



Annual Comprehensive Financial Report

For the Year Ended June 30, 2025

MULTNOMAH EDUCATION SERVICE DISTRICT

Multnomah County, Oregon



Multnomah Education Service District

Multnomah County, Oregon

Annual Comprehensive Financial Report

For the Year Ended June 30, 2025

Prepared by the Business Services Department

11611 NE Ainsworth Circle
Portland, OR 97220
www.multnomahesd.org

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Multnomah Education Service District prohibits discrimination and harassment on any basis protected by law, including but not limited to race, color, religion, sex, national or ethnic origin, sexual orientation, mental or physical disability or perceived disability, pregnancy, familial status, economic status, veterans' status, parental or marital status or age, or because of the perceived or actual race, color, religion, sex, sexual orientation, national or ethnic origin, mental or physical disability or perceived disability, pregnancy, familial status, economic status, veterans' status, parental or marital status or age of any other persons with whom the individual associates.

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INTRODUCTORY SECTION



December 31, 2025

To the Board of Directors of the Multnomah Education Service District and
Residents of Multnomah County, Oregon:

Oregon Municipal Law requires that an independent audit be made of all District funds within six months following the close of the fiscal year. Pursuant to this requirement, the Annual Comprehensive Financial Report of Multnomah Education Service District (the District or Multnomah ESD or MESD) for the fiscal year ended June 30, 2025 is hereby submitted.

The District's Business Services Department prepared this report, and management assumes the responsibility for the completeness, reliability, and accuracy of all the information presented.

The District's management has established a comprehensive internal control framework that is designed both to protect the assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Since the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Independent Audit

The provisions of Oregon Revised Statutes require an independent audit of the financial records and fiscal affairs of the District. The auditors selected by the Board of Education, Talbot, Korvola & Warwick, LLP, have completed their audit of the financial statements and, accordingly, have issued an unmodified ("clean") opinion on the MESD's financial statements for the year ended June 30, 2025. The independent auditor's report is located at the front of the financial section of this report.

The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards require state and local governments that expend \$750,000 or more in federal assistance in a year have a special form of audit conducted for that year. MESD has issued a report on these requirements. Talbot, Korvola & Warwick, LLP have also provided various required reports. These reports are located in the Single Audit Section of this report.

Management's Discussion and Analysis

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the independent auditor's report.

PROFILE OF THE DISTRICT

Multnomah Education Service District is an educational cooperative that provides a wide variety of programs and services on a regional basis to school districts in Multnomah County and beyond. MESD is one of 19 ESDs in Oregon.

Mission Statement: Educating, Engaging, Inspiring and Empowering through systems of support.

General Background

Education Service Districts (ESDs) originated in Oregon's first laws establishing a general system of common schools. The Multnomah ESD evolved from the county school superintendent's office, first established in 1854. Responsibilities of that office were transferred from county government to an independent district in 1957. The state legislature formally established the ESD in 1963. In 1978, the name of the district was changed from Intermediate Education District to Multnomah Education Service District.

Throughout the history of Oregon's regional services system, local governance and state statutes concerning the mission of ESDs has remained somewhat constant: "Education Service Districts assist school districts and the State of Oregon achieving Oregon's education goals by providing excellent and equitable educational opportunities for all Oregon public school students." Today, each ESD provides regional services to its component school districts, primarily in areas that the school districts alone would not be able to adequately and equitably provide. Currently there are 19 ESDs in Oregon serving 36 counties.

Local district programs and services are provided by two means. Non-resolution programs are funded via grants or fee for service contracts. Resolution programs are those that, through a resolution, are authorized by at least two-thirds of the school boards representing a majority of total county students. Resolution programs are funded with state school funding. The State allocates support by granting ESDs a percentage of the total amount available for K-12 school funding, with each ESD receiving a fixed share of that total based on the total state education revenues of its component school districts. The allocation is received through local property tax revenues with any balance coming from a state school fund general grant.

Senate Bill 250 allows component school districts in specific Education Service Districts, including MESD, to opt out of ESD services and provides for school districts to receive funding for ESD services directly from the state. In 2024-25, none of the MESD's local districts chose to opt out.

Component Units and Charter Schools

The District does not have component units or charter schools.

District Structure

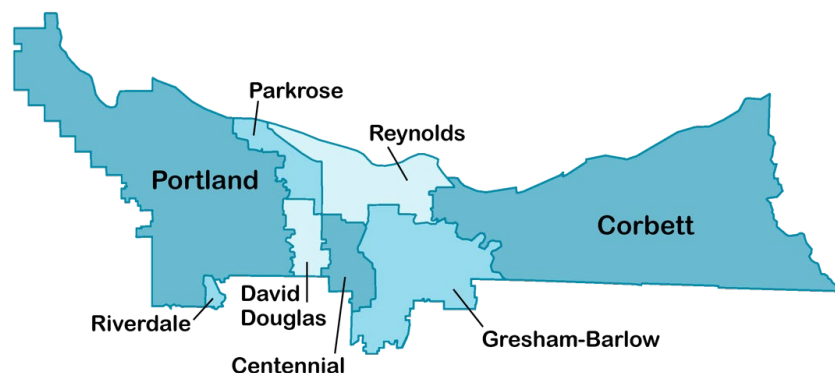
Multnomah ESD is governed by an elected seven-member board consisting of five directors representing specific geographic zones in Multnomah County and two at-large. The Board of Directors establishes and oversees policies, employs staff and dedicates resources. It is the chief governing body and is exclusively responsible for its public policies and accountable for fiscal oversight. Board members serve four-year terms without

compensation and can be re-elected. The chief administrative officer of the District is the superintendent who is appointed by the Board.

Geography and Population

The Multnomah ESD serves the second-largest student population in Oregon. The eight school districts (referred to as “component districts”) in MESD’s region are diverse and include inner city, suburban and rural schools.

MESD Component Districts



October 1 Enrollment	Schools ¹ 2024-25	Enrollment 2024-25	Enrollment 2023-24	Change in Enrollment	Percent
Centennial SD 28J	11	5,412	5,487	(73)	-1.3%
Corbett SD 39	2	1,077	1,063	14	1.3
David Douglas SD 40	18	8,728	8,660	68	0.8
Gresham-Barlow SD 10J	22	11,463	11,371	92	0.8
Parkrose SD 3	7	2,727	2,822	(95)	-3.5
Portland SD 1J	103	43,319	43,979	(660)	-1.5
Reynolds SD 7	21	9,700	9,613	87	0.9
Riverdale SD 51J	2	565	564	1	0.2
Total MESD districts	186	82,991	83,557	(566)	-0.7%
Statewide enrollment		545,088	547,424	(2,336)	-0.4%
MESD percent of statewide		15.2%	15.3%	0.0%	

Source: ODE Fall Membership Report (www.oregon.gov/ode/reports-and-data/students)

These districts serve nearly 83,000 students across over 180 schools and programs, spanning a geographic area from Portland's west hills to the Cascade foothills, and from the Columbia River in the north to the Clackamas County line in the south. An estimated population of 804,000 live within the Multnomah ESD boundary which includes Multnomah County and extends into Clackamas and Washington counties along school district boundaries.

Services Provided (Local Service Plan)

Every Oregon ESD, working with their component school districts, must annually develop a Local Service Plan which determines how the State School Funds (SSF) will be used. Ninety percent of the SSF revenue received by

¹ Number of institution IDs for which the district has reported enrollment.

an ESD is subject to this process. The Local Service Plan determines programs and services that the ESD will offer its component districts for the following fiscal year. In accordance with Oregon Revised Statute 334.177, the remaining ten percent of the SSF revenue is used for the general operating costs of the ESD.

The Local Service Plan must include services from at least the following categories: special education, technology, school improvement, and administrative support. The plan may also include any "entrepreneurial services" that the ESD intends to offer to any entity that is not a component school district either outside of the ESD boundary or inside the ESD boundary.

Under the Resolution Process, at least two-thirds of the school districts in an ESD, representing more than one-half of the student population, must approve the Local Service Plan.

MESD provides the following services to its component school districts:

Special Education Services provides services to the component districts as well as to districts outside of Multnomah County. Special education partners with community organizations and the component districts to ensure that every child with a disability is provided the best educational opportunities available.

School Health Services provides and coordinates specialized services that support the educational experience for students enrolled in our component districts. The department works to ensure that all areas of health are supported for our students' physical, emotional and mental well-being. Together a connection is formed between health and education.

Instructional Services provides instruction for students enrolled in regional programs, instructional support for schools, and professional development for educators on a variety of topics. These programs offer a variety of enrichment and enhancement opportunities which complement instruction within the component districts. Students in the District's educational programs receive comprehensive educational support, social services, career training, college assistance, environmental education, and specialized education services. These programs emphasize compassion for others, nonviolent ways of settling disputes, resiliency to handle life's challenges, and preparation for college, work, parenthood and civic responsibility.

Technology Services provides services both to the component districts through resolution and contracted services as well as internally to the District. The goal of Technology Services is to deliver administrative computer technology and support designed to increase the component district's efficiency and improve internal and external communications. The MESD's Technology Department has agreed to work together with Northwest Regional ESD to provide services regionally at a lower cost. The name of this cooperative relationship is the Cascade Technology Alliance. The services fall into four categories: Student Information Services, Business Systems Support, Network Services, and Internal Agency Support.

Administrative and Support Services provides services for component school districts, including but not limited to services designed to consolidate component school district business functions, liaison services between the Department of Education and component school districts, registration of children being taught by private teachers, parents or legal guardians pursuant to ORS 339.035, and courier services.

Age of Buildings

The District owns one administration building and two school buildings. A significant amount of services; for example, school nursing, are provided at our component district's school sites.

Ainsworth Building (b. 1989) is the MESD administrative headquarters. Services housed here include Administration, Business Services, Human Resources, Strategic Engagement, and Technology Services. Facilities, Student Services, and Instructional Services supervisory and operational staff. There is one Transitional classroom for students aged 18-21. The main building includes a range of meeting spaces, wellness rooms, employee break rooms, storage areas, and a small cafeteria.

Arata Creek School (b. 2000) is attended by children whose educational performance is adversely affected by serious emotional and behavioral challenges. The 16,000 square foot building contains 6 classrooms, activity room, gym and administrative areas with an enrollment of approximately 60 students ranging from 6th grade to 21 years of age.

Burlingame Creek School (b. 1999) is attended by children whose educational performance is adversely affected by serious emotional and behavioral challenges. The 16,000 square foot building contains 5 classrooms and administrative areas with an enrollment of approximately 35 students ranging from 6th grade to 21 years of age.

Budget Process and Budgetary Level of Control

The District is required by the State of Oregon to adopt an annual budget for all funds subject to the requirements of Local Budget Law as outlined in Oregon Revised Statutes 297.405 to 297.555 and 297.990. The budget for each individual fund is a plan for the financial operations to be conducted during the coming fiscal year and is adopted annually, prior to July 1, by the Board after certification by the Multnomah County Tax Supervising and Conservation Commission (TSCC). The budget also provides the authority to levy property taxes. After adoption, the budget may be amended through procedures specified in State statute and Board policy.

The Budget Committee consists of the seven members of the MESD Board, along with an equal number of representatives, plus one, who are appointed by the MESD Board from among members of component district boards or designees of component district boards. The Superintendent is designated as budget officer and they or a designee prepares the budget document and submits it to the Budget Committee for approval before presentation to the TSCC and the Board. Activities for all governmental funds are included in the annual appropriated budget. For each fund, the expenditures are appropriated by the following major functions:

- Instruction
- Support Services
- Enterprise & Community Services
- Facilities Acquisitions & Construction
- Debt Service
- Other Uses (Transit Payments)
- Fund Transfers
- Contingencies.

District management may realign appropriation within a major function; however, transfers between major functions, even within the same fund, require Board approval. More information about the budgetary process can be found in the notes to the basic financial statements (refer to Note I -F).

Cash Management

Through the year, cash not required for current operations is invested in the State of Oregon Local Government Investment Pool and demand deposits.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the District operates.

Local Economy

The District is primarily encompassed within Multnomah County. It is located in northwestern Oregon at the confluence of the Columbia and Willamette rivers, approximately 110 river miles and 80 highway miles from the Pacific Ocean. The County covers 465 square miles, and serves a population of 802,000 residents. The cities of Portland and Gresham are the largest incorporated cities in the County.

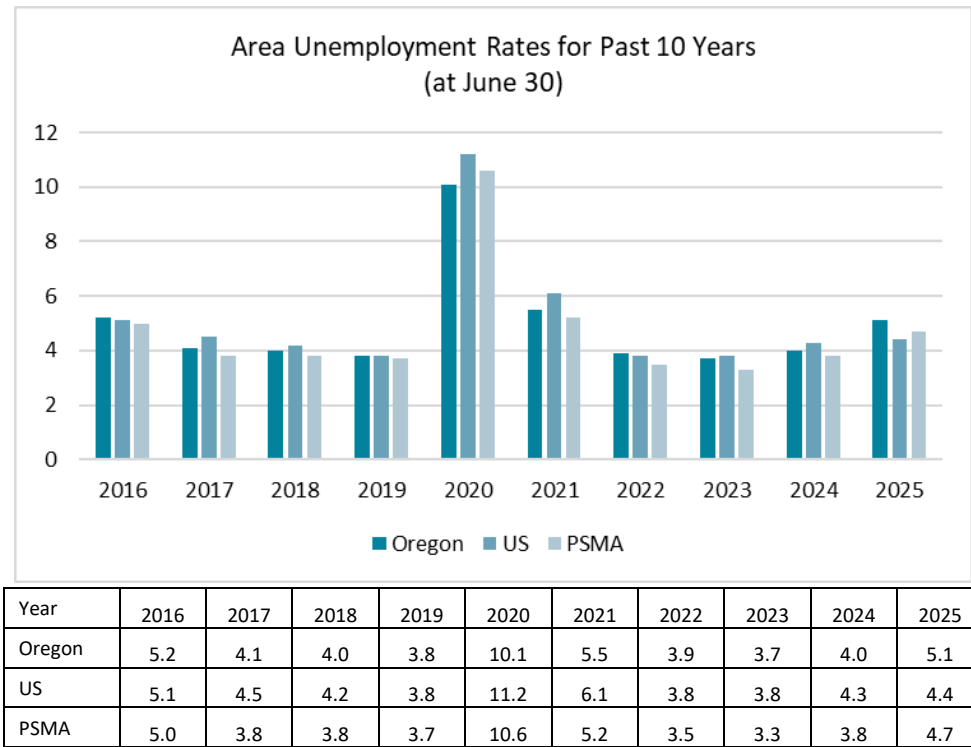
The Portland metropolitan area is the financial, trade, transportation and service center for Oregon, southwest Washington State and the Columbia River basin. Its manufacturing base includes electronics, machinery, transportation equipment, and fabricated metals. Between June 2024 and June 2025, area employment decreased by 9,800 jobs, or 0.8 percent.

Portland-Vancouver-Hillsboro, OR-WA MSA ¹ Summary History - Official Oregon Series Nonfarm Employment (not seasonally adjusted)				
Nonfarm Employment	June 2025	June 2024	Change	Percent
Private				
Mining and logging	1,000	1,100	(100)	-9.1%
Construction	78,600	80,600	(2,000)	-2.5
Manufacturing	117,000	124,000	(7,000)	-5.6
Trade, transportation, and utilities	217,600	222,000	(4,400)	-2.0
Information	26,900	27,100	(200)	-0.7
Financial activities	71,400	73,900	(2,500)	-3.4
Professional and business services	192,000	196,800	(4,800)	-2.4
Education and health services	205,200	198,800	6,400	3.2
Leisure and hospitality	126,200	122,800	3,400	2.8
Other services	42,300	42,100	200	0.5
Government	160,300	159,100	1,200	0.8
Total nonfarm employment	1,238,500	1,248,300	(9,800)	-0.8%

Source: Oregon Employment Department QualityInfo.org downloaded September 19, 2025.

¹ The Portland-Vancouver-Hillsboro MSA (PMSA) includes all of Clackamas, Columbia, Multnomah, Washington and Yamhill counties in Oregon, and Clark and Skamania counties in Washington State.

From 2016 to 2019, the area's unemployment rate gradual decreased every year; however, during COVID-19 the unemployment rate for the area as well as the state and nation was significantly impacted. As of June 30, 2025 the Portland-Vancouver-Hillsboro MSA unemployment rate was 4.7%, down from 10.6% five years ago. The unemployment rate for the area is lower than the State of Oregon (5.1%) and higher than the national average (4.4%). The following chart shows the 10-year rate history.



Source: Oregon Employment Department QualityInfo.org downloaded September 19, 2025.

State Funding and Long-Term Financial Planning

The Oregon Legislature approves the distribution of designated local and state revenues to K-12 school districts and ESDs as general operating revenue using an equalization formula. Designated local revenues consist mostly of property taxes and make up about 32% of the formula revenue. The remaining 68% is provided through the State School Fund (SSF) and is mostly derived of state income taxes and lottery revenues. These revenues are subject to fluctuation based on the overall economic status of the state. Districts receive their formula revenue allocation from the state as a SSF Grant, less their local property taxes. Starting from the 2011-12 school year, the ESDs’ share of the combined formula revenue is 4.5%.

The *school equalization formula* determines each K-12 school district’s general operating revenue distribution. The allocation is based primarily on number of students with adjustments (known as weights) for students in special categories, teacher experience, transportation costs, high cost disability students, classroom construction, and healthy school facilities.

The *ESD equalization formula* determines each ESD’s operating revenue distribution. Funding is allocated proportionally based on the school equalization formula revenue of the ESDs’ component districts, though there are some adjustments which create a floor for the smallest ESDs. Ninety-percent of this revenue must be used to provide local service plan services approved by its component districts.

The Oregon Legislative Revenue Office provides an annual research report of *Oregon Public Finance Basic Facts* that includes information about School Finance (Section G). The annual Basic Facts reports are available at <https://www.oregonlegislature.gov/lro/Pages/publications.aspx>.

MAJOR INITIATIVES

Social Science for a Better World (SS4BW): Regional Teacher Fellowship and Learning Series

In 2024–25, MESD launched Social Science for a Better World (SS4BW), a regional K–12 educator fellowship and learning series facilitated by MESD Social Science Specialist Dr. Brad Parker and generously funded by the Multnomah-Clackamas Regional Educator Network. SS4BW convened 100 classroom educators and 20 district administrators, coaches, and teachers on special assignments for three full-day, in-person convenings and a year-long virtual community of practice.

The series focused on strengthening K–12 Social Science instruction through an exploration of who we teach, what we teach, and how we teach. Learning was grounded in key Oregon legislation, including:

- Integrated Ethnic Studies (HB 2845)
- Tribal History/Shared History (SB 13)
- Holocaust and Genocide Education (SB 664)

SS4BW also fostered deep collaboration with regional and state partners. Contributors included the Oregon Department of Education; Tribal educators and leaders from the Klamath Tribes, Confederated Tribes of Grand Ronde, and Confederated Tribes of Siletz Indians; and community institutions such as the Oregon Historical Society, Japanese American Museum of Oregon, Oregon Black Pioneers, and the Oregon Jewish Museum and Center for Holocaust Education.

Looking ahead, Year 2 will support districts in K–12 Social Science program development, curriculum adoption, and implementation.

Multnomah Grow Your Own

In 2024–25, the Multnomah Grow Your Own initiative continued to expand pathways into the education profession for local students and community members. Through coordinated supports, advising, and partnerships with regional colleges and universities, the program:

- Supported 42 rising educators in earning associate, bachelor's, and master's degrees, as well as professional educator licenses.
- Provided paid summer internships and college-level education coursework for 40 high school juniors and seniors exploring careers in education.
- Served a total of 200 individuals at various stages of their journey toward becoming licensed educators in our community.

This work strengthens the regional educator workforce by reducing barriers, increasing access to high-quality preparation, and helping future educators begin their careers in Multnomah County schools.

Network Services

In 2024–25, MESD’s Network Services team advanced secure, reliable, and resilient technology infrastructure across the region. Key accomplishments included:

- Designed and implemented a secure network enabling online education for students at the Inverness Jail, expanding access to instructional services in correctional settings.
- Completed multi-year network and phone system resilience projects, resulting in zero disruptions to core services throughout the school year.
- Established a disaster recovery pathway for critical business and student information systems in partnership with Hillsboro, Forest Grove, Gaston, and Yamhill school districts.
- Supported ESD 112 and the Washington K–20 Network in designing and implementing a pilot project that lays groundwork for future cross-river technology collaboration.

These efforts strengthened system reliability and expanded secure access to educational and operational technology throughout the region.

AWARDS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Multnomah Education Service District for its Annual Comprehensive Financial Report for the year ended June 30, 2024. This was the tenth year that the District received this prestigious award. In order to be awarded a Certificate of Achievement, the District published an easily readable and efficiently organized Annual Comprehensive Financial Report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program’s requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the Association of School Business Officials International (ASBO) awarded its Certificate of Excellence in Financial Reporting to Multnomah Education Service District for its Annual Comprehensive Financial Report for the year ended June 30, 2024. This was the tenth year that the District received this prestigious award. Receiving this Award is recognition that the District has met the highest standards of excellence in school financial reporting as adopted by ASBO. The District believes that the current Annual Comprehensive Financial Report, which will be submitted to ASBO for review, will also conform to these standards.

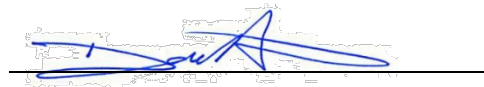
ACKNOWLEDGEMENTS

We would like to express our appreciation to the staff of the Business Services Department and members of other MESD departments who assisted in the preparation of this Annual Comprehensive Financial Report. We further extend our appreciation to the members of the Board of Directors, employees of the District, and the citizens of Multnomah County whose continued cooperation, support, and assistance have contributed greatly to the achievements of the Multnomah Education Service District.

Respectfully submitted,

A handwritten signature in black ink, reading "Paul E. Coakley", is written over a horizontal line.

Dr. Paul Coakley
Superintendent

A handwritten signature in blue ink, reading "Doana Anderson", is written over a horizontal line.

