

SISTERS SCHOOL DISTRICT NO. 6
DESCHUTES COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2023



12700 SW 72nd Ave.
Tigard, OR 97223

SISTERS SCHOOL DISTRICT NO. 6
DESCHUTES COUNTY, OREGON

2022-2023 FINANCIAL REPORT

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SISTERS SCHOOL DISTRICT NO. 6
DESCHUTES COUNTY, OREGON

2022-2023 FINANCIAL REPORT

BOARD OF DIRECTORS

TERM EXPIRES

David Thorsett, Board Chair

June 30, 2025

Asa Sarver, Vice-Chair

June 30, 2027

Jeff Smith

June 30, 2027

Jenica Cogdill

June 30, 2025

Edie Jones

June 30, 2025

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

ADMINISTRATION

Curtiss Scholl – Superintendent (Registered Agent)
Sherry Joseph - Business Manager

525 E. Cascade Avenue
Sisters, Oregon 97759

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SISTERS SCHOOL DISTRICT NO. 6
DESCHUTES COUNTY, OREGON

T A B L E O F C O N T E N T S

PAGE
NUMBER

Independent Auditors' Report

i

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis

iv

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements:

Statement of Net Position

1

Statement of Activities

2

Fund Financial Statements:

Balance Sheet – Governmental Funds

3

Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position

4

Statement of Revenues, Expenditures and Changes in

Fund Balance – Governmental Funds

5

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund

Balance of Governmental Funds to the Statement of Activities

6

Statement of Fiduciary Net Position – Fiduciary Fund

7

Statement of Changes in Fiduciary Net Position – Fiduciary Fund

8

Notes to Basic Financial Statements

9

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the Proportionate Share of the Net Pension Liability – PERS

41

Schedule of Contributions - PERS

41

Schedule of the Proportionate Share of the Net OPEB Liability – RHIA

42

Schedule of Contributions - RHIA

42

Schedule of Revenues, Expenditures and Changes in Fund Balance –

Actual and Budget – General Fund

43

Actual and Budget – Special Revenue Fund

44

SUPPLEMENTARY INFORMATION

Actual and Budget – Debt Service Fund

45

Actual and Budget – Capital Projects Fund

46

Actual and Budget – Fiduciary Fund

47

Schedule of Property Tax Transactions – General Fund

48

Schedule of Property Tax Transactions – Debt Service Fund

49

OTHER INFORMATION

Supplemental Information – Form 3211-C

50

Deschutes County – Major Taxpayers

51

SISTERS SCHOOL DISTRICT NO. 6
DESCHUTES COUNTY, OREGON

T A B L E O F C O N T E N T S

PAGE
NUMBER

REPORTS ON LEGAL AND OTHER REGULATORY REQUIREMENTS

Independent Auditors' Report Required by Oregon State Regulations	52
---	----

GRANT COMPLIANCE REVIEW

Schedule of Expenditures of Federal Awards (Supplementary Information)	54
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with Government Auditing Standards	55
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	57
Schedule of Findings and Questioned Costs	60



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December 29, 2023

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Sisters School District No. 6
Sisters County, Oregon

Qualified and Unmodified Opinions

We have audited the accompanying basic financial statements of the governmental activities, each major fund, and the remaining fund information of Sisters School District No. 6 (the District), as of and for the year ended June 30, 2023, and the related notes to the basic financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Qualified Opinion on the Governmental Activities

In our opinion, except for the effects of the matter described in the Basis for Qualified and Unmodified Opinions section of our report, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the remaining fund information of the District, as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinion on Each Major Fund

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the remaining fund information of the District, as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified Opinions

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Basic Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Matter Giving Rise to the Qualified Opinion on the Governmental Activities

Management has not obtained an actuarial valuation of the post-employment benefit obligation related to the implicit healthcare subsidy in accordance with GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. Accounting principles generally accepted in the United States of America require that actuarially determined annual required contributions related to postemployment benefits, other than retirement benefits, attributable to employee services already rendered be recorded as expenses as employees earn the benefits, which, if not funded, would increase the liabilities, reduce the net position, and change the expenses of the governmental activities. The amount by which this departure would affect net position, liabilities and expenses of the governmental activities is not reasonably determinable.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these basic 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 basic financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the basic 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 basic 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 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 basic financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the 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, except for the budgetary statements listed as required supplementary information in the table of contents.

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, 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, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 29, 2023, 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 "Roy R Rogers". The signature is written in a cursive, flowing style.

ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Deschutes County School District #6

Sisters, Oregon

For the Year Ended June 30, 2023

As management of the Sisters School District #6, we offer readers this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2023. The information presented here should be read in conjunction with the District's financial statements and notes to the financial statements that follow.

FINANCIAL HIGHLIGHTS

At the close of the 2022-23 fiscal year:

- As of June 30, 2023 the District's assets exceeded its liabilities by \$18,783,330
- Government funds had a combined ending fund balance of \$33,654,303
- The General Fund had an unreserved ending fund balance of \$3,600,236 as compared to 2021-2022 ending fund balance of \$3,139,278
- Total long-term obligations decreased by \$2,322,781 during the fiscal year. From \$51,332,386 on June 30, 2022 to \$49,009,606 on June 30, 2023. The amount of long-term debt at the end of 2022-23 includes bonded indebtedness and capital leases.
- Total value of capital assets net of depreciation, increased from \$30,912,309 in 2021-22 to 40,264,751 in 22-23, resulting from construction in progress on the new Sisters Elementary School.

OVERVIEW OF THE FINANCIAL STATEMENT

This discussion and analysis is intended to serve as an introduction to the District's basic financial statement. The basic financial statements are comprised of three components:

- 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

A. 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.* The statement of net position presents information on all of the assets and liabilities of the District at year end. The net position is the difference

MANAGEMENT'S DISCUSSION AND ANALYSIS

Deschutes County School District #6

Sisters, Oregon

For the Year Ended June 30, 2023

between assets, what the District owns, and liabilities, what the District owes. 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.* The statement of activities presents information showing how the net assets of the District changed over the year by tracking revenues, expenses and other transactions that increase or reduce net assets.

In the government-wide financial statements, the District's activities are categorized as governmental activities. Most of the District's basic functions are shown here, such as regular and special education, child nutrition services, transportation, administration, technology services, facilities acquisition, construction and maintenance. 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 1-2 of this report.

B. Fund Financial Statements

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

Fund accounting tracks the revenues and expenditures separately in each fund. The year-end balance of each fund reflects the amount of funds available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. All of the funds of the District are governmental funds, except for one Fiduciary Fund.

- *Governmental funds.* The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Deschutes County School District #6

Sisters, Oregon

For the Year Ended June 30, 2023

The District maintains three individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance for the General, Special Revenue, Debt Service and Capital Project funds.

Because the focus of governmental funds is narrower than that of the governmental-wide financial statements, it is useful to show the reconciling of the information presented for governmental funds with similar information presented in the government-wide financial statements. By doing so readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are reconciled to the Government-Wide Statements of Net Position and Activities.

- *Fiduciary Funds.* Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government – wide financial statement, because the resources of these funds are not available to support the District's own programs. The District holds \$56,089 in trust funds.

The fund financial statements can be found on pages 3-8 of this report.

C. Notes to the Financial Statements

The notes included in the report provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes summarize accounting policies, provide detail on capital asset activity for the year, provide additional detail on the long-term debt of the District, provide information on the pension plan, and provide an overview of the fund structure of the district.

The notes in the basic financial statements can be found on pages 9 to 40.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Deschutes County School District #6

Sisters, Oregon

For the Year Ended June 30, 2023

ANALYSIS

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The table below is a condensed version of the Government-Wide Statement of Net Position comparing fiscal year 2022-23 to fiscal year 2021-22.

	Governmental Activities		Increase (Decrease) from fiscal 2021-22
	2022-23	2021-22	
Assets and Deferred Outflows			
Current or other assets	\$ 38,968,557	\$ 45,727,915	\$ (6,759,358)
Deferred Outflows	4,160,273	2,816,315	1,343,958
Capital Assets (Net)	40,264,751	30,912,309	9,352,442
Right-To_Use Assets (Net)	22,679	34,714	(12,035)
Total Assets & Deferred Outflows	<u>\$ 83,416,260</u>	<u>\$ 79,491,253</u>	<u>\$ 3,925,007</u>
Liabilities and Deferred Inflows			
Current Liabilities	\$ 4,138,847.00	\$ 1,553,572.00	\$ 2,585,275.00
Long-term liabilities outstanding	7,142,582	4,381,809	2,760,773
Net Pension Liability	49,009,606	51,178,573	(2,168,967)
Deferred Inflows	<u>4,341,895</u>	<u>5,651,696</u>	<u>(1,309,801)</u>
Total Liabilities	64,632,930	62,765,650	1,867,280
Net Position			
Net Investment in capital assets	22,868,737	18,985,495	3,883,242
Restricted for Various Purposes	30,227,360	39,957,033	(9,729,673)
Unrestricted	<u>(34,312,767)</u>	<u>(42,216,925)</u>	<u>7,904,158</u>
Total Net Position	<u>\$ 18,783,330</u>	<u>\$ 16,725,603</u>	<u>\$ 2,057,727</u>

The District's investment in Capital assets (e.g. land, buildings and equipment) account for 48.7% of the District's total assets. The value of these assets is offset by related debt that is still outstanding. The District uses these capital assets to provide education to the children and services to the citizens of the community. Consequently, these assets are not available for future spending. The remaining assets consist mainly of cash and cash equivalents, property taxes receivable and other receivables that are used to meet the District's ongoing obligations for service.

The District's largest liability is for the repayment of debt used for designated new construction, upgrades and projects within the Districts real property. Other liabilities of the District consist largely of, pension bond repayment, accounts payable and loans for repair and equipment.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Deschutes County School District #6

Sisters, Oregon

For the Year Ended June 30, 2023

During the current fiscal year the District's net position increased by \$2,057,727.

	Governmental Activities		Increase (Decrease) from fiscal 2021-22
	2022-23	2021-22	
Revenues			
Charges for services	\$ 1,114,267	\$ 796,485	\$ 317,782
Operating Grants	1,738,547	2,551,634	(813,087)
Property taxes	14,963,894	14,325,585	638,309
State Revenue	3,899,820	3,224,821	674,999
Other Local Revenue	1,436,169	1,366,527	69,642
Intermediate Sources	109,998	110,196	(198)
Interest/Other	1,631,576	(145,269)	1,776,845
Total Revenues	24,894,271	22,229,979	2,664,292
Expenses			
Instruction	11,830,920	10,503,977	1,326,943
Support Services	8,640,616	7,323,017	1,317,599
Enterprise and Community Services	591,967	504,948	87,019
Debt Service	1,773,041	1,606,425	166,616
Total Expenses	22,836,544	19,938,367	2,898,177
Increase (Decrease) in Net Position	2,057,727	2,291,612	(233,885)
Prior period adjustment	220,495	-	220,495
Net position Beginning (Restated - See page 40)	16,505,108	14,433,991	2,071,117
Net position - Ending	\$ 18,783,330	\$ 16,725,603	\$ 2,057,727

FINANCIAL ANALYSIS OF THE DISTRICT'S FUND

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

Governmental Funds

The focus of the District's governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financial requirements. In particular, an unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Deschutes County School District #6

Sisters, Oregon

For the Year Ended June 30, 2023

General Fund. The General Fund is the chief operating fund of the District. As of June 30, 2023 the Balance Sheet for Governmental funds shows that the District had a fund balance of \$3,600,236 which includes budgeted reserves. The ending balance of the General Fund is maintained to provide stability in the District's operations by providing a buffer in the event of temporary fluctuations in the projected tax revenue and the State School Fund and to cover anticipated rollover costs.

