

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108
ESTACADA, OREGON

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2025



CLEAR TRAIL CPAS
Clear Solutions, Clear Results

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108
ESTACADA, OREGON

ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2025

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108
ESTACADA, OREGON

BOARD OF DIRECTORS

BOARD OF DIRECTORS

TERM EXPIRES

Benjamin Wheeler, Chair

June 30, 2027

Ken Riedel, Vice-Chair

June 30, 2027

John Walper

June 30, 2027

Will Johnston

June 30, 2029

Rosa Martinez

June 30, 2029

Whitney Lohmeier

June 30, 2029

Joe Behrman

June 30, 2029

District Administration

Ryan Carpenter, Superintendent
Scott Pillar, Director of Finance

District Address

255 NE Sixth Avenue
Estacada, Oregon 97023

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108
Estacada, Oregon

TABLE OF CONTENTS

OFFICIALS OF THE DISTRICT

FINANCIAL SECTION:

INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Position	5
Statement of Activities	6
Fund Financial Statements:	
Balance Sheet – Governmental Funds	7
Reconciliation of Governmental Funds Balance Sheet to	
Statement of Net Position	8
Statement of Revenues, Expenditures and Change in	
Fund Balances – Governmental Funds	9
Reconciliation of Governmental Funds Statements of Revenues,	
Expenditures and Changes in Fund Balances to Statement of Activities	10
Statements of Revenues, Expenditures and Changes in Fund Balance –	
Budget and Actual (Major Funds):	
General Fund	11
Special Revenue Fund	12
Notes to Basic Financial Statements	13-49
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Changes in Net Single Employer Pension Plan	
And Related Ratio Stipend Benefits	50
Schedule of Changes in Total Post-Employment Benefits (OPEB) Liability	
Health Insurance Subsidy	51
Schedule of Changes in Total Post-Employment Benefits (OPEB) – Liability	
And Related Ratios Retirement Health Insurance Account (RHIA)	52
Oregon Public Employees Retirement System Schedules –	
District's Proportionate Share of the Net Pension Liability and District Contributions	53
SUPPLEMENTARY INFORMATION	
Schedules of Revenues, Expenditures and Changes in Fund Balance -	
Budget and Actual	
Debt Service Fund	54
Capital Projects Fund	55
Independent Auditor's Report Required by Oregon State Regulations	56
<u>SINGLE AUDIT SECTION</u>	
Schedule of Expenditures of Federal Awards (Supplementary Information)	58
Independent Auditor's Report on Internal Control	
Over Financial Reporting and on Compliance and	
Other matters Based on and Audit of Financial Statements	
Performed in Accordance with Government Auditing Standards	59
Independent Auditor's Report on Compliance for Each Major Program and	
on Internal Control Over Compliance Required by	
the Uniform Guidance	61
Schedule of Findings and Questioned Costs	64



2850 SW Cedar Hills Blvd, #2074, Beaverton OR 97005 • 503-586-7170 • ClearTrailCPAS.com

January 23, 2026

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Clackamas County School District No.108
Estacada, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities each major fund of the Clackamas County School District No.108, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Clackamas County School District No.108, as of June 30, 2025, and the respective changes in financial position and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Clackamas County School District No.108 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.

Change in Accounting Principle

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Clackamas County School District No.108's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Clackamas County School District No.108'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 Clackamas County School District No.108's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as noted in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CRF) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in

the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2026 on our consideration of the internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated January 23, 2026, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



Tara M. Kamp, CPA
CLEAR TRAIL CPAS, LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

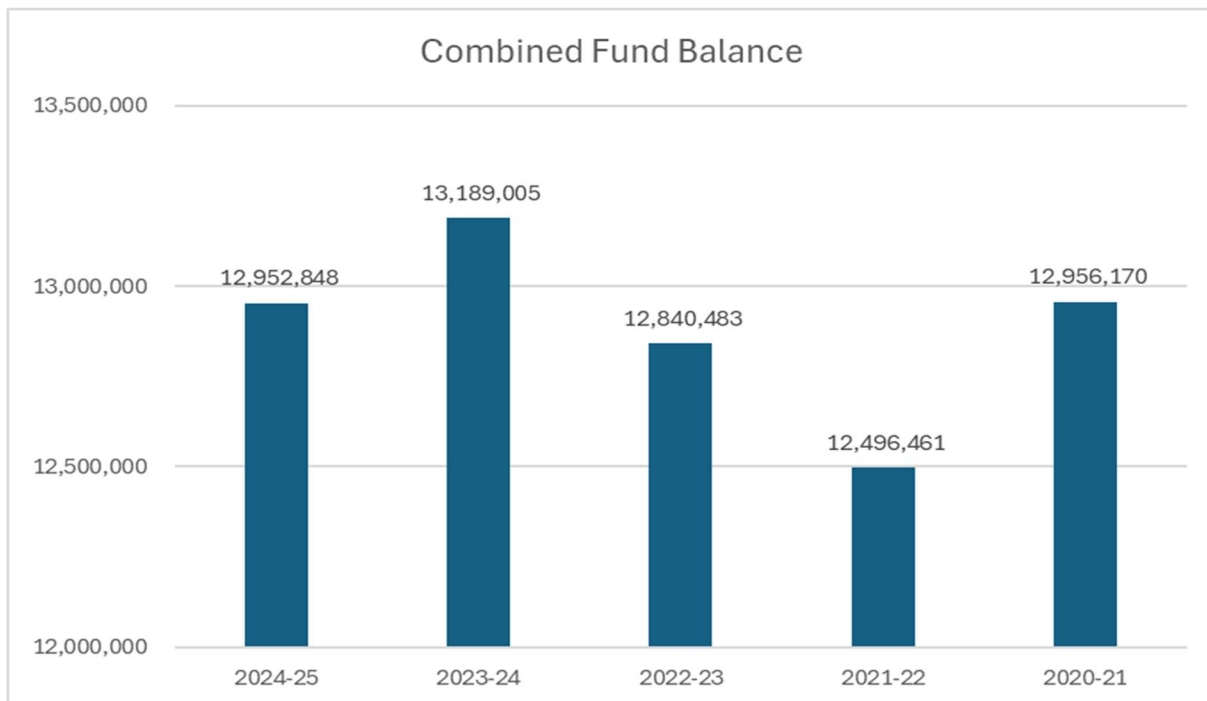
**ESTACADA SCHOOL DISTRICT
CLACKAMAS COUNTY SCHOOL DISTRICT #108
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

The management of Estacada School District (the District) presents this narrative overview to facilitate both a short-term and a long-term analysis of the financial activities of the District for the fiscal year ended June 30, 2025. This Management's Discussion and Analysis (MD&A) is based on currently known facts, decisions, and conditions that existed at the date of the independent auditor's report.

Financial Highlights

In the government-wide statements, assets and deferred outflows of the District at June 30, 2025, exceeded liabilities and deferred inflows by \$23,594,660, which is the resulting overall "Net Position". Net Position increased by a total of \$3,711,442 during the 2024-25 fiscal year which represents a slowing of Net Position growth over the prior year. Overall assets and deferred outflows increased by almost \$3,837,656 while overall liabilities, including deferred inflows increased by \$126,214.

The District's governmental funds reported a combined ending fund balance of \$12,952,848 at the end of fiscal year 2024-25. This represents a decrease of \$236,157 or -1.8% reduction from the prior year.



At the end of fiscal year 2024-25, the ending fund balance in the General Fund was \$6,142,356, which equals approximately 14.1% of General Fund expenditures and transfers-out which is a reduction of \$534,896. While 14% is a solid ending fund balance in the general fund, ending fund balance is starting to shrink.

On June 30, 2025, the District's long term debt outstanding was \$4,073,155, a reduction of a little over \$4.0m over the restated 2023-24 debt amount reflecting payments to principal and the retirement of the General Obligation Bonds. Long term debt includes Pension Obligation Bonds of \$3,530,000, lease liability of \$163,933 subscription liabilities, of \$269,222 and Qualified School Construction Bonds \$110,000. See Note 5 in the financial statement Notes section for more information about the District's long-term debt.

**ESTACADA SCHOOL DISTRICT
CLACKAMAS COUNTY SCHOOL DISTRICT #108
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

Fund Description

For purposes of this discussion, when we refer to a "fund," we are generally referring to an aggregate grouping that combines multiple individual funds into a single category. For example, the District maintains more than 50 special revenue funds-some active and some inactive depending on operational needs. In this report, these individual funds are rolled up and presented collectively as the Special Revenue Fund. The only fund presented as single, standalone fund is the General Fund

General Fund: The General Fund is the primary operating fund of the District. As of June 30, 2025, General Fund total ending fund balance was \$6,142,356 which is a decrease of (\$302,070) from the prior year. This amount includes a prior year (positive) adjustment of \$232,826 recognized in the 2024-25 year otherwise the reduction in fund balance would have been \$534,896. The decrease in General Fund ending fund balance was due primarily to the District-wide increase in expenditures related to staffing and FTE.

Special Revenue Fund: The Special Revenue Fund is a grouping of multiple 200 level funds rolled up and is used by the District for dedicated revenue sources for activities such as SIA, High School Success, Food Service, Student Body funds and District grants. Special Revenue Fund revenues in 2024-25 totaled \$6,437,584, which represents approximately 11.5% of total revenues for all District funds.

Debt Service Fund: This Debt Service Fund provides for the payment of principal and interest on long-term general obligation of governmental funds. The primary revenue source for this fund is property taxes. This fund increased by \$399,415 in total fund balance to \$2,096,014 in 2024-25 fiscal year, due to the small increase in the amount of revenue collected compared to the debt payments made. The District has seen an increase in taxes in the last couple of years due to population growth.

Capital Projects Fund: The Capital Projects Fund is being used to accumulate resources to continue the District's capital improvement plan to address select building and infrastructure needs with existing resources. The primary revenue sources for the Capital Projects Fund are the Construction Excise Tax, periodic transfers from the General Fund, and interest earnings. Periodically state seismic grants are received and spent out of these funds. During 2024-25 the Capital Projects Fund decreased by \$407,985 to \$1,057,463. This was due primarily to a slowdown in CET receipts and fund utilization on building needs.

Overview of the Financial Statements

The following discussion and analysis is intended to serve as an introduction to the District's basic financial statements and other required supplementary information. The District's basic financial statements consist of three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The government-wide financial statements can be found on pages 5 and 6 of this report.

The Statement of Net Position presents information on all of the District's assets and liabilities as of the date on the statement. Total Net Position represents the assets remaining after the liabilities have been paid off or otherwise satisfied. 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.