Doana Anderson
Chief Financial Officer

Multnomah Education Service District**BOARD OF DIRECTORS****JUNE 30, 2025**

<u>Position</u>	<u>Board Member</u>	<u>Represented Zone</u>	<u>Term Ends¹</u>
One	Amanda Squiemphen-Yazzie	East Multnomah County	6/30/2025
Two	Helen Ying	At Large	6/30/2025
Three	Renee Anderson, Chair	Central Portland	6/30/2025
Four	Jessica Arzate, Vice-Chair	Mid-Multnomah County	6/30/2025
Five	Denyse Peterson	N/NE Portland	6/30/2027
Six	Danny Cage	At Large	6/30/2027
Seven	Katrina Doughty	SE/SW Portland	6/30/2027

ADMINISTRATION**June 30, 2025**

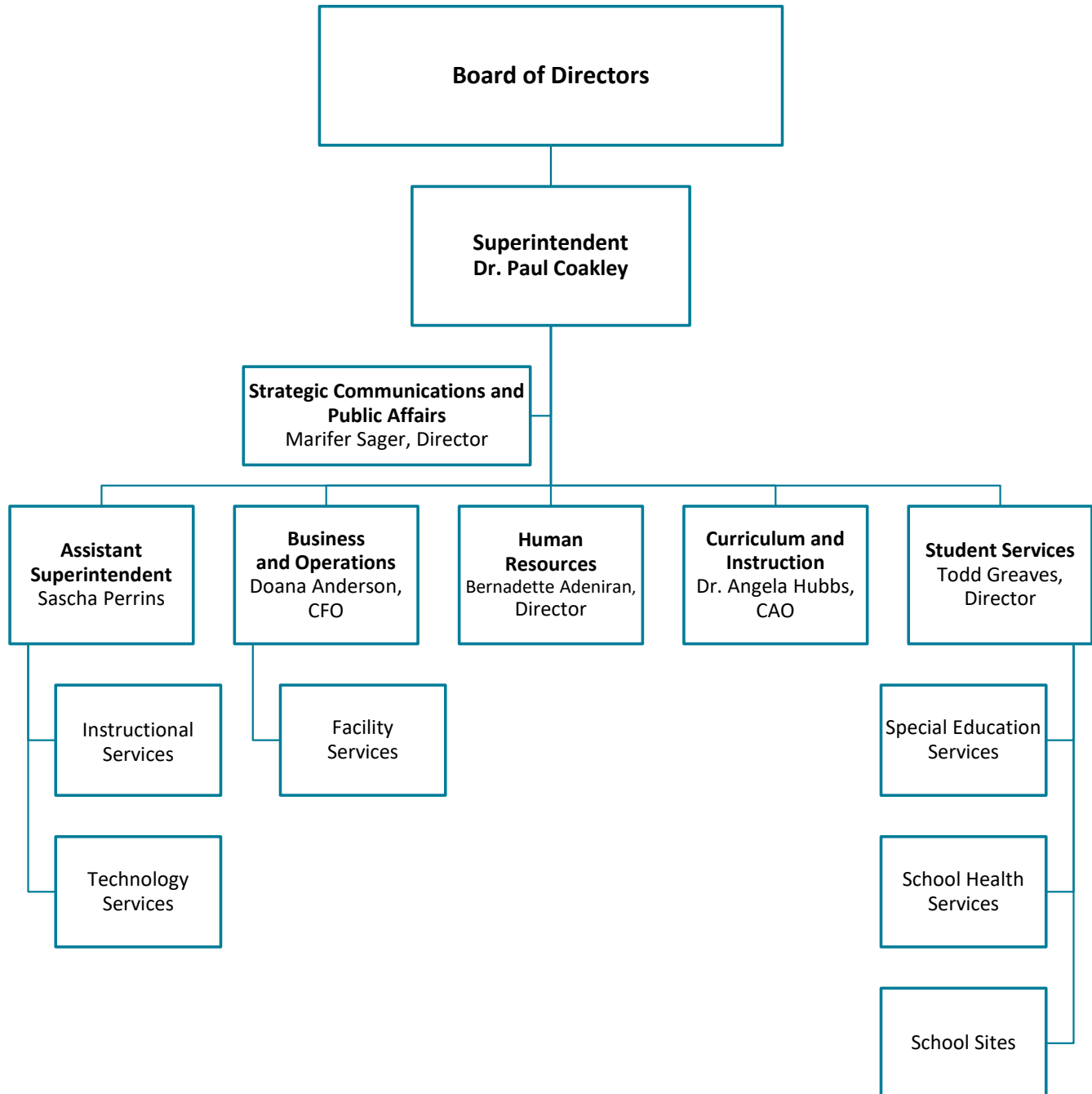
<u>Administrator</u>	<u>Position</u>
Dr. Paul Coakley	Superintendent
Sascha Perrins	Assistant Superintendent
Bernadette Adeniran	Director of Human Resources
Doana Anderson	Chief Financial Officer
Todd Greaves	Director of Student Services
Dr. Angela Hubbs	Chief Academic Officer
Marifer Sager	Director of Strategic Communications and Public Affairs

¹ Directors Squiemphen-Yazzie, Anderson, and Arzate were re-elected in the May 2025 Multnomah County special election. Director Ying did not seek re-election. Susie Jones has been elected to serve as the Position 2 At Large Director.

Multnomah Education Service District

ORGANIZATIONAL CHART

JUNE 30, 2025





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Multnomah Education Service District
Oregon**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO



**The Certificate of Excellence in Financial Reporting
is presented to**

Multnomah Education Service District
for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2024.

The district report meets the criteria established for
ASBO International's Certificate of Excellence in Financial Reporting.



A handwritten signature in black ink, reading 'Ryan S. Stechschulte'.

Ryan S. Stechschulte
President

A handwritten signature in black ink, reading 'James M. Rowan'.

James M. Rowan, CAE, SFO
CEO/Executive Director

FINANCIAL SECTION



Your peace of mind is our passion.

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Multnomah Education Service District
Portland, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Multnomah Education Service District (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

INDEPENDENT AUDITOR'S REPORT (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, Schedule of Changes in SERHB OPEB Liability and Related Ratios, Schedule of the District's Proportionate Share of the Net OPEB Asset and Liability-PERS OPEB Plan, Schedule of the District's Contributions-PERS OPEB Plan, Schedule of the District's Proportionate Share of the Net Pension Liability, Schedule of the District's Contributions, and Notes to Required Supplementary Information, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

INDEPENDENT AUDITOR'S REPORT (Continued)

Accounting principles generally accepted in the United States of America require that the accompanying budgetary comparison information for the Operating Fund, Resolution Services Fund, and Contracted Services Fund, as listed in the Table of Contents as Required Supplementary Information, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the required budgetary comparison for the Operating Fund, Resolution Services Fund, and Contracted Services Fund are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other schedules listed in the Table of Contents as Other Supplementary Information, and the Schedule of Expenditures of Federal Awards (SEFA) as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Other Supplementary Information and the SEFA are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the Introductory and Statistical Sections and Other Information as Required by the Oregon Department of Education, as listed in the Table of Contents but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

INDEPENDENT AUDITOR'S REPORT (Continued)

Other Reporting Required by Oregon Minimum Standards

In accordance with *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated December 31, 2025, on our consideration of the District's 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.



For Talbot, Korvola & Warwick, LLP
Portland, Oregon
December 31, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Multnomah Education Service District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2025.

Financial Highlights

- In the government-wide statements, the liabilities and deferred inflows of the District exceeded its assets and deferred outflows at June 30, 2025 by \$42 million. Of this amount, \$7 million represents the District's net investment in capital assets, \$9 million is restricted, and the remainder is an unrestricted net deficit of \$58 million.
- The District's ending net position decreased by \$10 million, primarily due to the change in the District's proportionate share of the Oregon Public Employees Retirement pension unfunded liability.
- The District's governmental funds report combined ending fund balance of \$20 million, a decrease of \$2 million. Approximately 20 percent, \$4 million, is available for the District's operating needs. The remaining amount is either restricted by grants, debt service, and resolution funding; committed for risk aversion and facilities and technology projects; assigned for student programs and next year's budget; or, is nonspendable.

Overview of the Financial Statements

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

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

The *Statement of Net Position* presents information on all of the assets and deferred outflows of resources and liabilities and deferred inflows of resources of the District at year-end, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* presents information showing how the net position of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods.

In both statements, the District's activities are shown in one category as *governmental activities*. The governmental activities of the District include services related to K-12 education. These activities are primarily supported through property taxes, the Oregon's State School Fund, and other intergovernmental revenues.

The government-wide financial statements begin on page 34 of this report.

Fund financial statements. 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. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The MESD maintains six individual governmental funds, three of those combining into a General Fund. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, the Resolution Services Fund, and the Contracted Services Fund which are all considered major funds and the Debt Service Fund which is considered a nonmajor fund. For reporting purposes, the General Fund is a combination of the operating fund, the risk management reserve fund, and the facilities and equipment reserve fund. Individual fund data for the General Fund in the form of *combining schedules* is presented elsewhere in this report.

The MESD adopts an annual appropriated budget for each of its governmental funds. A budgetary comparison statement has been provided for each fund individually in either required or supplementary information to demonstrate compliance with the fund level budgets.

The basic governmental fund financial statements begin on page 36 of this report.

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 those funds are not available to support the MESD's own programs. The MESD maintains one fiduciary fund which reports resources temporarily held by the District in a custodial capacity for component districts.

The basic fiduciary fund financial statements begin on page 40 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 42 of this report.

Other information. *Required Supplementary Information (RSI)* is located directly after the notes to the basic financial statements and represents the required comparison of the budget and actual results on the District's budgetary basis for the Operating Fund, the Resolution Services Fund and the Contracted Services Fund. This section also includes schedules disclosing the District's Oregon Public Employees Retirement System (PERS) net pension liability and PERS contributions; and, the District's other post-employment benefits obligations (OPEB). This information begins on page 78 of this report.

Other Supplementary Information (OSI) includes combining statements for the general governmental funds, budgetary comparison schedules for the general and nonmajor governmental funds, and other financial schedules. Other supplementary information begins on page 88 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the MESD, liabilities and deferred inflows exceeded assets and deferred outflows by \$40 million at the close of the most recent fiscal year.

Multnomah Education Service District's Comparative Statement of Net Position

Governmental Activities	June 30, 2025	June 30, 2024 as restated	Increase (Decrease)
Assets			
Current and other assets	\$ 42,835,857	\$ 31,739,974	\$ 11,095,883
Capital assets	9,995,168	12,046,620	(2,051,452)
Total assets	52,831,025	43,786,594	9,044,431
Deferred outflows of resources	46,949,749	41,379,895	5,569,854
Liabilities			
Current liabilities	15,130,145	7,532,347	7,597,798
Non-current liabilities:			
Due within one year	13,454,696	7,893,191	5,611,505
Due in more than one year	92,283,967	76,117,619	16,166,348
Total liabilities	120,868,808	91,543,157	29,325,651
Deferred inflows of resources	21,060,059	25,800,242	(4,740,183)
Net position			
Net investment in capital assets	7,176,093	7,824,409	(648,316)
Restricted	8,538,556	12,425,406	(3,886,850)
Unrestricted	(57,862,742)	(52,426,725)	(5,436,017)
Total net position	<u><u>\$ (42,148,093)</u></u>	<u><u>\$(32,176,910)</u></u>	<u><u>\$ (9,971,183)</u></u>

A significant portion of the MESD's net position reflects its net investment in capital assets (e.g. buildings, vehicles, equipment, and right-to-use leases.) The MESD uses the capital assets to provide services to students and other District residents; consequently, these assets are not available for future spending.

The next category of the MESD's net position represents resources that are subject to external restrictions on how they may be used. Restricted assets are mostly composed of remaining resolution dollars held for component districts and grant funding. The remaining deficit of \$58 million is unrestricted.

The increase in current liabilities is largely due to the timing of transit payment requests from component districts. In the prior year, all transit requests were submitted and paid before June 30, 2024. In contrast, during the current year the District received \$7 million in 2024-25 transit requests after June 30. This also contributes to the increase in current assets (cash). A significant portion, \$22 million, of long-term liabilities increased due to the return of the District's net pension liability, offset by \$5 million of principal paid on pension bonds. This is a result of the District's June 2022 contribution to the PERS UAL side account funded by a limited tax obligation bond that zeroed the liability in 2024. The changes in deferred outflows, other liabilities, and deferred inflows are attributable to the District's proportionate share of the PERS and OPEB liabilities.

Changes in net position. Governmental activities decreased the MESD's net position by \$10 million for the fiscal year 2024-2025.

Multnomah Education Service District's Comparative Statement of Activities

Governmental Activities	June 30, 2025	June 30, 2024	Increase (Decrease)
Revenues			
Program revenues			
Charges for services	\$ 18,802,299	\$ 16,329,489	\$ 2,472,810
Operating grants and contributions	28,714,764	26,972,167	1,742,597
General Revenues			
Property taxes	44,321,015	42,869,131	1,451,884
State School Fund	8,144,363	8,088,170	56,193
Other revenues	1,771,477	1,614,976	156,501
Total revenues	101,753,918	95,873,933	5,879,985
Expenses			
Instruction	32,565,472	25,969,649	6,595,823
Support services	62,622,701	55,021,669	7,601,032
Enterprise and community services	1,409,436	1,474,353	(64,917)
Apportionment of funds	10,637,648	7,677,948	2,959,700
Other expenses	4,489,844	4,675,087	(185,243)
Total expenses	111,725,101	94,818,706	16,906,395
Change in net position	(9,971,183)	1,055,227	(11,026,410)
Net position – beginning as previously reported	(32,176,910)	(30,590,137)	1,586,773
Restatement for GASB 101 implementation	-	(2,642,000)	2,642,000
Net position – beginning as restated	(32,176,910)	(33,232,137)	1,055,227
Net position - ending	<u>\$ (42,148,093)</u>	<u>\$ (32,176,910)</u>	<u>\$ (9,971,183)</u>

Fluctuations in instruction and support services are normally from payroll expenses in special programs such as special education, school health services, and education services to meet the specific needs of students referred to the District. Other increases can be attributed to changes in pension obligation allocations. Apportionment of funds is the amount requested by the MESD's component districts during the year as transit, or pass-through, of SSF funds.

Financial Analysis of the District's Major Funds

As noted earlier, the MESD uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the MESD's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the MESD's financial requirements. In particular, unassigned fund balance may serve as a useful measure of the MESD's net resources available for spending at the end of the fiscal year.

General Fund. The General Fund is composed of the Operating Fund and two reserve funds. The Operating Fund is principally supported by transfers from the Resolution Services Fund. The reserve funds are supported by internal transfers or payroll allocations. During the 2024-25 fiscal year, the fund balance increased by \$140 thousand, or 1.6%.

Resolution Services Fund. The Resolution Services Fund accounts for the revenues from property taxes and State School Fund (which together constitute "local revenues".) In accordance with Oregon statutes, 90% of these proceeds remain in the fund and are restricted for use by the MESD's eight component school districts while the remaining 10% are transferred to the Operating Fund to be used to fund supporting operations. During the 2024-25 fiscal year, the fund balance decreased by \$4.3 million. These funds are carried over for component districts to use for future services.

Contracted Services Fund. The Contracted Services Fund accounts for revenues from grants, state contracts, and revenues from school districts for additional local service plan services beyond those purchased through the resolution services fund. Approximately 60% of the revenue is restricted by the federal government, the state, or other grantors and contributors. During the 2024-25 fiscal year, the fund balance increased by \$770 thousand. Annual prices charged to districts through a contract are determined at the beginning of the school year using projections of total program costs and enrollment. If total contract revenue is higher than actual costs, the remaining funds are carried forward to offset future local service plan deficits or to provide one-time funding for program equipment and pilot programs.

Operating Fund Budgetary Highlights

Original budget compared to final budget. During the year, the Operating Fund budget was amended to notably increase appropriations for support services and transfers out. The additional support services appropriations primarily reflected higher salary and benefit costs following contract negotiations, the conclusion of certain grants, rising utility costs, and other departmental needs. In addition, a larger-than-anticipated beginning fund balance allowed the District to transfer \$500,000 to the Facilities & Equipment Reserve Fund in support of the Long Range Facility Plan developed in 2019.

Final budget compared to actuals. The most significant changes from budget to actuals are as follows:

Operating Fund	Final Budget	Actuals	Difference
Revenues			
Local sources	\$ 50,000	\$ -	\$ (50,000)
Investment earnings	905,000	1,003,846	98,846
Other revenues	317,940	362,774	44,834
Overhead revenues	1,215,000	1,463,389	248,389
Expenditures			
Support services	6,997,236	6,984,961	12,275

The local sources was a contract for professional development that was accounted for in the contracted services fund. Other revenues include charges to Local Education Agencies (LEAs) that primarily consist of administrative fees on service contracts with non-component school districts. This revenue can fluctuate depending on requests by districts for MESD services. Overhead revenues are indirect charges to grants that are a percentage of reimbursable grant expenditures. Revenues depend on the timing of expenditures in biennial grants.

Capital Asset and Debt Administration

Capital Assets. The District's investment in capital assets includes buildings and improvements, site improvements, vehicles and equipment, and right-to-use leases. As of June 30, 2025 the District had invested \$10 million in capital assets, net of depreciation and amortization. Additional information on the District's capital assets can be found in Note IV -E to the financial statements.

Tax Anticipation Notes (TAN). During fiscal year 2025, the District participated in the Oregon School Boards Association Tax Anticipation Note (TAN) Pool to provide interim financing prior to the receipt of property tax revenues. On June 12, 2025, the District issued \$4.88 million in short-term tax anticipation notes, which will be repaid in full, including interest, on December 31, 2025. This borrowing ensured uninterrupted operations and stable cash flow during the year.

Further information on the District's TAN debt can be found in Note IV -J to the financial statements.

Long-Term Debt. The District has two bond issues, the OSBA Limited Tax Pension Obligations, Series 2004 bonds with a remaining balance of \$9,860,000 at June 30, 2025, and the OSBA Limited Tax Pension Obligations, Series 2022A with a remaining balance of \$57,229,493 at June 30, 2025. These bonds were sold to fund the District's PERS unfunded actuarial liability. The source of funding to repay this debt is derived from State School Fund intercept and charged to funds as a percentage of PERS eligible payroll. This side account reduces the District's PERS contributions.

Further information on the District's long-term debt can be found in Note IV -K, -L, and -M to the financial statements.

Economic Factors and Next Year's Budgets and Rates

A significant factor affecting the District is the revenue received from the State of Oregon as the State School Fund (SSF) allocation (52%) and as contracts for student education and district support (24%). This funding makes up approximately 76% of total external revenues.

External Revenue Source	Revenue Amount June 30, 2025	% of Total Revenue	Revenue Composition
ODE SSF allocation	\$ 52,410,295	52%	Property taxes and state school fund general grant
Local	18,624,947	18	Contracts with other districts and local agencies
State	23895,481	24	State grants and contracts with ODE & other state agencies
Federal	3,725,800	4	Federal Grants and Medicare revenue
Other	2,906,963	2	Interest on investments, sales, other
Total external revenues	<u>\$101,563,486</u>		Excludes services to other funds & internal overhead charges

The District's PERS rates are calculated for a biennium. As shown in the table below, PERS rates for the 2022-23 fiscal year and 2023-2025 biennium reflect a rate credit provided by the MESD's lump sum payment to a PERS UAL side account in June 2022. During the 2025 regular session, the Oregon State Legislature passed Senate Bill 849 relating to the School Districts Unfunded Liability Fund. Moneys in the fund were credited in equal amounts against all school district employer's individual 2025-2027 employer contribution rates. The District's rates initially published in October 2024 were reduced by 1.68% as a result of SB 849.

Net MESD Contribution Pension Rate	PERS (Tier I/II)	OPSRP General	OPSRP Police & Fire
7-1-25 to 6-30-27 after SB 849	11.99%	8.81%	14.08%
7-1-25 to 6-30-27	13.67%	10.49%	15.76%
7-1-23 to 6-30-25	3.09%	0.25%	5.04%
7-1-22 to 6-30-23	0.29%	0.00%	1.59%
7-1-21 to 6-30-22	13.38%	10.32%	14.68%

Request for Information

This financial report is designed to provide a general overview of the Multnomah Education Service District's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to:

Chief Financial Officer
Multnomah Education Service District
11611 NE Ainsworth Circle
Portland, OR 97220

Basic Financial Statements

Multnomah Education Service District**Statement of Net Position****June 30, 2025**

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 21,979,392
Property taxes receivable	1,424,808
Accounts receivable	16,356,313
Loans receivable	2,000,000
Prepaid items and deposits	22,685
Net OPEB asset	1,052,659
Capital assets, not depreciated (land & CIP)	1,983,781
Capital assets, net of depreciation	8,011,387
Total assets	52,831,025
Deferred outflows of resources	
OPEB related	112,338
Pension related	46,837,411
Total deferred outflows of resources	46,949,749
Liabilities	
Accounts payable	9,465,922
Accrued payroll & withholdings	5,664,223
Tax anticipation note payable	4,909,481
Non-current liabilities:	
Due within one year: bonds and leases	5,688,215
Due within one year: compensated absences	2,857,000
Due in more than one year:	
Bonds and leases	64,220,353
Compensated absences	4,656,000
Total OPEB liability	1,222,241
Net pension liability	22,185,373
Total liabilities	100,829,182
Deferred inflows of resources	
OPEB related	1,456,508
Pension related	19,603,551
Total deferred inflows of resources	21,060,059
Net position	
Net investment in capital assets	7,176,093
Restricted For	
Net OPEB asset	1,052,659
Local service plan services	6,548,273
Grants and contributions	937,624
Unrestricted	(57,862,742)
Total net position	\$ (42,148,093)

The notes to the basic financial statements are an integral part of this statement.

Multnomah Education Service District
Statement of Activities
For the Year Ended June 30, 2025

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Instruction				
Regular instruction	\$ 3,522,158	\$ 463,959	\$ 3,171,545	\$ 113,346
Special programs	28,969,852	7,250,542	9,961,367	(11,757,943)
Summer programs	73,462	-	80,139	6,677
Support services				
Student services	30,581,386	8,958,101	3,349,073	(18,274,212)
Instructional staff support	3,513,422	-	2,526,262	(987,160)
General administration	1,838,568	33,478	33,965	(1,771,125)
School administration	4,815,150	560,979	2,491,720	(1,762,451)
Business services support	6,484,809	817,893	485,710	(5,181,206)
Central support	15,389,366	664,063	5,295,532	(9,429,771)
Enterprise and community services				
Food service	1,405,436	53,284	1,318,371	(33,781)
Community services	4,000	-	1,080	(2,920)
Apportionment of funds	10,637,648	-	-	(10,637,648)
Unallocated depreciation and amortization ¹	1,104,756	-	-	(1,104,756)
Interest on long-term debt	3,385,088	-	-	(3,385,088)
Total governmental activities	\$111,725,101	\$ 18,802,299	\$ 28,714,764	(64,208,038)

General Revenues

Property taxes – general	44,321,015
State School Fund – general support	8,144,363
Earnings on investments	1,130,416
Miscellaneous revenues	641,061
Total general revenues	54,236,855

Change in net position

Net position – beginning as previously reported	(29,534,910)
Restatement for GASB 101 implementation (Note III)	(2,642,000)
Net position – beginning as restated	(32,176,910)
Net position – ending	\$ (42,148,093)

The notes to the basic financial statements are an integral part of this statement.

¹ Unallocated depreciation and amortization excludes direct depreciation expenses of the various programs

Multnomah Education Service District
Balance Sheet
Governmental Funds
June 30, 2025

	General Fund	Resolution Services Fund	Contracted Services Fund	Non-major Fund: Debt Service Fund	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 6,907,851	\$ 11,708,590	\$ -	\$ 3,362,951	\$ 21,979,392
Property taxes receivable	-	1,424,808	-	-	1,424,808
Accounts receivable	421,148	817,990	15,117,175	-	16,356,313
Loan receivable	2,000,000	-	-	-	2,000,000
Due from other funds	11,087,647	-	-	-	11,087,647
Prepaid items and deposits	14,771	-	7,914	-	22,685
Total assets	\$ 20,431,417	\$ 13,951,388	\$ 15,125,089	\$ 3,362,951	\$ 52,870,845
Liabilities					
Accounts payable	\$ 742,358	\$ 7,286,824	\$ 1,436,740	\$ -	\$ 9,465,922
Tax anticipation note payable	4,899,862	-	-	-	4,899,862
Due to other funds	-	-	11,087,647	-	11,087,647
Accrued payroll & withholdings	5,664,223	-	-	-	5,664,223
Total liabilities	11,306,443	7,286,824	12,524,387	-	31,117,654
Deferred inflows of resources					
Unavailable tax revenue	-	1,162,915	-	-	1,162,915
Unavailable grant revenue	-	-	93,531	-	93,531
Total deferred inflows of resources	-	1,162,915	93,531	-	1,256,446
Fund balances					
Nonspendable					
Prepaid items and deposits	14,771	-	7,914	-	22,685
Long-term receivable	2,000,000	-	-	-	2,000,000
Restricted					
Local service plan services	-	5,501,649	-	-	5,501,649
Grants and donations	-	-	937,624	-	937,624
Debt service	-	-	-	3,362,951	3,362,951
Committed					
Risk aversion	158,257	-	-	-	158,257
Facilities and equipment	2,408,716	-	-	-	2,408,716
Assigned					
Student program services	-	-	1,561,633	-	1,561,633
Next year budget use	356,000	-	-	-	356,000
Unassigned	4,187,230	-	-	-	4,187,230
Total fund balances	9,124,974	5,501,649	2,507,171	3,362,951	20,496,745
Total liabilities, deferred inflows of resources, and fund balances	\$ 20,431,417	\$ 13,951,388	\$ 15,125,089	\$ 3,362,951	\$ 52,870,845

The notes to the basic financial statements are an integral part of this statement.

Multnomah Education Service District
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2025

	Governmental Funds
Total fund balances - governmental funds	\$ 20,496,745
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Assets and deferred outflows not available to pay for current period expenditures are not reported in the governmental funds. These assets and deferred outflows consist of:	
Net OPEB asset	1,052,659
Net capital assets	9,995,168
Deferred outflows – OPEB related	112,338
Deferred outflows – pension related	46,837,411
A portion of the District's revenues are collected after year-end but are not available soon enough to pay for the current year's operations, and therefore is not reported as revenue in the governmental funds.	
Property taxes	1,162,915
Grant claims	93,531
Liabilities not payable in the current year and deferred inflows not realized in the current year are not reported as governmental fund liabilities. These liabilities and deferred inflows consist of:	
Limited tax pension bond payable	(67,089,493)
Tax anticipation note – accrued interest payable	(9,619)
Right to use leases payable	(2,819,075)
Accrued compensated absences	(7,513,000)
Total OPEB liability	(1,222,241)
Net pension liability	(22,185,373)
Deferred inflows – OPEB related	(1,456,508)
Deferred inflows – pension related	(19,603,551)
Net position (deficit)	<u>\$ (42,148,093)</u>

The notes to the basic financial statements are an integral part of this statement.