Special Revenue Fund. The Special Revenue Fund has a total fund balance of \$1,358,117 of which \$390,314 is reserved for Student Body. The majority of the remaining \$969,029 are specific designated revenues received on the basis of projects approved by authorizing agencies or state entitlements which are not budgeted in the General Fund.

Debt Service Fund. The Debt Service fund has a total fund balance of \$312,977, all of which, along with future revenue is reserved for the payment of debt service.

Capital Construction Fund. The Capital Construction Fund has a total fund balance of \$28,382,973. This amount represents the balance of the proceeds from the sale of the Lundgren Mill property as well as the General Obligation Bond issued in the 2016-17 fiscal year for various construction projects and improvements within the District and the General Obligation Bond issued in the 2021-22 fiscal year for construction of a new Elementary School.

Budgetary Highlights

The District's annual budget includes a budget for each of the significant funds. Budgetary comparison statements have been provided for each fund to demonstrate compliance with this budget (pages 43-47). Expenditure categories were within the appropriations as approved by the Board of Directors in the Adopted Budget.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Deschutes County School District #6

Sisters, Oregon

For the Year Ended June 30, 2023

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets includes buildings and improvements, furniture, fixtures, vehicles and equipment. As of June 30, 2023 the District has \$40,264,751 in capital assets, net of depreciation, which is an increase of \$9,352,442 from the previous year.

Capital Assets as of June 30, 2023

	<u>Governmental Activities</u>		Increase (Decrease) from fiscal 2021-22
	2022-23	2021-22	
Non Depreciable Assets	12,157,336	1,722,977	10,434,359
Buildings and Improvements	44,642,388	44,516,998	125,390
Equipment	<u>4,653,303</u>	<u>4,512,625</u>	<u>140,678</u>
TOTALS	61,453,027	50,752,600	10,700,427
Accumulated Depreciation	<u>(21,188,276)</u>	<u>(19,840,291)</u>	<u>(1,347,985)</u>
Net Book Value	<u>40,264,751</u>	<u>30,912,309</u>	<u>9,352,442</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Deschutes County School District #6

Sisters, Oregon

For the Year Ended June 30, 2023

Long-term debt

At the end of the current fiscal year, the District had total long term debt outstanding of \$49,009,605 in the form of general obligation bonds, limited tax pension obligation bonds, capital leases and notes payable. The decrease of \$2,322,781 from 2021-22, reflects maturity and redemption of bonds and bond premium related to the 2021 GO Bond.

Debt Outstanding as of June 30, 2023

	<u>Governmental Activities</u>		Increase (Decrease) from fiscal 2021-22
	2022-23	2021-22	
General Obligation Bonds	38,605,000	40,225,000	(1,620,000)
Limited Tax Pension Obligation Bonds	4,150,000	4,382,859	(232,859)
Other Long-Term Debt	<u>6,254,605</u>	<u>6,724,527</u>	<u>(469,922)</u>
TOTALS	<u>49,009,605</u>	<u>51,332,386</u>	<u>(2,322,781)</u>

D. Economic Factors and Next Year's Budget

The most significant economic factor for the School District is property tax revenue. For the 22-23 academic year, property taxes (including local option taxes) accounted for approximately 74% of the General Fund revenue. Net assessed property tax values increased 4.67 percent from 21-22, a total net increase of approximately \$113.2 million. Lower increases in assessed property values and higher consumer interest rates causing a drop in home sales, may see the increases in tax revenue taper off.

In 22-23 the District was in year 2 of a two year negotiated salary and benefit increase. A three percent COLA adjustment was awarded for the 22-23 school year and the District paid insurance cap increased to \$1,560 for the 22-23 school year from \$1,480 in 2021-22.

A two-year Collective Bargaining Agreements 2023-2025 will see the Licensed salary schedule restructured by collapsing the first three columns and going from an eight-column to five-column schedule. Increases between steps were adjusted for consistency and for 23-24 a 5.5% COLA was applied. In 24-25 a 4.5% COLA will be applied.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Deschutes County School District #6

Sisters, Oregon

For the Year Ended June 30, 2023

Classified staff also have a newly negotiated Collective Bargaining Agreement for the 23-24 & 24-25 academic years. A 5% COLA was applied for 2023-24 and in 2024-2025 they will receive a 4.5% COLA.

All groups received a maximum increase of \$75 in the Health Insurance Cap, increasing from a maximum of \$1,560 in 22-23 to \$1,635 in 23-24. In the 2024-25 academic year there will be an additional \$75 increase.

There was a slight increase in enrollment for 22-23. We anticipate a continued increases to enrollment in 23-24.

Generous voters approved a five-year local option tax starting with the 18-19 academic year. This Local Option tax has allowed us to keep our small class sizes which set us apart from other school districts in the state.

The Sisters School District is one of the best school districts in the State of Oregon by almost any measure used. We have high test scores, a good graduation rate and most of our graduates go on to successful post high school placements in colleges, community colleges, the military, or trade schools. The District continues to focus on maintaining our low student to staff ratios and maintaining programs that Sisters School District is noted for. We have been able to keep average class sizes low at all three District schools.

Requests for Information

This financial report is designated to provide citizens, taxpayers, creditors and others with a general overview of the Sisters School District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Sisters School District Business Manager, Sherry Joseph at 525 E Cascade Ave, Sisters, OR 97759.

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SISTERS SCHOOL DISTRICT NO. 6
DESCHUTES COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

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**SISTERS SCHOOL DISTRICT
DESCHUTES COUNTY, OREGON
STATEMENT OF NET POSITION
June 30, 2023**

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 37,069,397
Accounts Receivable	517,600
Property Taxes Receivable	245,891
Lease Receivable	921,074
Inventory	20,147
Prepaid Expenses	1,008
Net OPEB Asset - RHIA	193,440
Capital Assets, Net:	
Assets not being depreciated	12,157,336
Assets being depreciated - net of depreciation	28,107,415
Lease right-to-use-asset, net of amortization	19
Subscription right-to-use asset, net of amortization	22,660
Total Assets	79,255,987
DEFERRED OUTFLOWS OF RESOURCES:	
Pension Related Deferrals - PERS	4,141,492
OPEB Related Deferrals - RHIA	18,781
Total Deferred Outflows of Resources	4,160,273
TOTAL ASSETS AND PENSION RELATED DEFERRALS	83,416,260
LIABILITIES	
Accounts Payable	3,243,666
Payroll Liabilities Payable	705,261
Current Subscription Liability	7,614
Compensated Absences	51,969
Unearned Revenue	55,390
Net Pension Liability - PERS	7,142,582
Interest Payable	67,142
Long-Term Subscription Liability	7,805
Long-Term Liabilities Due Within One Year	3,158,080
Long-Term Liabilities Due In More Than One Year	45,851,526
Total Liabilities	60,291,035
DEFERRED INFLOWS OF RESOURCES	
Pension Related Deferrals - PERS	3,418,669
OPEB Related Deferrals - RHIA	29,286
Deferred Inflow - Lease	893,940
Total Deferred Inflow of Resources	4,341,895
TOTAL LIABILITIES AND PENSION RELATED DEFERRALS	64,632,930
NET POSITION	
Net Investment in Capital Assets	22,868,737
Restricted For:	
OPEB - RHIA Asset	193,440
Special revenues	1,337,970
Debt service	312,977
Capital projects	28,382,973
Unrestricted	(34,312,767)
Total Net Position	\$ 18,783,330

See accompanying notes to basic financial statements.

**SISTERS SCHOOL DISTRICT
DESCHUTES COUNTY, OREGON
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023**

FUNCTIONS	EXPENDITURES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
Instruction	\$ 11,830,920	\$ 1,006,401	\$ 1,258,262	\$ (9,566,257)
Support Services	8,640,616	-	268,795	(8,371,821)
Community Services	591,967	107,866	211,490	(272,611)
Debt Service	1,773,041	-	-	(1,773,041)
Total Governmental Activities	<u>\$ 22,836,544</u>	<u>\$ 1,114,267</u>	<u>\$ 1,738,547</u>	<u>(19,983,730)</u>
General Revenues:				
				11,833,068
Property Taxes - General				3,130,826
Property Taxes - Debt Service				3,899,820
State Revenue				1,436,169
Other Local Revenue				109,998
Intermediate Sources				1,586,206
Interest and Investment Earnings				40,000
Other Revenue				5,370
Gain on Sale of Asset				
Total General Revenues				<u>22,041,457</u>
Changes in Net Position				2,057,727
Prior Period Adjustment				220,495
Net Position - Beginning, As Restated				<u>16,505,108</u>
Net Position - Ending				<u>\$ 18,783,330</u>

See accompanying notes to basic financial statements.

**SISTERS SCHOOL DISTRICT
DESCHUTES, COUNTY
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2023**

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPTIAL PROJECTS FUND	TOTALS
ASSETS:					
Cash and Cash Equivalents	\$ 4,482,441	\$ 1,166,923	\$ 308,017	\$ 31,112,016	\$ 37,069,397
Inventory	-	20,147	-	-	20,147
Prepaid Expenses	1,008	-	-	-	1,008
Receivables:					
Taxes	192,721	-	53,170	-	245,891
Accounts	159,877	357,723	-	-	517,600
Lease	921,074	-	-	-	921,074
Due From Other Funds	-	615	-	-	615
Total Assets	<u>\$ 5,757,121</u>	<u>\$ 1,545,408</u>	<u>\$ 361,187</u>	<u>\$ 31,112,016</u>	<u>\$ 38,775,732</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE:					
Accounts Payable	\$ 511,492	\$ 3,131	\$ -	\$ 2,729,043	\$ 3,243,666
Payroll Liabilities	576,491	128,770	-	-	705,261
Due To Other Funds	615	-	-	-	615
Unearned Revenue	-	55,390	-	-	55,390
Total Liabilities	<u>1,088,598</u>	<u>187,291</u>	<u>-</u>	<u>2,729,043</u>	<u>4,004,932</u>
Deferred Inflows of Resources:					
Unavailable Revenue- Lease	893,940	-	-	-	893,940
Unavailable Revenue-Property Taxes	174,347	-	48,210	-	222,557
Total Deferred Inflows of Resources	<u>1,068,287</u>	<u>-</u>	<u>48,210</u>	<u>-</u>	<u>1,116,497</u>
Fund Balance:					
Non-spendable	-	20,147	-	-	20,147
Restricted:					
Special Revenue	-	1,337,970	-	-	1,337,970
Debt Service	-	-	312,977	-	312,977
Capital Construction	-	-	-	28,382,973	28,382,973
Unassigned	3,600,236	-	-	-	3,600,236
Total Fund Balance	<u>3,600,236</u>	<u>1,358,117</u>	<u>312,977</u>	<u>28,382,973</u>	<u>33,654,303</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 5,757,121</u>	<u>\$ 1,545,408</u>	<u>\$ 361,187</u>	<u>\$ 31,112,016</u>	<u>\$ 38,775,732</u>

See accompanying notes to basic financial statements.

**SISTERS SCHOOL DISTRICT
DESCHUTES, COUNTY**

**RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
June 30, 2023**

Total Fund Balances - Governmental Funds	\$	33,654,303
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The Net Pension Asset is the difference between the total pension liability and the assets set aside to pay benefits earned to past and current employees and beneficiaries.

Net Pension Liability - PERS		(7,142,582)
Net OPEB Asset - RHIA		193,440

Deferred inflows and outflows of resources related to the pension plan include differences between expected and actual experience, changes of assumptions, differences between projects and actual earning, and contributions subsequent to the measurement date.