**ESTACADA SCHOOL DISTRICT
CLACKAMAS COUNTY SCHOOL DISTRICT #108
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

The Statement of Activities presents information showing how the District's net position changed over the most recent fiscal year by tracking revenues, expenses and other transactions that increase or decrease net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods, such as uncollected property taxes.

On the Statement of Activities, the District's activities are shown separately by the District's major functions of instruction, support services, community services, and interest on long-term debt. District activities are financed primarily through Oregon's State School Fund, property taxes, and other intergovernmental revenues.

Effect of PERS Unfunded Liability: Recent statements issued by the Governmental Accounting Standards Board (GASB) require that the government-wide financial statements incorporate the District's proportionate share of the state-wide liabilities related to PERS, including the Unfunded Actuarial Liability (UAL). The intent of these GASB requirements is to capture the true long-term liability for pension costs, but the actual result is extreme volatility in the District's Statement of Net Position.

Due to highly variable annual investment returns (and other factors), the systemwide unfunded actuarial liability can change dramatically from year to year, causing significant changes in the School District's reported Net Position. While inclusion of the PERS UAL in the Statement of Net Position reflects a long-term financial reality, it is beyond the ability of any single employer to influence the PERS UAL and it obscures the financial results attributable to School District operations and management.

The District's proportionate share of net pension liability (the PERS UAL) is \$22,681,172 as of June 30, 2025, as reported on the Statement of Net Position, an increase in this liability of 26.7% over last fiscal year.

Fund financial statements

The fund financial statements provide more detailed information about the District's funds. The District uses fund accounting to ensure compliance with financial legal requirements. Each year, the School Board adopts appropriations within each broad fund grouping, which establishes the District's legal spending limits under Oregon Revised Statutes.

Unlike the government-wide financial statements, the fund financial statements focus on near-term inflows and outflows of available resources to assist users in evaluating a government's near-term financial requirements. Because the focus of the fund financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds in the fund financial statements with similar information presented in the government-wide financial statements. The Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide reconciliations to the District-wide statements to facilitate these comparisons.

The District has four major fund groupings: The first two are General Fund and Special Revenue Fund and their budgetary comparison statements are included on pages 11 and 12. The second two are Debt Service Fund and Capital Projects Fund and their financial statements are shown on pages 54 and 55.

The Fund financial statements are on pages 7 through 10.

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes on the basic financial statements can be found on pages 13 to 49 of this report.

**ESTACADA SCHOOL DISTRICT
CLACKAMAS COUNTY SCHOOL DISTRICT #108
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

Government-Wide financial Analysis

Statement of Net Position: A comparative summary of the District's Net Position as of June 30, 2024 and June 30, 2025, is shown below. As noted earlier, Net Position may serve as a useful indicator of a government's financial position over time.

Net Position and Fiscal Year End	Governmental Activities		Increase
	June 30, 2024	June 30, 2025	{Decrease}
Current assets	\$ 17,083,029	\$ 16,218,044	\$ (864,985)
Capital assets	\$ 30,821,363	\$ 32,646,298	\$ 1,824,935
Total Assets	\$ 47,904,392	\$ 48,864,342	\$ 959,950
Deferred outflows of resources	\$ 7,203,061	\$ 10,080,767	\$ 2,877,706
Current liabilities	\$ 3,311,786	\$ 2,817,478	\$ (494,308)
long-term debt	\$ 27,896,097	\$ 28,673,798	\$ 777,701
Total Liabilities	\$ 31,207,883	\$ 31,491,276	\$ 283,393
Deferred inflows of resources	\$ 4,016,352	\$ 3,859,173	\$ (157,179)
Net Position:			
Net investment in capital assets	\$ 27,805,330	\$ 32,103,143	\$ 4,297,813
Restricted for Grants and Other Purposes	\$ 3,566,280	\$ 3,605,123	\$ 38,843
Restricted for Debt	\$ 1,696,599	\$ 2,096,014	\$ 399,415
Restricted for Capital Projects	\$ 1,465,448	\$ 1,057,463	\$ (407,985)
Restricted for RHIA Asset	\$ 306,341	\$ 425,070	\$ 118,729
Unrestricted	\$ (14,956,780)	\$ (15,692,153)	\$ (735,373)
Total Net Position	\$ 19,883,218	\$ 23,594,660	\$ 3,711,442

Capital assets, which consist of the District's land, buildings, building improvements, site improvements, vehicles and equipment represent approximately 66.8% of total assets. The remaining assets consist mainly of cash, investments, and taxes receivable.

The District's largest liability (approximately 91% of total liabilities) is for the repayment of long-term debt and calculated pension liabilities. Current liabilities consist primarily of accounts payable and employee benefits payable

As noted above, a significant portion of the District's Net Position reflects its investment in capital assets (e.g. land, buildings, vehicles and equipment). The District uses these capital assets to provide services to students and other District residents, consequently these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources (generally property taxes), since the capital assets themselves cannot be used to liquidate these liabilities.

**ESTACADA SCHOOL DISTRICT
CLACKAMAS COUNTY SCHOOL DISTRICT #108
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

Statement of Activities / Changes in Net Position: The District's governmental activities experienced an overall improvement in financial position for the year ended June 30, 2025. Total assets increased by \$959,950, from \$47,904,392 at June 30, 2024 to \$48,864,342 at June 30, 2025. This change was driven by an increase in capital assets of \$1,824,935, partially offset by a decrease in current assets of \$864,985.

In addition, the District's deferred outflows of resources increased by \$2,877,706, from \$7,203,061 to \$10,080,767, while deferred inflows of resources decreased by \$157,179, from \$4,016,352 to \$3,859,173. Total liabilities increased slightly by \$283,393, from \$31,207,883 to \$31,491,276. This was primarily due to an increase in long-term debt of \$777,701, partially offset by a decrease in current liabilities of \$494,308.

As a result of these changes, total net position increased by \$3,711,442, rising from \$19,883,218 at June 30, 2024 to \$23,594,660 at June 30, 2025. Net investment in capital assets increased \$4,297,813, reflecting continued investment in District facilities and equipment. Restricted net position increased in several categories, including Restricted for Debt by \$399,415, Restricted for Grants and Other Purposes by \$38,843, and Restricted for RHIA Asset by \$118,729. These increases were partially offset by a decrease in Restricted for Capital Projects of \$407,985. The District's unrestricted net position decreased by \$735,373, ending the year at \$(15,692,153), indicating the District continues to report a negative unrestricted balance largely due to long-term obligations and accounting standards related to pensions and other postemployment benefits.

**ESTACADA SCHOOL DISTRICT
CLACKAMAS COUNTY SCHOOL DISTRICT #108
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

	Changes in Net Position	Governmental Activities		Increase
	Statement of Activities			(Decrease)
Revenues:		June 30, 2024	June 30, 2025	
Program Revenues:				
Charges for services		\$ 278,853	\$ 235,788	\$ (43,065)
Operating grants and contributions		\$ 4,896,245	\$ 4,896,397	\$ 152
Capital Grants and contributions		\$ 1,977,665	\$ 1,417,356	\$ (560,309)
General Revenues:				
Property taxes levied for general purposes		\$ 9,045,346	\$ 9,477,399	\$ 432,053
Property taxes levied for debt service		\$ 2,598,141	\$ 2,591,549	\$ (6,592)
State School Fund - General Fund		\$ 29,269,878	\$ 31,244,613	\$ 1,974,735
Other local sources		\$ 1,751,214	\$ 1,812,074	\$ 60,860
Other state sources		\$ 314,135	\$ 342,596	\$ 28,461
Earnings on investments		\$ 1,008,530	\$ 1,000,589	\$ (7,941)
Federal sources - Unrestricted		\$ 10,144	\$ 55,066	\$ 44,922
Immediate revenue		\$ 826,795	\$ 911,816	\$ 85,021
Miscellaneous		\$ -		\$ -
Total Revenues		\$ 51,976,946	\$ 53,985,243	\$ 2,008,297
Expenses				
Instruction		\$ 28,252,470	\$ 31,310,640	\$ 3,058,170
Support Services		\$ 16,093,439	\$ 17,089,922	\$ 996,483
Enterprises and Community Services		\$ 1,409,032	\$ 1,378,489	\$ (30,543)
Interest on Long Term Debt		\$ 763,614	\$ 378,489	\$ (385,125)
Total Expenses		\$ 46,518,555	\$ 50,157,540	\$ 3,638,985
Change in Net Position		\$ 5,458,391	\$ 3,828,370	\$ (1,630,021)
Net Position - Beginning		\$ 14,424,827	\$ 19,883,218	\$ 5,458,391
Prior Period Adjustment		\$ -	\$ (116,928)	\$ (116,928)
Net Position - Ending		\$ 19,883,218	\$ 23,594,660	\$ 3,711,442

**ESTACADA SCHOOL DISTRICT
CLACKAMAS COUNTY SCHOOL DISTRICT #108
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

Financial Analysis of the District's Funds

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

Governmental funds focus on short-term liquidity and the resources available to support core instructional and operational services. This information is useful for evaluating the District's near-term financing needs and its capacity to fund essential services. The ending fund balance provides a key indicator of the District's available financial resources at the close of the fiscal year.

As of June 30, 2025, the District's governmental funds reported total ending fund balances of \$12,952,848, representing a decrease of \$236,157 from the prior year. It is important to note that the year-over-year reduction would have been \$468,983 if not for a prior period adjustment recorded in fiscal year 2024–25, which increased fund balance and affected the comparison to the prior year.

Revenues: Total revenues increased by \$2,271,133 compared to the prior year. This growth was driven primarily by higher State School Fund revenue, increased property tax collections, and growth in other local sources and contributions.

Expenses: Total expenses increased by \$3,075,136 in 2024–25, or 5.8%, compared to the prior year. The most significant increase occurred within the instruction function, where expenditures rose by approximately \$2.38 million, an 8.4% increase. Support services expenses also increased, rising by 4.5%, or \$732,415. In contrast, expenditures for enterprise and community services (primarily food services) declined during the year, as did spending related to facilities acquisition and construction.

Budget Highlights

During the year, General Fund revenues outperformed projections, finishing \$1,891,166 above the budgeted amount. Expenditures were also well controlled, coming in \$3,160,603 below budget. As a result, actual revenues exceeded actual expenditures by \$1,361,869 before transfers out, indicating a stronger-than-planned operating position within the General Fund.

