Debt Service Fund	117,600	-
Cap. Proj. Fund	400,000	-
	<u>\$ 911,557</u>	<u>\$ 911,557</u>

The interfund transfers are budgeted amounts from the General Fund to cover the early retiree benefits and food service in the Special Revenue Fund and to cover the payments for the PERS UAL debt in the Debt Service Fund.

14. PROPERTY TAX LIMITATIONS

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

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

YAMHILL-CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

15. PRIOR PERIOD ADJUSTMENT

During the current year, the District implemented GASB Statement No. 101, Compensated Absences. In addition to the value of unused vacation time owed to employees upon separation of employment, the District now recognizes an estimated amount of sick leave earned as of year-end that will be used by employees as time off in future years as part of the liability for compensated absences. The effects of the change in accounting principle are summarized below in the “Restatement - GASB 101 implementation” column in the table below.

	Net position 6/30/24 as previously reported	Restatement - GASB 101 implementation	Net position 6/30/24 as restated/adjusted
Government-wide			
Governmental activities	\$ 12,431,898	\$ (1,159,470)	\$ 11,272,428
Total government-wide	\$ 12,431,898	\$ (1,159,470)	\$ 11,272,428

16. CONCENTRATION AND CONSTRAINTS

A) State and Federal Funding

The School District operates as a subdivision of the state, and as such, its funding is heavily reliant on appropriations from the state legislature to the School Support Fund (SSF). For the year ended June 30, 2025, approximately 44% of the District’s total governmental fund revenues were derived from SSF grants. This concentration of funding exposes the District to significant financial risk should state funding levels decrease. Although the legislature approved the next biennial funding cycle, effective beginning July 1, 2025, the District’s future funding remains uncertain, particularly given the state’s dependence on federal aid for various programs, including education. Federal funding, as noted in subsequent sections, is currently experiencing reductions and is expected to face further reductions in the foreseeable future.

The District also receives a notable portion of its governmental resources through a Student Investment Account (SIA) grant, which accounted for 6.5% of total governmental fund resources for the fiscal year ending June 30, 2025. The SIA grant is primarily funded through the state’s Corporate Activity Tax (CAT), which is subject to fluctuation based on economic conditions at both the federal and state levels. The funding cycle aligns with the state’s biennial budget process, with the next cycle commencing on July 1, 2025. This concentration presents additional risk, as the volatility of the underlying tax revenue increases the potential for future reductions. The District’s management continues to monitor economic trends and their potential impact on SIA funding levels.

The District also receives federal grants, which totaled 4.1% of its governmental fund revenues for the year ending June 30, 2025. Most of these federal grants are scheduled to begin in the upcoming fiscal year starting October 1, 2025. As of the financial statement date, federal budget negotiations for 2025-26 are ongoing, and the District’s reliance on federal funding introduces exposure to the broader implications of national debt levels and potential federal spending adjustments. Management actively monitors economic and legislative developments to assess potential impacts on future federal funding.

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

NOTES TO BASIC FINANCIAL STATEMENTS

16. CONCENTRATION AND CONSTRAINTS (CONTINUED)

B) Payroll costs and Collective Bargaining

The School District's operating expenses are predominantly driven by employee salaries and benefits, with approximately 82.08% of staff compensation covered by two separate collective bargaining agreements. This heavy reliance on a limited number of agreements exposes the District to financial and operational risks, especially as future contract negotiations could significantly impact the District's resources. Negotiations with the licensed and classified staff unions for new contracts, which also expire on June 30, 2028, are scheduled to begin during the 2028 fiscal year. The District's management is actively involved in these discussions to ensure operational continuity and to mitigate potential adverse effects on the District's budget and long-term fiscal health.

The District is also a mandatory participant in the Oregon Educators Benefit Board (OEBB), which provides group health benefits to staff. This participation involves resource concentration, as the District depends on a single provider for a substantial portion of its employee benefit costs. While the District's financial contributions are negotiated through collective bargaining, the rates and plan structures are set solely by OEBB. As a result, the District remains vulnerable to significant financial impacts from potential rate increases. The rates for the plan year beginning October 1, 2025, were approved on August 15, 2025—prior to the issuance of these financial statements. These new rates could influence future financial commitments and bargaining negotiations. Additionally, OEBB is currently considering rate increases exceeding the Oregon Legislature's cap of 3.4%. If legislation permitting higher increases is enacted, it could substantially affect the District's future costs. Management continues to monitor the rate-setting process and evaluates the possible financial implications for upcoming budgets and negotiations.