Deferred Outflows - PERS	\$ 4,141,492		
Deferred Inflows - PERS	(3,418,669)		
Deferred Outflows - OPEB RHIA	18,781		
Deferred Inflows - OPEB RHIA	<u>(29,286)</u>		712,318

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		40,264,751
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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.

Accrued Vacation	(51,969)		
Bonds Payable	(42,755,000)		
Premium on Bonds Payable	(5,823,345)		
Capital Leases	(431,261)		
Accrued Interest	(67,142)		
SBITA Liability	<u>(15,419)</u>		(49,144,136)

Unavailable Revenue Related to Property Taxes

General Fund	174,347		
Debt Service Fund	<u>48,210</u>		222,557

Right-to-use assets are not financial resources and therefore are not reported in the governmental funds.

Right-to-use asset, Net		<u>22,679</u>
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Net Position	\$	<u><u>18,783,330</u></u>
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See accompanying notes to basic financial statements.

**SISTERS SCHOOL DISTRICT
DESCHUTES, COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023**

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECT FUND	TOTALS
REVENUES:					
Local Sources					
Property taxes	\$ 11,802,148	\$ -	\$ 3,134,841	\$ -	\$ 14,936,989
Interest	283,625	-	-	1,302,581	1,586,206
Charges for services	152,694	107,866	-	-	260,560
Fees	275	255,895	-	-	256,170
Contributions	12	235,937	-	-	235,949
Other	229,907	110,892	1,083,973	-	1,424,772
Intermediate Sources					
County	16,440	-	-	-	16,440
ESD	49,944	43,614	-	-	93,558
State Sources	3,207,036	1,974,635	-	-	5,181,671
Federal Sources	216,064	613,617	-	-	829,681
Total Revenues	15,958,145	3,342,456	4,218,814	1,302,581	24,821,996
EXPENDITURES:					
Current:					
Instruction	8,375,105	2,180,557	-	-	10,555,662
Support Services	6,996,031	713,211	-	-	7,709,242
Community Services	67,725	460,433	-	-	528,158
Capital Outlay	-	-	-	11,216,397	11,216,397
Debt Service	-	-	4,139,531	-	4,139,531
Total Expenditures	15,438,861	3,354,201	4,139,531	11,216,397	34,148,990
Excess of Revenues Over, (Under) Expenditures	519,284	(11,745)	79,283	(9,913,816)	(9,326,994)
OTHER FINANCING SOURCES, (USES):					
Transfers In	-	103,696	-	-	103,696
Transfers Out	(63,696)	-	-	-	(63,696)
Sale of Assets	5,370	-	-	-	5,370
Total Other Financing Sources, (Uses)	(58,326)	103,696	-	-	45,370
Net Change in Fund Balance	460,958	91,951	79,283	(9,913,816)	(9,281,624)
Beginning Fund Balance	3,139,278	1,266,166	233,694	38,296,789	42,935,927
Ending Fund Balance	\$ 3,600,236	\$ 1,358,117	\$ 312,977	\$ 28,382,973	\$ 33,654,303

See accompanying notes to basic financial statements.

**SISTERS SCHOOL DISTRICT
DESCHUTES, COUNTY**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023**

Total Net Changes in Fund Balances - Governmental Funds	\$	(9,281,624)
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The PERS Pension Expense and RHIA Pension Income represent the changes in Net Pension Liability and Net Pension Asset, respectively, from year to year due to changes in total pension liability and changes in total pension asset and the fair value of pension plan net position available to pay pension benefits.

PERS Expense	\$	(159,212)	
RHIA Income		22,790	(136,422)

Repayment of bond principal, capital leases and vested early retirement 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 early retirement is an expense for the Statement of Net Position but not the governmental funds.

Financed Purchases	100,835	
Bonds Payable	1,852,859	
Premium on Bonds Payable	369,087	
Prior Period Adjustment	(220,495)	
Accrued Interest	(461)	
Accrued Vacation	(11,448)	2,090,377

Capital asset additions are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense. There were capital asset additions in the current year.

Additions to Capital Assets (Net)	10,700,427	
Depreciation Expense (Net)	(1,347,985)	9,352,442

Change in Unearned Tax Revenues Between Periods		26,905
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Payment on Lease Liability decreases liabilities in the Statement of Net Position.

Payment on Lease Liability	33,503	
Payment on SBITA Liability	10,667	44,170

Amortization Expense increases the expenses on the Statement of Activities.

Amortization Expense - Lease Assets	(34,695)	
Amortization Expense - Subscription Assets	(3,426)	(38,121)

Change in Net Position - Governmental Activities	\$	2,057,727
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See accompanying notes to basic financial statements.

**SISTERS SCHOOL DISTRICT NO. 6
DESCHUTES, OREGON
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
June 30, 2023**

	<u>Custodial Fund</u>
ASSETS:	
Cash and Cash Equivalents	<u>\$ 56,904</u>
Total Assets	<u> 56,904</u>
LIABILITIES	
Accounts Payable	<u> 815</u>
Total Liabilities	<u> 815</u>
NET POSITION:	
Restricted for Trust	<u> 56,089</u>
Total Net Position	<u> 56,089</u>
Total Liabilities and Net Position	<u><u>\$ 56,904</u></u>

See accompanying notes to basic financial statements.

**SISTERS SCHOOL DISTRICT NO. 6
DESCHUTES, OREGON
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
For the Year Ended June 30, 2023**

	<u>Custodial Fund</u>
REVENUES:	
Contributions	<u>\$ 49,233</u>
Total Revenues	<u>49,233</u>
EXPENDITURES:	
Amounts paid out	<u>93,637</u>
Total Disbursements	<u>93,637</u>
Excess of Revenues Over, (Under) Expenditures	(44,404)
OTHER FINANCING SOURCES, (USES):	
Transfer out	<u>(40,000)</u>
Total Other Financing Sources, (Uses)	<u>(40,000)</u>
Net change in net position	(84,404)
Net Position - Beginning of Year	<u>140,493</u>
Net Position - End of Year	<u><u>\$ 56,089</u></u>

See accompanying notes to basic financial statements.

SISTERS SCHOOL DISTRICT NO. 6
DESCHUTES COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

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SISTERS SCHOOL DISTRICT NO. 6
DESCHUTES COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Sisters County School District No. 6, (the District) is a municipal corporation organized under provisions of Oregon Statutes pursuant to ORS Chapter 332 for the purpose of operating elementary and secondary schools. The District is governed by a Board of Directors (Board) who approves the administrative officials. The daily functioning is under the supervision of the Superintendent. As required by generally accepted accounting principles, all activities have been included in the basic financial statements.

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

Accounting principles generally accepted in the United States of America require that these basic financial statements include all component units, if any. Component units, as established by the Governmental Accounting Standards Board (GASB) Statement 61, are separate entities that are included in the District's reporting because of the significance of their operational or financial relationships with the District. All significant activities and entities with which the District exercises oversight responsibility have been considered for inclusion in the basic financial statements. There are no component units.

Measurement Focus, Basis of Accounting and Basis of Presentation

Government Wide Financial Statements (GWFS)

The Statement of Net Position and Statement of Activities display information about the District as a whole. Fiduciary funds are not included in the GWFS. Fiduciary funds are reported in the Statement of Fiduciary Net Position. The Fiduciary funds are budgeted as well.

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

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

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

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

SISTERS SCHOOL DISTRICT NO. 6
DESCHUTES COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements

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

Governmental Fund Types

Governmental funds are used to account for the general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are “measurable and available”). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period which is 60 days. Property tax revenue and proceeds from sale of property are not considered available and, therefore, are not recognized until received. Expenditures are recorded when the liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, interfund transactions, and certain compensated absences, pension costs, and claims and judgments which are not recognized as expenditures because they will be liquidated with future 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 is the primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.
- Special Revenue Fund – This fund is used primarily to account for grants received.
- Debt Service Fund – This fund is used primarily for payments of debt.
- Capital Projects Fund – This fund is used primarily for construction.

Fiduciary Fund:

Custodial Fund – These funds use the economic resources measurement focus and accrual basis of accounting. Revenues are received for specific purposes and distributed according to the nature of the agreement. The District holds these funds for others, and accordingly, they are not included in the Government-Wide Financial Statements of the District.

Special Revenue Funds Rolled Into the General Fund for GASB 54 Purposes

Financial statements for periods beginning after June 15, 2010 must report as Special Revenue funds only those which have a substantial portion of revenue inflows from restricted or committed revenue sources. There were no Special Revenue funds that qualified in the 2022-23 fiscal year to be reported with the general fund.

SISTERS SCHOOL DISTRICT NO. 6
DESCHUTES COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Investments

Cash and Investments consist of each fund's portion of pooled cash balances, time certificates of deposit, and investments in the State of Oregon, Local Government Investment Pool. As of June 30, 2023 the fair value of the position in the LGIP is approximate to the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements. Interest earned from pooled investments is allocated to each fund based on each fund's portion of the total investment balance.

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.

Receivables

Local District Property Tax Levies – Property taxes are levied and become a lien on July 1. Collection dates are November 15, February 15, and May 15 following the lien date. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent. Uncollected property taxes are recorded in the statement of net position. These are deemed by management to be substantially collectible or recoverable through liens therefore, no allowance for uncollectible taxes has been presented. The District does not accrue property taxes received within 60 days of the fiscal year end.

Grants and Reimbursements – These consist primarily of intergovernmental revenues collectible within thirty days and claims for reimbursement of costs under various federal and state grants.

Supply Inventories

Inventories in the governmental funds are recorded as expenditures when purchased rather than when consumed and on the consumption method for the government-wide financial statements. A portion of the inventory consists of donated United States Department of Agriculture (USDA) commodities. Commodities are also recorded as expenditures when purchased.

Unearned Revenue

In the government-wide statements, unearned revenue consists of grant monies received prior to the incurrence of qualifying expenditures and SSF Revenues which will be reduced in future years due to offsets received currently. In the fund financial statements unearned revenue is also comprised of uncollected property taxes.

Prepaid Expenses

Prepaid expenses are reported for purchases of services paid for during the year but not used until next year. As of June 30, 2023, the District had \$1,008 in prepaid expenses.

SISTERS SCHOOL DISTRICT NO. 6
DESCHUTES COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

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

Furnishings and Equipment	5 to 15 years.
Buildings and Improvements	7 to 50 years.
Buses and Vehicles	8 to 15 years.

Long-Term Obligations

In the government-wide financial statements long-term debt is reported as a liability in the Statement of Net Position.

In the fund financial statements, the face amount of any debt issued is reported as other financing sources. Repayments of debt principal are reported as debt expenditures. Repayment of debt is accounted for in the Debt Service Fund.

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting is a system under which purchase orders, contracts, and other commitments for expenditure of resources are recorded to reserve that portion of the applicable appropriation. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. There were no encumbrance payables at June 30, 2023.

Use of Estimates

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

Compensated Absences

All unused vacation and compensated time vests with all full time employees after one full year of employment and is payable upon termination of employment. All vacation pay is accrued in the government-wide statements.

SISTERS SCHOOL DISTRICT NO. 6
DESCHUTES COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants

Grants are recognized as revenue in the accounting period in which they become both measurable and available and in which all eligibility requirements have been met. When an expenditure is the prime factor for determining eligibility, the revenue is recognized when the expenditure is made. Cash received from grantor agencies in excess of related grant expenditures is recorded as a liability on the balance sheet.

Retirement Plan

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.

Net Position

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

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the basic financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. At June 30, 2023 there were deferred outflows representing PERS pension and OPEB RHIA related deferrals reported in the statement of net position.