In the Special Revenue Funds, revenues fell short of budget by \$2,013,191. Expenditures were also below budget, ending the year \$3,370,417 under appropriations. Despite spending below budgeted levels, expenditures exceeded revenues by \$1,120,474 overall, reflecting that current-year program costs were supported in part through the use of available fund balance and/or other planned financing sources.

Taken together, these results indicate that overall budget execution remained disciplined and responsive to changing conditions throughout the year. The General Fund's favorable operating results strengthened the District's core financial position, while the Special Revenue Funds reflected revenue volatility and the expected timing and structure of restricted program financing. Overall, the District demonstrated effective expenditure management across funds, maintained compliance with budgetary authority, and preserved the ability to support ongoing services while managing targeted program commitments.

Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets includes land, buildings, vehicles, and equipment. As of June 30, 2025, the District had invested \$32,646,298 in capital assets, net of accumulated depreciation. Net capital assets increased during the year by \$938,303 - primarily from building improvements. A comparative summary of the District's capital assets as of June 30, 2024 and June 30, 2025 is as follows noting that the Capital assets as of June 30, 2024 have been restated since the last audit.

**ESTACADA SCHOOL DISTRICT
CLACKAMAS COUNTY SCHOOL DISTRICT #108
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

	Capital Assets	Governmental Activities		Increase
	(Net of Depreciation)	June 30, 2024 *	June 30, 2025	(Decrease)
Land		\$ 216,256	\$ 216,256	
Constructin in Progress (CIP)		\$ 223,571	\$ 1,120,187	\$ 896,616
Total not being Depreciated		\$ 439,827	\$ 1,336,443	
Capital Assets BeingDepreciated				
Building and improvements		\$ 47,468,232	\$ 49,141,524	\$ 1,673,292
Vehicles and Equipment		\$ 6,207,753	\$ 5,717,491	\$ (490,262)
Intangible - Leases		\$ 438,630	\$ 351,606	\$ (87,024)
Intangible - Subscriptions		\$ 551,381	\$ 393,678	\$ (157,703)
Total Assets being Depreciated		\$ 54,665,996	\$ 55,604,299	\$ 938,303
Less Accumulated Oepreciation for				
Buildings andimprovements		\$ (19,228,504)	\$ (20,219,985)	\$ 991,481
Vehicles and Equipment		\$ (4,417,261)	\$ (3,778,643)	\$ (638,618)
Intangible - Leases		\$ (92,388)	\$ (95,989)	\$ 3,601
Intangible - Subscriptions		\$ (224,245)	\$ (199,827)	\$ (24,418)
Total Accoumulated Depreciation		\$ (23,962,398)	\$ (24,294,444)	\$ 332,046
Total Net Capital Assets		\$ 31,143,425	\$ 32,646,298	
* = restated				

More information on Capital Assets can be found in the note on page 23

Long-term debt. As of June 30, 2025, the District had total long-term debt outstanding of \$4,073,155 consisting of Pension Obligation Bonds, Qualified School Construction Bonds, leases, and Subscriptions. The debt for the General Obligation bonds was retired as of June 30th, 2025 .

During the year, the District's total long-term debt obligations decreased by \$4,008,997 due to making annual principal payments on existing debt.

The District's net pension liability (the District's proportionate share of the state-wide PERS net pension liability) as explained on page 3 this Management Discussion and Analysis, and Note 7 to the financial statements, is not included in Long-term debt for this purpose.

Additional information on the District's long-term debt obligations may be found in note 5 to the financial statements.

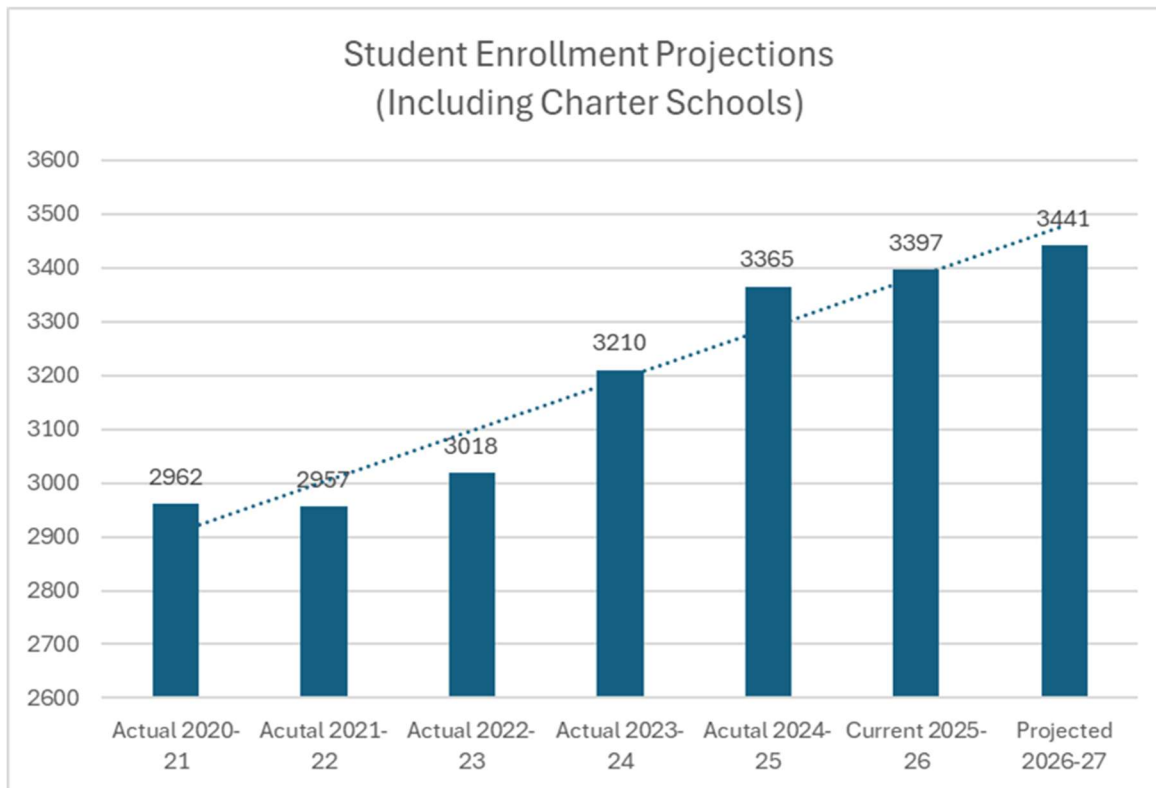
**ESTACADA SCHOOL DISTRICT
CLACKAMAS COUNTY SCHOOL DISTRICT #108
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

Economic Factors and the 2025-26 Budget

The most significant economic factors for the District are student enrollment and the State of Oregon's State School Fund. The State School Fund is based on student enrollment and includes a General Purpose Grant, a Transportation Grant, a Facilities Grant and certain local revenues. For the year ending June 30, 2025, the State School Fund and other state sources provided approximately 73.2% of the District's total General Fund revenue.

The enrollment in our District has been seeing a slight increase in recent years. The District's online charter school has continued to see an increase in enrollment, post-pandemic, which has kept the District's overall enrollment steady. The City of Estacada has seen notable growth residential homes being built, although that growth has slowed somewhat during the 2025-26 budget year.

The following chart displays student population for five years based on actual enrollment as of October for the years 2020-21 to 2024-25 and projected enrollment for 2025-26 through 2026-27:



The latest Oregon Economic and Revenue Forecast issue in December of 2025 states that the state revenue outlook appears to be growing less than anticipated. The state is looking at a budget deficit in the current biennium and while the deficit appears to be shrinking, there is still a chance that current funding levels could be reduced.

**ESTACADA SCHOOL DISTRICT
CLACKAMAS COUNTY SCHOOL DISTRICT #108
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

According to the Office of Economic Analysis (OEA), as of December 2025, Oregon's labor market appears to be stable overall, but increasingly sluggish. Oregon continues to see relatively modest job losses, but OEA highlights that hiring has slowed, making it harder for the labor market to absorb disruptions and raising concern about potential weakening going into 2026.

The costs of salaries and related benefits are expected to increase in 2025-26 and beyond; however, the rate of payroll growth has decreased in comparison to the previous two years. The utility costs are expected to continue to increase.

The District has also analyzed its financial holdings and does not anticipate any liquidity problems in the next 12 months.

School Board policy mandates that the District budget a minimum of 5% fund balance unless the Board takes formal action to waive or lower the requirement. The reserve is maintained to absorb economic downturns, state revenue-sharing reductions and other revenue shortfalls, and will prudently be used when needed to provide stability of core programs and legally required activities to every child.

The District, through prudent fiscal management, maintains a healthy financial position to provide the quality education deserved by every child.

The District's Budget Committee and School Board considered these factors while preparing the District's budget for the 2025-26 fiscal years.

Requests for Information

This financial report is designed to present the user (citizens, taxpayers, investors, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the District's Director of Finance, Scott B. Pillar at 255 NE 6th Avenue, Estacada, Oregon, 97023.

BASIC FINANCIAL STATEMENTS

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108
ESTACADA, OREGON

STATEMENT OF NET POSITION
June 30, 2025

	GOVERNMENTAL ACTIVITIES
ASSETS	
Current Assets	
Cash and Investments	\$ 13,184,727
Receivables:	
Property Taxes	444,446
Other Receivables	2,105,858
Inventory	51,892
RHIA Asset	425,070
Prepays	6,051
Capital Assets:	
Land and other Non Depreciable Assets	
Non Depreciable Assets	1,336,443
Buildings and Equipment, Net of Depreciation	31,309,855
Total Assets	48,864,342
DEFERRED OUTFLOWS OF RESOURCES	
PERS Pension Related Deferral	9,576,955
OPEB Related Deferred Outflows	434,939
RHIA Related Deferred Outflows	11,995
District Pension Related Deferred Outflows	56,878
Total Deferred Outflows	10,080,767
LIABILITIES	
Current liabilities	
Accounts Payable	673,536
Payroll Liabilities	1,739,540
Accrued Compensated Absences	404,402
Long Term Liabilities:	
District Pension Obligation	500,913
Proportionate Share of Net Pension Liability (PERS)	22,681,172
Total OPEB Liability	1,418,558
Due Within One Year	1,577,666
Due in More Than One Year	2,495,489
Total Liabilities	31,491,276
DEFERRED INFLOWS OF RESOURCES	
Net Deferred Pension Liability PERS	2,574,208
OPEB Related Deferred Inflows	1,049,228
RHIA Related Deferred Inflows	60,791
District Pension Related Deferred Inflows	174,946
Total Deferred Inflows	3,859,173
NET POSITION	
Net Investment in Capital Assets	32,103,143
Restricted for Grants	3,605,123
Restricted for Debt	2,096,014
Restricted for Capital Projects	1,057,463
Restricted for RHIA Asset	425,070
Unrestricted	(15,692,153)
Total Net Position	\$ 23,594,660