The District is also a required participant in the Public Employees Retirement System (PERS). Pension costs are determined on a biennial basis through an actuary and are significantly impacted by the investment performance of the PERS fund. For the fiscal year ending June 30, 2025, pension expenses accounted for roughly 8.3% of the District's General Fund expenditures. The District's pension obligations pose a concentration risk, as unfavorable investment performance or an unfunded actuarial liability could lead to substantial financial impacts. On May 30, 2025, the PERS Board approved new employer contribution rates for the upcoming biennium starting July 1, 2025. These rate adjustments substantially increased the District's pension costs, further amplifying the financial risk related to payroll cost increases. Although the known PERS increases are factored into the budget and would typically not be disclosed alone, their substantial nature, when combined with potential unknown increases as noted above, presents a considerable financial risk to the District in the upcoming year.

YAMHILL CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

YAMHILL-CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2025

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (NPL)	(c) YCSD covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2025	0.02 %	\$ 5,161,490	\$ 7,341,524	70.3 %	79.3 %
2024	0.00	753,292	7,182,178	10.5	81.7
2023	0.02	2,818,807	6,219,852	45.3	84.5
2022	0.01	1,691,731	5,643,966	30.0	87.6
2021	0.02	3,749,823	4,970,431	75.4	75.8
2020	0.01	2,261,440	4,941,223	45.8	80.2
2019	0.02	3,482,004	4,860,496	71.6	82.1
2018	0.02	3,141,205	5,219,307	60.2	83.1
2017	0.02	3,233,657	5,185,832	62.4	80.5
2016	0.01	354,405	4,767,772	7.4	91.9

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

SCHEDULE OF CONTRIBUTIONS

Year	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2025	\$ 345	\$ 345	\$ -	\$ 7,907,182	0.00 %
2024	-	-	-	7,341,524	0.00
2023	825	825	-	7,182,178	0.01
2022	1,005	1,005	-	6,219,852	0.02
2021	1,103	1,103	-	5,643,966	0.02
2020	804	804	-	4,970,431	0.02
2019	43,268	43,268	-	4,941,223	0.88
2018	44,344	44,344	-	4,860,496	0.91
2017	23,856	23,856	-	5,219,307	0.46
2016	88,072	88,072	-	5,185,832	1.70

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

YAMHILL-CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

SCHEDULE OF CHANGES IN OTHER POST EMPLOYMENT BENEFITS (OPEB) LIABILITY
For the fiscal year ended June 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability - Beginning	\$ 720,003	\$ 684,967	\$ 725,322	\$ 856,080	\$ 803,959	\$ 859,978	\$ 920,049	\$ 1,011,762
Changes for the year:								
Service Cost	54,099	60,746	69,651	65,606	56,464	56,552	55,933	58,950
Interest	27,235	25,224	16,434	19,480	28,718	33,894	32,580	28,538
Changes of Benefit Terms	-	-	-	-	-	-	-	-
Effect of Economic/Demographic Gains or Losses	-	(84,695)	(57,831)	(146,937)	-	(50,391)	-	-
Changes of Assumptions or Other Input	(15,944)	100,696	-	11,999	47,461	(13,845)	(15,558)	(39,457)
Benefit Payments	(56,376)	(66,935)	(68,609)	(80,906)	(80,522)	(82,229)	(133,026)	(139,744)
Net Changes for the Year	9,014	35,036	(40,355)	(130,758)	52,121	(56,019)	(60,071)	(91,713)
Total OPEB Liability - Ending	\$ 729,017	\$ 720,003	\$ 684,967	\$ 725,322	\$ 856,080	\$ 803,959	\$ 859,978	\$ 920,049
Covered Payroll	7,907,182	7,341,524	7,182,178	6,219,852	5,643,966	4,970,431	4,941,223	4,860,496
Net Single Employer Pension Plan as a Percentage of Covered Payroll	9.22%	9.81%	9.54%	11.66%	15.17%	16.17%	17.40%	18.93%

Note: This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full year trend has been compiled, information is presented for the years for which the required supplementary schedule information is available. The District implemented GASB 75 in the fiscal year ending June 30, 2018.