In addition to liabilities, the basic financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two types of items which qualify for reporting in this category. The first, unavailable tax revenue is in the governmental funds balance sheet for property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. At June 30, 2023 there were deferred inflows representing PERS pension, OPEB RHIA related deferrals, and Lease Receivable deferred inflows reported in the statement of net position.

SISTERS SCHOOL DISTRICT NO. 6
DESCHUTES COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance

GASB Statement No. 54, *Fund Balance and Reporting for Governmental Fund-type Definitions*, is followed. 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 are – nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable fund balance represents amounts that are not in a spendable form. The nonspendable fund balance represents inventory and prepaid items.
- 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. The authority to classify portions of ending fund balance as Assigned is granted to the Superintendent and the Business Manager.
- 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.

There were no committed or assigned fund balances as of June 30, 2023.

Budget and Appropriations

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, debt is expensed when paid, capital outlay is reported as an expenditure rather than capitalized, pension and OPEB costs are not recorded until paid, and depreciation is not recorded on capital assets.

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

SISTERS SCHOOL DISTRICT NO. 6
DESCHUTES COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. Supplemental budgets less than 10% of the fund's original budget may be adopted by the Board of Directors at a regular meeting.

A supplemental budget greater than 10% of the fund's original budget requires hearings before the public, publication in newspapers and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control (major function levels). Such transfers require approval by the Board.

Budget amounts shown in the basic financial statements include the original budget amounts approved by the Board. Appropriations lapse at the end of each fiscal year.

Expenditures of the various funds were within authorized appropriation.

Fair Value Inputs and Methodologies and Hierarchy

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

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

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

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

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.

SISTERS SCHOOL DISTRICT NO. 6
DESCHUTES COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LEASE RECEIVABLE

Lease receivables are recognized at the net present value of the leased assets at a borrowing rate either explicitly described in the agreement or implicitly determined by the District, reduced by principal payments received.

LEASE ASSETS

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

LEASES 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.

SUBSCRIPTION 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 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.

SISTERS SCHOOL DISTRICT NO. 6
DESCHUTES COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

2. POOLED CASH & INVESTMENTS

A cash management pool is maintained for the cash and cash equivalents in which each fund participates. Interest earnings are distributed monthly based on average monthly balances. Cash and investments were comprised of the following at June 30, 2023:

Demand Deposits	\$ (13,372)	Governmental	\$ 37,069,397
Local Government Investment Pool	<u>37,139,673</u>	Fiduciary	<u>56,904</u>
Total	<u>\$ 37,126,301</u>	Total	<u>\$ 37,126,301</u>

Deposits

Deposits with financial institutions include bank demand deposits. The total bank balance per the bank statements as of June 30, 2023 was \$2,986,482 of which \$250,000 was covered by Federal depository insurance and the remainder was collateralized by the Oregon Public Funds Collateralization Project (PFCP).

Custodial Credit Risk

In the case of deposits, this is the risk that in the event of a bank failure, the deposits may not be returned. There is no deposit policy for custodial credit risk. As of June 30, 2023, all of the deposits are insured or deposited at an approved depository.

Investments

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 appears to be in compliance with all portfolio guidelines at June 30, 2022. 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. We intend to measure these investments at book value since it materially approximates fair value.

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. As of June 30, 2023, the fair value of the position in the LGIP is 99.63% of the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. The District booked a fair market value loss of \$137,927 for the difference between the pool fair market value and the book value.

SISTERS SCHOOL DISTRICT NO. 6
DESCHUTES COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

2. POOLED CASH & INVESTMENTS (CONTINUED)

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)

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

Credit Risk-Investments

State statutes authorize investing primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, certain commercial paper, and the State Treasurer's Investment Pool, among others.

Oregon Revised Statutes do not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE.

Concentrated Risk

Investments during the year were with the State of Oregon Local Government Investment Pool.

Investment Type	Fair Value	Investment Maturities (in months)		
		Less than 3	3-18	18-59
State Treasurer's Investment Pool	\$ 37,139,673	\$ 37,139,673	\$ -	\$ -
Total	\$ 37,139,673	\$ 37,139,673	\$ -	\$ -

Interest Rate Risk

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

SISTERS SCHOOL DISTRICT NO. 6
DESCHUTES COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

3. RECEIVABLES

Receivables at June 30, 2023 consist of the following:

- A. Property taxes receivable represent delinquent amounts due for property taxes levied in the current and prior years.
- B. Accounts receivable represent amounts due for claims for reimbursement of costs under various Federal grant programs.

Management believes that all receivables are collectible, and thus, no allowance for doubtful accounts was considered necessary.

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023, was as follows:

	Balance Beginning of Year	Adjustments	Additions	(Deletions)	Balance End Of Year
Capital Assets Not Being Depreciated					
Land & Land Improvements	\$ 403,500	\$ -	\$ -	\$ -	\$ 403,500
Construction In Progress	1,319,477	(62,012)	10,496,371	-	11,753,836
Total Capital Assets Not Being Depreciated	1,722,977	(62,012)	10,496,371	-	12,157,336
Capital Assets Being Depreciated					
Buildings & Improvements	44,516,998	62,012	63,378	-	44,642,388
Equipment	4,512,625	-	140,678	-	4,653,303
Total Capital Assets Being Depreciated	49,029,623	62,012	204,056	-	49,295,691
Accumulated Depreciation					
Buildings & Improvements	16,980,848	-	1,085,330	-	18,066,178
Equipment	2,859,443	-	262,655	-	3,122,098
Total Accumulated Depreciation	19,840,291	-	1,347,985	-	21,188,276
Total Net Capital Assets	<u>\$ 30,912,309</u>				<u>\$ 40,264,751</u>

During the year ended June 30, 2023, \$62,012 of completed Construction in Progress was moved to Buildings & Improvements.

Depreciation expense for the year is allocated as follows:

Instructional	\$ 757,134
Support	552,967
Enterprise & Community	37,884
Total	<u>\$ 1,347,985</u>

SISTERS SCHOOL DISTRICT NO. 6
DESCHUTES COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

5. DUE TO/DUE FROM OTHER FUNDS

Interfund receivables/payables are used as a pooling of cash between various funds.

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ -	\$ 615
Special Revenue Fund	<u>615</u>	<u>-</u>
Totals	<u><u>\$ 615</u></u>	<u><u>\$ 615</u></u>

6. TRANSFERS

Transfers were made to fund operations.

	<u>Transfers Out</u>	<u>Transfers In</u>
General Fund	\$ 63,696	\$ -
Special Revenue Fund	-	103,696
Fiduciary Fund	<u>40,000</u>	<u>-</u>
Total	<u><u>\$ 103,696</u></u>	<u><u>\$ 103,696</u></u>

SISTERS SCHOOL DISTRICT NO. 6
DESCHUTES COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

7. LONG-TERM OBLIGATIONS

The following changes occurred in the liabilities reported in long-term debt during the year ended June 30, 2023:

Issue	Outstanding 6/30/22	Adjustments	Issued	Matured and Redeemed	Outstanding 6/30/23	Due Within One Year
<u>Bonds Payable</u>						
Series 2021 GO bonds	\$ 32,605,000	\$ -	\$ -	\$ 980,000	\$ 31,625,000	\$ 1,185,000
Pension bonds	4,382,859	-	-	232,859	4,150,000	810,000
Series 2016 GO bonds	7,620,000	-	-	640,000	6,980,000	690,000
Total bonds	44,607,859	-	-	1,852,859	42,755,000	2,685,000
<u>Premium Related to Bonds</u>						
Premium on Bond	6,192,432	-	-	369,087	5,823,345	369,087
<u>Financed Purchases</u>						
Santander Bus Leases	311,601	220,495	-	100,835	431,261	103,993
Total	<u>\$ 51,111,892</u>	<u>\$ 220,495</u>	<u>\$ -</u>	<u>\$ 2,322,781</u>	<u>\$ 49,009,606</u>	<u>\$ 3,158,080</u>

Financed Purchases

During the 2018-19 fiscal year, a third capital lease was entered into with Santander Bank in the amount of \$89,280 to purchase a 13 passenger micro bus. The terms of the lease include variable annual payments totaling \$14,425 each year. During the 2019-20 fiscal year, a fourth and fifth capital lease was entered into with Santander Bank. The fourth capital lease was in the amount of \$89,370 to purchase a 14 passenger micro bus. The terms of the lease include variable annual payments totaling \$14,439 each year. The fifth capital lease was in the amount of \$453,603 to purchase two 2021 Blue Bird 78 passenger school buses. The terms of the lease include variable annual payments totaling \$47,797. There is a total capital lease liability of \$431,261 as of June 30, 2023.

A prior period adjustment is completed to include a capital lease for the purchase of a two 2022 Blue Bird 78 passenger school bus in 2021. See Note 20.

The following is a summary of future minimum payments for financed purchases:

Fiscal Year Ending June 30,	Financed Purchases	
	Principal	Interest
2024	\$ 103,993	\$ 12,900
2025	107,249	9,644
2026	96,195	6,273
2027	84,632	3,397
2028	39,192	1,040
Total	<u>\$ 431,261</u>	<u>\$ 33,254</u>

SISTERS SCHOOL DISTRICT NO. 6
DESCHUTES COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

7. LONG-TERM OBLIGATIONS – (CONTINUED)

Bonds

The District has three bond issues outstanding. Two issues are for school additions and the refunding of prior general obligation issues.

During 2002-03 the District issued Limited Tax Pension Bonds to finance the lump sum payment to reduce the District's unfunded actuarial liability. These bonds have a variable interest rate ranging from 1.50% to 6.27% and a maturity date in June 2028.

The District issued Series 2016 bonds to repair and replace existing facilities. Total Series 2016 bonds issued were \$10,700,000, at a variable interest rate between 1.13% and 4.00% and a maturity date in June 2031.

The District issued Series 2021 bonds to repair and replace existing facilities. Total Series 2021 bonds issued were \$33,800,000, at a variable interest rate between 3.00% and 5.00% and a maturity date in June 2041.

None of the bonds contain any significant termination, acceleration, or default remedies within their agreements.

The following is a summary of future minimum payments for bonds:

Fiscal Year Ending June 30,	Bonds	
	Principal	Interest
2024	\$ 2,685,000	\$ 1,633,844
2025	2,900,000	1,513,412
2026	3,130,000	1,383,048
2027	3,370,000	1,249,928
2028	3,255,000	1,091,834
2029-33	11,890,000	3,663,750
2034-38	8,770,000	1,886,250
2039-42	6,755,000	413,550
Total	<u>\$ 42,755,000</u>	<u>\$ 12,835,616</u>

**SISTERS SCHOOL DISTRICT NO. 6
DESCHUTES COUNTY, OREGON**

NOTES TO THE BASIC FINANCIAL STATEMENTS

8. 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/CAFR/2022-Annual-Comprehensive-Financial-Report.pdf>

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

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

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

SISTERS SCHOOL DISTRICT NO. 6
DESCHUTES COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

- a. **OPSRP Pension Program (OPSRP DB).** The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.
- i. **Pension Benefits.** This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:
- Police and fire:* 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.
- General service:* 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.
- A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.
- ii. **Death Benefits.** Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member. The surviving spouse may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached 70½ years.
- iii. **Disability Benefits.** A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

Contributions – PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2019 actuarial valuation, which became effective July 1, 2021. 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, 2023 were \$1,288,332, excluding amounts to fund employer specific liabilities. In addition, approximately \$519,771 in employee contributions were paid or picked up by the District in fiscal 2023.