Multnomah Education Service District
Statement of Revenue, Expenditures, Other Financing Sources (Uses),
and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2025

	General Fund	Resolution Services Fund	Contracted Services Fund	Non-major Fund: Debt Service Fund	Total Governmental Funds
Revenues					
Property taxes	\$ -	\$ 44,265,932	\$ -	\$ -	\$ 44,265,932
State School Fund	-	8,144,363	-	-	8,144,363
Local sources	-	13,677	18,611,270	-	18,624,947
Other state sources	500	62,134	23,832,847	-	23,895,481
Federal sources	-	91,393	3,634,407	-	3,725,800
Investment earnings	1,023,013	-	-	107,403	1,130,416
Sales of goods & services	-	-	11,844	-	11,844
Other revenues	418,277	36,043	1,310,383	-	1,764,703
Service to other funds	1,481,072	-	-	9,370,393	10,851,465
Overhead revenues	1,463,389	-	-	-	1,463,389
Total revenues	<u>4,386,251</u>	<u>52,613,542</u>	<u>47,400,751</u>	<u>9,477,796</u>	<u>113,878,340</u>
Expenditures					
Current					
Instruction	-	11,664,414	21,232,725	-	32,897,139
Support services	8,781,790	29,048,027	24,012,834	-	61,842,651
Enterprise & community svcs.	-	137,185	1,286,719	-	1,423,904
Apportionment of funds	-	10,637,648	-	-	10,637,648
Debt service					
Principal: bonds and leases	808,867	-	-	4,556,324	5,365,191
Interest: bonds and leases	44,611	-	-	3,330,858	3,375,469
Bond issuance costs	91,480	-	-	-	91,480
Capital outlay					
Instruction	-	-	16,625	-	16,625
Support services	9,803	-	81,805	-	91,608
Total expenditures	<u>9,736,551</u>	<u>51,487,274</u>	<u>46,630,708</u>	<u>7,887,182</u>	<u>115,741,715</u>
Excess of revenues over (under) expenditures	<u>(5,350,300)</u>	<u>1,126,268</u>	<u>770,043</u>	<u>1,590,614</u>	<u>(1,863,375)</u>
Other financing sources (Uses)					
Transfers in	5,490,797	-	-	-	5,490,797
Transfers out	-	(5,490,797)	-	-	(5,490,797)
Total other financing sources (uses)	<u>5,490,797</u>	<u>(5,490,797)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>140,497</u>	<u>(4,364,529)</u>	<u>770,043</u>	<u>1,590,614</u>	<u>(1,863,375)</u>
Beginning fund balances	8,984,477	9,866,178	1,737,128	1,772,337	22,360,120
Ending fund balances	<u>\$ 9,124,974</u>	<u>\$ 5,501,649</u>	<u>\$ 2,507,171</u>	<u>\$ 3,362,951</u>	<u>\$ 20,496,745</u>

The notes to the basic financial statements are an integral part of this statement.

Multnomah Education Service District
Reconciliation of the Statement of Revenues, Expenditures, Other Financing Sources (Uses), and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2025

	Governmental Funds
Total net changes in fund balances - governmental funds	\$ (1,863,375)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation and amortization expense	
Purchases of capital assets	108,233
Depreciation and amortization expense	(1,480,164)
Disposal of capital assets	(679,521)
Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position.	
Principal paid on pension bond	4,556,324
Principal paid on right-to-use leases	1,403,136
Revenues that do not meet the measurable and available criteria are not recognized in the current year in the governmental funds. In the Statement of Activities revenues are recognized when earned.	
Property taxes	55,082
Grant Claims	93,531
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Tax anticipation note – accrued interest payable	(9,619)
Changes in OPEB liabilities and related deferred outflows and inflows of resources	420,570
Changes in pension liabilities and related deferred outflows and inflows of resources	(11,746,380)
Net change in compensated absences liability	(829,000)
Change in net position	<u>\$ (9,971,183)</u>

The notes to the basic financial statements are an integral part of this statement.

Multnomah Education Service District
Statement of Fiduciary Net Position
Custodial Fund
June 30, 2025

	Agency Pass- Through Fund
Assets	
Cash and cash equivalents	\$ 1,210,376
Accounts receivable	793,740
Total assets	<u>2,004,116</u>
Liabilities	
Accounts payable	2,004,116
Total liabilities	<u>2,004,116</u>
Net Position	
Restricted for other governments	-
Total net position	<u>\$ -</u>

The notes to the basic financial statements are an integral part of this statement.

Multnomah Education Service District
Statement of Changes in Fiduciary Net Position
Custodial Fund
For the Year Ended June 30, 2025

	Agency Pass- Through Fund
Additions	
E-rate reimbursements	\$ 1,210,376
Measure 99 Outdoor School reimbursement	802,294
Multnomah-Clackamas Regional Educator Network	20,000
Total additions	<u>2,032,670</u>
Deductions	
Distribution to other governments	2,032,670
Total deductions	<u>2,032,670</u>
Net increase (decrease) in fiduciary position	-
Net position – beginning	-
Net position – ending	<u><u>\$ -</u></u>

The notes to the basic financial statements are an integral part of this statement.

Notes to the Basic Financial Statements

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the government-wide financial statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) display information on all of the governmental activities of the Multnomah Education Service District as a whole. Fiduciary activities are not included in the government-wide financial statements. All fiduciary activities are reported only in the fund financial statements.

B. Reporting entity

Multnomah Education Service District (the District) is a municipal corporation governed by an elected seven-member Board of Directors (the Board). Administration officials are approved by the Board. The daily functioning of the District is under the supervision of the Superintendent. As required by accounting principles generally accepted in the United States of America, all activities of the District have been included in these basic financial statements.

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

C. Basis of presentation – government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. For the most part, the effect of interfund activity has been removed from these statements in the process of consolidation.

D. Basis of presentation – fund financial statements

The fund financial statements provide information about the government's funds, including its fiduciary fund. The emphasis of fund financial statements is on major individual governmental funds, each displayed in a separate column.

The District reports the following major governmental funds:

General Fund - accounts for the general operating costs of the District and provides support services to other funds. The principal revenue source comes from a 10% transfer from the Resolution Services Fund. Risk Management & Reserves and Facilities & Equipment Reserves are also included in this fund.

Special Revenue Funds – these funds are used to account for and report the proceeds of specific revenue sources that are restricted, committed, or assigned to expenditure for specified purposes other than debt

service or capital projects. The District has two special revenue funds and both are separately reported as major funds in the governmental financial statements:

Resolution Services Fund - provides for those programs and services authorized by component districts through the resolution process. The sources of revenues for this fund come almost exclusively from local property taxes and the State School Fund. In accordance with Oregon Revised Statute (ORS) 334.177, a maximum of 10% of these revenues are transferred to the General Fund and used to pay for the general operating costs of the District. The remaining 90% is apportioned to the component school districts according to average daily membership weighted (ADMw).

Contracted Services Fund – accounts only for revenues from grants, state and local contracts, and revenues from the District’s component school districts for additional local service plan services beyond those purchased through the Resolution Fund. The lesser of 10% or the maximum allowable by the specific grant or contract is charged as overhead expenditures and revenue to the General Fund. Expenditures in this fund are solely for services funded by the above mentioned revenue sources.

In addition, the District maintains the following funds:

Debt Service Fund - This fund accounts for the payment and interest on the Limited Tax Pension Obligation bonds.

Fiduciary Fund - The MESD maintains one custodial fund which reports resources held by the District in a temporary custodial capacity for component districts. This fund is primarily used for E-Rate revenue and Oregon Measure 99 (Outdoor School Education Fund) revenue which is recorded as a liability and passed on to school districts.

Certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported as transfers in/out. While reported in fund financial statements, interfund transfers are not included in government-wide financial statements.

E. Measurement focus and basis of accounting

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

Government-wide fund financial statements are reported using *the economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. On the accrual basis of accounting, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements are reported using the *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 (60 days for property tax revenue, 90 days for other revenue). Expenditures are recorded when the liability is incurred, except for unmatured interest on long-term debt which is recognized when due, post-employment benefits, claims and judgments and compensated absences, which are recognized when expended.

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 qualifying expenditures have been incurred and all other grant requirements have been met.

Fiduciary fund financial statements report net position using the economic resources measurement focus and accrual basis of accounting.

F. Budgetary information

1. Budget process

The District begins its budgeting process by appointing Budget Committee members. Budget recommendations are developed by management and the Board Finance Committee throughout the Spring. The Budget Committee meets and approves the budget in March. Public notices of the budget hearing are generally published in April, and the hearing is held in May. The budget is adopted, appropriations are made and the tax levy is declared no later than June 30.

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 current budget may be adopted by the Board at a regular meeting. A supplemental budget greater than 10% of the fund’s current 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. In fiscal year 2024-25, the Board approved two amendments to the budget.

2. Budgetary basis of accounting

A budget is prepared and legally adopted for each governmental fund on the modified accrual basis of accounting in the main program categories required by the Oregon Local Budget Law.

Expenditure budgets are appropriated at the major function level (instruction, support services, community services, facilities, apportionment of funds (transit), debt service, contingency, and transfers) for each fund. Appropriations may not legally be over-expended, except in the case of grant receipts which could not be reasonably estimated at the time the budget was adopted.

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

3. Excess of expenditures over appropriations

For the year ended June 30, 2025, there are no expenditures over appropriations in any of the District's funds.

G. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, and deferred inflows, and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates.

H. Assets, deferred outflows, liabilities, deferred inflows, and net position/fund balance

1. Cash and cash equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and all highly liquid investments with a maturity of three months or less from the date of acquisition.

2. Investments

The District's investments consist of deposits in the Oregon State Treasurer's Local Government Investment Pool ("LGIP"). It is an open-ended, non-load diversified portfolio offered to any agency, political subdivision, or public corporation of the State that by law is made the custodian of, or has control of, any fund. The District's investments are reported at fair value at year-end. Changes in the fair value of investments are recorded as investment earnings. The LGIP is stated at cost, which approximates fair value. The fair value of the LGIP is the same as the District's value in the pool shares.

3. Prepaid items

Prepaid items are charged to expenditure/expense at the time the items are used (consumption method).

4. Capital assets

Capital assets, which include land, buildings, equipment and construction in progress, are defined as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at the acquisition value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following useful lives:

Asset Type	Useful Life
Buildings and improvements	40 years
Equipment	5 to 20 years
Vehicles	5 to 10 years
Site improvements	15 years
Leases	Lease term 2 to 30 years

5. Long-term obligations

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

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

6. Deferred outflows/inflows of resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represent a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District's deferred outflows are the *OPEB and pension differences and contributions after measurement date* reported in the Government-wide Statement of Net Position.

In addition to liabilities, the Statement of Net Position and the Balance Sheet report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represent an acquisition of net assets 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 three types of items which qualify for reporting in deferred inflows of resources. Two types of deferred items are the *OPEB and pension differences* reported in the Government-wide Statement of Net Position. The third type of item which qualifies for reporting in deferred inflows of resources arises only under a modified accrual basis of accounting. Accordingly, the item, *unavailable revenues*, is reported only in the governmental funds Balance Sheet. The governmental funds report unavailable revenues from property taxes and grants. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

7. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the

Oregon Public Employees Retirement System (PERS) and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS.

8. Other postemployment benefits (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of Subsidized Early Retirement Health Benefits (SERHB) and additions to/deductions from SERHB's fiduciary net position have been determined by actuarial reports.

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

9. Net position flow assumptions

Net position is classified into the following categories:

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

Restricted net position – consists of net position with constraints placed on use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position – consists of all other net position that is not included in the other categories previously mentioned.

When both restricted and unrestricted resources are available for use in a specific program or for a specific purpose, the District's normal policy is to use restricted resources first to finance its activities.

10. Fund balance flow assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). The District does not have a formal policy regarding fund balance flow assumptions. When fund balance resources are available for a specific purpose in multiple classifications, the District uses the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

11. Fund balance policies

Governmental fund equity is classified as fund balance. GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions* provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The

following classifications describe the relative strength of the spending constraints placed on purpose for which resources can be used:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Management has classified prepaid items as being non-spendable as they are not expected to be converted to cash.

Restricted: This classification includes amounts for which constraints have been placed on the use of resources which are either:

1. Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
2. Imposed by law through constitutional provisions or enabling legislation.

Committed: This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the District's Board of Directors, which is the District's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed.

Assigned: This classification includes spendable amounts for a specific purpose. The Board has authorized the Superintendent and/or the Director of Business and Operations to make assignments at their discretion. The Board clarified this authorization with the approval of Resolution 20-041: Compliance with GASB Statement 54 Fund Balance Reporting and Governmental Fund Definitions on October 20, 2020.

Unassigned: This classification is the residual fund balance for the General Fund. It represents fund balance that has not been assigned, committed, or restricted. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

12. Leases

The District is a lessee for two buildings used to house instructional and special educational programs. While the leases are cancellable, the District anticipates renewing the leases at end of the current terms. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The District recognizes lease liabilities with initial, individual values of \$250,000 or more.

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

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

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

13. Subscription-based information technology arrangements (SBITAs)

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The District has two independent criteria for SBITA capitalization:

1. Any qualifying implementation costs (typically post-selection expenses excluding training) of \$250,000 present value or more are capitalized and amortized over ten years, or
2. Post implementation annual subscription costs of \$250,000 present value or more are capitalized and amortized over the life of the SBITA agreement including possible extensions. Annual SBITA agreements with no extension options or price guarantees are treated as short-term and expensed as incurred.

The District has not entered into any IT software contracts that meet the criteria for GASB 96 reporting as of June 30, 2025.

I. Revenues and expenditures/expenses

1. Program revenues

Amounts reported as *program revenues* include 1) charges to customers who purchase or use goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

2. *Property taxes*

Uncollected real and personal property taxes are reflected on the Statement of Net Position and the Balance Sheet as receivables. Uncollected taxes are deemed to be substantially collectible or recoverable through liens, therefore no allowance for uncollectible taxes has been established. All property taxes receivable are due from property owners within the District.

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

3. *Grants*

Unreimbursed expenditures due from grantor agencies are reflected in the government-wide financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenditures are incurred. Cash received from grantor agencies in excess of related grant expenditures is generally recorded as unearned revenue on the Balance Sheet and the Statement of Net Position.

4. *Compensated absences*

Leave that has not been used is recognized as a liability if it (a) is attributable to services already rendered, (b) accumulates, and (c) is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The District recognizes two types of leave as a liability in the government-wide financial statements:

- *Vacation:* The District permits eligible employees to accumulate vacation leave during their employment. Vacation may be used during the year earned and must be used by the employee within one or two years or be forfeited. Remaining balances are paid upon separation from District service. Such leave is attributable to services already rendered because employees earn a certain number of hours or days for each month that they are employed. The leave accumulates because it carries over at the end of the fiscal year, even though employees may only have one or two years to use it. The District estimates how much of the leave is more likely than not to be used as paid leave before the leave is forfeited or paid upon separation and recognizes that portion as a liability for compensated absences.
- *Sick Leave:* The District permits employees to accumulate sick leave during their employment, but any unused amounts are forfeited upon separation from District service. Such leave is attributable to services already rendered because employees earn a certain number of hours or days for each month that they are employed. The leave accumulates because it carries over at the end of the fiscal year. The District estimates how much of the leave is more likely than not to be used as paid leave and recognizes that portion as a liability for compensated absences.

GASB Statement No. 101, Paragraph 23, requires that a government include in a liability for compensated absences certain salary-related payments that are directly and incrementally associated with payments to

be made for compensated absences. The District includes Medicare and Social Security payroll taxes and the District-paid member required portion of PERS contributions in the liability for compensated absences.

NOTE II - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Violations of legal or contractual provisions

The District had no violations of legal or contractual provisions in the fiscal year ending June 30, 2025.

NOTE III - RESTATEMENT OF BEGINNING NET POSITION

During the fiscal year ended June 30, 2025, the District identified an error related to the initial implementation of GASB Statement No. 101, Compensated Absences, which the District early adopted in the prior fiscal year.

In applying GASB 101, the District initially measured the compensated absences liability for Tier 1 and Tier 2 PERS members using the assumption that all accumulated sick leave would be converted to a defined pension benefit. Management subsequently determined that this assumption did not appropriately reflect expected conversion, as PERS actuarial data available at the time of implementation indicated that only a portion of accumulated sick leave is historically converted.

This correction represents a misapplication of accounting guidance during the transition to GASB 101 and resulted in an understatement of the compensated absences liability in the prior fiscal year. Accordingly, the District has restated beginning net position as of July 1, 2024. The effect of the restatement is summarized below:

Statement of Net Position	June 30, 2024 As Reported	Restatement	June 30, 2024 As Restated
Governmental Activities			
Liabilities:			
Compensated absences due w/in 1 year	\$ 1,600,000	\$ 928,000	\$ 2,528,000
Compensated absences due > 1 year	2,442,000	1,714,000	4,156,000
Total Net Position	<u>(29,534,910)</u>	<u>(2,642,000)</u>	<u>(32,176,910)</u>

NOTE IV - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Cash deposits and cash equivalents

Custodial credit risk – deposits. Deposits with financial institutions are comprised of bank demand deposits. The combined total bank balance at June 30, 2024 was \$5,741,367 (carrying amount \$4,103,942). As required by ORS, deposits were held at a qualified depository for public funds. All qualified depositories for public funds are included in the multiple financial institution collateral pool that is maintained by and in the name of the Office of the State Treasurer.

Cash and cash equivalents (recorded at fair value)	Balance June 30, 2025
Cash on hand	\$ 3,717
Demand deposits	4,103,942
Local Government Investment Pool	19,082,109
Total all funds	23,189,768
Less funds held in trust	(1,210,376)
Total governmental funds	<u>\$ 21,979,392</u>

B. Investments

State statutes govern the District's cash management policies because the District does not have an official investment policy. Statutes authorize the District to invest in obligations of the U.S. Treasury, agencies and instrumentalities of the United States, commercial paper, bankers acceptances guaranteed by a qualified financial institution, repurchase agreements, interest bearing bonds of any city, county, port or school district in Oregon (subject to specific standards), and the Oregon State Treasurer's Local Government Investment Pool (LGIP), among others.

The LGIP is considered as cash and cash equivalents and is not registered with the U.S. Securities and Exchange Commission as an investment company. The ORS and the Oregon Investment Council (OIC) govern the State's investment policies. The State Treasurer is the investment officer for the OIC and is responsible for all funds in the State Treasury. These funds must be invested, and the investments managed, as a prudent investor would, exercising reasonable care, skill and caution. Investments in the Fund are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board (OSTFB), 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.

Interest rate risk. ORS require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB. The District does not have any investments that have a maturity date greater than 18 months.

Credit risk. The District has not adopted an investment policy and all investment activity has been limited to the LGIP.

C. Receivables

Amounts are aggregated into a single account receivable line in the Statement of Net Position and Balance Sheet. The District expects to collect a significant amount of receivables within one year of the end of the fiscal period. Below is the detail of receivables for the governmental funds:

Receivables	General	Resolution Services	Contracted Services	Total
Accounts	\$ 27,560	\$ 1,891	\$ 37,463	\$ 66,914
Contracts	393,588	816,099	14,332,143	15,541,830
Grants	-	-	747,569	747,569
Total Receivables	<u>\$ 421,148</u>	<u>\$ 817,990</u>	<u>\$ 15,117,175</u>	<u>\$ 16,356,313</u>

D. Loan receivable

In December 2024, the District extended a loan of up to \$2 million to a component school district to provide funding for emergency expenses. Loan proceeds were disbursed in January, February, and March 2025. As of June 30, 2025, the outstanding loan receivable totaled \$2,000,000. The loan accrues interest at a rate of 2% per year. During fiscal year 2024–25, the District received interest revenue of \$19,167. Repayment terms require annual principal installments of \$250,000, plus accrued interest, beginning June 30, 2026. The loan is scheduled to mature on June 30, 2033.

E. Capital assets

Changes in Capital Assets	Balance as of June 30, 2024	Additions	Dispositions	Balance as of June 30, 2025
Non-depreciable capital assets				
Land	\$ 1,935,748	\$ -	\$ -	\$ 1,935,748
Construction in progress	38,294	9,739	-	48,033
Total non-depreciable capital assets	<u>1,974,042</u>	<u>9,739</u>	<u>-</u>	<u>1,983,781</u>
Depreciable capital assets				
Buildings & improvements	10,627,933	-	(133,297)	10,494,636
Site improvements	2,417,373	55,034	(82,602)	2,389,805
Equipment and furniture	1,273,842	43,460	(5,517)	1,311,785
Vehicles	699,178	-	-	699,178
Right-to-use building leases	6,233,904	-	(1,626,868)	4,607,036
Total depreciable assets	<u>21,252,230</u>	<u>98,494</u>	<u>(1,848,284)</u>	<u>19,502,440</u>
Less: accumulated depreciation & amort.				
Buildings & improvements	6,802,019	265,911	(56,676)	7,011,254
Site improvements	1,002,346	153,553	(21,990)	1,133,909
Equipment and furniture	618,424	164,007	(5,517)	776,914
Vehicles	468,467	69,381	-	537,848
Right-to-use building leases amortization	2,288,396	827,312	(1,084,580)	2,031,128
Total accumulated depreciation & amort.	<u>11,179,652</u>	<u>1,480,164</u>	<u>(1,168,763)</u>	<u>11,491,053</u>
Total depreciable capital assets, net	<u>10,072,578</u>	<u>(1,381,670)</u>	<u>(679,521)</u>	<u>8,011,387</u>
Total capital assets, net	<u>\$ 12,046,620</u>	<u>\$ (1,371,931)</u>	<u>\$ (679,521)</u>	<u>\$ 9,995,168</u>

Depreciation & amortization expense allocated	Expense June 30, 2025
Regular programs	\$ 2,334
Special programs	76,407
Student services	24,448
General administration	642
Business services	119,348
Central activities	152,229
Unallocated depreciation & amortization	1,104,756
Total depreciation	<u>\$ 1,480,164</u>

F. Risk management

The District is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the District carries commercial insurance. The District uses the General Fund's risk management and reserve fund to account for the payment of workers' compensation, general liability, and property damage insurance premiums. There were no significant reductions in insurance coverage from coverage in prior years in any of the major categories of risk. Settled claims have not exceeded this commercial coverage for any of the past three years.

G. Commitments

The District renegotiated its service agreement with Pacific Office Automation beginning July 2024 and ending June 2029 for all copier and printer services. Pacific Office Automation provides all machines, toner, and maintenance to the District. The District is responsible for paper and per image charges. Future minimum commitment equals \$47,496 annually plus printed images paid as a per click charge. The agreement is cancellable if funding is not available.

On June 26, 2023, the District entered into a new 10-year agreement as lessee for a school building to house Helensview School, an instructional program for at-risk youth, with a commencement date of July 1, 2023. The District is required to make annual payments in quarterly installments. The second annual payment due in FY2024-25 was \$398,883. The annual payment increases 30% the third year, and then 4.5% annually until the end of the term. As the lessor or the District may terminate the lease with 180 days notice, the lease is considered short term. The District has leased the building since 1993 under multiple agreements.

On April 3, 2025, the District provided a 180-day notice of lease termination for the school building that housed Knott Creek School, with an anticipated termination date of September 30, 2025. The District is required to make one payment of \$70,475 for the first quarter of the 2025-26 fiscal year.

On June 26, 2025, the District entered into a new 2-year agreement as lessee for two adjacent buildings to house the relocated Knott Creek School, an expansion of the social-emotional and behavioral health program, with a commencement date of July 15, 2025. The District is required to make monthly payments of \$10,000 beginning July 2025 for the term of the lease ending June 30, 2027. The District may terminate the lease with 60 days notice. As the initial value of the lease is less than the District's \$250,000 long-term lease threshold, the lease is considered short term. This is the first time the District has leased the buildings.

H. Pension obligations

The District contributes to the Oregon Public Employees Retirement System (PERS), established pursuant to ORS Chapters 238, Defined Benefit Pension Plan (PERS Tier I/Tier II) and 238A, Oregon Public Service Retirement Pension (OPSRP) Program (collectively the Plan). Both are administered by the Oregon Public Employees Retirement System (PERS) Board of Trustees with authority granted by the Oregon Legislature. PERS acts as a common investment and administrative agent for state government, political subdivisions, community colleges and school districts in the State of Oregon and provides retirement, death, and disability benefits to members; administers retiree health insurance programs; and oversees the state-sponsored deferred compensation program.

Copies of the PERS' Annual Comprehensive Financial Reports and Actuarial Valuations may be obtained at <http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>.