YAMHILL-CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2025

SCHEDULE OF THE PROPORTIONATE SHARE OF THE OPEB ASSET

Year Ended June 30,	(a) Employer's proportion of OPEB RHIA asset	(b) Employer's proportionate share OPEB RHIA asset	(c) YCSO covered payroll	(b/c) RHIA as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2025	0.04 %	\$ 181,616	\$ 7,341,524	2.5 %	201.3 %
2024	0.04	143,503	7,182,178	2.0	201.6
2023	0.04	143,936	6,219,852	2.3	194.6
2022	0.04	125,236	5,643,966	2.2	183.9
2021	0.04	165,648	4,970,431	3.3	150.1
2020	0.05	88,081	4,941,223	1.8	144.4
2019	0.05	51,837	4,860,496	1.1	124.0
2018	0.05	19,583	5,219,307	0.4	108.9
2017	0.05	(13,713)	5,185,832	(0.3)	94.2

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

The schedule is presented to illustrate the requirement to show information for 10 years. However, the full 10-year trend will be presented for those years for which information is available.

SCHEDULE OF CONTRIBUTIONS

Year	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2025	\$ 117	\$ 117	\$ -	\$ 7,907,182	0.00 %
2024	144	144	-	7,341,524	0.00
2023	772	772	-	7,182,178	0.01
2022	998	998	-	6,219,852	0.02
2021	976	976	-	5,643,966	0.02
2020	5,805	5,805	-	4,970,431	0.12
2019	22,592	22,592	-	4,941,223	0.46
2018	22,485	22,485	-	4,860,496	0.46
2017	23,216	23,216	-	5,219,307	0.44

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

The schedule is presented to illustrate the requirement to show information for 10 years. However, the full 10-year trend will be presented for those years for which information is available.

YAMHILL-CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

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

GENERAL FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Local Sources	\$ 352,564	\$ 352,564	\$ 5,313,655	\$ 4,961,091
Intermediate Sources	200,000	200,000	203,756	3,756
State Sources	13,347,254	13,347,254	8,955,891	(4,391,363)
Total Revenues	13,899,818	13,899,818	14,473,302	573,484
EXPENDITURES:				
Instruction	8,515,502	8,515,502 (1)	7,592,348	923,154
Support Services	5,962,203	5,962,203 (1)	5,658,961	303,242
Contingencies	1,859,966	1,459,966 (1)	-	1,459,966
Total Expenditures	16,337,671	15,937,671	13,251,309	2,686,362
Excess of Revenues Over (Under) Expenditures	(2,437,853)	(2,037,853)	1,221,993	3,259,846
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	-	-	30,250	30,250
Transfers Out	(602,147)	(1,002,147) (1)	(911,557)	90,590
Total Other Financing Sources (Uses)	(602,147)	(1,002,147)	(881,307)	120,840
Net Change in Fund Balance	(3,040,000)	(3,040,000)	340,686	3,380,686
Beginning Fund Balance	3,040,000	3,040,000	3,518,892	478,892
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,859,578</u>	<u>\$ 3,859,578</u>

(1) Appropriation Level

YAMHILL-CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

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

<u>SPECIAL REVENUE FUNDS</u>				
REVENUES:	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
Local Sources	\$ 409,000	\$ 409,000	\$ 246,294	\$ (162,706)
Intermediate Sources	-	-	503	503
State Sources	1,528,759	1,643,759	1,900,459	256,700
Federal Sources	630,311	730,311	818,736	88,425
Total Revenues	<u>2,568,070</u>	<u>2,783,070</u>	<u>2,965,992</u>	<u>182,922</u>
 EXPENDITURES:				
Instruction	2,167,574	2,167,574 (1)	1,816,496	351,078
Support Services	978,798	978,798 (1)	931,387	47,411
Community & Enterprise	398,525	613,525 (1)	460,645	152,880
Total Expenditures	<u>3,544,897</u>	<u>3,759,897</u>	<u>3,208,528</u>	<u>551,369</u>
Excess of Revenues Over (Under) Expenditures	(976,827)	(976,827)	(242,536)	734,291
Other Financing Sources, (Uses)				
Transfers In	484,547	484,547	393,957	(90,590)
Total Other Financing Sources	<u>484,547</u>	<u>484,547</u>	<u>393,957</u>	<u>(90,590)</u>
Net Change in Fund Balance	(492,280)	(492,280)	151,421	643,701
Beginning Fund Balance	<u>492,280</u>	<u>492,280</u>	<u>532,806</u>	<u>40,526</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 684,227</u>	<u>\$ 684,227</u>