SISTERS SCHOOL DISTRICT NO. 6
DESCHUTES COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Asset or Liability - At June 30, 2023, the District reported a net pension liability of \$7,142,582 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated December 31, 2020. 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, 2022 and 2021, the District's proportion was .047 percent and .037 percent, respectively. Pension expense for the year ended June 30, 2023 was \$159,212.

The rates in effect for the year ended June 30, 2023 were:

- (1) Tier 1/Tier 2 – 6.41%
- (2) OPSRP general services – 3.30%

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 346,715	\$ 44,542
Changes in assumptions	1,120,710	10,239
Net difference between projected and actual earnings on pension plan investments	-	1,276,956
Net changes in proportionate share	1,385,735	525,110
Differences between City contributions and proportionate share of contributions	-	1,561,822
Subtotal - Amortized Deferrals (below)	2,853,160	3,418,669
District contributions subsequent to measuring date	1,288,332	-
Deferred outflow (inflow) of resources	<u>\$ 4,141,492</u>	<u>\$ 3,418,669</u>

The amount of contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2024.

Subtotal amounts related to pension as deferred outflows of resources \$2,853,160, or deferred inflows of resources, (\$3,418,669), net to (\$565,509) and will be recognized in pension income as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2024	\$ (288,339)
2025	(361,741)
2026	(589,312)
2027	638,487
2028	35,396
Thereafter	-
Total	<u>\$ (565,509)</u>

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated February 2, 2023. Oregon PERS produces an independently audited ACFR which can be found at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2022-Annual-Comprehensive-Financial-Report.pdf>

SISTERS SCHOOL DISTRICT NO. 6
DESCHUTES COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Valuations – The employer contribution rates effective July 1, 2021 through June 30, 2023, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount for the amortization unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

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

Actuarial Methods and Assumptions:

Valuation date	December 31, 2020
Experience Study Report	2020, Published July 20, 2021
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Asset valuation method	Market value of assets
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 2020 Experience Study which is reviewed for the four-year period ending December 31, 2020.

**SISTERS SCHOOL DISTRICT NO. 6
DESCHUTES COUNTY, OREGON**

NOTES TO THE BASIC FINANCIAL STATEMENTS

8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Assumed Asset Allocation:

Asset Class/Strategy	Low Range	High Range	OIC Target
Debt Securities	15.0%	25.0%	20.0%
Public Equity	25.0%	35.0%	30.0%
Real Estate	7.5%	17.5%	12.5%
Private Equity	15.0%	27.5%	20.0%
Risk Parity	0.0%	3.5%	2.5%
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, 2022 PERS ACFR; p. 104)

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 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	30.62%	5.85%
Private Equity	25.50%	7.71%
Core Fixed Income	23.75%	2.73%
Real Estate	12.25%	5.66%
Master Limited Partnerships	0.75%	5.71%
Infrastructure	1.50%	6.26%
Commodities	0.63%	3.10%
Hedge Fund of Funds - Multistrategy	1.25%	5.11%
Hedge Fund Equity - Hedge	0.63%	5.31%
Hedge Fund - Macro	5.62%	5.06%
US Cash	-2.50%	1.76%
<i>Assumed Inflation - Mean</i>		2.40%

(Source: June 30, 2022 PERS ACFR; p. 74)

SISTERS SCHOOL DISTRICT NO. 6
DESCHUTES COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Discount Rate – The discount rate used to measure the total pension liability was 6.90 percent for the Defined Benefit Pension Plan, a reduction approved by the Board from 7.20 percent in the prior fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from 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.

	<u>1% Decrease</u> <u>(5.90%)</u>	<u>Discount Rate</u> <u>(6.90%)</u>	<u>1% Increase</u> <u>(7.90%)</u>
District's proportionate share of the net pension liability	\$ 12,666,752	\$ 7,142,582	\$ 2,519,107

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, 2022 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.

SISTERS SCHOOL DISTRICT NO. 6
DESCHUTES COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

OPSRP Individual Account Program (OPSRP IAP)

Plan Description:

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

Pension Benefits:

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

Death Benefits:

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

Contributions:

Employees of the District pay six (6) percent of their covered payroll. Effective July 1, 2020, currently employed Tier 1/Tier 2 and OPSRP members earning \$2,500 or more per month (increased to \$3,333 per month in 2022) will have a portion of their 6 percent monthly IAP contributions redirected to an Employee Pension Stability Account. The Employee Pension Stability Account will be used to pay part of the member's future benefit. Of the 6 percent monthly IAP contribution, Tier 1/Tier 2 will have 2.5 percent redirected to the Employee Pension Stability Account and OPSRP will have 0.75 percent redirected to the Employee Pension Stability Account, with the remaining going to the member's existing IAP account. Members may voluntarily choose to make additional after-tax contributions into their IAP account to make a full 6 percent contribution to the IAP. The District did not make any optional contributions to member IAP accounts for the year ended June 30, 2023.

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>

SISTERS SCHOOL DISTRICT NO. 6
DESCHUTES COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

9. OTHER POST EMPLOYMENT BENEFIT PLANS – (RHIA)

Plan Description:

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

Funding Policy:

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

Participating districts are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the District currently contributes 0.05% of annual covered OPERF payroll and 0.00% of OPSRP payroll under a contractual requirement in effect until June 30, 2023. 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 District's contributions to RHIA are included in PERS contributions for all reporting years and equaled the required contributions each year.

At June 30, 2023, the District reported a net OPEB asset of \$193,440 for its proportionate share of the net OPEB asset. The OPEB asset was measured as of June 30, 2022, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2020. Consistent with GASB Statement No. 75, paragraph 59(a), the District's proportion of the net OPEB 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, 2022 and 2021, the District's proportion was 0.05 percent and 0.05 percent, respectively. OPEB expense (income) for the year ended June 30, 2023 was (\$22,790).

SISTERS SCHOOL DISTRICT NO. 6
DESCHUTES COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

9. OTHER POST EMPLOYMENT BENEFIT PLANS – (RHIA) (CONTINUED)

Components of OPEB Expense/(Income):

Employer's Proportionate share of collective system OPEB Expense/(Income)	\$ (28,962)
Net amortization of employer-specific deferred amounts from:	
- Changes in proportionate share (per paragraph 64 of GASB 75)	7,513
- 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>\$ (21,449)</u>

Components of Deferred Outflows/Inflows of Resources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expended and actual experience	\$ -	\$ 5,242
Changes of assumptions	1,515	6,448
Net Difference between project and actual earning on investment	-	14,752
Changes in proportionate share	17,266	2,844
Differences between employer contributions and employer's proportionate share of system contributions	-	-
Subtotal - Amortized Deferrals (below)	<u>18,781</u>	<u>29,286</u>
Contributions subsequent to measurement date	-	-
Deferred outflow (inflow) of resources	<u>\$ 18,781</u>	<u>\$ 29,286</u>

The amount of contributions subsequent to the measurement date will be included as a reduction of the net OPEB liability/(asset) in the fiscal year ended June 30, 2024.

Subtotal amounts related to pension as deferred outflows of resources \$18,871, or deferred inflows of resources, (\$29,286), net to (\$10,505) and will be recognized in OPEB expense as follows:

Year ending June 30,	Amount
2024	\$ 4,008
2025	(9,929)
2026	(9,309)
2027	4,725
2028	-
Thereafter	-
Total	<u>\$ (10,505)</u>

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, 2022. That independently audited report was dated February 2, 2023 and can be found at:

<https://www.oregon.gov/pers/EMP/Documents/GASB/2022/GASB-75-RHIA-2022.pdf>

SISTERS SCHOOL DISTRICT NO. 6
DESCHUTES COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

9. OTHER POST EMPLOYMENT BENEFIT PLANS – (RHIA) (CONTINUED)

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2020
Experience Study Report	2020, Published July 20, 2021
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: 27.5%; 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 2020 Experience Study which is reviewed for the four-year period ending December 31, 2020.

Discount Rate:

The discount rate used to measure the total OPEB liability as of the measurement date of June 30, 2022 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 June 2021 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.

SISTERS SCHOOL DISTRICT NO. 6
DESCHUTES COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

9. OTHER POST EMPLOYMENT BENEFIT PLANS – (RHIA) (CONTINUED)

Asset Class	Target Allocation	Compound Annual (Geometric) Return
Global Equity	30.62%	5.85%
Private Equity	25.50%	7.71%
Core Fixed Income	23.75%	2.73%
Real Estate	12.25%	5.66%
Master Limited Partnerships	0.75%	5.71%
Infrastructure	1.50%	6.26%
Commodities	0.63%	3.10%
Hedge Fund of Funds - Multistrategy	1.25%	5.11%
Hedge Fund Equity - Hedge	0.63%	5.31%
Hedge Fund - Macro	5.62%	5.06%
US Cash	-2.50%	1.76%
<i>Assumed Inflation - Mean</i>		2.40%

(Source: June 30, 2022 PERS ACFR; p. 74)

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

	<u>1% Decrease (5.90%)</u>	<u>Discount Rate (6.90%)</u>	<u>1% Increase (7.90%)</u>
District's proportionate share of the net OPEB liability (asset)	\$ (174,344)	\$ (193,440)	\$ (209,810)

Changes Subsequent to the Measurement Date

There are no changes subsequent to the June 30, 2022 Measurement Date that meet this requirement and thus would require a brief description under the GASB standard.

SISTERS SCHOOL DISTRICT NO. 6
DESCHUTES COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

10. PROPERTY TAX CALENDAR

Real and personal property taxes are levied as of July 1 of each fiscal year on values assessed as of that date. Property taxes attach as an enforceable lien on both real and personal property as of July 1 and are due and payable in three installments on November 15, February 15, and May 15. A three percent discount is allowed if the full amount due is paid by November 15. Property taxes unpaid and outstanding on May 16 are considered delinquent. Property taxes are collected from taxpayers by the Deschutes County Department of Assessment and Taxation and remitted to the District.

11. COMMITMENTS AND CONTINGENCIES

Substantially all 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 management expects such amounts, 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 they can cause either increases or decreases in revenue. Due to these future uncertainties at the state level, the future effect on the operations cannot be determined.

The COVID-19 outbreak in the United States has caused substantial disruption to business and local governments due to mandated and voluntary suspension of operations and stay at home orders. There is considerable uncertainty around the duration of the outbreak and the long-term impact to the overall economy. The ultimate impact on the District's finances is not determinable.

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. Insurance is carried through PACE (Property and Casualty Coverage for Education). Predetermined limits and deductible amounts are stated in the policy. Settlements have not exceeded insurance coverage for the past three fiscal years.

SISTERS SCHOOL DISTRICT NO. 6
DESCHUTES COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

13. LEASE LIABILITY

For the year ended 6/30/2023, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

On 07/01/2021, the District entered into a 23 month lease as Lessee for the use of Kyocera Printer - P2040dw. An initial lease liability was recorded in the amount of \$983. As of 06/30/2023, the value of the lease liability is \$0. The District is required to make monthly fixed payments of \$43. The lease has an interest rate of 0.5140%. The value of the right to use asset as of 06/30/2023 of \$0 with accumulated amortization of \$0 is included with Equipment on the Lease Class activities table found below.

On 10/21/2021, the District entered into a 21 month lease as Lessee for the use of Kyocera Copier - M6635cidn. An initial lease liability was recorded in the amount of \$3,145. As of 06/30/2023, the value of the lease liability is \$0. The District is required to make monthly fixed payments of \$150. The lease has an interest rate of 0.5290%. The value of the right to use asset as of 06/30/2023 of \$0 with accumulated amortization of \$0 is included with Equipment on the Lease Class activities table found below.