See accompanying notes to basic financial statements

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108
ESTACADA, OREGON

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

FUNCTIONS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
Instruction	\$ 31,310,640	\$ -	\$ 4,259,075	\$ -	\$ (27,051,565)
Support Services	17,089,922	73,353	23,331	1,417,356	(15,575,882)
Enterprise and Community Services	1,378,361	162,435	614,531	-	(601,395)
Interest on Long-term Debt	378,489	-	-	-	(378,489)
Total Governmental Activities	<u>\$ 50,157,413</u>	<u>\$ 235,788</u>	<u>\$ 4,896,937</u>	<u>\$ 1,417,356</u>	<u>(43,607,332)</u>

GENERAL REVENUES:

Property taxes levied for general purposes	9,477,399
Property taxes levied for debt service	2,591,549
State school fund - general support	31,244,613
Other Local Sources	1,812,074
Other State Sources	342,596
Earnings on Investments	1,000,589
Federal Sources unrestricted	55,066
Intermediate Revenue	<u>911,816</u>
Total General Revenues	<u>47,435,702</u>
Change In Net Position	3,828,370
Net Position - Prior Year Ending	<u>19,883,218</u>
Prior Period Adjustment	<u>(116,928)</u>
Net Position - Current Year Ending	<u>\$ 23,594,660</u>

See accompanying notes to basic financial statements

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108
ESTACADA, OREGON

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2025

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTALS
ASSETS					
Cash and Investments	\$ 12,860,403	\$ 323,474	\$ 850	\$ -	\$ 13,184,727
Property Taxes Receivable	348,996	-	95,450	-	444,446
Other Accounts Receivable	398,703	599,530	-	1,107,625	2,105,858
Due From Other Funds	-	2,724,912	2,091,428	349,890	5,166,230
Prepays	6,051	-	-	-	6,051
Inventory	-	51,892	-	-	51,892
Total Assets	<u>\$ 13,614,153</u>	<u>\$ 3,699,808</u>	<u>\$ 2,187,728</u>	<u>\$ 1,457,515</u>	<u>\$ 20,959,204</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 230,691	\$ 42,793	\$ -	\$ 400,052	\$ 673,536
Payroll liabilities	1,739,540	-	-	-	1,739,540
Due to Other Funds	5,166,230	-	-	-	5,166,230
Total Liabilities	<u>7,136,461</u>	<u>42,793</u>	<u>-</u>	<u>400,052</u>	<u>7,579,306</u>
Deferred Inflows of Resources					
Unavailable Revenue - Property Taxes	<u>335,336</u>	<u>-</u>	<u>91,714</u>	<u>-</u>	<u>427,050</u>
Fund balances					
Nonspendable					
Prepays and Inventory	6,051	51,892	-	-	57,943
Restricted for:					
Special Programs	-	3,605,123	-	-	3,605,123
Debt Services	-	-	2,096,014	-	2,096,014
Capital Projects	-	-	-	1,057,463	1,057,463
Unassigned	6,136,305	-	-	-	6,136,305
Total Fund Balances	<u>6,142,356</u>	<u>3,657,015</u>	<u>2,096,014</u>	<u>1,057,463</u>	<u>12,952,848</u>
Total Liabilities and Fund Balances	<u>\$ 13,614,153</u>	<u>\$ 3,699,808</u>	<u>\$ 2,187,728</u>	<u>\$ 1,457,515</u>	<u>\$ 20,959,204</u>

See accompanying notes to basic financial statements

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108
ESTACADA, OREGON

Reconciliation of Governmental Funds
Balance Sheet to the Statement of Net Position

June 30, 2025

Total Fund Balances - Governmental Funds	\$	12,952,848
--	----	------------

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds

Cost	\$	56,940,742	
Accumulated Depreciation and Amortization		(24,294,444)	32,646,298

A portion of the District's property taxes are collected after year-end, but are not available soon enough to pay for the current year's operations, and therefore are not reported as revenue in the governmental funds.		427,050
---	--	---------

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

District Pension Liability	(500,913)	
District Pension Deferred Outflows	56,878	
District Pension Deferred Inflows	(174,946)	(618,981)
RHIA Asset	425,070	
RHIA Outflows	11,995	
RHIA Deferred Inflows	(60,791)	376,274
OPEB Liability	(1,418,558)	
OPEB Deferred Outflows	434,939	
OPEB Deferred Inflows	(1,049,228)	(2,032,847)
PERS Pension Liability	(22,681,172)	
PERS Pension Deferred Outflows	9,576,955	
PERS Pension Deferred Inflows	(2,574,208)	(15,678,425)

Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expense when due.

These liabilities consist of:

Accrued compensated absences	(404,402)	
Bonds payable	(3,640,000)	
Subscriptions	(163,933)	
Lease Liabilities	(269,222)	(4,477,557)

Net Position	\$	23,594,660
--------------	----	------------

See accompanying notes to basic financial statements

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108
ESTACADA, OREGON

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

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Taxes	\$ 9,394,772	\$ -	\$ 2,572,708	\$ -	\$ 11,967,480
Other Local Sources	100,681	1,247,178	1,887,659	273,742	3,509,260
State Sources	31,587,209	3,184,115	-	1,207,935	35,979,259
Federal Sources	4,997	1,740,247	-	-	1,745,244
Charge for Services	76,727	162,517	-	-	239,244
Interest	920,854	-	44,444	35,291	1,000,589
Contributions and Donations	500	22,144	-	209,421	232,065
Miscellaneous	145,323	81,383	106,477	-	333,183
Other	911,816	-	-	-	911,816
Total Revenues	43,142,879	6,437,584	4,611,288	1,726,389	55,918,140
EXPENDITURES					
Current:					
Instruction	26,673,253	3,890,949	-	-	30,564,202
Support Services	14,873,123	1,957,016	-	-	16,830,139
Enterprise & Community Services	-	1,346,814	-	-	1,346,814
Facilities Acquisition & Construction	-	-	-	77,452	77,452
Capital Outlay	91,350	325,220	-	2,759,830	3,176,400
Debt Service	143,284	38,059	4,211,873	-	4,393,216
Total Expenditures	41,781,010	7,558,058	4,211,873	2,837,282	56,388,223
Excess of Revenues Over (Under) Expenditures	1,361,869	(1,120,474)	399,415	(1,110,893)	(470,083)
OTHER FINANCING SOURCES (USES)					
Sale of Capital Assets	1,100	-	-	-	1,100
Transfers In	-	1,194,957	-	702,908	1,897,865
Transfers Out	(1,897,865)	-	-	-	(1,897,865)
Total Other Financing Sources (Uses)	(1,896,765)	1,194,957	-	702,908	1,100
Net Change in Fund Balance	(534,896)	74,483	399,415	(407,985)	(468,983)
Beginning Fund Balance	6,444,426	3,582,532	1,696,599	1,465,448	13,189,005
Prior Period Adjustment	232,826	-	-	-	232,826
Ending Fund Balance	\$ 6,142,356	\$ 3,657,015	\$ 2,096,014	\$ 1,057,463	\$ 12,952,848

See accompanying notes to basic financial statements

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108
ESTACADA, OREGON

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

Net change in fund balances - total governmental funds	\$ (468,983)
Amounts reported for government-wide statements in the Statement of Activities are different because of the following:	
Governmental funds report capital asset additions as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital asset additions	\$ 3,069,599
Capital asset deletions	(46,587)
Depreciation and amortization	<u>(1,520,139)</u> 1,502,873
Repayment of principal on general obligation bonds payable and pension obligation bonds is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position.	3,840,000
Accrual of proportionate share of the net pension liability is not reported as an expenditure in the governmental funds.	(1,417,225)
Amortization of deferred gain on refunding.	35,717
Change in accrued compensated absences	(20,467)
Some expenses reported in the statements do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	
Change in accrued interest payable	5,730
Payments on lease liabilities and new leases liabilities are recorded as a change in liabilities on the Statement of Net Position.	85,410
Payments on Subscription liabilities and new Subscription liabilities are recorded as a change in the liabilities on the Statement of Net Position	83,587
Net pension obligations are recognized as an expenditure in the governmental funds when they are paid. In the Statement of Activities they are recognized as an expenditure when earned.	(12,579)
Other postemployment benefits are reported in the Statement of Activities but not reported as an expenditure in the governmental funds.	(19,892)
RHIA related obligations are recognized as an expenditure in the governmental funds when they are paid. In the Statement of Activities they are recognized as an expenditure when earned.	112,731
Revenues that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds.	<u>101,468</u>
CHANGE IN NET POSITION	<u><u>\$ 3,828,370</u></u>

See accompanying notes to basic financial statements

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108
ESTACADA, OREGON

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

<u>GENERAL FUND</u>				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Local Sources	\$ 9,823,000	\$ 9,823,000	\$ 9,718,003	\$ (104,997)
Intermediate Sources	715,000	715,000	911,816	196,816
State Sources	30,313,713	30,313,713	31,587,209	1,273,496
Federal Sources	-	-	4,997	4,997
Earnings on Investments	400,000	400,000	920,854	520,854
Total Revenue	41,251,713	41,251,713	43,142,879	1,891,166
EXPENDITURES				
Instruction	26,082,744	26,757,744 (1)	26,685,298	72,446
Support Services	16,460,514	15,215,414 (1)	15,095,712	119,702
Enterprise and Community Services	20,000	20,000 (1)	-	20,000
Contingency	2,948,455	2,948,455 (1)	-	2,948,455
Total Expenditures	45,511,713	44,941,613	41,781,010	3,160,603
Excess of Revenues Over (Under) Expenditures	(4,260,000)	(3,689,900)	1,361,869	5,051,769
OTHER FINANCING SOURCES (USES)				
Gain (Loss) on Sale of Capital Assets	-	-	1,100	1,100
Transfers Out	(1,540,000)	(2,110,100) (1)	(1,897,865)	212,235
Total Other Financing Sources (Uses)	(1,540,000)	(2,110,100)	(1,896,765)	213,335
Net Change in Fund Balance	(5,800,000)	(5,800,000)	(534,896)	5,265,104
Beginning Fund Balance	5,800,000	5,800,000	6,444,426	644,426
Prior Period Adjustment	-	-	232,826	232,826
Ending Fund Balance	\$ -	\$ -	\$ 6,142,356	\$ 6,142,356