(1) Appropriation Level

YAMHILL CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

SUPPLEMENTARY INFORMATION

YAMHILL-CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

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

<u>DEBT SERVICE FUND</u>				
REVENUES:	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
Local Sources	\$ 2,132,085	\$ 2,132,085	\$ 2,198,753	\$ 66,668
Total Revenues	<u>2,132,085</u>	<u>2,132,085</u>	<u>2,198,753</u>	<u>66,668</u>
 EXPENDITURES:				
Debt Service	<u>3,172,437</u>	<u>3,172,437 (1)</u>	<u>2,410,006</u>	<u>762,431</u>
Total Expenditures	<u>3,172,437</u>	<u>3,172,437</u>	<u>2,410,006</u>	<u>762,431</u>
Excess of Revenues Over (Under) Expenditures	(1,040,352)	(1,040,352)	(211,253)	829,099
Other Financing Sources, (Uses)				
Transfers In	<u>117,600</u>	<u>117,600</u>	<u>117,600</u>	<u>-</u>
Total Other Financing Sources	<u>117,600</u>	<u>117,600</u>	<u>117,600</u>	<u>-</u>
Net Change in Fund Balance	(922,752)	(922,752)	(93,653)	829,099
Beginning Fund Balance	<u>922,752</u>	<u>922,752</u>	<u>928,991</u>	<u>6,239</u>
Ending Fund Balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 835,338</u></u>	<u><u>\$ 835,338</u></u>

(1) Appropriation Level

YAMHILL-CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

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

	<u>CAPITAL PROJECTS FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE VARIANCE
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Local Sources	\$ 119,600	\$ 119,600	\$ 229,059	\$ 109,459
Total Revenues	<u>119,600</u>	<u>119,600</u>	<u>229,059</u>	<u>109,459</u>
EXPENDITURES:				
Support Services	385,000	385,000 (1)	26,651	358,349
Building & Acquisition	<u>438,400</u>	<u>438,400 (1)</u>	<u>8,756</u>	<u>429,644</u>
Total Expenditures	<u>823,400</u>	<u>823,400</u>	<u>35,407</u>	<u>787,993</u>
Excess of Revenues Over (Under) Expenditures	(703,800)	(703,800)	193,652	(897,452)
Other Financing Sources, (Uses)				
Transfers In	<u>-</u>	<u>-</u>	<u>400,000</u>	<u>400,000</u>
Total Other Financing Sources, (Uses)	<u>-</u>	<u>-</u>	<u>400,000</u>	<u>400,000</u>
Net Change in Fund Balance	(703,800)	(703,800)	593,652	1,297,452
Beginning Fund Balance	<u>703,800</u>	<u>703,800</u>	<u>1,254,843</u>	<u>551,043</u>
Ending Fund Balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,848,495</u></u>	<u><u>\$ 1,848,495</u></u>

(1) Appropriation Level

YAMHILL-CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

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

LAUGHLIN SCHOLARSHIP FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES:				
Local Sources	\$ 8,900	\$ 8,900	\$ -	\$ (8,900)
Total Revenues	8,900	8,900	-	(8,900)
EXPENDITURES:				
Instruction	8,000	8,000 (1)	2,000	6,000
Total Expenditures	8,000	8,000	2,000	6,000
Net Change in Fund Balance	900	900	(2,000)	(2,900)
Beginning Fund Balance	55,000	55,000	55,362	362
Ending Fund Balance	\$ 55,900	\$ 55,900	\$ 53,362	\$ (2,538)

(1) Appropriation Level

YAMHILL CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

OTHER INFORMATION

YAMHILL-CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

SCHEDULE OF BOND AND INTEREST TRANSACTIONS AND BALANCES
For the Year Ended June 30, 2025

<u>DATE OF ISSUE</u>	<u>BONDS & COUPONS MATURING DURING THE YEAR</u>	<u>BONDS REDEEMED AND COUPONS PAID DURING THE YEAR</u>
April 21, 2003	\$ 1,025,000	\$ 1,025,000
July 19, 2016	585,000	585,000
October 30, 2019	15,000	15,000
	<hr/>	<hr/>
Total	<u>\$ 1,625,000</u>	<u>\$ 1,625,000</u>