On 09/09/2021, the District entered into a 22 month lease as Lessee for the use of Printer - Kyocera District #6. An initial lease liability was recorded in the amount of \$1,618. As of 06/30/2023, the value of the lease liability is \$0. The District is required to make monthly fixed payments of \$74. The lease has an interest rate of 0.4980%. The value of the right to use asset as of 06/30/2023 of \$1,618 with accumulated amortization of \$1,599 is included with Equipment on the Lease Class activities table found below.

On 10/21/2021, the District entered into a 21 month lease as Lessee for the use of HP Printer - M404n. An initial lease liability was recorded in the amount of \$1,577. As of 06/30/2023, the value of the lease liability is \$0. The District is required to make monthly fixed payments of \$75. The lease has an interest rate of 0.5290%. The value of the right to use asset as of 06/30/2023 of \$0 with accumulated amortization of \$0 is included with Equipment on the Lease Class activities table found below.

On 07/01/2021, the District entered into a 23 month lease as Lessee for the use of Kyocera Copiers - TA-5052ci. An initial lease liability was recorded in the amount of \$56,912. As of 06/30/2023, the value of the lease liability is \$0. The District is required to make monthly fixed payments of \$2,487. The lease has an interest rate of 0.5140%. The value of the right to use asset as of 06/30/2023 of \$0 with accumulated amortization of \$0 is included with Equipment on the Lease Class activities table found below.

On 07/01/2021, the District entered into a 23 month lease as Lessee for the use of Kyocera Printer - 525 E Cascade Ave. An initial lease liability was recorded in the amount of \$3,914. As of 06/30/2023, the value of the lease liability is \$0. The District is required to make monthly fixed payments of \$171. The lease has an interest rate of 0.5140%. The value of the right to use asset as of 06/30/2023 of \$0 with accumulated amortization of \$0 is included with Equipment on the Lease Class activities table found below.

On 07/01/2021, the District entered into a 23 month lease as Lessee for the use of Kyocera Printer - Monochrome Desktop. An initial lease liability was recorded in the amount of \$588. As of 06/30/2023, the value of the lease liability is \$0. The District is required to make monthly fixed payments of \$26. The lease has an interest rate of 0.5140%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2023 of \$0 with accumulated amortization of \$0 is included with Equipment on the Lease Class activities table found below.

SISTERS SCHOOL DISTRICT NO. 6
DESCHUTES COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

13. LEASE LIABILITY (CONTINUED)

	Outstanding 7/1/2022	Matured and Redeemed	Outstanding 7/1/2023
Equipment			
Kyocera Printer - Monochrome Desktop	\$ 282	\$ 282	\$ -
Kyocera Printer - P2040dw	471	471	-
Kyocera Printer - District #6	884	884	-
HP Printer - M404n MICR	903	903	-
Kyocera Copier - M6635cidn	1,800	1,800	-
Kyocera Copier - TA-5052ci	27,287	27,287	-
Kyocera Printer - 525 E Cascade Ave	1,876	1,876	-
Total	<u>\$ 33,503</u>	<u>\$ 33,503</u>	<u>\$ -</u>

14. RIGHT TO USE ASSET

The right-to-use assets apply to the lease disclosures in Note 13.

Amount of Lease Assets by Major Classes of Underlying Asset (Right to Use Asset)				
	Balance Beginning of Year	Additions	(Deletions)	Balance End Of Year
Right-to-Use Asset				
Equipment	\$ 68,737	\$ -	\$ -	\$ 68,737
Total	<u>68,737</u>	<u>-</u>	<u>-</u>	<u>68,737</u>
Accumulated Amortization				
Equipment	34,023	34,695	-	68,718
Total	<u>34,023</u>	<u>34,695</u>	<u>-</u>	<u>68,718</u>
Net Right-to-Use Assets	<u>\$ 34,714</u>			<u>\$ 19</u>

SISTERS SCHOOL DISTRICT NO. 6
DESCHUTES COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

15. LEASE RECEIVABLES AND DEFERRED INFLOWS

On 07/01/2021, the District entered into a 577 month lease as Lessor for the use of 15200 McKenzie Highway - T-Mobile. An initial lease receivable was recorded in the amount of \$906,074. As of 06/30/2023, the value of the lease receivable is \$887,466. The lessee is required to make monthly fixed payments of \$1,834. Additionally, there are monthly other reasonably certain payments of \$800. The lease has an interest rate of 2.5830%. The value of the deferred inflow of resources as of 06/30/2023 was \$868,423, and the District recognized lease revenue of \$18,825 during the fiscal year. The lessee has 9 extension option(s), each for 60 months.

On 07/01/2021, the District entered into a 120 month lease as Lessor for the use of 1750 McKinney Butte Rd. An initial lease receivable was recorded in the amount of \$4,628. As of 06/30/2023, the value of the lease receivable is \$3,726. The lessee is required to make annual fixed payments of \$500. The lease has an interest rate of 1.6040%. The value of the deferred inflow of resources as of 06/30/2023 was \$3,702, and the District recognized lease revenue of \$463 during the fiscal year.

On 07/01/2021, the District entered into a 35 month lease as Lessor for the use of 15200 McKenzie Highway. An initial lease receivable was recorded in the amount of \$67,873. As of 06/30/2023, the value of the lease receivable is \$29,882. The lessee is required to make monthly fixed payments of \$2,500. The lease has an interest rate of 0.7270%. The value of the deferred inflow of resources as of 06/30/2023 was \$21,815, and the District recognized lease revenue of \$23,029 during the fiscal year. The lessee has 2 extension option(s), each for 60 months.

	Balance Beginning of Year	Less Rent Received	Balance End Of Year	Current Lease Receivable Asset	Long Term Receivable Asset
Lease Receivable					
Land					
1750 McKinney Butte Rd-SPRD	\$ 4,159	\$ (433)	\$ 3,726	\$ 440	\$ 3,286
15200 McKinney Highway - T-Mobile	896,036	(8,570)	887,466	9,462	878,004
15200 McKinney Highway - AT&T	48,926	(19,044)	29,882	29,882	-
Total	\$ 949,121	\$ (28,047)	\$ 921,074	\$ 39,784	\$ 881,290

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

	Balance Beginning of Year	Less Deferred Revenue Recognized	Balance End Of Year	Current Deferred Lease Revenue	Long Term Deferred Lease Revenue
Deferred Lease Revenue					
Land					
1750 McKinney Butte Rd-SPRD	\$ 4,165	\$ (463)	\$ 3,702	\$ 463	\$ 3,239
15200 McKinney Highway - T-Mobile	887,248	(18,825)	868,423	18,825	849,598
15200 McKinney Highway - AT&T	44,844	(23,029)	21,815	21,815	-
Total	\$ 936,257	\$ (42,317)	\$ 893,940	\$ 41,103	\$ 852,837

SISTERS SCHOOL DISTRICT NO. 6
DESCHUTES COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

16. PROPERTY TAX LIMITATION

The voters of the State of Oregon approved ballot measure 5, a constitutional limit on property taxes for schools and non-school government operations, in November 1990. School operations include community colleges, local school districts, and education service districts.

The limitation provides that property taxes for school operations are limited to \$5.00 for each \$1,000 of property market value. This limitation does not apply to taxes levied for principal and interest on general obligation bonded debt. The result of this initiative has been that school districts have become more dependent upon state funding and less dependent upon property tax revenues as their major source of operating revenue.

The voters of the State of Oregon passed ballot measure 50 in May, 1997 to further reduce property taxes by replacing the previous constitutional limits on tax bases with a rate and value limit.

Measure 50 reduced the amount of operating property tax revenues available for the 1998-99 fiscal year, and thereafter. 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 property tax limitations. The measure also sets restrictive voter approval requirements for most tax and many fee increases and new bond issues, and requires the State of Oregon to minimize the impact of the tax cuts to the school districts. The ultimate impact to the District as a result of the measure has been greater reliance on state funding and less reliance on local funding.

17. TAX ABATEMENTS

As of June 30, 2023, the District potentially had tax abatements through various state allowed programs that impacted levied taxes and would require disclosure under GASB 77. Based on the information available from the county as of the date of issuance of these basic financial statements, the amount of abatements for the year ended June 30, 2023 is deemed immaterial.

SISTERS SCHOOL DISTRICT NO. 6
DESCHUTES COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

18. SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAs) LIABILITY

For the year ended 6/30/2023, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset. For additional information, refer to the disclosures below.

On 07/01/2022, the District entered into a 18 month subscription for the use of Teamviewer. An initial subscription liability was recorded in the amount of \$2,667. As of 06/30/2023, the value of the subscription liability is \$0. The District is required to make annual fixed payments of \$2,701. The subscription has an interest rate of 2.1937%. The value of the right to use asset as of 06/30/2023 of \$2,667 with accumulated amortization of \$1,778 is included with Software on the Subscription Class activities table found below.

On 04/15/2023, the District entered into a 36 month subscription for the use of DebtBook Software. An initial subscription liability was recorded in the amount of \$23,419. As of 06/30/2023, the value of the subscription liability is \$15,419. The District is required to make annual fixed payments of \$8,000. The subscription has an interest rate of 2.5033%. The value of the right to use asset as of 06/30/2023 of \$23,419 with accumulated amortization of \$1,648 is included with Software on the Subscription Class activities table found below.

Changes in Software Liability

	Balance at July 1, 2022	Additions	Reductions	Balance at June 30, 2023	Due within a Year
Software	\$ -	\$ 26,086	\$ 10,667	\$ 15,419	\$ 7,614
Total	\$ -	\$ 26,086	\$ 10,667	\$ 15,419	\$ 7,614

Principal and Interest Requirements to Maturity

Fiscal Year Ending June 30.	Governmental Activities		
	Software		Total
	Principal Payments	Interest Payments	Payments
2024	\$ 7,614	\$ 386	\$ 8,000
2025	7,805	195	8,000
Total	\$ 15,419	\$ 581	\$ 16,000

SISTERS SCHOOL DISTRICT NO. 6
DESCHUTES COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

19. SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAs) ASSET

The right-to-use assets apply to the subscription disclosures in Note 16.

Amount of Subscription Assets by Major Classes of Underlying Asset (Right-to-Use Asset)

<u>Asset Class</u>	<u>At June 30, 2023</u>		
	<u>Subscription Asset Value</u>	<u>Accumulated Amortization</u>	<u>Net Value</u>
Software	\$ 26,086	\$ 3,426	\$ 22,660
Total	<u>\$ 26,086</u>	<u>\$ 3,426</u>	<u>\$ 22,660</u>

Changes in Subscription Right-to-Use Asset

	<u>Balance at July 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2023</u>
Software	\$ -	\$ 26,086	\$ -	\$ 26,086
Accumulated Amortization				
Software	-	3,426	-	3,426
Total Software Assets, Net	<u>\$ -</u>	<u>\$ 22,660</u>	<u>\$ -</u>	<u>\$ 22,660</u>

20. PRIOR PERIOD ADJUSTMENT

A prior period adjustment is needed to include a capital lease for the purchase of two Blue Bird 78 passenger school buses in fiscal year 2021-2022. See Note 7.

Net Position - Beginning as previously reported	\$ 16,725,603
Change in June 30, 2022 Bus Purchase	(220,495)
Net Position - Beginning as restated	<u>\$ 16,505,108</u>

SISTERS SCHOOL DISTRICT NO. 006
DESCHUTES COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

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SISTERS SCHOOL DISTRICT
DESCHUTES COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2023

PERS

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) Employer's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2023	0.047 %	\$ 7,142,582	\$ 8,925,163	80.0 %	84.5 %
2022	0.037	4,381,809	7,170,686	61.1	87.6
2021	0.038	8,189,206	7,020,129	116.7	75.8
2020	0.043	7,511,983	5,903,573	127.2	80.2
2019	0.045	6,890,148	6,044,874	114.0	82.1
2018	0.042	5,721,169	6,350,855	90.1	83.1
2017	0.039	5,834,221	4,796,823	121.6	80.5
2016	0.034	1,947,176	5,231,943	37.2	91.9
2015	0.035	(787,403)	5,444,051	(14.5)	103.6
2014	0.035	N/A	5,105,102	N/A	92.0

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

These schedules are presented to illustrate the requirements to show information for 10 years.