(1) Appropriation Level

See accompanying notes to basic financial statements

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108
ESTACADA, OREGON

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

	<u>SPECIAL REVENUE FUND</u>			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Local Sources	\$ 2,097,850	\$ 2,097,850	\$ 1,513,222	\$ (584,628)
State Sources	3,748,959	3,748,959	3,184,115	(564,844)
Federal Sources	2,603,966	2,603,966	1,740,247	(863,719)
Total Revenues	8,450,775	8,450,775	6,437,584	(2,013,191)
EXPENDITURES				
Instruction	5,356,805	5,336,072 (1)	3,929,008	1,407,064
Support Services	3,424,834	3,445,567 (1)	2,266,946	1,178,621
Community Services	1,981,836	1,981,836 (1)	1,362,104	619,732
Facilities Acquisition and Construction	165,000	165,000 (1)	-	165,000
Total Expenditures	10,928,475	10,928,475	7,558,058	3,370,417
Excess of Revenues Over (Under) Expenditures	(2,477,700)	(2,477,700)	(1,120,474)	(5,383,608)
OTHER FINANCING SOURCES (USES)				
Transfers In	1,215,000	1,215,000	1,194,957	(20,043)
Total Other Financing Sources (Uses)	1,215,000	1,215,000	1,194,957	(5,403,651)
Net Change in Fund Balance	(1,262,700)	(1,262,700)	74,483	(5,403,651)
Beginning Fund Balance	2,492,700	2,492,700	3,582,532	1,089,832
Ending Fund Balance	\$ 1,230,000	\$ 1,230,000	\$ 3,657,015	\$ (4,313,819)

(1) Appropriation Level

See accompanying notes to basic financial statements

NOTES TO THE BASIC FINANCIAL STATEMENTS

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108
ESTACADA, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Clackamas County School District No. 108 (the District) is a municipal corporation governed by an elected seven member Board of Directors. As required by accounting principles generally accepted in the United States of America, all activities of the District have been included in these financial statements.

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

Basis of Presentation

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District. These statements include the governmental financial activities of the overall District. Eliminations have been made to minimize the double counting of internal activities. Governmental activities are financed through property taxes, intergovernmental revenues, and other non-exchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each of its functions/programs. Direct expenses are those that are specifically associated with an activity and, therefore, are clearly identifiable to that activity. Indirect expense allocations that have been made in the funds have been reversed for the Statement of Activities and eliminations have been made to minimize the double counting of internal activities. Program revenues include: (1) charges to students or others for tuition, fees, rentals, material, supplies or services provided, (2) operating grants and contributions and (3) capital grants and contributions. Revenues that are not classified as program revenues, including property taxes, are presented as general revenues.

Net position is reported as restricted when constraints placed on net position use are either externally restricted, imposed by creditors (such as through grantors, contributors, or laws) or through constitutional provisions or enabling resolutions.

Fund Financial Statements

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

The District reports the following major governmental funds:

General Fund - This fund accounts for the financial operations of the District not accounted for in any other fund. Principal sources of revenue are state sources, property taxes and earnings on investments. Expenditures are made for instruction and support services.

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108
ESTACADA, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Special Revenue Fund - This fund accounts for revenues and expenditures for specific purposes and the District's food services program. Principal revenue sources are federal and state grants.

Debt Service Fund - This Fund provides for the payment of principal and interest on general obligation bonded debt. Principal revenue sources are property taxes, District payroll deductions, budgeted transfers and energy savings.

Capital Projects Fund - This Fund accounts for activities related to the acquisition, construction, equipping and furnishing of facilities. Principal revenue sources are bond proceeds, budgeted transfers and interest earnings.

Measurement Focus and Basis of Accounting

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. 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. Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Property taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and claims and judgments, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt and acquisitions under leases and subscriptions are reported as other financing sources.

Cash, Cash Equivalents and Investments

The District considers investments with maturities of three months or less when purchased to be cash equivalents.

Investments in the State of Oregon Treasurer's Local Government Investment Pool (LGIP) are stated at cost which approximates fair value. Fair value in the LGIP is the same as the value of its pool shares. Other investments with maturities greater than three months at the time of purchase are stated at cost which approximates fair value.

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108
ESTACADA, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Oregon State Treasury administers the LGIP. It is an open-ended no-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 LGIP is included in the Oregon Short Term Fund (OSTF), which was established by the State Treasurer. OSTF is not subject to SEC regulation. OSTF is subject to requirements established in Oregon Revised Statutes, investment policies adopted by the Oregon Investment Council, and portfolio guidelines established by the Oregon Short Term Fund Board. The Governor appoints the members of the Oregon Investment Council and the Oregon Short Term Fund Board. The OSTF issues a separate independent financial statement which can be obtained at The Office of the State Treasurer, 350 Winter Street NE, Suite 100, Salem, Oregon. The credit quality rating of this pool is unrated.

Fair Value Inputs and Methodologies and Hierarchy

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

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

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

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

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

Property Taxes Receivable

Property taxes are levied and become a lien on all taxable property as of July 1. Property taxes are payable on November 15, February 15 and May 15. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108
ESTACADA, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Accounts and Other Receivables

Accounts and other receivables are comprised primarily of State school support and claims for reimbursement of costs under various federal and state grants.

Grants

Unreimbursed expenditures due from grantor agencies are reflected in the basic financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenditures are incurred. Grant funds received prior to the occurrence of qualifying expenditures are recorded as deferred revenue.

Inventory

Inventory is valued at cost, using the first-in, first-out (FIFO) method. Donated commodities are valued at their estimated fair market value. Inventory is charged as an expenditure when used.

Capital Assets

Capital assets are recorded at original or estimated original cost. Donated capital assets are recorded at their estimated acquisition value. Capital asset received in a service concession arrangement should be reported at acquisition value. The District defines capital assets as assets with an initial cost of more than \$5,000 and an estimated life in excess of three years. Maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	15 to 50 years
Vehicles and equipment	6 to 20 years

Lease Assets – Intangible

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

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Subscription Assets

Subscription assets are assets in which the government obtains control of the right to use the underlying IT asset. The value of the subscription asset is initially measured as the sum of initial subscription

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108
ESTACADA, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

liability amount, any payments made to the IT software vendor before commencement of the subscription term, and any capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. The subscription asset is amortized in a straight-line manner over the course of the subscription term.

Retirement Plans

Most of the District employees participate in Oregon Public Employees Retirement System (PERS). For the purpose of measuring the pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of PERS and addition to/deductions from PER's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. PERS requires plan contributions on a current basis. Contributions are recorded as expenditures in individual funds as funded. The District also offers its employees a tax deferred annuity plan established pursuant to Section 403(b) of the Internal Revenue Code.

Postemployment Benefits

Certificated employees and eligible administrative supervisors at age fifty-eight with 15 years of regular service qualify for early retirement benefits which are funded and charged to expenditures on a pay-as-you-go basis.

Compensated Absences

The District recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation

The District's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee's current pay rate upon separation from employment.

Sick Leave

The District's policy permits employees to accumulate earned but unused sick leave. All sick leave lapses when employees leave the employ of the District and, upon separation from service, no monetary obligation exists. However, a liability for estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences.

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108
ESTACADA, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-term Debt

In the government-wide financial statements, long-term debt is reported as liabilities in the Statement of Net Position. Gains or losses on refunding are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method.

In the fund financial statements, the face amount of the debt issued is reported as other financing sources. Premiums or discounts received on debt issuance are not material to the basic financial statements.

Lease Liability

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

Subscription Liability

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

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that apply to future periods and so will not be recognized as an inflow of resources (revenue) until then. The District's deferred inflows are clearly labeled on the face of the financial statements.

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108
ESTACADA, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

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

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

It is the Districts policy to spend restricted net position first and then unrestricted when both are available.

Fund Equity

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

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

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108
ESTACADA, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Budget

A budget is prepared and legally adopted for each fund on the modified accrual basis of accounting. The budgetary basis of accounting is the same basis as accounting principles generally accepted in the United States of America except capital outlay expenditures are budgeted by function.

The District begins its budgeting process by appointing budget committee members in early fall of each year. Budget recommendations are developed through early spring and the Budget Committee approves the budget in late spring. Public notices of the budget hearing are generally published in June and a public hearing is held in late June. The budget is adopted, appropriations are made, and the tax levy is declared no later than June 30.

Expenditures are appropriated at the major function level (instruction, support services, enterprise and community services, facilities acquisition and construction, debt service, operating contingency and transfers) for each fund. Expenditures generally cannot legally exceed these function level appropriations. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriations resolution. Supplemental budgets less than 10% of the fund's original budget may be adopted by the Board of Directors at a regular meeting. A supplemental budget greater than 10% of the fund's original budget requires hearings before the public, publication in newspapers and approval by the Board of Directors. During the year, there was a budget resolution affecting appropriations. Appropriations lapse at the end of each fiscal year. Expenditures of the various funds were within authorized appropriations.

Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues, expenditures/expenses and other disclosures. Accordingly, actual results could differ from those estimates.

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108
ESTACADA, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

The District maintains a common cash, cash equivalents and investment pool for all District funds. At June 30, 2025, the District's cash, cash equivalents and investments is comprised of the following:

Cash on hand	\$ 1,576
Deposits with financial institutions:	
Demand deposits	503,785
State of Oregon Treasurer's	
Local Government Investment Pool	<u>12,679,366</u>
	<u>\$ 13,184,727</u>

Deposits with Financial Institutions

Custodial credit risk – Deposits – Custodial credit risk for deposits is the risk that in the event of bank failure, the District's deposits may not be returned to the District. Insurance and collateral requirements for the deposits are established by federal banking regulations and Oregon law. State statutes require that the District's deposits be covered by the Federal Deposit Insurance Corporation (FDIC) or by a multiple financial institution collateral pool under ORS 295.015 which is administered by the State of Oregon Office of the Treasury.

Deposits with financial institutions include bank demand deposits. The total bank balance per the bank statements on June 30, 2025 was \$754,385, \$500,000 of which was covered by federal depository insurance. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury. The District's cash is deposited in an approved depository for public funds, and thus is collateralized under ORS295.

As required by Oregon Revised Statutes, deposits in excess of federal depository insurance 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 State Treasurer. As a result the District has no exposure to custodial credit risk for deposits with financial institutions.

Investments

State of Oregon statutes restrict the types of investments in which the District may invest. Authorized investments include obligations of the United States Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, time certificates of deposit, certain commercial paper, and the State of Oregon Treasurer's Local Government Investment Pool.