YAMHILL-CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

SCHEDULE OF FUTURE REQUIREMENTS FOR RETIREMENT OF LONG-TERM DEBT
 For the Year Ended June 30, 2025

	<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
		<u>Due 12/20 & 6/20</u>	<u>Due 12/20 & 6/20</u>
Full Faith and Credit Loan Agreement and Note, Series 2019 - Original issue \$3,030,000			
	2025-26	\$ 25,000	\$ 119,700
	2026-27	10,000	119,000
	2027-28	20,000	118,400
	2028-29	25,000	117,500
	2029-34	335,000	556,900
	2034-39	775,000	449,100
	2039-44	1,425,000	233,100
	2044-45	390,000	7,800
		<u>\$ 3,005,000</u>	<u>\$ 1,721,500</u>
Oregon School Boards Association Limited Tax Pension Obligation Bonds Series 2003, Wells Fargo Bank Northwest, NA, Trustee - Original Balance \$9,421,889			
	2025-26	\$ 1,145,000	\$ 171,536
	2026-27	1,270,000	106,500
	2027-28	605,000	34,364
		<u>\$ 3,020,000</u>	<u>\$ 312,400</u>

YAMHILL-CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

SCHEDULE OF FUTURE REQUIREMENTS FOR RETIREMENT OF LONG-TERM DEBT
 For the Year Ended June 30, 2025

	<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
General Obligation Bond			
July 19, 2016			
- Original issue: \$14,200,000			
- Premium: \$1,923,680			
	2025-26	\$ 635,000	\$ 411,350
	2026-27	690,000	385,950
	2027-28	745,000	358,350
	2028-29	805,000	328,550
	2029-34	5,010,000	1,161,600
	2034-39	<u>2,550,000</u>	<u>156,250</u>
		<u>\$ 10,435,000</u>	<u>\$ 2,802,050</u>

YAMHILL CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS



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January 5, 2026

Independent Auditor's Report Required by Oregon State Regulations

We have audited the basic financial statements of the Yamhill Carlton School District as of and for the year ended June 30, 2025, and have issued our report thereon dated January 5, 2026. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

Compliance

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

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

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

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

1. During our review of the 2024-2025 budget changes, we noted that online notices for the 2 budget changes were not posted 5 days before the scheduled meetings per ORS 294.471
2. During our review of the Student Investment Account, we found there was no evidence of the 2023-2024 being presented to the board as required.

3. During our testing of bids and quotes we noted one project which did not receive quotes as required.

OAR 162-10-0230 Internal Control

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

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



TARA M KAMP, CPA
CLEAR TRAIL CPAS

YAMHILL CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON
GRANT COMPLIANCE REVIEW

YAMHILL-CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2025

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Number</u>	<u>Grant Period</u>	<u>2024-2025 Expenditures</u>	<u>Pass through to sub- receptants</u>
U.S. Department of Education					
Title I, Part A Cluster:					
Grants to Local Educational Agencies	84.010	82293	7/1/24-6/30/25	\$ 209,909	\$ -
Total, Title I, Part A Cluster				<u>209,909</u>	<u>- (1)</u>
Special Education Cluster (IDEA):					
IDEA Part B 611 Special Education	84.027	78089	7/1/23-9/30/24	260,274	-
IDEA Part B 611 Special Education	84.027	83478	7/1/24-9/30/26	41,884	-
Total, Special Education Cluster (IDEA)				<u>302,158</u>	<u>-</u>
Title IIA - Supporting Effective Instruction	84.367	82556	7/1/24-9/30/25	14,248	-
Total, Title IIA				<u>14,248</u>	<u>-</u>
Education Stabilization Fund III - COVID-19	84.425U	65017	7/1/23-9/30/24	7,392	-
				<u>7,392</u>	<u>-</u>
Total, Passed through Oregon Department of Education				<u>533,707</u>	<u>-</u>
Total, U.S. Department of Education				<u>533,707</u>	<u>-</u>
U.S. Department of Agriculture					
Passed through Oregon Department of Education:					
Child Nutrition Cluster:					
Commodities - Non-Cash Assistance	10.555		7/1/23-6/30/24	23,268	-
School Breakfast Program	10.553		7/1/23-6/30/24	60,078	-
USDA NSLP - COVID-19	10.555		7/1/23-6/30/24	-	-
USDA NSLP Supply Chain Assistance	10.555		7/1/23-6/30/24	30,147	-
National School Lunch Program	10.555		7/1/23-6/30/24	171,536	-
Total, Child Nutrition Cluster				<u>285,029</u>	<u>- (1)</u>
Total, U.S. Department of Agriculture				<u>285,029</u>	<u>-</u>
Total, Federal Awards				<u>\$ 818,736</u>	<u>\$ -</u>