SCHEDULE OF CONTRIBUTIONS

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2023	\$ 1,288,332	\$ 1,288,332	\$ -	\$ 9,729,801	13.2 %
2022	1,174,957	1,174,957	-	8,925,163	13.2
2021	1,297,600	1,297,600	-	7,170,686	18.1
2020	1,245,796	1,245,796	-	7,020,129	17.7
2019	1,078,541	1,078,541	-	5,903,573	18.3
2018	1,093,725	1,093,725	-	6,044,874	18.1
2017	870,853	870,853	-	6,350,855	13.7
2016	824,383	824,383	-	4,796,823	17.2
2015	957,074	957,074	-	5,231,943	18.3
2014	963,822	963,822	-	5,444,051	17.7

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

These schedules are presented to illustrate the requirements to show information for 10 years.

SISTERS SCHOOL DISTRICT
DESCHUTES COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2023

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FOR RHIA

Year Ended June 30,	(a) Employer's proportion of the net OPEB asset (NPA/(L))	(b) Employer's proportionate share of the net OPEB asset /(liability) (NPA/(L))	(c) Employer's covered payroll	(b/c) NPA/(L) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total OPEB asset/(liability)
2023	0.054 %	\$ 193,440	\$ 8,925,163	2.2 %	194.6 %
2022	0.053	180,531	7,170,686	2.5	183.9
2021	0.087	176,796	7,020,129	2.5	150.1
2020	0.055	106,312	5,903,573	1.8	144.4
2019	0.058	64,747	6,044,874	1.1	124.0
2018	0.057	23,753	6,350,855	0.4	108.9
2017	0.057	(15,501)	4,796,823	(0.3)	90.0

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

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

Amounts for covered payroll (c) use the prior year's data to match the measurement date used by the OPEB plan for each year.

SCHEDULE OF CONTRIBUTIONS FOR RHIA

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2023	\$ N/A	\$ N/A	\$ N/A	\$ 9,729,801	N/A %
2022	N/A	N/A	N/A	8,925,163	N/A
2021	N/A	N/A	N/A	7,170,686	N/A
2020	N/A	N/A	N/A	7,020,129	N/A
2019	N/A	N/A	N/A	5,903,573	N/A
2018	N/A	N/A	N/A	6,044,874	N/A
2017	N/A	N/A	N/A	6,350,855	N/A

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

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

All statutorily required contributions were made and are included within PERS contributions (see p. 41).

SISTERS SCHOOL DISTRICT NO. 6
DESCHUTES COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2023

	<u>GENERAL FUND</u>			
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES:				
Local Sources				
Property Taxes				
Current	\$ 9,347,244	\$ 9,347,244	\$ 9,890,801	\$ 543,557
Prior	260,000	260,000	81,503	(178,497)
Property Tax Interest	4,000	4,000	3,063	(937)
Local Option Taxes				
Current	1,760,000	1,760,000	1,812,573	52,573
Prior	30,000	30,000	13,651	(16,349)
Local Option Tax Interest	1,000	1,000	557	(443)
Tuition	115,000	115,000	70,476	(44,524)
Transportation Fees	-	-	275	275
Other				
Interest	30,000	30,000	283,625	253,625
Rentals	100,000	100,000	82,218	(17,782)
Donations	1,000	1,000	12	(988)
Miscellaneous	84,000	84,000	229,907	145,907
Intermediate Sources				
County				
County School Fund	25,000	25,000	16,440	(8,560)
ESD	70,000	70,000	49,944	(20,056)
In Lieu of Taxes	10,000	10,000	-	(10,000)
State Sources				
Basic School Support	2,611,017	2,611,017	2,468,830	(142,187)
Common School Fund	122,477	122,477	139,706	17,229
Transportation Grant	598,500	598,500	598,500	-
Federal Sources	386,000	386,000	216,064	(169,936)
Total Revenues	15,555,238	15,555,238	15,958,145	402,907
EXPENDITURES:				
Instruction	9,166,932	9,166,932 (1)	8,375,105	791,827
Support Services	7,662,306	7,662,306 (1)	6,996,031	666,275
Community Services	101,000	101,000 (1)	67,725	33,275
Debt Service	35,000	35,000 (1)	-	35,000
Operating Contingency	1,440,000	1,440,000 (1)	-	1,440,000
Total Expenditures	18,405,238	18,405,238	15,438,861	2,966,377
Excess of Revenues Over, (Under) Expenditures	(2,850,000)	(2,850,000)	519,284	3,369,284
OTHER FINANCING SOURCES, (USES):				
Sale of Assets	-	-	5,370	5,370
Transfers In	100,000	100,000	-	(100,000)
Transfers Out	(100,000)	(100,000) (1)	(63,696)	36,304
Total Other Financing Sources, (Uses)	-	-	(58,326)	(58,326)
Net Change in Fund Balance	(2,850,000)	(2,850,000)	460,958	3,310,958
Beginning Fund Balance	2,850,000	2,850,000	3,139,278	289,278
Ending Fund Balance	\$ -	\$ -	\$ 3,600,236	\$ 3,600,236

(1) Appropriation Level

SISTERS SCHOOL DISTRICT NO. 6
DESCHUTES COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2023

SPECIAL REVENUE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
Local Sources	\$ 775,563	\$ 764,492	\$ 710,590	\$ (53,902)
Intermediate Sources	3,000	9,747	43,614	33,867
State Sources	2,252,412	2,236,120	1,974,635	(261,485)
Federal Sources	1,125,757	1,125,757	613,617	(512,140)
Total Revenues	4,156,732	4,136,116	3,342,456	(29,168)
EXPENDITURES:				
Instruction	3,053,530	3,053,530 (1)	2,180,557	872,973
Support Services	1,058,033	1,058,033 (1)	713,211	344,822
Community Services	778,355	778,355 (1)	460,433	317,922
Debt Service	250,000	250,000 (1)	-	250,000
Total Expenditures	5,139,918	5,139,918	3,354,201	1,785,717
Excess of Revenues Over, (Under) Expenditures	(983,186)	(1,003,802)	(11,745)	1,756,549
OTHER FINANCIAL SOURCES, (USES)				
Transfers In	140,000	140,000 (2)	103,696	(36,304)
Transfers Out	(100,000)	(100,000) (1)	-	100,000
Total Other Financing Sources, (Uses)	40,000	40,000	103,696	63,696
Net Change in Fund Balance	(943,186)	(963,802)	91,951	1,820,245
Beginning Fund Balance	943,186	963,802	1,266,166	302,364
Ending Fund Balance	\$ -	\$ -	\$ 1,358,117	\$ 1,358,117

(1) Appropriation Level

(2) Included in the transfer from the General Fund is the required state revenue match of \$3,696 the District must transfer to the Food Service Fund for National School Lunch Support in order to meet the general cash assistance match.

SISTERS SCHOOL DISTRICT NO. 006
DESCHUTES COUNTY, OREGON

SUPPLEMENTARY INFORMATION

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**SISTERS SCHOOL DISTRICT
DESCHUTES COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2023**

DEBT SERVICE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES:				
Local Sources				
Property Taxes				
Current	\$ 3,050,000	\$ 3,050,000	\$ 3,104,326	\$ 54,326
Prior	26,100	26,100	29,560	3,460
Property Tax Interest	4,000	4,000	955	(3,045)
Interest	8,000	8,000	-	(8,000)
Services Provided to Other Funds	<u>1,033,744</u>	<u>1,033,744</u>	<u>1,083,973</u>	<u>50,229</u>
Total Revenues	<u>4,121,844</u>	<u>4,121,844</u>	<u>4,218,814</u>	<u>96,970</u>
EXPENDITURES:				
Debt Service				
Materials and Services	4,100	4,100	1,602	2,498
Bond Principal	1,852,859	1,852,859	2,589,207	(736,348)
Interest	<u>2,285,585</u>	<u>2,285,585</u>	<u>1,548,722</u>	<u>736,863</u>
Total Debt Service	4,142,544	4,142,544 (1)	4,139,531	3,013
Total Expenditures	<u>4,142,544</u>	<u>4,142,544</u>	<u>4,139,531</u>	<u>3,013</u>
Excess of Revenues Over, (Under) Expenditures	<u>(20,700)</u>	<u>(20,700)</u>	<u>79,283</u>	<u>99,983</u>
Net Change in Fund Balance	(20,700)	(20,700)	79,283	99,983
Beginning Fund Balance	<u>20,700</u>	<u>20,700</u>	<u>233,694</u>	<u>212,994</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 312,977</u>	<u>\$ 312,977</u>

(1) Appropriation Level

SISTERS SCHOOL DISTRICT NO. 6
DESCHUTES COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2023

CAPITAL PROJECTS FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
Interest Income	\$ 152,000	\$ 152,000	\$ 1,302,581	\$ 1,150,581
Miscellaneous	20,000	20,000	-	(20,000)
Total Revenues	172,000	172,000	1,302,581	1,130,581
EXPENDITURES:				
Support Services	300	300	-	300
Building Acquisition, Construction and Improv.	39,882,275	39,882,275	11,216,397	28,665,878
Total Expenditures	39,882,575	39,882,575 (1)	11,216,397	28,666,178
Net Change in Fund Balance	(39,710,575)	(39,710,575)	(9,913,816)	29,796,759
Beginning Fund Balance	39,710,575	39,710,575	38,296,789	(1,413,786)
Ending Fund Balance	\$ -	\$ -	\$ 28,382,973	\$ 28,382,973

(1) Appropriation Level

SISTERS SCHOOL DISTRICT NO. 6
DESCHUTES COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2023

FIDUCIARY FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES:				
Local Sources				
Contributions	\$ 95,000	\$ 95,000	\$ 49,233	\$ (45,767)
Miscellaneous	1,000	1,000	-	(1,000)
Total Revenues	<u>96,000</u>	<u>96,000</u>	<u>49,233</u>	<u>(46,767)</u>
EXPENDITURES:				
Community Services	<u>177,000</u>	<u>177,000 (1)</u>	<u>93,637</u>	<u>83,363</u>
Total Expenditures	<u>177,000</u>	<u>177,000</u>	<u>93,637</u>	<u>83,363</u>
Net Change in Fund Balance	(81,000)	(81,000)	(44,404)	36,596
OTHER FINANCING SOURCES, (USES):				
Transfers Out	<u>(40,000)</u>	<u>(40,000)</u>	<u>(40,000)</u>	<u>-</u>
Total Other Financing Sources, (Uses)	<u>(40,000)</u>	<u>(40,000)</u>	<u>(40,000)</u>	<u>-</u>
Net Change in Fund Balance	(121,000)	(121,000)	(84,404)	36,596
Beginning Fund Balance	<u>121,000</u>	<u>121,000</u>	<u>140,493</u>	<u>19,493</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,089</u>	<u>\$ 56,089</u>

(1) Appropriation Level

SISTERS SCHOOL DISTRICT NO. 6
DESCHUTES COUNTY, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED
For the Year Ended June 30, 2023