Interest Rate Risk – Investments – The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure deposits will not be recovered. There is no formal deposit policy for custodial credit risk. As of June 30, 2025, all deposits are insured.

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108
ESTACADA, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

INVESTMENTS – Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund's compliance with all portfolio guidelines can be found in their annual report when issued. The LGIP seeks to exchange shares at \$1 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1 per share, it is possible to lose money by investing in the pool. We intend to measure these investments at book value since it approximates fair value. The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value measurement in the Oregon Short Term Fund's audited financial report. Amounts in the State Treasurer's Local Government Investment Pool are not

required to be collateralized. The audited financial reports of the Oregon Short Term Fund can be found here:

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

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

At year-end, the investment balances were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 3</u>	<u>More than 3</u>
State Treasurer's Investment Pool	\$ 12,679,366	\$ 12,679,366	\$ -
Total	<u>\$ 12,679,366</u>	<u>\$ 12,679,366</u>	<u>\$ -</u>

3. RECEIVABLES

Receivables at June 30, 2025 are comprised of the following:

Property Taxes	\$ 444,446
Other	<u>2,105,858</u>
Total	<u>\$ 2,550,304</u>

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108
ESTACADA, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

4. CAPITAL ASSETS

Capital assets activity for the year was as follows:

	Restated Balance July 1, 2024	Additions	(Deletions)	Balance June 30, 2025
Capital Assets not being depreciated				
Land & Land Improvements	\$ 216,256	-	-	\$ 216,256
Construction in Process	223,571	1,120,187	(223,571)	1,120,187
Total Capital Assets not being depreciated	439,827	1,120,187	(223,571)	1,336,443
Capital Assets being depreciated				
Buildings & Improvements	47,468,232	1,673,292	-	49,141,524
Vehicles & Equipment	6,207,753	499,691	(989,953)	5,717,491
Lease Assets Equipment - Intangible	438,630	-	(87,024)	351,606
Subscription Assets - Intangible	551,381	-	(157,703)	393,678
Total Capital Assets being depreciated	54,665,996	2,172,983	(1,234,680)	55,604,299
Accumulated Depreciation/Amortization				
Buildings & Improvements	19,228,504	991,481	-	20,219,985
Vehicles & Equipment	4,417,261	351,335	(989,953)	3,778,643
Lease Assets Equipment - Intangible	92,388	90,625	(87,024)	95,989
Subscription Assets - Intangible	224,245	86,698	(111,116)	199,827
Total Accumulated Depreciation/Amortization	23,962,398	1,520,139	(1,188,093)	24,294,444
Total Net Capital Assets	\$ 31,143,425	\$ 1,773,031	\$ (270,158)	\$ 32,646,298

The additions for the subscription assets are greater than the additions for the subscription debt because some of the subscription assets were prepaid and therefore no debt is associated with them.

Depreciation expense for the year was charged to the following programs:

Instruction	\$ 953,237
Support Services	524,898
Enterprise and Community Services	42,004
Total	<u>\$ 1,520,139</u>

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108
ESTACADA, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. LONG-TERM DEBT

Changes in long-term obligations for the year ended June 30, 2025 are as follows:

	Restated Outstanding July 1, 2024	Additions	Payment and Redemptions	Outstanding June 30, 2025	Current Portion
Bond Obligations					
2005 general obligation refunding bonds	\$ 2,535,000	\$ -	\$ 2,535,000	\$ -	\$ -
2005 pension bonds	4,770,000	-	1,240,000	3,530,000	1,370,000
Direct Placement					
2010 QSCB bond	175,000	-	65,000	110,000	65,000
Other Debt					
Lease Liabilities	354,632	-	85,410	269,222	69,461
Subscriptions	247,520	-	83,587	163,933	73,205
Total long term obligations	<u>\$ 8,082,152</u>	<u>\$ -</u>	<u>\$ 4,008,997</u>	<u>\$ 4,073,155</u>	<u>\$ 1,577,666</u>

Annual debt service requirements to maturity are as follows:

	Other				Direct Placement	Bonds		
Year Ended June 30	Lease Liabilities Principal	Lease Liabilities Interest	Subscriptions Principal	Supscriptions Interest	QZAB Bond Principal	QZAB Bond Interest	Pension Bonds Principal	Pension Bonds Interest
2026	\$ 69,461	\$ 5,484	\$ 73,205	\$ 4,865	\$ 65,000	\$ 5,556	\$ 1,370,000	\$ 167,993
2027	71,675	3,869	76,117	2,732	45,000	2,272	1,505,000	102,794
2028	75,639	2,173	14,611	419	-	-	655,000	31,171
2029	52,447	457	-	-	-	-	-	-
	\$ 269,222	\$ 11,526	\$ 163,933	\$ 8,016	\$ 110,000	\$ 7,828	\$ 3,530,000	\$ 301,958

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108
ESTACADA, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. LONG-TERM DEBT (CONTINUED)

Bonds

The District issued \$21,300,000 in general obligation bonds in 2005 with variable interest from 3.000% to 5.500%. The bond is for the improvement and construction of education facilities. The Bond includes the following termination clause. Pursuant to paragraph (b)(S)(iii) of the Rule, the District's obligation to provide annual financial information and notice of material events, as set forth above, shall terminate if and when the District no longer remains an obligated person with respect to the Bonds, which shall occur upon either redemption in full of the Bonds, or legal defeasance of the Bonds. In addition, and notwithstanding the provisions of Section 8 of the agreement, the District may rescind its obligations under this Certificate, in whole or in part, if (i) the District obtains an opinion of nationally recognized bond counsel that those portions of the Rule that required the execution and delivery of this Certificate are invalid, have been repealed, or otherwise do not apply to the Bonds, and (ii) the District notifies and provides to each NRMSIR or the MSRB and to the SID, if any, a copy of such legal opinion. The Bond includes the following enforceability and remedies. The District agrees that this Certificate is intended to be for the benefit of registered and beneficial holders of the Bonds and shall be enforceable by or on behalf of any such holder; provided that, the right of any Bondholder to challenge the adequacy of the information furnished hereunder shall be limited to an action by or on behalf of bondholders representing at least twenty-five percent (25%) of the aggregate outstanding principal amount of Bonds. Any failure by the District to comply with the provisions of this undertaking shall not be an Event of Default under the bond documents. This Certificate confers no rights on any person or entity other than the District, holders of the Bonds, and any Dissemination Agent.

The District issued limited tax pension bonds in 2005 in the amount of \$12,695,000 with variable interest rates from 4.052% to 4.759%. The bond is for the payment of a portion of its estimated PERS unfunded actuarial liability. Upon the occurrence and continuance of any event of default, the trustee may, and if the owners of not less than fifty-one percent (51%) in outstanding principal amount of the obligations so request, shall take whatever action at law or in equity may appear necessary or desirable to enforce or to protect any of the rights vested in the trustee or the owners of the obligations by the trust agreement, the intercept agreement or the pension bonds, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in the trust agreement or the intercept agreement or in aid of the exercise of any power granted in the trust agreement or the intercept agreement or for the enforcement of any other legal or equitable right vested in the trustee by the trust agreement or the intercept agreement or by law; provided that in no event shall the. The Trustees have the right to accelerate the pension bond payments or the obligations.

Direct Placement

The District issued QSCB bonds in 2011 in the amount of \$1,100,000 with an interest rate of 5.050%. The bond is for construction of a Bio-mass boiler and upgrades to the District's digital control systems. The QSCB includes the following termination clause. Pursuant to paragraph (b)(S)(iii) of the Rule, the Issuer's obligations hereunder shall terminate if and when the Issuer no longer remains an obligated person with respect to the Agreement, which shall occur upon either redemption in full of the Agreement, or legal defeasance of the Agreement. In addition, and notwithstanding the provisions of Section 8, the Issuer may rescind its obligations under this Certificate, in whole or in part, if (i) the Issuer obtains an opinion of nationally recognized bond counsel that those portions of the Rule that required the execution and delivery of this Certificate are invalid, have been repealed, or otherwise do not apply to the Agreement, and (ii) the Issuer notifies and provides to the MSRB and to the SID, if any, a copy of such legal opinion. The QSCB includes the following enforceability and remedies. The

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108
ESTACADA, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. LONG-TERM DEBT (CONTINUED)

Issuer agrees that this certificate is intended to be for the benefit of registered and beneficial holders of the Certificates and shall be enforceable by or on behalf of any such holders; provided that, the right of any holder of the Certificates to challenge the adequacy of the information furnished hereunder shall be limited to an action by or on behalf of holder of the Certificates representing at least twenty-five percent (25%) of the aggregate outstanding principal amount of Certificates. Any failure by the Issuer to comply with the provisions of this undertaking shall not be an Event of Default under the Agreement. This Certificate confers no rights on any person or entity other than the Issuer, holders of the Certificates, and any Dissemination Agent.

All bonds are paid by the Debt Service Fund and obligations under financed purchases by the Special Revenue Fund.

Other

Lease Liabilities

As of June 30, 2025 the District had 3 leases. The leases have payments that range from \$2,140 to \$71,204 and interest rates that range from 0.56% to 2.31%. As of June 30, 2025, the total value of the lease liability is \$269,222. The combined value of the right to use asset and related depreciation is reported in the capital asset note.

Subscriptions

As of June 30, 2025, the District had 13 active subscriptions. The subscriptions have payments that range from \$0 to \$25,020 and interest rates that range from 2.02% to 3.16%. As of June 30, 2025, the total combined value of the subscription liability is \$163,933. The combined value of the right to use asset and related depreciation is reported in the capital asset note.

The future requirements for amortization of subscription payments are listed in the debt payment schedule listed earlier in this disclosure.

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108
ESTACADA, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

6. INTERFUND TRANSFERS

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Due To</u>	<u>Due From</u>
General Fund	\$ -	\$ 1,897,865	\$ 5,166,230	\$ -
Special Revenue	1,194,957	-	-	2,724,912
Debt Service	-	-	-	2,091,428
Capital Projects	702,908	-	-	349,890
	<u>\$ 1,897,865</u>	<u>\$ 1,897,865</u>	<u>\$ 5,166,230</u>	<u>\$ 5,166,230</u>

The General Fund transferred \$1,194,957 of resources to the Special Revenue Fund and \$702,908 to the Capital Projects Fund for matching as required by grant awards. The receipt and payment of monies through one central checking account result in interfund payables and receivables.