1. Plan Description and Benefits

PERS Tier I/Tier II is a cost-sharing multiple employer defined benefit pension plan. The 1995 Oregon Legislature established a different level of benefits for employees who began their six month waiting period on or before January 1, 1996 called Tier II. The plan is closed to new members hired on or after August 29, 2003.

Pension Benefits

Retirement allowance	Payable monthly for life with multiple benefit options; including, survivorship and lump-sum refunds.
Basic Benefit	A percentage (1.67 percent for General Service or 2.00 percent for Police & Fire) is multiplied by the number of years of service and the final average salary. PERS Tier I have other options available if greater benefit results.
Vested	Contribution in each of five calendar years before ceasing employment with a participating employer; or, has reached 50 years of age for General Service, or 45 years of age for Police & Fire.
Minimum retirement age	General Service employees may retire after reaching age 55. Police & Fire employees may retire after reaching age 50.
Reduced Benefits	PERS Tier I General Service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. PERS Tier I & Tier II Police & Fire employee benefits are reduced if retirement occurs prior to age 55 with less than 25 years of service. PERS Tier II employees are eligible for full benefits at age 60.

Death Benefits

Beneficiary receives lump sum refund of member's account balance, plus lump-sum payment from employer funds equal to the account balance provided certain conditions are met.

Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed until age 58 for General Service or 55 for Police & Fire when determining the monthly benefit.

Benefit Changes After Retirement

Under ORS 238.360 (PERS) monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on COLA in fiscal year 2015 and beyond will vary based on 1.25% on the first \$60,000 of annual benefit and 0.15% on annual benefits above \$60,000. PERS Tier I/II members may choose to continue participation in a variable equities investment account after retiring.

OPSRP Pension Program is a hybrid retirement plan with two components: the Pension Program (defined benefit) and the Individual Account Program, which is reported as a separate pension plan in the PERS financial statements. The 2003 Oregon Legislature established OPSRP as part of PERS and administered by the Board. Public employees hired on or after August 29, 2003, become part of OPSRP. The PERS Board is directed to adopt any rules necessary to administer OPSRP, and such rules are to be considered part of the plan for IRS purposes.

Pension Benefits

Retirement allowance	Life pension funded with employer contributions.
Basic Benefit	A percentage (1.50 percent for General Service or 1.80 percent for Police & Fire) is multiplied by the number of years of service and the final average salary.
Vested	A 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, and, if the pension program is terminated, the date on which the termination becomes effective.
Minimum retirement age	General Service employees may retire after reaching age 65 or age 58 with 30 years of retirement credit. Police & Fire employees may retire after reaching age 60 or 53 with 25 years of retirement credit.

Death Benefits

Beneficiary receives 50 percent of the pension that would otherwise be paid to the member.

Disability Benefits

A member with 10 or more years of retirement credits who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member for disability benefits regardless of the length of PERS-covered

service. Upon qualifying for either a non-duty or duty disability, the benefit is computed as 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

Benefit Changes After Retirement

Under ORS 238A.210 (OPSRP) monthly benefits are adjusted annually through cost-of-living changes.

Under current law, the cap on COLA in fiscal year 2015 and beyond will vary based on 1.25% on the first \$60,000 of annual benefit and 0.15% on annual benefits above \$60,000.

OPSRP Individual Account Program (OPSRP IAP)**Pension Benefits**

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. Beginning January 1, 2004, PERS active Tier One and Tier Two members became members of the Individual Account Program (IAP) of OPSRP. PERS members retain their existing Plan accounts, but member contributions are now deposited into the member's IAP account, not into the member's Defined Benefit Plan account. Accounts are credited with earnings and losses net of administrative expenses.

Upon retirement, a member of the OPSRP Individual Account Program (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.

2. Contributions

The contribution requirements for plan members and the District are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature. The rate of employer contributions to PERS is determined periodically by PERS based on actuarial valuations performed at least every two years. Members of PERS Tier I/Tier II and OPSRP are required to contribute 6% of their salary covered under the plan. The District is required by ORS 238.225 to contribute at an actuarially determined rate. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due, thus liquidating the net pension liability. The District multiplies the employee's PERS eligible salary by the appropriate contribution rate and charges the same fund that incurs the salary expenditure. Typically, this impacts the General Fund, the Resolution Fund, and the Contracted Services Fund. In 2004, the District made a lump sum payment funded by a Limited Tax Pension Bond, Series 2004, to establish a

side account and contribution rates have been reduced. In 2022, the District made another lump sum payment of \$60 million funded by the Limited Tax Obligation Bond, Series 2022A. The District's contribution rates beginning July 1, 2022 reflect the reduction from the additional side account. More information about the District's Limited Tax Pension Obligations is on page 71 of this report. Pension contribution rates for the past five biennial periods are shown on the following table:

Employer Pension Contribution Rate ¹	PERS (Tier I/II)	OPSRP General	OPSRP Police & Fire
7-1-23 to 6-30-25	3.09%	0.25%	5.04%
7-1-22 to 6-30-23	0.29%	0.00%	1.59%
7-1-21 to 6-30-22	13.38%	10.32%	14.68%
7-1-19 to 6-30-21	14.50%	9.11%	13.74%
7-1-17 to 6-30-19	8.73%	3.47%	8.24%

The District's contributions to the plan for the years ending June 30, 2025, 2024, and 2023 were approximately \$0.4 million, \$0.2 million, and \$0.6 million, respectively, and were equal to the required contributions for each year.

The District pays the required member portion in accordance with bargaining agreements, which approximated \$2.6 million, \$2.3 million, and \$2.2 million for the years ended June 30, 2025, 2024 and 2023, respectively.

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

At June 30, 2025, the District reported a liability of \$22,185,373 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022 rolled forward to June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected long-term contributions of all participating employers, actuarially determined. At June 30, 2025, the District's proportion was 0.09981163% which was an increase of 0.09981163% from its proportion as of June 30, 2024.

For the year ended June 30, 2025, the District recognized net pension expense of \$12,129,777. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

¹ Does not include contribution rate for PERS Retiree Health Insurance Account OPEB Plan. Refer to Note IV -I.2.

Sources	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 1,314,278	\$ 52,949
Changes in assumptions	2,230,525	2,858
Net difference between projected and actual earnings on investments	1,409,392	-
Changes in proportionate share	13,771,898	17,234,605
Differences between employer contributions and proportionate share of system contributions	27,724,505	2,313,139
Total (prior to post-MD contributions)	46,450,598	19,603,551
Contributions subsequent to the MD	386,813	
Total Deferred Outflow/(Inflow) of Resources	<u>\$ 46,837,411</u>	<u>\$ 19,603,551</u>
Net Deferred Outflow/(Inflow) of Resources		<u>\$ 27,233,860</u>

\$386,813 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Net Deferred Outflows/(Inflows) of Resources Related to Pensions by Fiscal Year (prior to post-measurement date contributions)						
For the year ending June 30,	Difference between expected and actual experience	Changes in assumptions	Difference between projected and actual investment earning	Changes in proportionate share	Differences between employer contribution and proportionate share of contributions	Total
2026	\$ 401,612	\$ 932,305	\$ (1,135,883)	\$ (2,400,992)	\$ 10,278,286	\$ 8,075,328
2027	311,994	597,812	1,695,784	(2,949,071)	10,519,504	10,176,023
2028	278,158	328,424	701,015	(1,142,675)	5,140,758	5,305,680
2029	218,207	283,944	148,476	2,131,680	(395,183)	2,387,124
2030	51,358	85,182	-	898,351	(131,999)	902,892
Total	<u>\$ 1,261,329</u>	<u>\$ 2,227,667</u>	<u>\$ 1,409,392</u>	<u>\$ (3,462,707)</u>	<u>\$ 25,411,366</u>	<u>\$ 26,847,047</u>

4. Actuarial Methods and Assumptions

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

Actuarial Methods and Assumptions	PERS
Valuation Date	December 31, 2022 rolled forward to June 30, 2024
Experience Study Report	2022, published July 24, 2023

Actuarial Methods and Assumptions	PERS
Actuarial assumptions:	
Actuarial cost method	Entry Age Normal
Inflation rate (CPI)	2.4%
Long-term expected rate of return	6.9%
Discount rate	6.9%
Projected salary increases	3.4%
Cost of living adjustments	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	<p><i>Healthy retirees and beneficiaries:</i> Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in valuation.</p> <p><i>Active members:</i> Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in valuation.</p> <p><i>Disabled retirees:</i> 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.</p>

The “assumed rate” – the rate of investment returns (including inflation) that the PERS Fund’s regular account is expected to earn over the long term – is reviewed by the PERS Board every two years when considering all the actuarial methods and assumptions that are used to assess the system’s financial position. In 2023, the board adopted to leave the 6.90% assumed rate in place through the 2023 valuation. In July 2025, the board preliminarily approved the same rate for the 2024 and 2025 valuations. This decision is based on data from the investment forecasts and review of the guiding principles presented by the actuaries.

5. Discount Rate

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

6. Depletion Date Projection

GASB Statement No. 67 generally requires that a blended discount rate be used to measure the total pension liability (the actuarial accrued liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's fiduciary net position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the fiduciary net position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 67 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 67 (paragraph 43) does allow for alternative evaluations of projected solvency, if such evaluation can be reliably made. Based on professional judgement, it is the PERS' independent actuary's opinion that the detailed depletion date projections outlined in GASB 67 would clearly indicate that the fiduciary net position is always projected to be sufficient to cover benefit payments and administrative expenses.

7. Long-term Expected Rate of Return¹

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in January 2023 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The following table, originally presented in the PERS' separately issued financial report, shows Milliman's assumptions for each of the asset classes in which the plan was invested at the 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	Annual Arithmetic Return ²	20-Year Annualized Geometric Mean	Annual Standard Deviation
Global Equity	27.50%	8.57%	7.07%	17.99%
Private Equity	25.50	12.89	8.83	30.00
Core Fixed Income	25.00	4.59	4.50	4.22
Real Estate	12.25	6.90	5.83	15.13
Master Limited Partnership	0.75	9.41	6.02	27.04
Infrastructure	1.50	7.88	6.51	17.11
Hedge Fund of Funds – Multistrategy	1.25	6.81	6.27	9.04
Hedge Fund Equity – Hedge	0.63	7.39	6.48	12.04
Hedge Fund – Macro	5.62	5.44	4.83	7.49
Assumed Inflation - Mean			2.35%	1.41%

¹ Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, revised as of January 25, 2023.

² The arithmetic mean is a component that goes into calculating the geometric mean. Expected rates of return are presented using the geometric mean, which the Board uses in setting the discount rate.

8. *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%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90%) or 1-percentage-point higher (7.90%) than the current rate:

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
District's proportionate share of the net pension liability	\$ 34,996,525	\$ 22,185,373	\$ 11,455,407

9. *Pension plan fiduciary net position.*

Detailed information about the Plan's fiduciary net position is available in the separately issued PERS financial report¹.

I. Other postemployment benefit (OPEB) obligations

The District participates in two OPEB plans.

1. *Subsidized Early Retirement Health Benefits (SERHB)*

Plan Description

The District does not have a formal post-employment benefits plan for early retirees; however, the District is subject to ORS 243.303, which requires local governments that offer health care insurance coverage to active employees to make available the same coverage to any retired employee who is eligible for PERS benefits and elects to continue coverage for their self and dependents within 60 days after the effective date of retirement. Coverage for retirees and dependents continues until Medicare eligibility for each individual (or until dependent children become ineligible.) The District is not required to pay any of the cost of providing coverage, nor is it allowed to create a separate group for retirees and their dependents in establishing a premium for health care insurance coverage.

The District's SERHB "plan" is not a stand-alone plan and therefore does not issue its own financial statements. For reporting purposes, the SERHB plan is considered a single-employer defined benefit plan. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement 75.

Benefits Provided

The District participates in the Oregon Educators Benefit Board (OEBB), a division of the Oregon Health Authority, to provide health care benefits; including, medical, dental & vision plans, and optional coverages (i.e., life and AD&D) to its employees and retirees. Under authority provided by ORS 243.860 to 243.886, OEBB provides a comprehensive selection of benefit plan options for most of Oregon's K-12 school districts, education service districts and community colleges, as well as a number of charter schools and local

¹ PERS financial report is located at <http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

governments across the state. In OEGB, the individual employer health plans are rated collectively, rather than individually by employer, and the same blended premium rate is charged to all active employees and non-Medicare-eligible retirees.

Employees Covered by Benefit Terms

For the purpose of calculating the total OPEB liability, the July 1, 2024 actuarial valuation includes 645 active participants (including 78 employees not currently participating in the District's medical plans) and 9 inactive participants.

Contributions

Retirees electing to remain on the District-sponsored health plans must pay the entire premium for that coverage in order to maintain coverage. However, while the District does not directly contribute to the cost of the premiums for these retirees, the premium itself does not represent the full cost of covering these retirees. Since they are older than the active population, retirees can be expected to generate higher medical claims and therefore higher premiums for the active population. This additional cost is called the "implicit rate subsidy", and is required to be valued under GASB Statement 75.

The following projections are based on the census data, SERHB provisions, and actuarial assumptions. For purposes of GASB 75 accounting, this implicit rate subsidy is considered to be the District's "contributions".

Fiscal Year Ending	Retiree Claims Cost (A)	Retiree Premiums (B)	Implicit Rate Subsidy (A - B)
2025	\$ 144,103	\$ 81,428	\$ 62,675
2026	188,898	104,658	84,240
2027	190,273	105,122	85,151
2028	166,784	94,625	72,159
2029	181,214	105,052	76,162
2030	205,549	119,480	86,069
2031	231,360	137,340	94,020
2032	247,630	148,669	98,961
2033	293,288	172,980	120,308
2034	322,758	187,421	135,337

Total OPEB Liability (TOL)

The District's TOL of \$1,222,241 was measured as of June 30, 2025, and was determined by an actuarial valuation as of July 1, 2024. Data was collected as of January 2025, and benefits were valued as if the data was representative of data on July 1, 2024.

Actuarial Methods and Assumptions

The TOL in the July 1, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial Methods and Assumptions	SERHB			
Valuation date	July 1, 2024			
Measurement date	June 30, 2025			
Actuarial cost method	Entry Age Normal, level percent of salary			
Actuarial Assumptions:				
Discount rate	5.25% per year, based on all years discounted at municipal bond rate. (previously 4.00%)			
General inflation	2.5% per year			
Payroll growth	3.5% per year			
Salary merit scale	Total payroll increase is overall payroll growth plus merit table starting at 0 duration and increasing in 5 year increments to 30+.			
Annual premium increase	<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
	2024-25	4.00%	2032-33	5.20%
	2025-26	4.50%	2033-34	5.00%
	2026-27	5.00%	2034-35	4.90%
	2027-28	5.50%	2035-36	4.80%
	2028-29	6.00%	2036-37	4.70%
	2029-30	5.80%	2037-38	4.60%
	2030-31	5.60%	2038+	4.50%
	2031-32	5.40%		
	The initial rates in the table above are based in part on the 2025 Segal Health Plan Cost Trend Survey, tempered by the expectation of the impact of ORS 243.866, as amended in 2017. Rates are trended down in subsequent years in accordance with prevalent actuarial practice, based in part on the Society of Actuaries – Getzen Long Term Healthcare Trends Resource Model, as updated November 2023.			
Mortality rates	<i>Active Employees:</i> PUB 2010 Employee Tables for Teachers, sex distinct, projected generationally. Active employee adjustments: 125% of a blend of 80% of published rates and 20% of PUB 2010 Employee Tables for General Employees for males, 100% published rates for females. <i>Retirees:</i> PUB 2010 Retiree Tables for Teachers, sex distinct, projected generationally. Retiree adjustments: a blend of 80% of published rates and 20% of PUB 2010 Retiree Tables for General Employees for males, 100% of published rates for females.			

**Actuarial Methods and
Assumptions**
SERHB
Mortality rates, continued
Beneficiaries:

PUB 2010 Employee and Retiree Tables for General Employees, sex distinct, projected generationally. Beneficiary adjustments: Set back 12 months for males, no set back for females; 115% of published rates for non-annuitant males, 125% of published rates for non-annuitant females.

Improvement Scale:

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

Demographic assumptions

Match (as closely as possible) those developed in the most recent experience study for PERS.

Changes in the Total OPEB Liability (TOL)

	2025
Changes for the year	
Service costs	\$ 140,562
Interest	62,720
Differences between expected and actual experience	(60,008)
Changes in assumptions or other input	(317,140)
Benefit payments	(62,675)
Net changes in the Total OPEB Liability	(236,541)
Total OPEB Liability - beginning	1,458,782
Total OPEB Liability - end of year	\$ 1,222,241
Estimated covered payroll	\$ 44,317,082
Total OPEB liability as a percentage of covered payroll	2.76%

Sensitivity of the TOL to changes in the discount rate.

The following presents the TOL of the District, as well as what the TOL would be if it were calculated using a discount rate one percentage point lower (4.25%) or one percentage point higher (6.25%) than the current rate:

	1% Decrease 4.25%	Discount Rate 5.25%	1% Increase 6.25%
Total OPEB Liability	\$ 1,316,454	\$ 1,222,241	\$ 1,134,962

Sensitivity of the TOL to changes in the healthcare cost trend rates.

The following presents the TOL of the District, as well as what the TOL would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1% Decrease 3.0%, graded up to 5.0%, then back down to 3.5%	Current Trend Rate 4.0%, graded up to 6.0%, then back down to 4.5%	1% Increase 5.0%, graded up to 7.0%, then back down to 5.5%
Total OPEB Liability	\$ 1,079,689	\$ 1,222,241	\$ 1,393,291

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

For the year ended June 30, 2025, the District recognized OPEB income of \$74,084. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Sources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 485,788
Changes in Assumptions	82,616	813,380
Total (prior to post-MD contributions)	\$ 82,616	\$ 1,299,168
Net Deferred Outflows (Inflows) of Resources		\$ (1,216,552)

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

Year ended June 30:	2026	2027	2028	2029	2030	Thereafter	Total
SERHB Expense	\$ (277,366)	\$ (176,088)	\$ (217,394)	\$ (217,398)	\$ (150,760)	\$ (177,546)	\$ (1,216,552)

2. Retirement Health Insurance Account (RHIA)

Plan Description

Oregon Public Employees Retirement System (PERS) administers a Retirement Health Insurance Account (RHIA) cost-sharing, multiple-employer defined benefit OPEB plan for units of state government, political subdivisions, community colleges, and school districts, containing multiple actuarial pools. ORS 238.420 established this trust fund. RHIA pays a monthly contribution toward the cost of healthcare premiums of eligible retirees. Authority to establish and amend the benefit provision of RHIA reside with the Oregon Legislature. The plan is closed to new entrants hired on or after August 29, 2003. Copies of the PERS' Annual Comprehensive Financial Reports and Actuarial Valuations may be obtained at <http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>.

PERS System Employees Covered by Benefit Terms

As of the measurement date, the number of inactive RHIA plan participants currently receiving benefits totaled 39,325, and there were 31,243 active and 11,133 inactive members who meet the requirements to receive RHIA benefits when they retire.

Contributions

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

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

Oregon school districts are contractually required to contribute to RHIA at a rate assessed each year by PERS. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due, thus liquidating the net OPEB liability. The District multiplies the employee's PERS eligible salary by the appropriate contribution rate and charges the same fund that incurs the salary expenditure. Typically, this impacts the General Fund, the Resolution Fund, and the Contracted Services Fund. The PERS Board of Trustees sets the employer contribution rates based on an actuarially determined amount and they are combined with the PERS retirement rates.

Employer Contribution RHIA Rates	PERS (Tier I/II)	OPSRP General	OPSRP Police & Fire
7-1-23 to 6-30-25	0.00%	0.00%	0.00%
7-1-21 to 6-30-23	0.05%	0.00%	0.00%
7-1-19 to 6-30-21	0.06%	0.00%	0.00%
7-1-17 to 6-30-19	0.50%	0.43%	0.43%
7-1-15 to 6-30-17	0.53%	0.45%	0.45%

OPEB Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs.

At June 30, 2025, the District reported an asset of \$1,052,659 for its proportion share of the net OPEB liability (NOL). The NOL was measured as of June 30, 2024, and the total OPEB liability used to calculate the NOL was determined by an actuarial valuation as of December 31, 2022 rolled forward to the measurement date. The District's proportion of the NOL was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2025, the District's proportion was 0.26061825%, which is an increase of 0.05861297% from its proportion as of June 30, 2024.

For the year ended June 30, 2025, the District recognized OPEB income of \$283,890. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Sources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 20,588
Changes in assumptions or other input	-	13,315
Net differences between projected and actual earnings on investments	29,722	-
Changes in employer proportionate share	-	123,437
Total Deferred Outflows (Inflows) of Resources	<u>\$ 29,722</u>	<u>\$ 157,340</u>
Net Deferred Outflows (Inflows) of Resources		<u>\$ (127,618)</u>

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

Year ended June 30:	2026	2027	2028	2029	Total
RHIA Expense	\$ (173,225)	\$ 26,095	\$ 16,080	\$ 3,432	\$ (127,618)

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years.

The methods and assumptions shown below are based on the 2022 Experience Study, which reviewed experience for the four-year period ended on December 31, 2022.

Actuarial Methods and Assumptions	RHIA
Valuation date	December 31, 2022
Measurement date	June 30, 2024
Experience Study	2022, published July 24, 2023
Actuarial Assumptions:	
Actuarial cost method	Entry Age Normal
Inflation rate	2.4%
Long-term expected rate of return	6.9%
Discount Rate	6.9%
Projected salary increases	3.4%
Retiree healthcare participation	Healthy retirees: 25% Disabled retirees: 15%
Healthcare cost trend rate	Not applicable

Actuarial Methods and Assumptions	RHIA
Mortality	<i>Healthy retirees and beneficiaries:</i> Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in valuation. <i>Active members:</i> Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in valuation. <i>Disabled retirees:</i> Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in valuation.

Long-term Expected Rate of Return

Oregon Revised Statute (ORS) 293.706 established the Oregon Investment Council (OIC), which consists of five voting members. ORS 293.701 defines the investment funds over which OIC has responsibility. Included are the Oregon Public Employees Retirement Fund (OPERF), which is comprised of the Defined Benefit Pension Plan, the Individual Account Program, and the Other Postemployment Benefit plans, and the Deferred Compensation Fund. For information on OPERF long-term expected rate of returns, refer to Note IV -H.7 in this report.

Discount Rate

The discount rate used to measure the TOL at June 30, 2023 was 6.9%. 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 TOL.

Sensitivity of the District’s proportionate share of the NOL to changes in the discount rate.

The following presented the District’s proportionate share of the NOL, as well as what the District’s proportionate share of the NOL would be if it were calculated using a discount rate that is one percentage point lower (5.9%) or one percentage point higher (7.9%) than the current discount rate:

	1% Decrease 5.9%	Discount Rate 6.9%	1% Increase 7.9%
District's proportionate share of system NOL/(A)	\$ (974,442)	\$ (1,052,659)	\$ (1,120,006)

OPEB plan fiduciary net position

Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued [PERS financial report](#).

3. Combined Schedules of OPEB Plans

Reconciliation of OPEB Liability, Deferred Outflows of Resources, Asset, and Deferred Inflows of Resources	SERHB	RHIA	Net OPEB
Change in OPEB liability/(asset)			
Beginning OPEB liability/(asset)	\$ 1,458,782	\$ (739,674)	\$ 719,108
OEBB expense (income) for the measurement period	(74,084)	(283,890)	(357,974)
Contributions during measurement period	(62,675)	(489)	(63,164)
Change in deferred outflow/(inflow) of resources	(99,782)	(28,606)	(128,388)
Proportion of net OPEB liability/(asset)		<u>\$ (1,052,659)</u>	
Total OPEB liability	<u>\$ 1,222,241</u>		
Net deferred outflows/(inflow) of resources			
Deferred outflows of resources	\$ 82,616	\$ 29,722	\$ 112,338
Deferred inflows of resources	<u>1,299,168</u>	<u>157,340</u>	<u>1,456,508</u>
Net deferred outflows/(inflows) of resources	<u>\$ (1,216,552)</u>	<u>\$ (127,618)</u>	<u>\$ (1,344,170)</u>

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

Year ended June 30:	SERHB	RHIA	Net OPEB
2026	\$ (277,366)	\$ (173,225)	\$ (450,591)
2027	(176,088)	26,095	(149,993)
2028	(217,394)	16,080	(201,314)
2029	(217,398)	3,432	(213,966)
2030	(150,760)	-	(150,760)
Thereafter	(177,546)	-	(177,546)
Total	<u>\$ (1,216,552)</u>	<u>\$ (127,618)</u>	<u>\$ (1,344,170)</u>

J. Short-term debt – tax anticipation note (TAN)

On June 12, 2025, the District participated in the Oregon School Boards Association Tax Anticipation Note (OESD TAN) Pool, Series 2025A, through a Certificate of Participation issued by Piper Sandler & Co. The proceeds provide operating cash flow prior to the collection of property tax revenues.