(1) Major Program



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January 5, 2026

To the Board of Directors
Yamhill Carlton School District No. 1
Yamhill County, Oregon

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Yamhill Carlton School District No. 1 as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated January 5, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express an opinion on the effectiveness of internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected, on a timely basis. We identified a deficiency in internal control that we consider to be a material weakness as noted in the Schedule of Findings and Questioned Costs, described as item FS-2025-01.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Entity's Response to Findings

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Tara M. Kamp, CPA
CLEAR TRAIL CPAS



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January 5, 2026

To the Board of Directors
Yamhill Carlton School District No. 1
Yamhill County, Oregon

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Yamhill Carlton School District No. 1's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2025. The major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Yamhill Carlton School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Yamhill Carlton School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Tara M. Kamp, CPA
CLEAR TRAIL CPAS

YAMHILL CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2025

SECTION I – SUMMARY OF AUDITORS’ RESULTS

FINANCIAL STATEMENTS

Type of auditors’ report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no
Significant deficiency(s) identified that are not considered to be material weaknesses?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> none reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no
Any GAGAS audit findings disclosed that are required to be reporting in accordance with section the Uniform Guidance?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no

FEDERAL AWARDS

Internal control over major programs:	
Material weakness(es) identified?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no
Significant deficiency(s) identified that are not considered to be material weaknesses?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no
Type of auditors’ report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no

IDENTIFICATION OF MAJOR PROGRAMS

<u>CFDA NUMBER</u>	<u>NAME OF FEDERAL PROGRAM CLUSTER</u>
---------------------------	---

84.010	Title I
10.553, 10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no

YAMHILL CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2025

SECTION II – FINANCIAL STATEMENT FINDINGS

FS-2025-001 – MATERIAL WEAKNESS

CONDITION: During our testing of capital assets, the District presented several capital assets schedules with material misstatements.

CRITERIA: Capital assets should be reviewed for accuracy and presented in accordance with generally accepted accounting principles.

EFFECT: Without controls in place to ensure capital assets are accurately reported, there exists the likelihood of material misstatements in the financial statements.

CAUSE: The District acknowledges the material weakness identified related to formula errors within the capital asset workbook. During the fiscal year, the District experienced staff turnover, which contributed to errors in the capital asset register, including a circular formula that resulted in an overstatement of the total on the capital assets lead sheet exceeding \$5,000,000. These issues were identified and corrected during the audit as staff worked through the seven-tab, formula-driven workbook. Additionally, discrepancies occurred between the capital asset register and the GASB 87/96 schedules generated through DebtBook, which was also new to the staff responsible for these functions.

Upon identification, management corrected the formula errors and reconciled the capital asset register to the applicable DebtBook schedules through multiple revisions to ensure accuracy. Going forward, the District has implemented enhanced review procedures, including reconciliation of the capital asset register to all relevant supporting schedules and a secondary supervisory review prior to submission for audit. Management is also providing additional training and documentation to staff responsible for maintaining the capital asset records to reduce the risk of similar errors in the future.

RECOMMENDATION: We recommend the District thoroughly review the accuracy of capital assets prior to submitting them for the audit.

VIEWS OF RESPONSIBLE OFFICIALS: The District believes these corrective actions will strengthen internal controls over capital asset reporting and ensure accurate and reliable financial information.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

SECTION IV – PRIOR YEAR FINDINGS

NONE

YAMHILL CARLTON SCHOOL DISTRICT NO. 1
YAMHILL COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2025

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes federal grant activity under programs of the federal government. The information in this schedule is presented in accordance with the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations, it is not intended to and does not present the net position, changes in net position, or cash flows of the entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The entity has not elected to use the ten percent de minimus indirect cost rate as allowed under Uniform Guidance.