7. RETIREMENT PLANS - PERS

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

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

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

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

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

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108
ESTACADA, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. RETIREMENT PLANS – PERS (CONTINUED)

at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

- ii. **Death Benefits.** Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following contributions are met:
 - member was employed by PERS employer at the time of death,
 - member died within 120 days after termination of PERS covered employment,
 - member died as a result of injury sustained while employed in a PERS-covered job, or
 - member was on an official leave of absence from a PERS-covered job at the time of death.
 - iii. **Disability Benefits.** A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.
 - iv. **Benefit Changes After Retirement.** Members may choose to continue participation in their variable account after retiring and may experience annual benefit fluctuations due to changes in the fair value of the underlying global equity investments of that account. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes (COLA). The COLA is capped at 2.0 percent.
- **OPSRP Pension Program (OPSRP DB).** The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.
 - 9. **Pension Benefits.** This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

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

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

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108
ESTACADA, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. RETIREMENT PLANS – PERS (CONTINUED)

- ii. **Death Benefits.** Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member. The surviving spouse may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached 70½ years.
- iii. **Disability Benefits.** A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

Contributions – PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2022 actuarial valuation, which became effective July 1, 2023. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2025 were \$2,522,416 excluding amounts to fund employer specific liabilities. In addition approximately \$1,065,872 in employee contributions were paid or picked up by the District in fiscal 2025. At June 30, 2025, the District reported a net pension liability of \$22,681,172 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated December 31, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of the measurement date of June 30, 2024 and 2023, the District's proportion was .102 percent and .096 percent, respectively. Pension expense for the year ended June 30, 2025 was \$1,417,225

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

- (1) Tier 1/Tier 2 – 15.97%
- (2) OPSRP general services – 13.13%

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108
ESTACADA, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. RETIREMENT PLANS – PERS (CONTINUED)

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

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 1,343,650	\$ 54,133
Changes in assumptions	2,280,372	2,921
Net difference between projected and actual earnings on pension plan investments	1,440,889	-
Net changes in proportionate share	1,989,628	590,789
Differences between contributions and proportionate share of contributions	-	1,926,365
Subtotal - Amortized Deferrals (below)	7,054,539	2,574,208
Contributions subsequent to measuring date	2,522,416	-
Deferred outflow (inflow) of resources	\$ 9,576,955	\$ 2,574,208

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

Year ending June 30,	Amount
2026	\$ 13,709
2027	2,488,733
2028	1,155,805
2029	653,979
2030	168,105
Thereafter	-
Total	\$ 4,480,331

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

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

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

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108
ESTACADA, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. RETIREMENT PLANS – PERS (CONTINUED)

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

Actuarial Methods and Assumptions:

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

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

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108
ESTACADA, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. RETIREMENT PLANS – PERS (CONTINUED)

Assumed Asset Allocation:

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

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

Long-Term Expected Rate of Return:

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

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

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

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108
ESTACADA, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. RETIREMENT PLANS – PERS (CONTINUED)

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

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

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
Proportionate share of the net pension liability	\$ 35,778,627	\$ 22,681,172	\$ 11,711,413

Changes Subsequent to the Measurement Date

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

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

Deferred Compensation Plan

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

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108
ESTACADA, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. RETIREMENT PLANS – PERS (CONTINUED)

OPSRP Individual Account Program (OPSRP IAP)

Plan Description:

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

Pension Benefits:

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

Death Benefits:

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

Contributions:

Employees of the District pay six (6) percent of their covered payroll. Effective July 1, 2020, currently employed Tier 1/Tier 2 and OPSRP members earning \$2,500 or more per month (increased to \$3,333 per month in 2022) will have a portion of their 6 percent monthly IAP contributions redirected to an Employee Pension Stability Account. The Employee Pension Stability Account will be used to pay part of the member's future benefit. Of the 6 percent monthly IAP contribution, Tier 1/Tier 2 will have 2.5 percent redirected to the Employee Pension Stability Account and OPSRP will have 0.75 percent redirected to the Employee Pension Stability Account, with the remaining going to the member's existing IAP account. Members may voluntarily choose to make additional after-tax contributions into their IAP account.

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108
ESTACADA, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. RETIREMENT PLANS – PERS (CONTINUED)

to make a full 6 percent contribution to the IAP. The District did not make any optional contributions to member IAP accounts for the year ended June 30, 2025.

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

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

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

Plan Description:

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

Funding Policy:

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

Participating Districts are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the District currently contributes 0.00% of annual covered OPERF payroll and 0.00% of OPSRP payroll under a contractual requirement in effect until June 30, 2025. Consistent with GASB Statement 75, the OPERS Board of Trustees sets the employer contribution rates as a measure of the proportionate relationship of the employer to all employers consistent with the manner in which contributions to the OPEB plan are determined. The basis for the employer's portion is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the plan with the total actual contributions made in the fiscal year of all employers. The District's contributions to RHIA for the years ended June 30, 2023, 2024 and 2025 were \$1,649, \$340 and (\$7), respectively, which equaled the required contributions each year.

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108
ESTACADA, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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

At June 30, 2025, the District reported a net OPEB liability/(asset) of (\$425,070) for its proportionate share of the net OPEB liability/(asset). The OPEB liability/(asset) was measured as of June 30, 2024, and the total OPEB liability/(asset) used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of December 31, 2022. Consistent with GASB Statement No. 75, paragraph 59(a), the District's proportion of the net OPEB liability/(asset) is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers. As of the measurement date of June 30, 2024 and 2023, the District's proportion was .105 percent and .084 percent, respectively. OPEB expense for the year ended June 30, 2025 was (\$112,731).

Components of OPEB Expense/(Income):

Employer's proportionate share of collective system OPEB Expense/(Income)	\$ (50,536)
Net amortization of employer-specific deferred amounts from:	
- Changes in proportionate share (per paragraph 64 of GASB 75)	(62,310)
- Differences between employer contributions and employer's proportionate share of system contributions (per paragraph 65 of GASB 75)	-
Employer's Total OPEB Expense/(Income)	<u>\$ (112,846)</u>

Components of Deferred Outflows/Inflows of Resources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ -	\$ 8,314
Changes in assumptions	-	5,377
Net difference between projected and actual earnings on pension plan investments	12,002	47,100
Net changes in proportionate share	-	-
Differences between contributions and proportionate share of contributions	-	-
Subtotal - Amortized Deferrals (below)	12,002	60,791
Contributions subsequent to measuring date	(7)	-
Deferred outflow (inflow) of resources	<u>\$ 11,995</u>	<u>\$ 60,791</u>

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

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108
ESTACADA, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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

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

<u>Year ending June 30,</u>	<u>Amount</u>
2026	\$ (67,558)
2027	10,891
2028	6,493
2029	1,386
2030	-
Thereafter	-
Total	<u>\$ (48,788)</u>

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

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

Actuarial Methods and Assumptions:

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

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108
ESTACADA, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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

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

Discount Rate:

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

Long-Term Expected Rate of Return:

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

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

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

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108
ESTACADA, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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

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

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
Proportionate share of the net OPEB liability (asset)	\$ (393,485)	\$ (425,070)	\$ (452,264)

Changes Subsequent to the Measurement Date

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

9. SINGLE EMPLOYER PENSION PLAN (GASB #73)

Early Retirement

A single employer, defined benefit early retirement supplement program is maintained for certified employees. The retirement incentive is offered as a form of deferred compensation for work performed during the years of active employment. To qualify, an employee must be a certified staff member eligible to retire with benefits under the rules of the Public Employees Retirement System and applicable Oregon law. In addition, the electing employee must have a minimum of ten years of service immediately prior to retirement. This plan is funded on a pay-as-you-go basis.

GASB Statement #73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, for the fiscal year ended June 30, 2016 was implemented. A single-employer post-employment benefit program is maintained (commonly referred to as early retirement). These programs cover licensed and administrative personnel, individual employees, and certain retired employees. Update procedures were used to roll forward the pension liability to the measurement date since the actuarial valuation is not the same as the measurement date.

Contributions and Funding Policy – The benefits from this program are fully paid by the District and, consequently, no contributions by employees are required. There is no obligation to fund these benefits in advance. The only obligation is to make current benefit payments due each fiscal year. Consequently, it has not been found necessary to establish a pension trust fund, and payments are made on a pay-as-you-go basis each year out of the General Fund. An estimate of this liability for current retirees is done annually. There is no separately issued financial report for the plan. The annual expenditures recognized on a budgetary basis were approximately \$39,403, \$50,175, and \$10,605 for the years ended June 30, 2025, 2024, and 2023 respectively.

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108
ESTACADA, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

9. SINGLE EMPLOYER PENSION PLAN (GASB #73) (CONTINUED)

Total Pension Liability – The District’s total pension liability (TPL) was measured as of June 30, 2025 and the total pension liability were determined by an actuarial valuation as of July 1, 2024 with supplemental exhibits.

Actuarial Methods and Assumptions

Actuarial Methods and Assumptions: The District engaged an actuary to perform an evaluation as of July 1, 2024 using entry age normal, level percent of salary Actuarial Cost Method. The Single

Employer Pension Plan liability was determined using the following actuarial assumptions, applied to all periods including the measurement:

Discount Rate per year		5.25%
General Inflation Rate per year		2.50%
Salary Scale per year		3.50%
Annual Medical Premium increase rate	2024-25	4.00%
	2025-26	4.50%
	2026-27	5.00%
	2027-28	5.50%
	2028-29	6.00%
	Decreasing by 0.2% until 2034	
	Decreasing by 0.1% until 2038+	

Mortality rates were based on the Pub-2010 Teachers Table, separate employee/health annuitant, sex distinct, generational, no setback. Mortality rates for active male participants are 125% of the rates, and for active female participants are 100% of the rates.

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

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

Retirement rates were calculated based on age and years of service with the assumption that 65% are to remain enrolled and 70% of retirees electing coverage will cover a spouse as well.

The projection of benefits for financial reporting purpose does not explicitly incorporate the potential effects of legal or contractual funding limitations.

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108
ESTACADA, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

9. SINGLE EMPLOYER PENSION PLAN (GASB #73) (CONTINUED)

<u>Total Pension Liability</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Total Liability - Beginning	\$ 593,989	\$ 588,327	\$ 648,864
Benefit Payments	(36,600)	(51,944)	(69,000)
Service Cost	36,430	35,198	35,329
Interest on Total Pension Liability	22,954	22,408	22,739
Changes in Assumptions	(64,595)	-	(35,554)
Experience (Gain)/Loss	(51,265)	-	(14,051)
 Total Liability - Ending	 <u>\$ 500,913</u>	 <u>\$ 593,989</u>	 <u>\$ 588,327</u>

Sensitivity of the District's total pension liability to changes in the discount rate – The following presents the District's total pension liability calculated using the discount rate of 5.25 percent, as well as what the District's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.25 percent) or 1-percentage-point higher (6.25 percent) than the current rate.