- Par Amount Issued: \$4,880,000
- Coupon Interest Rate: 4.000%
- Maturity Date: December 31, 2025
- Premium Received: \$19,862
- Total Debt Service Due at Maturity (Principal + Interest): \$4,987,902
- Interest Component of Debt Service: \$107,902

The District recorded accrued interest payable of \$9,619 as of June 30, 2025, representing 18 days of interest accrued between the issuance date and fiscal year-end. The total interest expense for the life of the TAN will be

recognized through December 31, 2025. Repayment of the TAN, including accrued interest, is due in full at maturity from property tax revenues received in the fall of 2025.

K. Long-term liabilities

Governmental Activities	Beginning Balances	Additions	Reductions	Ending Balances	Amounts Due within 1 Year
Bonds and leases					
Pension related debt					
OSBA Issue 2004	\$ 13,230,000	\$ -	\$ (3,370,000)	\$ 9,860,000	\$ 3,755,000
OSBA Issue 2022A	58,415,817	-	(1,186,324)	57,229,493	1,367,833
Total pension related debt	71,645,817	-	(4,556,324)	67,089,493	5,122,833
Right-to-use leases					
Knott Creek School	871,126	-	(871,126)	-	-
Wheatley School	2,694,513	-	(476,441)	2,218,072	506,094
Rivercrest Academy	656,572	-	(55,569)	601,003	59,288
Total right-to-use leases	4,222,211	-	(1,403,136)	2,819,075	565,382
Total bonds and leases	75,868,028	-	(5,959,460)	69,908,568	5,688,215
Compensated absences ¹					
Vacation leave	286,000	62,000	-	348,000	348,000
Sick leave	6,398,000	767,000	-	7,165,000	2,509,000
Total compensated absences ²	6,684,000	829,000	-	7,513,000	2,857,000
Total net pension liability ¹ (Note IV -H.3)	-	22,185,373	-	22,185,373	-
Total OPEB liability ¹ (Note IV -I.1)	1,458,782	-	(236,451)	1,222,241	-
Total long-term liabilities	\$ 84,010,810	\$ 23,014,373	\$ (6,195,911)	\$ 100,829,272	\$ 8,545,215

L. Pension-related debt

In Oregon, a pension obligation bond (POB) is issued as a limited tax revenue bond under Oregon Revised Statute (ORS) 287A.150. Limited tax revenue bonds may be issued by resolution of the organization's governing body without voter approval. These bonds are typically repaid from general fund revenues. Under federal tax law, POBs cannot be sold on a tax-exempt basis and therefore must be sold at a higher, taxable interest rate than what is typically available for capital project borrowings. Local-government POBs cannot be issued as general obligation bonds; rather, they must be issued as taxable, limited obligation bonds.

In February 2004 and June 2022, the District participated with a group of Oregon school districts and education service districts in issuing direct placement limited tax pension bonds. The proceeds were used to finance a portion of the estimated unfunded actuarial liability of each participating school district within the PERS. The Oregon School Boards Association (OSBA) sponsored this pooled limited tax pension bond program. The OSBA does not have a financial obligation in connection with the bonds issued under the program. Except for the

¹ The change in compensated absences, net pension, and OPEB liabilities are presented as a net change.

² Compensated absences for sick leave beginning balance as restated in accordance with GASB 101 change in accounting estimates.

payment of its pension bond payments and additional charges when due, each participating school district has no obligation or liability to any other participating school district's pension bonds or liabilities to PERS. The debt service activity is reflected as "employee benefit" expenditure in all funds with wages and as revenue for services to other funds in the Debt Service Fund. The actual debt service payments are then recorded as a debt service expenditure of the Debt Service Fund. The District anticipates the total costs of financing the District's actuarial obligation in this manner will result in a significant savings to the District when compared to paying for such costs as additional contribution rates to PERS.

The Limited Tax Pension Obligations, Series 2004 bonds, originally issued in the amount of \$33,140,000, had a remaining balance of \$9,860,000 at June 30, 2025. The interest rate for the remaining balance is 5.53%. For the year ended June 30, 2025, the District's annual debt service for the limited tax pension bonds included \$3,370,000 of principal, and \$731,354 of interest. Total debt service payments for the fiscal years 2025, 2024 and 2023 were \$4.1 million, \$3.9 million, and \$3.7 million, respectively.

The series 2004 bonds maturing in the years 2015 through 2028 are subject to optional prepayment, in whole or in part, on any date after June 30, 2010. The series 2004 bonds maturing on June 30, 2028 are subject to mandatory prepayment beginning June 30, 2023.

The Limited Tax Pension Obligations, Series 2022A bonds, originally issued in the amount of \$60,233,416, had a remaining balance of \$57,229,493 at June 30, 2025. The fixed interest rate for the bond is 4.45%. For the year ended June 30, 2025, the District's annual debt service for the limited tax pension bonds included \$1,186,324 of principal, and \$2,599,504 of interest. The series 2022A bonds maturing on June 30, 2042 are subject to optional prepayment, in whole or in part, on or after June 22, 2030.

The future principal and interest payments on direct placement long-term pension obligation bond debt are as follows:

Ending June 30,	OSBA Pension Bond 2004	OSBA Pension Bond 2022A	Total	Interest
2026	\$ 3,755,000	\$ 1,367,833	\$ 5,122,833	\$ 3,091,773
2027	4,170,000	1,561,797	5,731,797	2,823,328
2028	1,935,000	1,768,916	3,703,916	2,523,311
2029	-	1,989,932	1,989,932	2,337,627
2030	-	2,225,621	2,225,621	2,249,075
2031-2035	-	15,236,638	15,236,638	9,525,067
2036-2040	-	23,852,808	23,852,808	5,414,529
2041-2042	-	9,225,948	9,225,948	551,739
Total	<u>\$ 9,860,000</u>	<u>\$ 57,229,493</u>	<u>\$ 67,089,493</u>	<u>\$ 28,516,449</u>

M. Lease obligations

GASB Statement No. 87 *Leases* requires the recording of right-to-use-leases as intangible assets and long-term debt liabilities. There are two ongoing leases that meet this criteria. Both leases are cancellable, however the district is reasonably certain that the agreements will not be terminated early.

During the 2021-22 fiscal year, the District entered into a 7-year lease agreement as lessee for a school building to house Wheatley School, a functional living skills alternative program. An initial lease liability was recorded in the amount of \$3,761,195 during the 2021-22 fiscal year. As of June 30, 2025, the value of the lease liability was \$2,218,072. The District is required to make annual payments in quarterly installments. The annual payment increases 30% the second year, 23% the third year, and then 5% annually until the end of the term. The value of the right to use asset as of the end of the current fiscal year was \$1,880,598 and had accumulated amortization of \$1,880,597 with an interest rate of 0.95%. The District has leased the building since 2001 under multiple agreements.

On June 30, 2023, the District entered into a new 10-year agreement as lessee for a building to house Rivercrest Academy, a new instructional program for students recovering from substance abuse disorder, with a commencement date in the 2023-24 fiscal year pending completion of landlord improvements. The initial value of the right to use asset was recorded in the amount of \$845,841. After the payment of \$150,000 for a site preparation fee, an initial lease liability was recorded in the amount of \$695,841 during the 2023-24 fiscal year. The District began making monthly payments on October 1, 2023. The monthly payment increases 3% annually on August 1st until the end of the term. The value of the right to use asset at the end of the current fiscal year was \$695,310 and had an accumulated amortization of \$150,531 with an interest rate of 2.692%. This was the first time the District has leased the building.

The future principal and interest right-to-use lease payments as of June 30, 2025, were as follows:

For the Year Ending June 30,	Principal	Interest	Total
2026	\$ 565,382	\$ 33,328	\$ 598,710
2027	600,460	26,694	627,154
2028	637,327	19,648	656,975
2029	676,073	12,169	688,242
2030	75,903	8,031	83,934
2031-2034	263,930	10,944	274,874
Totals	<u>\$ 2,819,075</u>	<u>\$ 110,814</u>	<u>\$ 2,929,889</u>

Terminated lease

During the 2017-18 fiscal year, the District entered into a 10-year lease agreement as lessee for a school building to house the new Knott Creek School, an expansion of the social-emotional and behavioral health program. A lease liability was recorded in the amount of \$1,626,868 during the 2021-22 fiscal year. On April 3, 2025, the District provided the required 180-day notice to terminate the lease, with an anticipated termination date of September 30, 2025. As of June 30, 2025, the value of the right-to-use asset was \$542,289 with accumulated amortization of \$1,084,578. The lease liability of \$594,269 was derecognized as of June 30, 2025 because the arrangement no longer meets the definition of a long-term right-to-use lease under GASB Statement No. 87. The termination of the lease resulted in a gain of \$51,980, which is reported in the Statement of Activities for the year ended June 30, 2025. No further lease payments are due under this agreement after September 30, 2025.

N. Fund balance classifications

1. General Fund

The *Operating Fund* revenues are classified as Unassigned by default, unless it is clear that revenues should be assigned, or committed. In the case that there is a budgeted deficit for the following year, the portion of fund balance budgeted to be used is considered Assigned in the current year’s statement.

The *Risk Management and Reserve Fund* is committed by Board Resolution to hold a reserve for future PERS costs, risk management activities, and other costs. All remaining fund balance is considered Committed.

The *Facilities and Equipment Reserve Fund* is committed by Board Resolution to hold a reserve for facility & technology equipment maintenance, improvements, and acquisitions. Individual expenditures do not require specific Board approval, but the funds are "earmarked" for a purpose. Thus, the remaining balance is considered Committed.

2. Resolution Services Fund

The Resolution Fund is used to account for 90% of the dollars received from the State School Fund Grant and local property taxes and is required to be allocated to the component districts to purchases services approved by board resolution on the Local Service Plan or taken as transit. Thus, all balances are considered Restricted.

3. Contracted Services Fund

Per definition of a special revenue fund, all revenues are considered assigned unless restricted by an external source (grantors, legislation) or committed by the Board. This fund uses a combination of assigned and restricted funds. Restricted balances are the remaining amounts of grants, donations, or other revenues restricted for specific purposes. The remaining balance of the fund is considered Assigned by District management to support student and program services and innovation.

4. Debt Service Fund

The Debt Service Fund is used to account for the District’s long-term pension-related debt and the funds are restricted to only be used for debt service payments. Thus, the remaining balance is considered Restricted.

O. Interfund receivables and payables

The District has two interfund balances as of June 30, 2025:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Contracted Services	\$ 11,087,647

The Contracted Services balance is principally due to the timing of reimbursable expenditures for grants and contracts.

P. Property tax limitations

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

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

Q. Interfund transfers

Interfund transfers are used to fund operations in the various accounts. During the year ended June 30, 2025, the District transferred \$5,490,797 from the Resolution Services Fund to the General Fund in order to fund the District's indirect and support service functions.

R. Tax abatements

The District is subject to tax abatements (exemptions) granted by Multnomah, Washington and Clackamas counties of Oregon. Counties are allowed to grant abatements due to numerous Oregon Revised Statutes (ORS). Washington and Clackamas counties had no tax abatements affecting the District. Multnomah County has numerous abatement programs which affected District revenue. The major programs are described below.

Enterprise Zone (ORS 285C.050 to .255)

The Oregon Enterprise Zone program is a State of Oregon exemption program where qualifying commercial and industrial businesses in certain areas of the state can receive a property tax exemption on new or remodeled property, business personal property, and/or machinery and equipment. The exemption from local property taxes can be for up to three or five years in a standard zone, and up to 15 years in a rural zone.

The Enterprise Zone program allows industrial firms that will be making a substantial new capital investment a waiver of 100% of the amount of real property taxes attributable to the new investment for a 5-year period after completion. Land or existing machinery or equipment is not tax exempt; therefore, there is no loss of current property tax levies to local taxing jurisdiction.

Housing Authority Rental Properties (Housing Authority Partnership) (ORS 307.092)

Property that is owned or leased by housing authorities is considered to be public property and is exempt from all state and local taxes and special assessments. This exemption does not apply to commercial property of the

housing authority which is leased to a taxable entity. Property held in a partnership with private partners is also exempt so long as the housing authority is the general partner or manager of the property, and the property is used for housing low-income persons. Housing authorities are public corporations at the city or county level created under ORS 456.055. A housing authority can agree to make payments in lieu of tax payments for improvements, services, and facilities furnished by local governments, such as streets, lighting, water, and sewer.

Academies, Day Care, and Student Housing (ORS 307.145)

Property owned by a charitable or religious organization that is used for childcare facilities, schools, academies, or student housing is exempt from property taxation under this provision. Childcare facilities must be regulated by the Office of Child Care at the Department of Early Learning and Care unless exempted by rule. To qualify, the property must be used for educational purposes. The organization must file an application with the county assessor to claim the exemption.

City of Portland Nonprofit Low-Income Rental Housing (ORS 307.540 to 307.548)

A city or county may exempt from property tax certain property owned or being purchased by a nonprofit corporation if the property is intended for the purpose of low-income housing. The property must currently be in use as housing or may be land being held for that purpose. Qualifying nonprofit corporations must be exempt from federal income tax and upon liquidation distribute remaining assets to other tax exempt charitable organizations or the state of Oregon. The qualifying property must be located within the City of Portland.

Multi-Unit Rental Housing in Designated Areas (Transit Oriented Development), Portland (ORS 307.600 to 307.637)

Cities and counties may grant a property tax exemption for multiple unit rental housing (excluding land) in areas designated as core areas, light rail station areas and transit oriented areas for up to 10 successive years. Housing that can qualify for this exemption includes newly constructed housing and property converted to housing use.

The following schedule represents the District's portion of tax abatements granted by Multnomah County for 2024-25.

Statutory Reference	Exemption Code	Exemption Program	Tax Abatement Estimate
ORS 285C.050-.255	45, 46	Enterprise Zone	\$ 282,463
ORS 307.092	50	Housing Authority Partnership	72,500
ORS 307.145	30	Academies, Day Care, and Student Housing	335,214
ORS 307.540-.548	44	City of Portland Nonprofit Low-Income Rental Housing	432,413
ORS 307.600-.637	55, 55IH, 55IHP, 55IP	Transit Oriented Development, Portland	180,625
		Grand Total	<u>\$ 1,303,215</u>

S. Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by these agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the district. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time, although district management expects such amounts, if any, to be immaterial.

T. Subsequent Events and Going Concern

Management has evaluated subsequent events through December 31, 2025, which is the date the financial statements were available to be issued. No events were identified that require adjustment of, or disclosure in, the financial statements.

Management is not aware of any conditions that raise substantial doubt about the District's ability to continue as a going concern for a period of one year from the issuance of these financial statements.

Required Supplementary Information

Multnomah Education Service District
Schedule of Revenues, Expenditures, Other Financing Sources (Uses),
and Changes in Fund Balance – Budget and Actual
Operating Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance to Final Budget Positive (Negative)
Revenues				
Local sources	\$ -	\$ 50,000	\$ -	\$ (50,000)
State sources	-	-	500	500
Investment earnings	845,000	905,000	1,003,846	98,846
Other revenues	327,940	317,940	362,774	44,834
Overhead revenues	1,190,000	1,215,000	1,463,389	248,389
Total revenues	<u>2,362,940</u>	<u>2,487,940</u>	<u>2,830,509</u>	<u>342,569</u>
Expenditures¹				
Current				
Support services	6,639,399	6,997,236	6,984,961	12,275
Debt service	853,478	859,526	853,478	6,048
Contingencies	595,676	472,015	-	472,015
Total expenditures	<u>8,088,553</u>	<u>8,328,777</u>	<u>7,838,439</u>	<u>490,338</u>
Excess of revenues over (under) expenditures	<u>(5,725,613)</u>	<u>(5,840,837)</u>	<u>(5,007,930)</u>	<u>832,907</u>
Other financing sources (uses)				
Transfers in	5,196,113	5,254,436	5,240,797	(13,639)
Transfers out	<u>(470,500)</u>	<u>(970,500)</u>	<u>(970,500)</u>	<u>-</u>
Total other financing sources (uses)	<u>4,725,613</u>	<u>4,283,936</u>	<u>4,270,297</u>	<u>(13,639)</u>
Net change in fund balance	<u>(1,000,000)</u>	<u>(1,556,901)</u>	<u>(737,633)</u>	<u>819,268</u>
Beginning fund balances	<u>4,700,000</u>	<u>5,256,901</u>	<u>5,295,634</u>	<u>38,733</u>
Ending fund balances	<u>\$ 3,700,000</u>	<u>\$ 3,700,000</u>	<u>\$ 4,558,001</u>	<u>\$ 858,001</u>
Reconciliation to financial statement – General Fund Ending Fund Balance			Actual	
Operating Fund			\$ 4,558,001	
Risk Management Reserve Fund			2,158,257	
Facilities and Equipment Reserve Fund			2,408,716	
Total General Fund			<u>\$ 9,124,974</u>	

See the notes to the required supplementary information

¹ Amounts shown at appropriation level.

Multnomah Education Service District
Schedule of Revenues, Expenditures, Other Financing Sources (Uses),
and Changes in Fund Balance – Budget and Actual
Resolution Services Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance to Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 43,899,000	\$ 44,400,000	\$ 44,265,932	\$ (134,068)
State School Fund	8,062,133	8,144,363	8,144,363	-
Local sources	19,614	19,614	13,677	(5,937)
State sources	55,123	55,123	62,134	7,011
Federal sources	62,939	62,939	91,393	28,454
Other revenues	106,741	80,983	36,043	(44,940)
Total revenues	<u>52,205,550</u>	<u>52,763,022</u>	<u>52,613,542</u>	<u>(149,480)</u>
Expenditures¹				
Current				
Instruction	12,802,141	12,871,008	11,664,414	1,206,594
Support services	30,056,878	29,639,678	29,048,027	591,651
Enterprise & community services	146,370	154,120	137,185	16,935
Apportionment of funds	9,937,650	10,637,648	10,637,648	-
Contingencies	2,316,398	3,822,310	-	3,822,310
Total expenditures	<u>55,259,437</u>	<u>57,124,764</u>	<u>51,487,274</u>	<u>5,637,490</u>
Excess of revenues over (under) expenditures	<u>(3,053,887)</u>	<u>(4,361,742)</u>	<u>1,126,268</u>	<u>5,488,010</u>
Other financing sources (uses)				
Transfers out	(5,446,113)	(5,504,436)	(5,490,797)	13,639
Total other financing sources (uses)	<u>(5,446,113)</u>	<u>(5,504,436)</u>	<u>(5,490,797)</u>	<u>13,639</u>
Net change in fund balance	<u>(8,500,000)</u>	<u>(9,866,178)</u>	<u>(4,364,529)</u>	<u>5,501,649</u>
Beginning fund balances	<u>8,500,000</u>	<u>9,866,178</u>	<u>9,866,178</u>	<u>-</u>
Ending fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,501,649</u>	<u>\$ 5,501,649</u>

¹ Amounts shown at appropriation level.

Multnomah Education Service District
Schedule of Revenues, Expenditures, Other Financing Sources (Uses),
and Changes in Fund Balance – Budget and Actual
Contracted Services Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance to Final Budget Positive (Negative)
Revenues				
Local sources	\$ 17,139,489	\$ 19,055,157	\$ 18,611,270	\$ (443,887)
State sources	22,203,307	24,634,507	23,832,847	(801,660)
Federal sources	3,363,843	4,707,631	3,634,407	(1,073,224)
Sales of goods & services	-	3,582	11,844	8,262
Other revenues	581,788	1,144,895	1,310,383	165,488
Total revenues	<u>43,288,427</u>	<u>49,545,772</u>	<u>47,400,751</u>	<u>(2,145,021)</u>
Expenditures¹				
Current				
Instruction	18,990,267	21,922,554	21,249,350	673,204
Support services	22,881,736	25,564,175	24,094,639	1,469,536
Enterprise & community services	1,584,393	1,611,580	1,286,719	324,861
Contingencies	32,031	2,184,591	-	2,184,591
Total expenditures	<u>43,488,427</u>	<u>51,282,900</u>	<u>46,630,708</u>	<u>4,652,192</u>
Excess of revenues over (under) expenditures	<u>(200,000)</u>	<u>(1,737,128)</u>	<u>770,043</u>	<u>2,507,171</u>
Net change in fund balance	<u>(200,000)</u>	<u>(1,737,128)</u>	<u>770,043</u>	<u>2,507,171</u>
Beginning fund balances	200,000	1,737,128	1,737,128	-
Ending fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,507,171</u>	<u>\$ 2,507,171</u>

¹ Amounts shown at appropriation level.

Multnomah Education Service District
Schedule of Changes in SERHB OPEB Liability and Related Ratios
Subsidized Early Retirement Health Benefits
Last 10 Fiscal Years¹

Fiscal Year	Beginning total OPEB liability	Service costs	Interest	Differences between expected and actual experience	Changes in assumptions or other input	Benefit payments	Ending total OPEB liability	Covered-employee payroll	Total OPEB liability as a percentage of covered-employee payroll
2025	\$ 1,458,782	\$ 140,562	\$ 62,720	\$ (60,008)	\$ (317,140)	\$ (62,675)	\$ 1,222,241	\$ 44,317,082	2.76%
2024	1,351,861	141,331	54,906	-	(31,253)	(58,063)	1,458,782	39,347,428	3.71
2023	1,792,991	215,031	69,600	(317,651)	(369,230)	(38,880)	1,351,861	36,443,629	3.71
2022	1,824,974	208,767	44,957	-	(214,407)	(71,300)	1,792,991	33,123,016	5.41
2021	2,188,390	227,484	53,850	(389,515)	(210,195)	(45,040)	1,824,974	30,633,414	5.96
2020	1,694,164	165,141	72,887	-	330,476	(74,278)	2,188,390	27,962,247	8.13
2019	2,341,060	147,205	85,869	(387,116)	(423,140)	(69,714)	1,694,164	25,383,864	10.01
2018	2,297,176	142,917	79,773	-	-	(178,806)	2,341,060	22,966,737	10.48

Notes to Schedule

- A. The District does not hold assets in a trust that meets the criteria of GASB Statement 77, paragraph 4, to pay related benefits.

¹ 10-year trend information required by GASB Statement 75 will be presented as it becomes available.

Multnomah Education Service District
Schedule of the District's Proportionate Share of the Net OPEB Asset and Liability
Oregon Public Employees Retirement System OPEB Plan
Last 10 Fiscal Years¹

Fiscal Year ²	Proportion of the net OPEB liability (asset)	Proportionate share of the net OPEB liability (asset)	Covered payroll	Proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2025	0.26061825%	\$ (1,052,659)	\$ 39,347,428	(2.68)%	220.60%
2024	0.20200528	(739,674)	36,443,629	(2.03)	201.60
2023	0.16572335	(588,873)	33,123,016	(1.78)	194.66
2022	0.14388854	(494,114)	30,633,414	(1.61)	183.86
2021	0.35918183	(731,870)	27,962,247	(2.62)	150.07
2020	0.22733376	(439,291)	25,383,864	(1.73)	144.36
2019	0.21725176	(242,512)	22,966,737	(1.09)	123.99
2018	0.20417249	(85,210)	21,174,389	(0.40)	108.88
2017	0.20010172	53,340	19,403,174	0.28	94.15

¹ 10-year trend information required by GASB Statement 75 will be presented as it becomes available.

² Measurement date is one year in arrears.