<u>TAX YEAR</u>	<u>ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/2022</u>	<u>DEDUCT DISCOUNTS</u>	<u>ADJUSTMENTS TO ROLLS</u>	<u>ADD INTEREST</u>	<u>CASH COLLECTIONS BY COUNTY TREASURER</u>	<u>BALANCE UNCOLLECTED OR UNSEGREGATED 6/30/2023</u>
<u>GENERAL FUND:</u>						
CURRENT:						
2022-23	\$ 12,133,568	\$ 320,073	\$ (9,677)	\$ 3,578	\$ 11,697,308	\$ 110,089
2021-22	106,323	(89)	(7,239)	3,855	53,037	45,099
2020-21	42,947	(85)	(6,024)	2,811	12,267	22,861
2019-20	25,865	(15)	(5,308)	3,905	12,656	7,992
2018-19	11,171	(40)	(3,298)	1,391	2,623	1,899
Prior	10,315	-	(1,012)	622	1,063	4,781
Total Prior	196,621	(229)	(22,881)	12,584	81,646	82,632
Total	<u>\$ 12,330,189</u>	<u>\$ 319,844</u>	<u>\$ (32,558)</u>	<u>\$ 16,162</u>	<u>\$ 11,778,954</u>	<u>\$ 192,721</u>

RECONCILIATION OF REVENUE:

	<u>GENERAL FUND</u>
Cash Collections by County Treasurer Above	\$ 11,778,954
Accrual of Receivables:	
June 30, 2022	(53,194)
June 30, 2023	18,374
Changes from Prior year Unavailable Revenue, see page 6	30,920
Taxes in Lieu	58,014
Total Revenue	<u>\$ 11,833,068</u>

SISTERS SCHOOL DISTRICT NO. 6
DESCHUTES COUNTY, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED
For the Year Ended June 30, 2023

<u>TAX YEAR</u>	<u>ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/2022</u>	<u>DEDUCT DISCOUNTS</u>	<u>ADJUSTMENTS TO ROLLS</u>	<u>ADD INTEREST</u>	<u>CASH COLLECTIONS BY COUNTY TREASURER</u>	<u>BALANCE UNCOLLECTED OR UNSEGREGATED 6/30/2023</u>
<u>DEBT SERVICE FUND:</u>						
CURRENT:						
2022-23	\$ 3,228,056	\$ 85,153	\$ (2,576)	\$ 952	\$ 3,111,991	\$ 29,288
2021-22	28,897	(24)	(3,297)	1,048	14,415	12,257
2020-21	11,989	(24)	(2,992)	785	3,424	6,382
2019-20	7,611	(4)	(2,688)	1,149	3,724	2,352
2018-19	3,413	(12)	(2,469)	425	801	580
Prior	2,707	-	(794)	300	514	2,311
Total Prior	54,617	(64)	(12,240)	3,707	22,878	23,882
Total	<u>\$ 3,282,673</u>	<u>\$ 85,089</u>	<u>\$ (14,816)</u>	<u>\$ 4,659</u>	<u>\$ 3,134,869</u>	<u>\$ 53,170</u>

RECONCILIATION OF REVENUE:

	<u>DEBT SERVICE FUND</u>
Cash Collections by County Treasurer Above	\$ 3,134,869
Accrual of Receivables:	
June 30, 2022	(2,393)
June 30, 2023	4,960
Changes from Prior year Unavailable Revenue, see page 6	(4,015)
Taxes in Lieu	<u>(2,595)</u>
Total Revenue	<u>\$ 3,130,826</u>

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SISTERS SCHOOL DISTRICT NO. 006
DESCHUTES COUNTY, OREGON

OTHER INFORMATION

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**SISTERS SCHOOL DISTRICT NO. 6
 DESCHUTES COUNTY, OREGON
 SUPPLEMENTAL INFORMATION
 As Required by The Oregon Department of Education
 For the Year Ended June 30, 2023**

A. Energy bills for heating - all funds:		<u>Objects 325, 326, and 327</u>
	Function 2540	\$ 433,715
	Function 2550	6,572
 B. Replacement of equipment - General Fund:		
Include all General Fund expenditures in Object 542, except for the following exclusions:		<u>Amount</u>
Exclude these functions:		
1113, 1122 & 1132	Co-curricular activities 4150 Construction	\$ 4,851
1140	Pre-kindergarten 2550 Pupil transportation	
1300	Continuing education 3100 Food service	
1400	Summer school 3300 Community services	

Deschutes County - Major Taxpayers Fiscal Year 2023				
Taxpayer	Business/Service	Tax	Assessed Value	Percent of Value
PacifiCorp (PP&L)	Electrical Utility	2,413,723	156,726,000.00	0.50%
TDS Baja Broadband LLC	Telecommunications	1,973,760	127,032,000.00	0.41%
Cascade Natural Gas Corp	Natural Gas Utility	1,430,791	90,674,000.00	0.29%
Gas Transmission Northwest	Natural Gas Utility	1,108,968	86,597,879.00	0.28%
Bend Research Inc	Pharmaceutical	1,052,974	68,906,330.00	0.22%
Deschutes Brewery Inc.	Brewery and restaurant	941,525	60,528,250.00	0.19%
Crowdstike, Inc	Cyber Security	906,259	58,664,740.00	0.19%
Lumen Technologies	Telecommunications	899,017	60,128,000.00	0.19%
Touchmark at Mount Bachelor Village LLC	Vacation Resort	776,020	50,047,110.00	0.16%
PCC Structural, Inc	Manufacturing	864,285	46,635.90	0.00%
Subtotal - ten of County's largest taxpayers			759,350,944.90	2.43%
All other County's taxpayers			30,476,624,032.00	97.57%
Total County			31,235,974,976.90	100.00%
Deschutes County - Major Taxpayers Fiscal Year 2022				
Taxpayer	Business/Service	Tax	Assessed Value	Percent of Value
PacificCorp (Pacific Power)	Electrical Utility	2,044,132	133,368,000.00	0.46%
TDS BAJA Broadband LLC	Telecommunications	2,014,386	129,989,000.00	0.45%
Gas Transmission Northwest	Natural Gas Utility	1,352,895	106,081,000.00	0.37%
Cascade Natural Gas Corp	Natural Gas Utility	1,335,245	85,420,000.00	0.30%
PCC STRUCTURALS INC	Manufacturing	1,001,055	42,658,630.00	0.15%
Lumen	Telecommunications	950,501	63,617,000.00	0.22%
Touchmark at Mount Bachelor Village LLC	Vacation Resort	841,422	53,094,930.00	0.18%
Deschutes Brewery Inc	Sales & Distribution	775,858	50,007,190.00	0.17%
CVSC LLC	Trader Joes Grocery	746,958	47,136,270.00	0.16%
Suterra LLC	Commercial Pest Control	745,715	48,251,070.00	0.17%
Subtotal - ten of County's largest taxpayers		11,808,167.77	759,623,090.00	2.64%
All other County's taxpayers			28,098,771,473.00	97.37%
Total County			28,858,394,563.00	100.00%

SISTERS SCHOOL DISTRICT NO. 006
DESCHUTES COUNTY, OREGON

INDEPENDENT AUDITORS' REPORT REQUIRED BY
OREGON STATE REGULATIONS

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December 29, 2023

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of Sisters School District No. 06 (the District) as of and for the year ended June 30, 2023, and have issued our report thereon dated December 29, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

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 the basic 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.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**
- **State school fund factors and calculation.**
- **Programs funded from outside sources.**

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

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the basic 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 control over financial reporting.

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

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ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C.

SISTERS SCHOOL DISTRICT NO. 006
DESCHUTES COUNTY, OREGON

GRANT COMPLIANCE REVIEW

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SISTERS SCHOOL DISTRICT NO. 6
DESCHUTES COUNTY, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

Grantor	Program Title	Pass Through Organization	Federal AL Number	Pass Through Entity Number	Period Covered	Expenditures	Passed Through to Subrecipients
U.S. Department of Education							
	Title IA/D Basic Grants	ODE	84.010		7/1/22 - 9/30/23	\$ 166,687	\$ -
	Total Title I Grant					<u>166,687</u>	<u>-</u>
	Title IIA - Teacher Quality	ODE	84.367		7/1/22 - 9/30/23	35,115	-
	Total Title IIA Grant					<u>35,115</u>	<u>-</u>
	Title IVA - Student Support and Academic Enrichment	ODE	84.424		7/1/22 - 9/30/23	10,763	-
	Total Title IVA Grant					<u>10,763</u>	<u>-</u>
	ESSER III - Emergency Relief Fund	ODE	Covid 19 - 84.425D			205,943	-
	Total CARES Cluster					<u>205,943</u>	<u>-</u>
	Special Education Cluster	ODE	84.027		7/1/20 - 9/30/22	46,756	-
	Special Education Cluster	ODE	84.027		7/1/21 - 9/30/23	161,929	-
	Total Special Education Cluster					<u>208,685</u>	<u>-</u>
	Total U.S. Department of Education					<u>627,193</u>	<u>-</u>
U.S. Department of Agriculture							
	National School Lunch	ODE	10.555			123,892	-
	National Sch Breakfast	ODE	10.553			31,991	-
	NSLP - Supply Chain Assistance	ODE	10.555			24,542	-
	Commodities	ODE	10.550			32,908	-
	Total Child Nutrition Cluster					<u>213,333</u>	<u>-</u>
	Total U.S. Department of Agriculture					<u>213,333</u>	<u>-</u>
	Total Federal Financial Assistance					<u>\$ 840,526</u>	<u>\$ -</u>
	RECONCILIATION TO REVENUE:						
	Federal Awards expended per Schedule Above					\$ 840,526	
	Accruals/Deferrals					<u>10,845</u>	
	Federal Revenue Recognized					<u>\$ 829,681</u>	

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December 29, 2023

To the Board of Directors
Sisters School District No. 6
Deschutes County, Oregon

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF BASIC 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 basic financial statements of the governmental activities, each major fund, and the remaining fund information of Sisters School District No. 6 as of and for the year ended June 30, 2023 and the related notes to the basic financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated December 29, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the basic financial statements, we considered the internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the basic 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 basic financial statements will not be prevented, or detected and corrected on a timely basis.

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

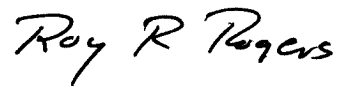
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the basic 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 determination of basic financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "Roy R Rogers". The signature is written in a cursive, slightly stylized font.

ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C



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December 29, 2023

To the Board of Directors
Sisters School District No. 6
Deschutes 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 Sisters School District's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2023. 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, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of compliance.

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.

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ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C.

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**SISTERS SCHOOL DISTRICT NO. 6
DESCHUTES COUNTY, OREGON**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2023

SECTION I – SUMMARY OF AUDITORS' RESULTS

Basic Financial Statements

Type of Auditors' report issued:

Modified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified that are not considered to be material weaknesses

_____ Yes x No

_____ Yes x None reported

Noncompliance material to basic financial statements noted?

_____ Yes x No

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

_____ Yes x No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified that are not considered to be material weaknesses

_____ Yes x No

_____ Yes x None reported

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

Unmodified

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

_____ Yes x No

Identification of major programs:

AL Number(s):

Name of Federal Program:

COVID 19 - 84.425D

ESSER III

Dollar threshold used to distinguish between type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 x Yes _____ No

SISTERS SCHOOL DISTRICT NO. 6
DESCHUTES COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2023

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

SECTION IV – SUMMARY OF PRIOR AUDIT FINDINGS

None

NOTES TO SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS

1. **BASIS OF PRESENTATION**

The 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 District.

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 District has not elected to use the ten percent de minimis indirect cost rate as allowed under Uniform Guidance, due to the fact that they already have a negotiated indirect cost rate with the Oregon Department of Education, and thus are not allowed to use the de minimis rate.