Multnomah Education Service District
Schedule of the District's Contributions
Oregon Public Employees Retirement System OPEB Plan
Last 10 Fiscal Years

Fiscal Year	Contractually required contributions	Contribution in relation to the contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2025	\$ -	\$ -	\$ -	\$ 44,317,082	0.00%
2024	568	(568)	-	39,347,428	0.00
2023	3,981	(3,981)	-	36,443,629	0.01
2022	4,085	(4,085)	-	33,123,016	0.01
2021	3,850	(3,850)	-	30,633,414	0.01
2020	25,650	(25,650)	-	27,962,247	0.09
2019	112,671	(112,671)	-	25,383,864	0.44
2018	105,194	(105,194)	-	22,966,737	0.46
2017	100,678	(100,678)	-	21,174,389	0.48
2016	93,988	(93,988)	-	19,403,174	0.48

Multnomah Education Service District
Schedule of the District's Proportionate Share of the Net Pension Liability
Oregon Public Employees Retirement System
Last 10 Fiscal Years

Fiscal Year ¹	Proportion of the net pension liability	Proportionate share of the net pension liability	Covered payroll	Proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2025	0.09981163%	\$ 22,185,373	\$ 39,347,428	56.38%	79.29%
2024	0.00000000	-	36,443,629	0.00	81.68
2023	0.07754410	11,873,558	33,123,016	35.85	84.55
2022	0.20765317	24,848,775	30,633,414	81.12	87.57
2021	0.19398985	42,335,258	27,962,247	151.40	75.79
2020	0.15893506	27,491,959	25,383,864	108.30	80.23
2019	0.17013957	25,773,904	22,966,737	115.36	82.07
2018	0.14250332	19,209,501	21,174,389	90.72	83.12
2017	0.13028804	19,559,260	19,403,174	100.80	80.53
2016	0.13043388	7,488,811	17,802,343	42.61	91.88

¹ Measurement date is one year in arrears.

**Multnomah Education Service District
Schedule of the District's Contributions
Oregon Public Employees Retirement System
Last 10 Fiscal Years**

Fiscal Year	Contractually required contributions	Contribution in relation to the contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2025	\$ 386,813	\$ (386,813)	\$ -	\$ 44,317,082	0.87%
2024	-	-	-	39,347,428	0.00
2023	599,140	(599,140)	-	36,443,629	1.64
2022	3,620,551	(63,631,953)	(60,011,402)	33,123,016	192.11
2021	3,206,776	(3,206,776)	-	30,633,414	10.47
2020	2,651,739	(2,651,739)	-	27,962,247	9.86
2019	1,278,227	(1,278,227)	-	25,383,864	5.04
2018	1,081,917	(1,081,917)	-	22,966,737	4.84
2017	489,713	(489,713)	-	21,174,389	2.31
2016	801,756	(801,756)	-	19,403,174	4.13

Multnomah Education Service District
Notes to the Required Supplementary Information
For the Year Ended June 30, 2025

NOTE I – BUDGETARY INFORMATION

A. Budgetary Basis of Accounting

The budgetary basis of accounting for all funds is modified accrual, which is the same as that required by accounting principles generally accepted in the United States of America. Unless otherwise noted, a reconciliation of budgetary to generally accepted accounting principles activity is not required.

B. General Fund Budgetary Schedule

The District budgets the Operating Fund, which is considered the main portion of the General Fund. For GAAP purposes the General Fund is considered as a consolidation of the Operating Fund, the Risk Management and Reserve, and the Facilities and Equipment Reserve Funds. Combining Schedules for these funds are shown on pages 90 and 91.

NOTE II - SIGNIFICANT FACTORS AFFECTING PERS AS OF JUNE 30, 2025

A. Valuation

The December 31, 2022 Actuarial Valuation is used to develop the GASB 67 and GASB 68 financial reporting results for the Tier 1/Tier 2 and OPSRP liabilities as of June 30, 2024. The formal December 31, 2022 Actuarial Valuation report should be referenced for full detail on the data and assumptions used, actuarial methods applied, provisions valued, and other important information regarding the use, applicability, and limitations of actuarial valuation results. Additional information on the actuarial assumptions is included in the 2022 Experience Study report, published July 24, 2023. There were no differences between the assumptions and plan provisions used for June 30, 2024 Measurement Date calculations compared to those shown in the aforementioned reports.

B. Changes Subsequent to 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 occur 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.

MESD is not aware of any changes subsequent to the June 30, 2024 Measurement Date that meet this requirement and thus would require a brief description under the GASB standard.

Other Supplementary Information

Multnomah Education Service District
Schedule of Revenues, Expenditures, Other Financing Sources (Uses),
and Changes in Fund Balance – Budget and Actual
Debt Service Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance to Final Budget Positive (Negative)
Revenues				
Investment earnings	\$ 100,000	\$ 105,000	\$ 107,403	\$ 2,403
Services to other funds	7,787,182	9,010,306	9,370,393	360,087
Total revenues	7,887,182	9,115,306	9,477,796	362,490
Expenditures¹				
Current				
Debt service	7,887,182	7,887,183	7,887,182	1
Total expenditures	7,887,182	7,887,183	7,887,182	1
Excess of revenues over (under) expenditures	-	1,228,123	1,590,614	362,491
Net change in fund balance	-	1,228,123	1,590,614	362,491
Beginning fund balances (deficits)	1,700,000	1,771,877	1,772,337	460
Ending fund balances	<u>\$ 1,700,000</u>	<u>\$ 3,000,000</u>	<u>\$ 3,362,951</u>	<u>\$ 362,951</u>

¹ Amounts shown at appropriation level.

Multnomah Education Service District
Combining Balance Sheet
General Fund
June 30, 2025

	Operating Fund	Risk Management & Reserve Fund	Facilities & Equipment Reserve Fund	Total General Fund
Assets				
Cash and cash equivalents	\$ -	\$ 4,483,198	\$ 2,424,653	\$ 6,907,851
Accounts receivable	421,148	-	-	421,148
Loan receivable	-	2,000,000	-	2,000,000
Due from other funds	10,378,598	709,049	-	11,087,647
Prepaid items and deposits	14,771	-	-	14,771
Total assets	<u>\$ 10,814,517</u>	<u>\$ 7,192,247</u>	<u>\$ 2,424,653</u>	<u>\$ 20,431,417</u>
Liabilities				
Accounts payable	\$ 592,293	\$ 134,128	\$ 15,937	\$ 742,358
Accrued payroll & withholdings	5,664,223	-	-	5,664,223
Tax anticipation note payable	-	4,899,862	-	4,899,862
Total liabilities	<u>6,256,516</u>	<u>5,033,990</u>	<u>15,937</u>	<u>11,306,443</u>
Fund Balances				
Nonspendable				
Prepaid items and deposits	14,771	-	-	14,771
Long-term receivable	-	2,000,000	-	2,000,000
Committed				
Risk aversion	-	158,257	-	158,257
Facilities and equipment	-	-	2,408,716	2,408,716
Assigned				
Next year budget use	356,000	-	-	356,000
Unassigned	4,187,230	-	-	4,187,230
Total fund balances	<u>4,558,001</u>	<u>2,158,257</u>	<u>2,408,716</u>	<u>9,124,974</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 10,814,517</u>	<u>\$ 7,192,247</u>	<u>\$ 2,424,653</u>	<u>\$ 20,431,417</u>

Multnomah Education Service District
Combining Schedule of Revenues, Expenditures, Other Financing Sources (Uses),
and Changes in Fund Balance
General Fund
For the Year Ended June 30, 2025

	Operating Fund	Risk Management & Reserve Fund	Facilities & Equipment Reserve Fund	Eliminations ¹	Total General Fund
Revenues					
Other state sources	\$ 500	\$ -	\$ -	\$ -	\$ 500
Investment earnings	1,003,846	19,167	-	-	1,023,013
Other revenues	362,774	29,187	26,316	-	418,277
Service to other funds	-	1,481,072	-	-	1,481,072
Overhead revenues	1,463,389	-	-	-	1,463,389
Total revenues	2,830,509	1,529,426	26,316	-	4,386,251
Expenditures²					
Current					
Support services	6,984,961	1,465,989	340,643	-	8,791,593
Debt Service	853,478	91,480	-	-	944,958
Total expenditures	7,838,439	1,557,469	340,643	-	9,736,551
Excess of revenues over (under) expenditures	(5,007,930)	(28,043)	(314,327)	-	(5,350,300)
Other financing sources (uses)					
Transfers in	5,240,797	90,000	1,130,500	(970,500)	5,490,797
Transfers out	(970,500)	-	-	970,500	-
Total other financing sources (uses)	4,270,297	90,000	1,130,500	-	5,490,797
Net change in fund balance	(737,633)	61,957	816,173	-	140,497
Beginning fund balances	5,295,634	2,096,300	1,592,543	-	8,984,477
Ending fund balances	\$ 4,558,001	\$ 2,158,257	\$ 2,408,716	\$ -	\$ 9,124,974

¹ Transfers within the General Fund have been excluded.

² Amounts shown at appropriation level.

Multnomah Education Service District
Schedule of Revenues, Expenditures, Other Financing Sources (Uses),
and Changes in Fund Balance – Budget and Actual
Risk Management and Reserve Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance to Final Budget Positive (Negative)
Revenues				
Investment earnings	\$ -	\$ -	\$ 19,167	\$ 19,167
Other revenues	10,000	10,450	29,187	18,737
Services to other funds	1,353,816	1,326,202	1,481,072	154,870
Total revenues	1,363,816	1,336,652	1,529,426	192,774
Expenditures¹				
Current				
Support services	1,693,238	1,716,089	1,465,989	250,100
Emergency aid loan	-	2,000,000	-	2,000,000
Debt service	-	91,480	91,480	-
Contingencies	600,578	135,245	-	135,245
Total expenditures	2,293,816	3,942,814	1,557,469	2,385,345
Excess of revenues over (under) expenditures	(930,000)	(2,606,162)	(28,043)	2,578,119
Other financing sources (uses)				
Bond proceeds	-	4,899,862	-	(4,899,862)
Transfers in	90,000	90,000	90,000	-
Total other financing sources (uses)	90,000	4,989,862	90,000	(4,899,862)
Net change in fund balance	(840,000)	2,383,700	61,957	(2,321,743)
Beginning fund balances	1,800,000	2,096,300	2,096,300	-
Ending fund balances	<u>\$ 960,000</u>	<u>\$ 4,480,000</u>	<u>\$ 2,158,257</u>	<u>\$ (2,321,743)</u>

¹ Amounts shown at appropriation level.

Multnomah Education Service District
Schedule of Revenues, Expenditures, Other Financing Sources (Uses),
and Changes in Fund Balance – Budget and Actual
Facilities and Equipment Reserve Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance to Final Budget Positive (Negative)
Revenues				
Local sources	\$ 25,000	\$ 25,000	\$ -	\$ (25,000)
Other revenues	-	-	26,316	26,316
Total revenues	25,000	25,000	26,316	1,316
Expenditures¹				
Current				
Support services	724,000	1,523,262	340,643	1,182,619
Facilities acquisition/construction	5,000	5,000	-	5,000
Contingencies	757,800	856,481	-	856,481
Total expenditures	1,486,800	2,384,743	340,643	2,044,100
Excess of revenues over (under) expenditures	(1,461,800)	(2,359,743)	(314,327)	2,045,416
Other financing sources (uses)				
Transfers in	630,500	1,130,500	1,130,500	-
Total other financing sources (uses)	630,500	1,130,500	1,130,500	-
Net change in fund balance	(831,300)	(1,229,243)	816,173	2,045,416
Beginning fund balances	1,194,600	1,592,543	1,592,543	-
Ending fund balances	\$ 363,300	\$ 363,300	\$ 2,408,716	\$ 2,045,416

¹ Amounts shown at appropriation level.

STATISTICAL SECTION

Multnomah Education Service District

Statistical Section
Table of Contents

This part of the Multnomah ESD’s Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required and other supplementary information says about the ESD’s overall financial health.

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Financial Trends	96
These schedules contain trend information to help the reader understand how the MESD’s financial performance and well-being have changed over time	
Revenue Capacity	100
These schedules contain information to help the reader assess the MESD’s most significant local revenue source, the property tax.	
Debt Capacity	104
These schedules present information to help the reader assess the affordability of the MESD’s current levels of outstanding debt and the MESD’s ability to issue additional debt in the future.	
Demographic and Economic Information	106
These schedules offer demographic and economic indicators to help the reader understand the environment within which the MESD’s financial activities take place.	
Operating Information	109
These schedules contain services and infrastructure data to help the reader understand how the information in the MESD’s financial report relates to the services it provides and the activities it performs.	

Multnomah Education Service District
Statement of Net Position
Last 10 Years

	2016	2017 as restated	2018	2019	2020	2021	2022	2023 as restated	2024 as restated	2025
Assets										
Cash and cash equivalents	\$ 6,336,374	\$ 4,439,028	\$ 7,417,545	\$ 7,757,754	\$ 12,416,021	\$ 14,081,725	\$ 11,008,737	\$ 14,431,375	\$ 10,643,729	\$ 21,979,392
Property taxes receivable	2,086,019	2,211,265	1,609,460	1,185,272	1,217,256	1,090,457	1,022,802	1,156,065	1,370,013	1,424,808
Accounts receivable	8,556,654	11,303,077	8,497,360	12,450,201	10,658,498	12,995,557	13,991,660	17,322,603	18,562,852	16,356,313
Loan receivable	-	-	-	-	-	-	-	-	-	2,000,000
Prepaid items and deposits	1,062	1,062	3,062	471,839	446,148	497,817	17,741	13,311	423,706	22,685
Net OPEB asset	-	-	85,210	242,512	439,291	731,870	494,114	588,873	739,674	1,052,659
Right-to-use leases, net of amortization	-	-	-	-	-	-	4,817,379	3,905,475	3,945,508	2,575,908
Capital assets, net of depreciation	8,493,062	8,304,254	8,196,742	8,345,190	7,928,546	7,598,055	7,737,451	8,137,224	8,101,112	7,419,260
Total assets	25,473,171	26,258,686	25,809,379	30,452,768	33,105,760	36,995,481	39,089,884	45,554,926	43,786,594	52,831,025
Deferred outflows of resources										
OPEB related	-	-	806	113,178	315,024	333,096	484,359	282,537	126,592	112,338
Pension related	1,816,224	9,644,281	6,870,759	11,260,603	10,135,643	17,886,929	77,961,926	56,046,336	41,253,303	46,837,411
Total deferred outflows of resources	1,816,224	9,644,281	6,871,565	11,373,781	10,450,667	18,,220,025	78,446,285	56,328,873	41,379,895	46,949,749
Liabilities										
Accounts payable	1,319,153	3,576,346	815,287	1,389,748	2,618,564	4,614,084	1,863,816	6,856,023	2,272,593	9,465,922
Accrued payroll & withholdings	2,865,051	3,175,770	3,558,510	4,031,817	4,360,866	4,633,251	4,749,120	4,885,040	5,259,754	5,664,223
Non-current liabilities										
Tax anticipation note payable	-	-	-	-	-	-	-	-	-	4,909,481
Debt service due within one year	1,670,000	1,375,000	1,595,000	1,835,000	2,095,000	2,375,000	4,262,910	4,743,902	5,365,191	5,688,215
Compensated absences due w/in 1 yr	147,778	135,523	136,080	159,132	186,019	226,196	217,688	1,454,000	2,528,000	2,857,000
Debt service due > 1 year	28,200,000	26,825,000	25,230,000	23,395,000	21,300,000	18,925,000	79,955,358	75,211,456	70,502,837	64,220,353
Compensated absences due > 1 year	-	-	-	-	-	-	-	2,202,000	4,156,000	4,656,000
Other post-employment benefits	1,245,062	-	-	-	-	-	-	-	-	-
Net OPEB liability	-	54,340	-	-	-	-	-	-	-	-
Total OPEB liability due > 1 year	-	2,297,176	2,341,060	1,694,164	2,188,390	1,824,974	1,792,991	1,351,861	1,458,782	1,222,241
Net Pension Liability Due > 1 Year	7,488,811	19,559,260	19,209,501	25,773,904	27,491,959	42,335,258	24,848,775	11,873,558	-	22,185,373
Total liabilities	42,935,855	56,998,415	52,885,438	58,278,765	60,240,798	74,933,763	117,690,658	108,577,840	91,543,157	120,868,808
Deferred inflows of resources										
OPEB related	-	-	39,464	777,815	699,870	1,290,802	1,264,624	1,594,732	1,341,806	1,456,508
Pension related	5,466,050	3,366,717	3,144,106	4,148,348	4,641,712	4,109,067	22,139,239	22,301,364	24,458,436	19,603,551
Total deferred inflows of resources	5,466,050	3,366,717	3,183,570	4,926,163	5,341,582	5,399,869	23,403,863	23,896,096	25,800,242	21,060,059
Net position										
Net investment in capital assets	7,993,062	8,304,254	8,196,742	8,345,190	7,928,546	7,598,055	7,494,978	7,764,758	7,824,409	7,176,093
Restricted	3,426,471	3,281,560	5,647,345	8,449,159	8,839,506	10,733,958	11,011,289	13,083,565	12,425,406	8,538,556
Unrestricted	(32,532,043)	(36,047,979)	(37,232,151)	(38,172,728)	(38,794,005)	(43,450,138)	(42,064,619)	(51,438,460)	(52,426,725)	(57,862,742)
Total net position	<u>\$(21,112,510)</u>	<u>\$(24,462,165)</u>	<u>\$(23,388,064)</u>	<u>\$(21,378,379)</u>	<u>\$(22,025,953)</u>	<u>\$(25,118,125)</u>	<u>\$(23,558,352)</u>	<u>\$(30,590,137)</u>	<u>\$(32,176,910)</u>	<u>\$(42,148,093)</u>

Multnomah Education Service District
Changes in Net Position
Last 10 Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues										
Program revenues										
Charges for services										
Instructional services	\$ 3,073,301	\$ 3,021,135	\$ 5,981,662	\$ 7,705,601	\$ 10,657,472	\$ 9,830,433	\$ 6,238,283	\$ 4,757,095	\$ 6,299,263	\$ 7,714,501
Support services	5,579,700	5,618,428	5,421,202	6,612,382	6,294,295	3,436,691	9,240,668	9,789,479	10,030,226	11,034,514
Enterprise & community services	241,335	542,250	251,149	182,222	69,988	-	-	-	-	53,284
Operating grants & contributions										
Instructional services	4,983,536	6,331,282	6,944,131	7,476,663	6,355,038	9,159,990	7,692,399	10,627,920	11,282,061	13,213,051
Support services	1,717,438	2,227,010	2,334,967	3,024,315	3,693,263	6,519,961	9,220,146	14,186,525	14,303,885	14,182,262
Enterprise & community services	4,472,870	2,278,818	372,126	556,830	579,732	7,202	654,197	1,224,212	1,386,221	1,319,451
Facilities repairs & maintenance	1,000	-	2,216	323,220	-	-	-	-	-	-
General revenues										
Property taxes – general	29,800,797	30,967,342	31,584,011	33,885,897	34,762,352	36,432,400	38,295,778	40,025,215	42,869,131	44,321,015
State School Fund – general	8,594,610	8,028,445	9,493,746	8,993,013	9,504,952	10,065,829	8,485,956	8,201,992	8,088,170	8,144,363
Earnings on investments	82,524	140,582	221,230	385,778	385,234	177,819	156,955	705,224	1,123,473	1,130,416
Miscellaneous	923,217	407,205	385,042	450,608	797,781	289,281	576,439	415,261	491,503	641,061
Total revenues	59,470,328	59,562,497	62,991,482	69,596,529	73,100,107	75,919,606	80,560,821	89,932,923	95,873,933	101,753,918
Expenses										
Instructional services	14,303,404	15,463,643	16,966,332	20,262,351	21,835,972	22,967,726	21,208,090	25,776,216	25,969,649	32,565,472
Support services	28,690,506	27,070,464	28,623,926	32,418,485	35,605,418	41,479,654	42,975,167	53,672,248	55,021,669	62,531,221
Enterprise & community services	5,074,232	3,031,475	971,495	1,141,953	648,895	126,830	653,162	1,293,080	1,474,353	1,409,436
Facilities repairs & maintenance	-	-	3,908	1,358	-	-	-	-	-	-
Apportionment of funds	14,322,082	14,429,052	13,540,000	12,016,370	13,989,719	12,868,000	11,529,200	7,787,716	7,677,948	10,637,648
Bond issuance costs	-	-	-	-	-	-	222,014	-	-	91,480
Unallocated depreciation	268,615	265,352	266,696	273,591	279,798	279,798	1,191,702	1,191,702	1,084,580	1,104,756
Interest on long-term debt	1,692,997	1,624,520	1,545,024	1,472,786	1,387,829	1,289,770	1,221,713	3,826,294	3,590,507	3,385,088
Total expenses	64,351,836	61,884,506	61,917,381	67,586,894	73,747,631	79,011,778	79,001,048	93,547,256	94,818,706	111,725,101
Total net (expense) revenue	(4,881,508)	(2,322,009)	1,074,101	2,009,635	(647,524)	(3,092,172)	1,559,773	(3,614,333)	1,055,227	(9,971,183)
Net position, beginning	(16,231,002)	(21,112,510)	(24,462,165) ¹	(23,388,064)	(21,378,429)	(22,025,953)	(25,118,125)	(23,558,352)	(30,590,137) ²	(32,176,910) ³
Net position, ending	\$(21,112,510)	\$(23,434,519)	\$(23,388,064)	\$(21,378,429)	\$(22,025,953)	\$(25,118,125)	\$(23,558,352)	\$(27,172,685)	\$(29,534,910)	\$(42,148,093)

¹ The restated beginning net position in the 2017-2018 fiscal year reflects the change in the District's net OPEB liability as of June 30, 2017 in accordance with GASB 75.

² The restated beginning net position in the 2023-2024 fiscal year reflects the change in the District's compensated absences liability as of June 30, 2023 in accordance with GASB 101.

³ The restated beginning net position in the 2024-2025 fiscal year reflects the change in the District's compensated absences assumptions as of June 30, 2024.

Multnomah Education Service District
Fund Balances of Governmental Funds
Last 10 Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General fund										
Nonspendable	\$ 1,062	\$ 1,062	\$ 3,062	\$ 286,839	\$ 261,148	\$ 312,817	\$ 17,241	\$ 13,061	\$ 423,706	\$ 2,014,771
Committed	1,645,219	1,575,471	2,018,897	1,982,981	1,952,982	3,058,463	3,748,879	3,151,147	3,283,123	2,566,973
Assigned	-	-	-	450,000	620,000	970,000	415,000	500,000	1,000,000	356,000
Unassigned	3,049,638	3,076,539	3,186,326	3,275,214	3,543,248	3,245,940	3,620,907	3,982,888	4,277,648	4,187,230
Total general fund	<u>\$ 4,695,919</u>	<u>\$ 4,653,072</u>	<u>\$ 5,208,285</u>	<u>\$ 5,995,034</u>	<u>\$ 6,377,378</u>	<u>\$ 7,587,220</u>	<u>\$ 7,802,027</u>	<u>\$ 7,647,096</u>	<u>\$ 8,984,477</u>	<u>\$ 9,124,974</u>
Special revenue funds										
Nonspendable	\$ -	\$ -	\$ -	\$ 185,000	\$ 185,000	\$ 185,000	\$ 500	\$ 250	\$ -	\$ 7,914
Restricted	3,417,852	3,200,288	5,582,864	8,199,234	8,400,215	9,241,936	9,794,510	11,644,831	10,688,682	6,439,273
Assigned	2,887,293	1,330,219	1,010,914	1,150,085	1,948,304	1,550,126	816,128	28,995	914,624	1,561,633
Total special revenue funds	<u>\$ 6,305,145</u>	<u>\$ 4,530,507</u>	<u>\$ 6,593,778</u>	<u>\$ 9,534,319</u>	<u>\$10,533,519</u>	<u>\$10,977,062</u>	<u>\$10,611,138</u>	<u>\$11,674,076</u>	<u>\$11,603,306</u>	<u>\$ 8,008,820</u>
All other governmental funds										
Restricted	\$ 8,619	\$ 81,272	\$ 64,481	\$ 7,413	\$ -	\$ 9,326	\$ 211,878	\$ 916,829	\$ 1,772,337	\$ 3,362,951
Unassigned	-	-	-	-	(50,499)	-	-	-	-	-
Total all other governmental funds	<u>\$ 8,619</u>	<u>\$ 81,272</u>	<u>\$ 64,481</u>	<u>\$ 7,413</u>	<u>\$ (50,499)</u>	<u>\$ 9,326</u>	<u>\$ 211,878</u>	<u>\$ 916,829</u>	<u>\$ 1,772,337</u>	<u>\$ 3,362,951</u>

Multnomah Education Service District
Statement of Revenues, Expenditures, Other Financing Sources (Uses),
and Changes in Fund Balance
Governmental Funds
Last 10 Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues										
Property taxes	\$29,673,252	\$30,858,755	\$32,234,389	\$34,266,248	\$34,770,992	\$36,485,882	\$38,337,430	\$39,883,886	\$42,705,588	\$44,265,932
State School Fund	8,594,610	8,028,445	9,493,746	8,993,013	9,504,952	10,065,829	8,485,956	8,201,992	8,088,170	8,144,363
Local sources	7,235,200	8,050,999	10,474,445	13,626,210	17,189,704	13,133,605	15,372,512	14,260,962	16,087,800	18,624,947
State sources	8,864,457	8,886,988	7,973,594	9,575,246	9,049,543	13,250,381	12,605,161	20,432,184	19,726,540	23,895,481
Federal sources	2,335,938	2,090,988	2,338,604	2,011,068	1,397,196	2,232,975	4,113,276	5,341,451	6,689,760	3,725,800
Investment earnings	82,524	140,582	221,230	385,778	385,234	177,819	156,955	705,224	1,123,473	1,130,416
Sales of goods & services	6,149	1,116	2,085	1,337	13	46	24,467	4,115	4,407	11,844
Other revenues	4,974,520	4,936,066	4,600,786	4,948,069	4,821,067	5,024,931	6,326,794	9,893,104	10,795,291	12,616,168
Overhead revenues	1,152,251	897,565	651,127	713,313	666,110	875,092	987,142	1,274,717	1,426,416	1,463,389
Total revenues	62,918,901	63,891,504	67,990,006	74,520,282	77,784,812	81,246,560	86,409,693	99,997,635	106,647,445	113,878,340
Expenditures										
Instruction	13,587,713	16,546,796	18,053,235	21,141,695	22,594,151	22,692,017	23,276,091	26,550,599	28,233,771	32,913,764
Support services	26,571,402	28,149,481	29,765,325	33,138,842	35,999,082	40,461,733	46,631,347	54,654,650	58,748,602	61,934,259
Enterprise & community	5,365,144	3,216,487	984,888	1,152,753	655,399	126,830	655,476	1,302,508	1,491,327	1,423,904
Facilities repairs & maintenance	36,782	-	124,841	332,614	-	-	3,761,195	-	695,841	-
Apportionment of funds	14,322,082	14,429,052	13,540,000	12,016,370	13,989,719	12,868,000	11,529,200	7,787,716	7,677,948	10,637,648
Debt service										
Principal	1,485,000	1,670,000	1,375,000	1,595,000	1,835,000	2,095,000	3,044,430	4,262,910	4,783,171	5,365,191
Interest	1,692,997	1,624,520	1,545,024	1,472,786	1,387,829	1,289,770	1,221,714	3,826,294	3,590,507	3,375,469
Bond issuance costs	-	-	-	-	-	-	222,014	-	-	91,480
Total expenditures	63,061,120	65,636,336	65,388,313	70,850,060	76,461,180	79,533,350	150,352,869	98,384,677	105,221,167	115,741,715
Excess of revenues over (under) expenditures	(142,219)	(1,744,832)	2,601,693	3,670,222	1,323,632	1,713,210	(63,943,176)	1,612,958	1,426,278	(1,863,375)
Other financing sources (uses)										
Bond proceeds	-	-	-	-	-	-	60,233,416	-	-	-
Inception of lease	-	-	-	-	-	-	3,761,195	-	695,841	-
Transfers in	4,801,312	4,975,845	4,675,643	4,530,926	4,606,135	5,334,991	4,827,338	5,579,397	5,329,376	5,490,797
Transfers out	(4,801,312)	(4,975,845)	(4,675,643)	(4,530,926)	(4,606,135)	(5,334,991)	(4,827,338)	(5,579,397)	(5,329,376)	(5,490,797)
Total other financing sources (uses)	-	-	-	-	-	-	63,994,611	-	695,841	-
Net change in fund balance	(142,219)	(1,744,832)	2,601,693	3,670,222	1,323,632	1,713,210	51,435	1,612,958	2,122,119	(1,863,375)
Beginning fund balances	11,151,902	11,009,683	9,264,851	11,866,544	15,536,766	16,860,398	18,573,608	18,625,043	20,238,001	22,360,120
Ending fund balances	\$11,009,683	\$ 9,264,851	\$11,866,544	\$15,536,766	\$16,860,398	\$18,573,608	\$18,625,043	\$20,238,001	\$22,360,120	\$20,496,745
Debt service as a percentage of noncapital expenditures	5.05%	5.04%	4.49%	4.37%	4.22%	4.26%	2.85%	8.30%	8.07%	7.56%

Multnomah Education Service District
Assessed Values of Taxable Property Within District Boundaries
Last Ten Fiscal Years
(in thousands)

Fiscal Year Ending June 30,	Assessed Value (not including exempt property)				Total Assessed Value	Add: Non-Profit Housing	Less: Urban Renewal Excess	Total Net Assessed Value	Total Direct Tax Rate	Total Imposed (Net Levy)
	Real Property	Personal Property	Manufactured Structures	Public Utility						
2016	\$ 67,307,111	\$ 2,499,958	\$ 118,063	\$ 3,405,335	\$73,330,467	\$ 34,940	\$ 6,080,697	\$ 67,284,710	0.4576	\$ 30,509
2017	70,174,063	2,627,602	128,002	3,802,234	76,731,901	35,895	6,804,942	69,962,854	0.4576	31,763
2018	73,737,051	2,743,658	127,723	4,136,946	80,745,378	27,861	7,438,667	73,334,572	0.4576	33,341
2019	75,936,522	3,008,851	133,863	4,485,270	83,564,506	28,700	7,939,556	75,653,650	0.4576	34,402
2020	79,404,679	3,263,341	132,143	4,424,665	87,224,828	29,304	8,295,866	78,958,266	0.4576	35,892
2021	82,953,786	3,194,069	137,405	4,914,721	91,199,981	30,297	8,674,263	82,556,015	0.4576	37,513
2022	85,819,125	3,247,439	145,795	4,734,669	93,947,028	35,066	7,249,046	86,733,048	0.4576	39,321
2023	89,376,630	3,366,512	149,957	4,916,902	97,810,001	35,717	7,167,528	90,678,190	0.4576	41,078
2024	92,553,890	4,148,811	70,202	4,890,859	101,663,762	36,280	3,715,818	97,984,224	0.4576	44,146
2025	95,639,702	3,580,119	75,959	4,935,282	104,231,062	37,399	2,507,783	101,760,678	0.4576	45,673

Notes:

1. Property taxes are based on an assessed value which is defined as the lower of "maximum assessed value" or "real market value". Assessed values are limited to 3 percent annual increases.
2. The net levy is the actual imposed tax after adjustments and constitutional property tax limitations due to the passing of Measure 5 in 1990 and Measure 50 in 1997.

Source:

Oregon Property Tax Statistics Supplement for the appropriate fiscal year. Values are the combined total for the taxing district, "Multnomah ESD", in Multnomah, Clackamas, and Washington counties.

Multnomah Education Service District
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

(Rate per \$1,000 of taxable assessed value)

District	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
MESD Direct Rate	\$ 0.4576	\$ 0.4576	\$ 0.4576	\$ 0.4576	\$ 0.4576	\$ 0.4576	\$ 0.4576	\$ 0.4576	\$ 0.4576	\$ 0.4576
Multnomah County	4.3434	4.3434	4.3434	4.3434	4.3434	4.3434	4.3434	4.3434	4.3434	4.3434
Regional Districts										
Multnomah Co. Library	1.2200	1.2200	1.2200	1.2200	1.2200	1.2400	1.2000	1.1800	1.1800	1.1800
Metro	0.0966	0.0966	0.0966	0.0966	0.0966	0.0966	0.0966	0.0966	0.0966	0.0966
Port of Portland	0.0701	0.0701	0.0701	0.0701	0.0701	0.0701	0.0701	0.0701	0.0701	0.0701
East Multnomah SWCD	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
West Multnomah SWCD	0.0750	0.0750	0.0750	0.0750	0.0750	0.0750	0.0750	0.0750	0.0750	0.0750
Average Rate	0.3123	0.3123	0.3123	0.3123	0.3123	0.3163	0.3083	0.3043	0.3043	0.3043
Cities										
Portland	4.5770	4.5770	4.5770	4.5770	4.5770	4.5770	4.5770	4.5770	4.5770	4.5770
Fairview	3.4902	3.4902	3.4902	3.4902	3.4902	3.4902	3.4902	3.4902	3.4902	3.4902
Gresham	3.6129	3.6129	3.6129	3.6129	3.6129	3.6129	3.6129	3.6129	3.6129	3.6129
Maywood Park	1.9500	1.9500	1.9500	1.9500	1.9500	1.9500	1.8159	1.8159	1.9300	1.6190
Troutdale	3.7652	3.7652	3.7652	3.7652	3.7652	3.7652	3.7652	3.7652	3.7652	3.7652
Wood Village	3.1262	3.1262	3.1262	3.1262	3.1262	3.1262	3.1262	3.1262	3.1262	3.1262
Average Rate	3.4203	3.4203	3.4203	3.4203	3.4203	3.4203	3.3979	3.3979	3.4169	3.3651
Education Districts										
Centennial SD No. 28J	4.7448	4.7448	4.7448	4.7448	4.7448	4.7448	4.7448	4.7448	4.7448	4.7448
Corbett SD No. 39	4.5941	4.5941	4.5941	4.5941	4.5941	4.5941	4.5941	4.5941	4.5941	4.5941
David Douglas SD No. 40	4.6394	4.6394	4.6394	4.6394	4.6394	4.6394	4.6394	4.6394	4.6394	4.6394
GreshamBarlow SD No.10J	4.5268	4.5268	4.5268	4.5268	4.5268	4.5268	4.5268	4.5268	4.5268	4.5268
Parkrose SD No. 3	4.8906	4.8906	4.8906	4.8906	4.8906	4.8906	4.8906	4.8906	4.8906	4.8906
Portland SD No. 1J	5.2781	5.2781	5.2781	5.2781	5.2781	5.2781	5.2781	5.2781	5.2781	5.2781
Reynolds SD No. 7	4.4626	4.4626	4.4626	4.4626	4.4626	4.4626	4.4626	4.4626	4.4626	4.4626
Riverdale SD No. 51J	3.8149	3.8149	3.8149	3.8149	3.8149	3.8149	3.8149	3.8149	3.8149	3.8149
Mt. Hood Comm. College ¹	0.4917	0.4917	0.4917	0.4917	0.4917	0.4917	0.4917	0.4917	0.4917	0.4917
Portland Comm. College	0.2828	0.2828	0.2828	0.2828	0.2828	0.2828	0.2828	0.2828	0.2828	0.2828
Average Rate	3.7726	3.7726	3.7726	3.7726	3.7726	3.7726	3.7726	3.7726	3.7726	3.7726
Rural Fire Protection Services										
Multnomah RFPD No. 10	2.8527	2.8527	2.8527	2.8527	2.8527	2.8527	2.8527	2.8527	2.8527	2.8527
Riverdale RFPD No. 11J	1.2361	1.2361	1.2361	1.2361	1.2361	1.2361	1.2361	1.2361	1.2361	1.2361
Multnomah RFPD No. 14	1.2624	1.2624	1.2624	1.2624	1.2624	1.2624	1.2624	1.2624	1.2624	1.2624
Average Rate	1.7837	1.7837	1.7837	1.7837	1.7837	1.7837	1.7837	1.7837	1.7837	1.7837
Water Districts										
Alto Park	1.5985	1.5985	1.5985	1.5985	1.5985	1.5985	1.5985	1.5985	1.5985	1.5985
Burlington	3.4269	3.4269	3.4269	3.4269	3.4269	3.4269	3.4269	3.4269	3.4269	3.4269
Corbett	0.5781	0.5781	0.5781	0.5781	0.5781	0.5781	0.5781	0.5781	0.5781	0.5781
Lusted	0.2423	0.2423	0.2423	0.2423	0.2423	0.2423	0.2423	0.2423	0.2423	0.2423
Valley View	1.4642	1.5116	1.5642	1.6109	1.6658	1.5733	1.6243	1.6243	1.0546	1.0893
Average Rate	1.4620	1.4715	1.4820	1.4913	1.5023	1.4838	1.4940	1.4940	1.3801	1.3870
Total Direct and Average Overlapping Rate ¹	<u>\$15.5519</u>	<u>\$15.5614</u>	<u>\$15.5719</u>	<u>\$15.5812</u>	<u>\$15.5922</u>	<u>\$15.5777</u>	<u>\$15.5576</u>	<u>\$15.5536</u>	<u>\$15.4587</u>	<u>\$15.4138</u>

Notes: Permanent tax rates are the primary factor in determining tax burdens. Districts can opt to extend rates lower than their permanent rate. This schedule reports the actual tax rate extended for operations.

Source: Tax Supervising & Conservation Commission (TSCC) Annual Reports (tscmultco.com) and Multnomah County Department of Assessment and Taxation

¹ MHCC Rates have been corrected for the three years prior

Multnomah Education Service District
Principal Property Taxpayers in Multnomah County
Taxing District: 304 Multnomah ESD
Current Year and Nine Years Prior

Ten Largest Taxpayers	Tax Year 2024-2025			Tax Year 2015-2016		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Portland General Electric Co	\$ 870,681,490	1	0.88%	\$ 412,683,740	3	0.63%
Pacificorp (PP&L)	809,105,810	2	0.81	335,313,000	4	0.51
Port of Portland	777,003,320	3	0.78	548,570,950	1	0.83
Boeing Company	552,333,660	4	0.56	-		
Alaska Airlines Inc	362,298,200	5	0.36	277,694,700	5	0.42
Comcast Corporation	360,233,980	6	0.36	469,066,200	2	0.71
Weston Investment Co LLC	359,265,090	7	0.36	267,708,970	6	0.41
Fred Meyer Stores, Inc	243,150,830	8	0.24	-		
Northwest Natural Gas Co	222,446,950	9	0.22	-		
Kaiser Foundation	215,530,800	10	0.22	-		
Evraz Inc NA	-			218,464,720	7	0.33
Centurylink	-			196,811,000	8	0.29
AT&T, Inc	-			191,095,200	9	0.30
Capref Lloyd Center LLC	-			173,304,140	10	0.26
All other taxpayers	94,733,124,424		95.20	62,649,178,055		95.30
Total net assessed value for Multnomah County	<u>\$ 99,505,174,554</u>			<u>\$ 65,739,890,675</u>		

Reconciliation to total net assessed value:

Multnomah county	\$ 99,505,174,554
Clackamas county	1,811,549,757
Washington county	443,954,109
Total net assessed value within MESD boundaries	<u>\$101,760,678,420</u>

Source: Multnomah County Department of Assessment and Taxation and TSCC Annual Reports

Multnomah Education Service District
Property Tax Levies and Collections by County
Last Ten Years

Fiscal Year Ending June 30,	Net Taxes Levied for the Fiscal Year	Amount Collected Within Fiscal Year of Levy	Percentage of Levy	Collections in Subsequent Years	Total Collections to Date	Percentage of Levy
Multnomah County						
2016	\$ 29,846,772	\$ 29,194,891	97.82%	\$ 650,396	\$ 29,845,287	100.00%
2017	31,092,239	30,493,392	98.07	596,969	31,090,361	99.99
2018	31,054,016	30,621,340	98.61	430,204	31,051,544	99.99
2019	33,630,028	33,124,099	98.50	504,012	33,628,111	99.99
2020	35,099,128	34,565,752	98.48	524,853	35,090,605	99.98
2021	36,677,980	36,186,349	98.66	477,633	36,663,982	99.96
2022	38,444,939	38,003,324	98.85	382,076	38,385,400	99.85
2023	40,180,004	39,620,810	98.61	425,415	40,046,225	99.67
2024	43,233,804	42,551,291	98.42	414,783	42,966,074	98.38
2025	44,695,204	43,970,954	98.38	-	43,970,954	98.38
Clackackamas County						
2016	\$ 557,285	\$ 545,085	97.81%	\$ 12,108	\$ 557,193	99.98%
2017	580,627	569,536	98.09	10,984	580,520	99.98
2018	638,927	626,868	98.11	11,926	638,794	99.98
2019	632,460	623,269	98.55	9,016	632,285	99.97
2020	664,524	653,897	98.40	10,396	664,293	99.97
2021	698,574	687,972	98.48	10,249	698,221	99.95
2022	727,814	713,334	98.01	13,262	726,596	99.83
2023	763,527	752,315	98.53	7,990	760,305	99.58
2024	794,580	779,759	98.13	6,768	786,527	98.99
2025	826,930	811,135	98.09	-	811,135	98.09
Washington County						
2016	\$ 143,996	\$ 141,587	98.33%	\$ 2,404	\$ 143,991	100.00%
2017	148,300	145,886	98.37	2,405	148,291	99.99
2018	154,122	152,510	98.95	1,603	154,113	99.99
2019	159,562	157,955	98.99	1,585	159,540	99.99
2020	164,753	163,040	98.96	1,672	164,712	99.98
2021	171,428	169,751	99.02	1,629	171,380	99.97
2022	179,654	178,074	99.12	1,442	179,516	99.92
2023	186,592	184,897	99.09	1,368	186,265	99.82
2024	194,639	192,741	99.02	1,283	194,027	99.68
2024	201,841	199,791	98.98	-	199,791	98.98

Note: Collections include discounts, adjustment, and interest.

Source: Multnomah, Clackamas and Washington County's Departments of Assessment and Taxation

Multnomah Education Service District
Ratios of Outstanding Debt
Governmental Activities
Last Ten Fiscal Years

Fiscal Year Ending June 30	2004 G.O. Refunding COP Bonds	Limited Tax Pension Obligations Series 2004	Limited Tax Pension Obligations Series 2022A	Right-to-Use Leases	Tax Anticipation Note (TAN)	Total Outstanding Debt	Percentage of Personal Income	Personal Income All Counties (thousands)	Per Capita	Population All Counties
2016	\$ 500,000	\$ 29,370,000	\$ -	\$ -	\$ -	\$ 29,870,000	0.03%	\$ 93,636,209	\$ 17	1,794,688
2017	-	28,200,000	-	-	-	28,200,000	0.03	99,627,250	16	1,811,569
2018	-	26,825,000	-	-	-	26,825,000	0.03	106,438,997	15	1,820,274
2019	-	25,230,000	-	-	-	25,230,000	0.02	110,949,837	14	1,829,564
2020	-	23,395,000	-	-	-	23,395,000	0.02	119,809,398	13	1,840,112
2021	-	21,300,000	-	-	-	21,300,000	0.02	131,694,699	12	1,831,576
2022	-	18,925,000	60,233,416	5,059,852	-	84,218,268	0.06	134,256,072	46	1,817,767
2023	-	16,245,000	59,432,417	4,277,941	-	79,955,358	0.06	141,198,283	44	1,811,736
2024	-	13,230,000	58,415,817	4,222,211	-	75,868,028	N/A	N/A	41	1,840,009
2025	-	9,860,000	57,229,493	2,819,075	4,899,862	74,808,430	N/A	N/A	N/A	N/A

Notes:

1. Details regarding the District's outstanding debt can be found in the notes to the basic financial statements
2. See the Demographics and Economic Statistics schedule for population and income data for Multnomah, Clackamas, and Washington counties.
3. The District does not hold any general bonded debt; therefore, Ratios of General Bonded Debt are not included in this document.

N/A: Information not provided at this time.

Multnomah Education Service District
Direct and Overlapping Debt
As of June 30, 2025

Overlapping District Name	Outstanding Net Property Tax Backed Debt ¹	Percent Overlapping ²	Net Overlapping Debt ²
Burlington Water District	\$ 913,296	100.00%	\$ 913,296
City of Beaverton	27,525,000	1.66	456,805
City of Fairview	5,363,175	100.00	5,363,175
City of Gresham	20,717,290	100.00	20,717,290
City of Lake Oswego	78,360,000	4.13	3,232,663
City of Milwaukie	51,835,287	0.73	380,627
City of Portland	369,220,000	99.54	367,509,404
City of Troutdale	3,110,000	100.00	3,110,000
City of Wood Village	1,875,000	100.00	1,875,000
Clackamas Community College	232,085,031	0.00	6,963
Clackamas County	88,689,500	2.82	2,497,762
Clackamas Cty RFPD 1	19,634,532	6.07	1,191,109
Clackamas Soil & Water Conservation	4,643,000	2.82	130,761
Corbett Water District	73,576	100.00	73,576
Lusted Water District	320,000	100.00	320,000
Metro	904,080,000	47.71	431,367,307
Mt Hood Community College	65,925,000	86.07	56,741,450
Multnomah County	440,658,398	99.43	438,156,340
Multnomah Cty RFPD 10	89,857	100.00	89,857
Multnomah Cty RFPD 14	4,380,000	100.00	4,380,000
Multnomah Cty SD 10J (Gresham-Barlow)	255,770,271	100.00	255,770,271
Multnomah Cty SD 1J (Portland)	1,751,093,000	100.00	1,751,093,000
Multnomah Cty SD 28J (Centennial)	61,155,932	100.00	61,155,932
Multnomah Cty SD 3 (Parkrose)	82,022,035	100.00	82,022,035
Multnomah Cty SD 39 (Corbett)	4,015,905	100.00	4,015,905
Multnomah Cty SD 40 (David Douglas)	175,013,784	100.00	175,013,784
Multnomah Cty SD 51J (Riverdale)	8,375,326	100.00	8,375,326
Multnomah Cty SD 7 (Reynolds)	132,852,667	100.00	132,852,667
Pleasant Home Water District	905,000	93.62	847,294
Portland Community College	569,075,000	44.29	252,030,229
Tualatin Hills Park & Rec District	32,063,520	1.16	372,995
Tualatin Valley Fire & Rescue District	42,025,000	1.66	699,632
Urban Flood Safety & Water Quality District	15,137,066	99.52	15,064,862
Valley View Water District	704,129	100.00	704,129
Washington County	112,639,172	0.55	623,233
Subtotal, overlapping debt ³	\$ 5,562,345,749		4,079,154,679
Direct District outstanding debt			74,808,430
Total direct and overlapping debt			<u>\$ 4,153,963,109</u>

Source: Oregon State Treasury, Debt Management Division.

¹ "Net Property Tax Backed Debt" is Gross Property Tax Backed Debt less Self-supporting Unlimited Tax GO and less Self-Supporting Full Faith & Credit debt.

² Percent Overlapping and Net Overlapping Debt is calculated by the Oregon State Treasury, Debt Management Division.

³ District debt is net of unamortized premiums and discounts.

**Multnomah Education Service District
Demographic and Economic Statistics
Last Ten Years**

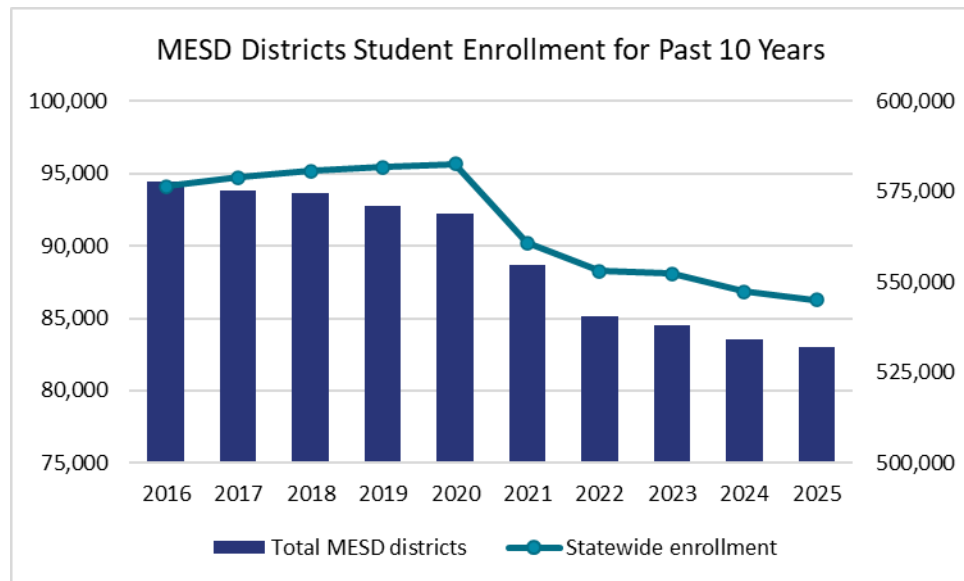
	Year	Population	Personal Income (thousands)	Per Capita Income	Unemployment Rate (June)
Multnomah County					
	2016	803,780	\$ 40,655,168	50,580	4.5%
	2017	808,365	43,285,444	53,547	3.6
	2018	809,645	45,948,844	56,752	3.6
	2019	812,660	48,296,666	59,430	3.4
	2020	816,514	52,053,380	63,751	12.1
	2021	805,319	56,326,074	69,943	5.9
	2022	794,563	57,089,807	71,851	3.5
	2023	789,698	59,837,123	75,772	3.5
	2024	801,557	N/A	N/A	3.9
	2025	N/A	N/A	N/A	5.0
Clackamas County					
	2016	407,318	\$ 21,480,104	52,735	4.9%
	2017	413,287	22,612,761	54,714	3.9
	2018	415,933	24,338,342	58,515	3.8
	2019	418,588	25,663,520	61,310	3.6
	2020	422,468	27,302,962	64,627	9.9
	2021	423,804	30,356,364	71,628	5.2
	2022	423,118	32,082,090	75,823	3.6
	2023	423,173	33,967,827	80,269	3.4
	2024	427,063	N/A	N/A	3.8
	2025	N/A	N/A	N/A	4.9
Washington County					
	2016	583,590	\$ 31,500,937	53,978	4.5%
	2017	589,917	33,729,045	57,176	3.6
	2018	594,696	36,151,811	60,790	3.5
	2019	598,316	36,989,651	61,823	3.3
	2020	601,130	40,453,056	67,295	9.0
	2021	602,453	45,012,261	74,715	4.7
	2022	600,086	45,084,175	75,130	3.3
	2023	598,865	47,393,333	79,139	3.3
	2024	611,389	N/A	N/A	3.6
	2025	N/A	N/A	N/A	4.9

N/A Data unavailable at time of print.

Sources:

2016-2023 population: U.S. Bureau of Economic Analysis report CAINC1 (accessed September 19, 2025) www.bea.gov
 2024 population: Portland State University, Population & Research Center 2024 Annual Population Report - Table 4
 Income: U.S. Bureau of Economic Analysis report CAINC1 (accessed September 19, 2025) www.bea.gov
 Unemployment rates: Oregon Employment Department (qualityinfo.org) accessed September 19, 2025

**Multnomah Education Service District
Public School Fall Membership Enrollment¹
Multnomah County School Districts
Last Ten Years**



School Year	Centennial SD 28J	Corbett SD 39	David Douglas SD 40	Gresham- Barlow SD 10J	Parkrose SD 3	Portland Public SD 1J	Reynolds SD 7	Riverdale SD 51J	Total MESD Districts	Oregon Enrollment	Percent of State
2015-16	6,321	1,239	10,849	12,141	3,328	48,383	11,553	601	94,415	576,407	16%
2016-17	6,275	1,238	10,616	12,124	3,238	48,198	11,538	628	93,855	578,947	16%
2017-18	6,215	1,235	10,420	12,044	3,198	48,650	11,276	639	93,677	580,684	16%
2018-19	6,184	1,222	10,009	11,981	3,066	48,677	11,019	637	92,795	581,730	16%
2019-20	6,099	1,188	9,719	11,979	3,068	48,559	10,940	648	92,200	582,661	16%
2020-21	5,710	1,083	9,209	11,694	2,977	46,924	10,443	601	88,641	560,917	16%
2021-22	5,520	1,037	8,720	11,471	2,772	45,123	9,940	563	85,146	553,012	15%
2022-23	5,487	1,055	8,645	11,458	2,805	44,681	9,807	596	84,534	552,380	15%
2023-24	5,485	1,063	8,660	11,371	2,822	43,979	9,613	564	83,557	547,424	15%
2024-25	5,412	1,077	8,728	11,463	2,727	43,319	9,700	565	82,991	545,088	15%

Source:

ODE Fall Membership Reports (www.oregon.gov/ode/reports-and-data/students). Counts include students attending district and school institutions.

¹ Fall Membership enrollment includes all students in grades K-12 on October 1st for all attending programs, schools, and districts submitted in the school year's 1st Period Cumulative ADM data collection.

**Multnomah Education Service District
Principal Employers
Portland Metro Area
Current Year and Nine Years Prior**

Top Ten Principal Employers	2025			2016		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Intel Corporation	23,192	1	1.9%	19,500	1	1.7%
Oregon Health and Science University	20,917	2	1.7	15,424	3	1.3
Providence Health System	20,700	3	1.7	17,378	2	1.5
Kaiser Permanente	13,086	4	1.1	10,269	5	0.9
Nike Inc	10,700	5	0.9	8,500	7	0.7
Fred Meyers Store	9,000	6	0.7	11,200	4	1.0
Portland Public Schools	7,638	7	0.6	7,678	8	0.7
City of Portland	6,631	8	0.5	5,667	10	0.5
Multnomah County	5,626	9	0.5	6,189	9	0.5
Beaverton School District	5,432	10	0.4			
Legacy Health System				9,300	6	0.8
All other employers	1,115,578		90.2	1,042,595		90.4
Total Employment – PMSA ¹	<u>1,238,500</u>			<u>1,153,700</u>		

Sources:

Top Largest Employers: Portland Business Journal (portlandbizjournal.com) Published September 2024 & July 2016

Total Employment: Oregon Employment Department, WorkSource Oregon (qualityinfo.org)

¹ The Portland-Vancouver-Hillsboro MSA includes all of Clackamas, Columbia, Multnomah, Washington and Yamhill counties in Oregon and Clark and Skamania counties in Washington State.

**Multnomah Education Service District
Licensed, Classified and Administrative Employees
Last Ten Fiscal Years**

Fiscal Year Ending	Licensed	Classified	Administration	Total
2016	142	209	30	381
2017	142	280	35	457
2018	162	349	37	548
2019	189	436	41	666
2020	185	439	42	666
2021	189	379	54	622
2022	197	390	62	649
2023	205	418	58	681
2024	203	396	68	667
2025	207	398	67	672

Note: Number reflects total headcount of permanent full-time and part-time employees.

Source: Multnomah ESD Communications and Human Resources Departments

Multnomah Education Service District
School District Participation in MESD Programs and Services
Last Ten Fiscal Years

Fiscal Year Ending	Special Education Services	Instructional Services	Health & Social Services	Technology & Other Support Services ¹	Total
2016	\$ 11,101,359	\$ 11,473,649	\$ 9,274,226	\$ 21,736,597	\$ 53,585,831
2017	13,121,384	13,667,158	9,036,276	20,454,109	56,278,927
2018	15,758,283	13,377,688	10,173,098	17,746,986	57,056,055
2019	19,093,456	15,188,318	10,579,741	16,773,491	61,635,006
2020	22,099,518	14,150,689	11,326,986	18,573,318	66,150,511
2021	21,432,479	17,984,699	11,828,263	18,351,594	69,597,035
2022	21,991,909	19,162,324	15,455,751	18,709,709	75,319,693
2023	22,160,553	27,358,490	16,771,640	16,459,061	82,749,744
2024	24,263,425	31,308,715	18,242,956	15,173,984	88,989,080
2025	28,392,254	33,214,427	18,942,120	17,569,181	98,117,982

Source: Multnomah ESD financial records, includes transits

¹ Includes payments to districts as transit.

**Multnomah Education Service District
Schools, Sites, and Offices**

District Owned/Leased Sites

Building Name	Square Footage	Owned or Leased	Programs/Services Offered
Ainsworth Building 11611 NE Ainsworth Circle Portland, OR 97220	60,000	Owned	Houses central administration, department and program offices; technology services; facilities services. Provides post-secondary education for students with significant disabilities.
Arata Creek School 2408 SW Halsey St Troutdale, OR 97060	14,000	Owned	Houses an educational program for students with social/emotional disabilities and students with developmental disabilities.
Burlingame Creek School 876 NE 8th St Gresham, OR 97030	18,000	Owned	Houses an educational program for students with social/emotional disabilities and students with developmental disabilities.
Rivercrest Academy 3002 NE Ainsworth St Portland, OR 97211	4,400	Leased	Houses an educational program for students recovering from substance abuse disorder.
Knott Creek School 11456 NE Knott St Portland, OR 97220	25,000	Leased ¹	Houses an educational program for students with social/emotional disabilities and students with developmental disabilities.
Helensview School 8678 NE Sumner St Portland, OR 97220	40,000	Leased	Houses educational programs for students who are pregnant and/or parenting; who have left traditional education or are at risk for dropping out; for students on probation, parole or returning from juvenile or adult correctional facilities.
Wheatley School 14030 NE Sacramento St Portland, OR 97230	40,000	Leased	Houses an educational program for special educational services for students with significant disabilities.

Educational services programs for youth located in detention and correctional facilities

Program Name/ Facility	Address	Programs/Services offered
Baker Creek School Yamhill County Detention	535 E Fifth St McMinnville, OR 97128	Houses an educational services program for youth who are detained in a juvenile detention center.
Donald E. Long School Hassolo School Donald E. Long Detention	1401 NE 68th Ave Portland, OR 97213	Houses an educational services program for youth who are detained in a juvenile detention center. Also houses an educational services program for youth in a secure residential long term care and treatment program.
Ocean Dunes High School Camp Florence Youth Correctional	4859 S Jetty Road Florence, OR 97439	Houses an educational services program for youth who are in an Oregon Youth Authority facility.
Ponderosa Creek School Linn County Detention	4400 Lochner Road SE Albany, OR 97322	Houses an educational services program for youth who are detained in a juvenile detention center.
Three Lakes High School Riverside High School Oak Creek Youth Correctional Facility	4400 Lochner Road SE Albany, OR 97322	Houses an educational services program for youth who are in an Oregon Youth Authority facility.
Multnomah Inverness School - Inverness Site Multnomah County Jail	11540 NE Inverness Drive Portland, OR 97220	Houses an educational services program for youth who are in an adult jail.
Multnomah Inverness School - Downtown Multnomah County Jail	1120 SW 3rd Ave M Portland, OR 97204	Houses an educational services program for youth who are in an adult jail.

¹ Knott Creek School relocated to a new leased building at 2408 SW Halsey St, Bldg G, Troutdale, OR 97060 in July 2025.

**Multnomah Education Service District
Schools, Sites, and Offices (continued)**

Educational service programs for youth residing in secure placement/long-term care and treatment facilities

Facility Name	Address
Walden Crossing School	881 NE 165th Avenue, Portland, OR 97320
Wynne Watts School	830 NE 162nd Avenue, Portland, OR 97230

Educational services programs for youth who are hospitalized

Facility Name	Address
Doernbecher Children's Hospital	700 SW Campus Drive, Portland, OR 97239
Fresenius Kidney Care	11909 NE Glenn Widing Drive, Portland, OR 97220
Providence Willamette Falls	1500 Division Street, Oregon City, OR 97045
Randall Children's Hospital	2801 N Gantenbein Avenue, Portland, OR 97227
Shriners Children's Hospital	3101 SW Sam Jackson Park Rd, Portland, OR 97239
Unity Center for Behavioral Health	1225 NE 2nd Avenue, Portland, OR 97232

Additional Functional Living Skills Program classrooms serving students in our component school districts

School District	Campus	Address
Centennial School District	Centennial High School	3505 SE 182nd Ave, Gresham, OR 97030
	Oliver Middle School	15840 SE Taylor Street, Portland, OR 97233
	Meadows Elementary School	18009 SE Brooklyn Street, Portland, OR 97236
Parkrose School District	Shaver Elementary School	3701 NE 131st Place, Portland, OR 97230

Additional sites for seasonal programs

Program	Site Name	Address
Outdoor School	Camp Angelos	32149 SE Stevens Road, Corbett, OR 97019
	Camp Collins	3001 SE Oxbow Parkway, Gresham, OR 97080
	Camp Kuratli	24751 Clackamas Hwy 224, Boring, OR 97009
	Camp Namanu	10300 SE Camp Namanu Rd., Sandy, OR 97055
	Camp Westwind	7500 N Fraser Road, Otis, OR 97368
Migrant Education Summer School		

Additional offices for the Alternative Pathways program

School District/Organization	Campus	Address
Reynolds School District	Reynolds Learning Academy	20234 NE Halsey St, Fairview, OR 97024
Portland Opportunities Industrialization Center (POIC)	Rosemary Anderson – North	717 N Killingsworth Ct, Portland, OR 97217
	Rosemary Anderson – East	2208 SE 182 nd , Portland, OR 97233
	Rosemary Anderson – Lents	9330 SE Harold St, Portland, OR 97266
	Rosemary Anderson – New Columbia	4610 N Trenton, Portland OR 97203
Portland Public Schools	Alliance at Benson	546 NE 12 th Ave, Portland OR 97232

Source: Multnomah ESD Instructional Services

SINGLE AUDIT SECTION



Your peace of mind is our passion.

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

Board of Directors
Multnomah Education Service District
Portland, Oregon

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 (*Government Auditing Standards*) the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Multnomah Education Service District (the District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 31, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2025-001 and 2025-002 that we consider to be significant deficiencies.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Talbot, Korwala & Warwick, LLP

Portland, Oregon
December 31, 2025



Your peace of mind is our passion.

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

Board of Directors
Multnomah Education Service District
Portland, Oregon

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Multnomah Education Service District (the 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 District's major federal programs for the year ended June 30, 2025. The District's major federal programs are identified in the summary of auditor's results section of the accompanying *Schedule of Findings and Questioned Costs*.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

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

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

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying *Schedule of Findings and Questioned Costs* as item 2025-002 to be a significant deficiency.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our compliance audit described in the accompanying *Schedule of Findings and Questioned Costs*. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Talbot, Korwala & Warwick, LLP

Portland, Oregon
December 31, 2025

Multnomah Education Service District
Schedule of Expenditures of Federal Awards
For the For the Year Ended June 30, 2025

FEDERAL GRANTOR Pass-Through Grantor Program Title / Cluster	Assistance Listing Number	Grantor or Pass- Through Number	Expenditures Year Ended June 30, 2025
US DEPARTMENT OF AGRICULTURE			
Passed through Oregon Department of Education			
School Breakfast Program	10.553	CNP	\$ 106,604
National School Lunch Program	10.555	CNP	197,311
<i>Total Child Nutrition Cluster (10.553 & 10.555)</i>			<u>303,915</u>
TOTAL US DEPARTMENT OF AGRICULTURE			<u>303,915</u>
US DEPARTMENT OF EDUCATION			
Direct			
TRIO - Talent Search	84.044	P044A220161	296,843
TRIO – Upward Bound	84.047	P047A220158	298,082
<i>Total TRIO Cluster (84.044 & 84.047)¹</i>			<u>594,925</u>
School Based Mental Health Services Grant Program	84.184H	S184H240357	46,617
Passed through Oregon Department of Education			
Migrant Education - State Grant Program	84.011	73279	272,246
Migrant Education - State Grant Program	84.011	75616	75,883
Migrant Education - State Grant Program	84.011	76956	6,999
Migrant Education - State Grant Program	84.011	77039	106,347
Migrant Education - State Grant Program	84.011	80387	51,724
Migrant Education - State Grant Program	84.011	82764	515,355
Migrant Education - State Grant Program	84.011	82783	20,986
Migrant Education - State Grant Program	84.011	84391	8,905
<i>Total Assistance Listing Number 84.011</i>			<u>1,058,445</u>
Title I Program for Neglected and Delinquent Children	84.013A	15607 TI	101,192
Special Education - Grants to States (IDEA, Part B)	84.027	79845	115,537
Career and Technical Education - Basic Grants to States (Perkins IV)	84.048	79254	23,631
Career and Technical Education - Basic Grants to States (Perkins IV)	84.048	81272	485,074
Career and Technical Education - Basic Grants to States (Perkins IV)	84.048	81366	95,341
<i>Total Assistance Listing Number 84.048</i>			<u>604,046</u>
Title II, Part A, Teacher and Principal Training & Recruiting Fund	84.367A	81237	5,015
COVID-19 Elementary and Secondary School Emergency Relief (ESSER I and II) Fund	84.425D	75902	29,326
COVID-19 Elementary and Secondary School Emergency Relief (ESSER I and II) Fund	84.425D	75911	50,194
COVID-19 Elementary and Secondary School Emergency Relief (ESSER I and II) Fund	84.425D	75914	139,123
COVID-19 Elementary and Secondary School Emergency Relief (ESSER I and II) Fund	84.425D	75922	4,015
American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	70961	88,201

¹ Major Program

Multnomah Education Service District
Schedule of Expenditures of Federal Awards
For the For the Year Ended June 30, 2025 (continued)

FEDERAL GRANTOR Pass-Through Grantor Program Title / Cluster	Assistance Listing Number	Grantor or Pass-Through Number	Expenditures Year Ended June 30, 2025
US DEPARTMENT OF EDUCATION (continued)			
American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	74831	576,633
COVID-19 American Rescue Plan Emergency Assistance to Non-Public Schools (ARP EANS)	84.425V	53302	42,359
COVID-19 American Rescue Plan Emergency Assistance to Non-Public Schools (ARP EANS)	84.425V	75264	36,542
<i>Total Assistance Listing Number 84.425¹</i>			<u>966,393</u>
TOTAL US DEPARTMENT OF EDUCATION			<u>3,492,170</u>
US DEPARTMENT OF JUSTICE			
Direct			
Reducing Risk for Girls in the Juvenile Justice System	16.83	15PJDP-24-GG-02343-GJSX	<u>5,740</u>
TOTAL US DEPARTMENT OF JUSTICE			<u>5,740</u>
GRAND TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 3,801,825</u>
Reconciliation to financial statements:			
Schedule of Expenditure of Federal Awards			\$ 3,801,825
Medicaid revenue			17,506
Unavailable grant revenue			<u>(93,531)</u>
Total revenue from federal sources			<u>\$ 3,725,800</u>

See notes to the schedule of expenditure of federal awards

¹ Major Program

Multnomah Education Service District
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

NOTE I – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the 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 of the District, it is not intended to and does not present the financial position or changes in net assets of the District.

NOTE II – 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 allowable or are limited as to reimbursement.

NOTE III – INDIRECT COST RATE

The District has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE IV – SUBRECIPIENTS

The District does not pass-through federal awards to any subrecipients.

Multnomah Education Service District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

SECTION I — SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No X
- Significant deficiency(ies) identified? Yes X No

Noncompliance material to financial statements noted? Yes No X

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes No X
- Significant deficiency(ies) identified? Yes X No

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes X No

Identification of major federal programs:

<i>Assistance Listing Number(s)</i>	<i>Name of Federal Program or Cluster</i>
--	--

84.044, 84.047	TRIO Cluster
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84.425	Education Stabilization Fund
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Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? Yes No X

Multnomah Education Service District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

SECTION II — FINANCIAL STATEMENT FINDINGS

Finding 2025-001

<i>Criteria:</i>	Governmental accounting standards require the District record a compensated absences liability in accordance with GASB Statement 101. Additionally, the District has the responsibility for establishing and maintaining effective internal control over financial reporting.
<i>Condition:</i>	A significant deficiency in internal controls over financial reporting was related to the District's compensated absences liability. During audit procedures, it was noted that the District's calculation of its compensated absences liability omitted sick leave for Tier 1 and Tier 2 PERS members.
<i>Cause:</i>	A misapplication of accounting guidance was applied during its initial implementation of GASB Statement No. 101.
<i>Effect or potential effect:</i>	Compensated absence was understated by \$2,642,000 as of June 30, 2024 and \$2,501,000 as of June 30, 2025 prior to being corrected.
<i>Recommendation:</i>	Management should implement compensating controls over the calculations used to estimate the District's compensated absences liability.
<i>Views of responsible officials:</i>	The District understands and concurs with this finding.

Finding 2025-002

<i>Criteria:</i>	Under 2 CFR 200.510(b), the District is required to prepare a Schedule of Expenditures of Federal Awards (SEFA) for the period covered by the auditee's financial statements that includes the total federal awards expended as determined in accordance with 2 CFR 200.502. Additionally, the District has the responsibility for establishing and maintaining effective internal control over financial reporting and compliance.
<i>Condition:</i>	A significant deficiency in internal controls over financial reporting was related to the District's preparation of the Schedule of Expenditures of Federal Awards and the recording of federal grant-related balances. During our audit procedures, it was noted the initial SEFA understated expenditures for two federal awards. Additionally, the District had not recorded the related receivable for the grant revenue.
<i>Cause:</i>	New staff was not familiar with the modified accrual basis of accounting.

Multnomah Education Service District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Effect or potential effect: The schedule of federal awards understated federal expenditures by \$75,295 for Title I Grants to Local Educational Agencies (AL# 84.011) and by \$18,236 for Career and Technical Education - Basic Grants to States (AL# 84.048) prior to being corrected. The Contract Services Fund understated accounts receivable and unavailable revenue and Governmental Activities understated accounts receivable and revenue by \$93,531 prior to being corrected.

Recommendation: Management should implement compensating controls over grant receivables and unavailable grant revenues. Additionally, management should implement compensating controls over the preparation of the schedule of federal expenditures.

Views of responsible officials: The District understands and concurs with this finding.

SECTION III — FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

See Finding 2025-002 above.

**Multnomah Education Service District
Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2025**

Finding 2024-001 Indirect rate on a portion of federal grant 84.027 Special Education (IDEA) Cluster funding.

Type of deficiency: Significant Deficiency

Condition: The District's controls did not detect and correct an improper indirect cost rate applied to the federal program on a timely basis. A significant deficiency in controls over compliance with allowable cost requirements was identified.

Cause: The District changed from being a contractor to a subrecipient for the fiscal year ended June 30, 2024. This change resulted in a different allowable indirect cost rate.

Recommendation: The District should ensure that controls related to indirect cost charges are implemented and operating effectively.

Plan of action: The Grant Manager will be directed to create sufficient internal controls to confirm indirect rates in the accounting system match grant award agreements.

Date of implementation: November 27, 2024

Finding 2024-002 Suspension and debarment for purchase with 84.027 Special Education (IDEA) Cluster funds.

Type of deficiency: Significant Deficiency

Condition: The District did not verify that an entity was not suspended or debarred or otherwise excluded from participating in a covered transaction. A significant deficiency in controls over compliance with procurement requirements was identified.

Cause: The District utilized a purchase order rather than a contract for a transaction in excess of \$25,000.

Recommendation: The District should ensure that controls are implemented to ensure that the District completes a verification that an entity is not suspended or debarred or otherwise excluded prior to entering into a covered transaction

Plan of action: The District changed its financial system to automatically notify staff that a suspension and debarment check is needed for all POs and contracts that are \$25,000 and over, regardless of funding.

Date of implementation: December 27, 2024

Multnomah Education Service District
Schedule of Prior Year Audit Findings, continued
For the Year Ended June 30, 2025

Finding 2024-003:	Wage rate requirements for contracts using 84.425 Education Stabilization Funds
Type of deficiency:	Material Weakness
Condition:	The District did not obtain copies of certified payroll and statements of compliance from contractors that worked on construction contracts in excess of \$2,000 financed by federal assistance funds. A material weakness in controls over compliance with wage rate requirements was identified.
Cause:	As the District does not typically fund construction projects with federal funds, the District's staff were unaware of the requirement to obtain copies of certified payroll and statements of compliance from contractors that worked on construction contracts in excess of \$2,000 financed by federal assistance funds.
Recommendation:	The District should obtain an understanding of all compliance requirements and implement controls to ensure compliance with federal wage rate requirements.
Plan of action:	District staff representatives from Facilities, Business Services, and Grant Accounting will participate in at least one Oregon Bureau of Labor and Industry (BOLI) seminar titled Prevailing Wage Rate Laws for Public Agencies in Spring 2025. The Grant Manager will be directed to provide prevailing wage training specific for federal grants to Facilities and Grant Accounting staff.
Date of scheduled BOLI seminars:	February 6, 2025, March 19, 2025, and April 29, 2025. Additional training to be done by June 30, 2025.

OTHER INFORMATION AS REQUIRED BY THE OREGON DEPARTMENT OF EDUCATION

Oregon Department of Education
225 Capitol Street NE
Salem, Oregon 97310

Office of Finance and Administration
School Finance Unit

SUPPLEMENTAL INFORMATION, 2024-2025

This page is a required part of the annual audited financial statements.

Part A is needed for computing Oregon’s full allocation of ESSA, Title I & other Federal Funds for Education.

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

	Objects 325, 326, 327
Function 2540	\$ 416,693
Function 2550	\$ 0

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

Expenditures
\$ 0

Exclude these functions:

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

OTHER INFORMATION AS REQUIRED BY THE STATE OF OREGON



Your peace of mind is our passion.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH OREGON STATE REGULATIONS**

Board of Directors
Multnomah Education Service District
Portland, Oregon

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Multnomah Education Service District (the District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 31, 2025. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

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 162-10-330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, except for:

- Unspent Student Investment Act grant funds were not returned to the Oregon Department of Education within the required 45 days of the grant end date ; and
- The first quarter report for Student Investment Act grant funds was submitted after required due date.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH OREGON STATE REGULATIONS (Continued)**

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We consider the deficiencies in internal control described in the accompanying schedule of findings and questioned costs as items 2025-001 and 2025-002 to be significant deficiencies.

Purpose of This Report

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

Talbot, Korwala & Warwick, LLP

Portland, Oregon
December 31, 2025