	1% Decrease	Discount Rate	1% Increase
Total pension liability	<u>\$ 530,041</u>	<u>\$ 500,913</u>	<u>\$ 473,057</u>

Amounts reported as deferred outflows and deferred inflows of resources related to Other Post-employment benefits will be recognized in Other Post-employment benefit expense as follows:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference between expected and actual experience	\$ 34,587	\$ 56,825
Changes in assumptions	22,291	118,121
Total	<u>\$ 56,878</u>	<u>\$ 174,946</u>

Year ended June 30:

2026	\$ (10,205)
2027	(10,205)
2028	(10,205)
2029	(10,205)
2030	(10,202)
Thereafter	(67,046)
	<u>\$ (118,068)</u>

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108
ESTACADA, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) GASB #75

Plan Description: The District administers a single-employer defined benefit healthcare plan per the requirements of collective bargaining agreements. The plan provides postretirement healthcare benefits for eligible retirees and their dependents through the District's group health insurance plans. The plan covers both active and retired participants. As of the actuarial valuation date, there were 245 active participants and 62 retirees in the 243.303 which states, in part, that for the purposes of establishing healthcare premiums, the calculated rate must be based on the cost of all plan members, including both active employees and retirees. Because claim costs are generally higher for retiree groups than for active employees, the premium amount does not represent the full cost of coverage for retirees. The resulting additional cost, or implicit subsidy, is required to be valued under GASB Statement 75 related to Other Post-Employment Benefits (OPEB). Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations of the OPEB plan reflect a long-term perspective.

Funding Policy: The District has not established a trust fund to finance the cost of Post-employment Health Care Benefits related to implicit rate subsidies. Premiums are paid by retirees based on the rates established for active employees. Additional costs related to an implicit subsidy are paid by the District on a pay-as-you go basis in all funds. There is no obligation on the part of the District to fund these benefits in advance.

Net Other Post-employment Benefit Liability: The net other post-employment benefit liability (NOL) was measured as of June 30, 2025, and the total other post-employment benefit liability was determined by an actuarial valuation as of July 1, 2024. Update procedures were used to roll forward the OPEB liability to the measurement date since the actuarial valuation is not the same as the measurement date.

Actuarial Methods and Assumptions: The District engaged an actuary to perform an evaluation as of July 1, 2024 using entry age normal, level percent of salary Actuarial Cost Method. The Single Employer H liability was determined using the following actuarial assumptions, applied to all periods including the measurement:

Discount Rate per year		5.25%
General Inflation Rate per year		2.50%
Salary Scale per year		3.50%
Annual Medical Premium increase rate	2024-25	4.00%
	2025-26	4.50%
	2026-27	5.00%
	2027-28	5.50%
	2028-29	6.00%
	Decreasing by 0.2% until 2034	
	Decreasing by 0.1% until 2038+	

Mortality rates were based on the Pub-2010 Teachers Table, separate employee/health annuitant, sex distinct, generational, no setback. Mortality rates for active male participants are 125% of the rates, and for active female participants are 100% of the rates.

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108
ESTACADA, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

**10. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) GASB #75
(CONTINUED)**

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

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

Retirement rates were calculated based on age and years of service with the assumption that 65% are to remain enrolled and 70% of retirees electing coverage will cover a spouse as well.

The projection of benefits for financial reporting purpose does not explicitly incorporate the potential effects of legal or contractual funding limitations.

The following are the changes in the OPEB Liability:

Total OPEB Liability - Beginning	2025	2024	2023
	\$ 1,648,425	\$ 1,521,092	\$ 1,509,104
Changes for the Year:			
Service Cost	117,235	113,271	115,184
Interest	64,913	60,419	56,073
Changes in benefit terms	-	-	-
Experience (gain)/loss	140,737	-	235,510
Changes in assumptions	(483,433)	-	(350,365)
Benefit payments	(69,319)	(46,357)	(44,414)
Total OPEB Liability - Ending	\$ 1,418,558	\$ 1,648,425	\$ 1,521,092

Sensitivity of the Net Other Post-employment Benefit Liability to changes in the discount and trend rates

The following presents the net other post-employment benefit liability (NOL) of the District, calculated using the discount rate of 5.25 percent, as well as what the District's NOL would be if it was calculated using a discount rate that is 1-percentage-point lower (4.25 percent) or 1-percentage-point higher (6.25 percent) than the current rate:

June 30, 2025	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	\$ 1,536,398	\$ 1,418,558	\$ 1,309,584

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108
ESTACADA, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

10. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) GASB #75
(CONTINUED)

The following presents the net other post-employment benefit liability (NOL), calculated using trend rate of 3.50%, graded up to 5.80%, then back down to 4.50% as well as what the liability would be if it was calculated using a trend rate 1-percentage-point lower (2.50%, up to 4.80%, and down to 3.50% percent) or 1-percentage-point higher (4.50%, up to 6.80% and down to 5.50% percent) than the current rate:

June 30, 2025	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$ 1,253,633	\$ 1,418,558	\$ 1,614,933

Other Post-employment benefits Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Other Post-employment Benefits

For the year ended June 30, 2025, the District recognized Other Post-employment Benefit expense of \$19,892. At June 30, 2025, the District reported deferred outflows of resources related to Other Postemployment benefits from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 314,932	\$ 187,820
Changes in assumptions	120,007	861,408
Total	<u>\$ 434,939</u>	<u>\$ 1,049,228</u>

Amounts reported as deferred outflows and deferred inflows of resources related to Other Post-employment benefits will be recognized in Other Post-employment benefit expense as follows:

Year ended June 30:

2026	\$ (92,938)
2027	(92,934)
2028	(95,332)
2029	(135,334)
2030	(70,756)
Thereafter	(126,995)
	<u>\$ (614,289)</u>

11. COMPENSATED ABSENCES

Compensated absences balances at June 30, 2025 and 2024 are \$404,402, and \$383,935 respectively.

<u>Compensated Absences</u>	<u>Restated Beginning Balance</u>	<u>Net Change</u>	<u>Ending Balance</u>
Governmental	\$ 383,935	\$ 20,467	\$ 404,402
Total	<u>\$ 383,935</u>	<u>\$ 20,467</u>	<u>\$ 404,402</u>

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108
ESTACADA, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

12. AGGREGATE AMOUNT OF PENSION PLANS

	<u>Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
Oregon Public Employees Retirement System (PERS)	\$ 22,681,172	\$ 9,576,955	\$ 2,574,208	\$ 1,417,225
District Stipend Pension Plan	<u>500,913</u>	<u>56,878</u>	<u>174,946</u>	<u>12,579</u>
Total	<u>\$ 23,182,085</u>	<u>\$ 9,633,833</u>	<u>\$ 2,749,154</u>	<u>\$ 1,429,804</u>
	<u>OPEB Liability, (Asset)</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>OPEB Expense</u>
RHIA	\$ (425,070)	\$ 11,995	\$ 60,791	\$ (112,731)
Total OPEB	<u>1,418,558</u>	<u>434,939</u>	<u>1,049,228</u>	<u>19,872</u>
Total	<u>\$ 993,488</u>	<u>\$ 446,934</u>	<u>\$ 1,110,019</u>	<u>\$ (92,859)</u>

13. TAX ABATEMENTS

The following tax abatement agreements, entered into with Clackamas County, Oregon, impact tax collections for the District. As of June 30, 2025, the District provides tax abatements through the following programs:

- Housing Authority - ORS 456.225
- Enterprise Zones – ORS 285C.175

For the fiscal year ended June 30, 2025 the District's property tax revenues were reduced by approximately \$122,151 under these programs.

<u>Tax Exemption Program</u>	<u>Taxes Abated</u>
Housing Authority	\$ 87,983
Enterprise Zones	<u>34,167</u>
Total	<u>\$ 122,150</u>

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108
ESTACADA, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

14. 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; and natural disasters for which the District carries commercial insurance.

15. COMMITMENTS AND CONTINGENCIES

The District does not engage in risk financing activities where the risk is retained (self-insurance), except for insurance deductibles. For the past three years' insurance coverage was sufficient to cover all losses.

The District, in the regular course of business, is named as a defendant in various lawsuits. The likely outcome of these lawsuits is not presently determinable. It is the opinion of management that the ultimate resolution of these matters will not have a material adverse effect on the financial condition of the District.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by those agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the District. District management expects such amounts, if any, to be immaterial.

The District is dependent on the State of Oregon for a substantial portion of its operating funds. Due to funding uncertainties at the State level, future funding for school districts may be reduced. The ultimate effect of this possible reduction in funding on the District's future operations is not yet determinable.

16. FUND BALANCES

Details of fund balance classifications displayed in the aggregate are as follows:

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	June 30, 2024
Nonspendable:					
Inventory	\$ -	\$ 51,892	\$ -	\$ -	\$ 51,892
Prepaid items	6,051	-	-	-	6,051
Restricted for:					
Special Programs	-	3,605,123	-	-	3,605,123
Capital projects	-	-	-	1,057,463	1,057,463
Debt service	-	-	2,096,014	-	2,096,014
Unassigned	6,136,305	-	-	-	6,136,305
	<u>\$ 6,142,356</u>	<u>\$ 3,657,015</u>	<u>\$ 2,096,014</u>	<u>\$ 1,057,463</u>	<u>\$ 12,952,848</u>

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108
ESTACADA, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

17. PRIOR PERIOD ADJUSTMENTS

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

The District also recorded a prior period adjustment in the general fund for the correction of SAIF rates in the payroll system.

In addition a prior period adjustment was recorded in the government wide statements to recognize a right to use lease as debt and capital assets that was attributable to prior years.

	Net position 6/30/24 as previously reported	Restatement - GASB 101 implementation	Restatement SAIF correction	Restatement lease asset and debt restatement	Net position 6/30/24 as restated/adjusted
Government-wide					
Governmental activities	\$ 19,883,218	\$ (339,980)	\$ 232,826	\$ (9,774)	\$ 19,543,238
Total government-wide	<u>\$ 19,883,218</u>	<u>\$ (339,980)</u>	<u>\$ 232,826</u>	<u>\$ (9,774)</u>	<u>\$ 19,543,238</u>

	General Fund balance 6/30/24 as previously reported	Restatement SAIF correction	General Fund balance 6/30/24 as restated/adjusted
Government-wide			
Governmental activities	\$ 6,444,426	\$ 232,826	\$ 6,677,252
Total government-wide	<u>\$ 6,444,426</u>	<u>\$ 232,826</u>	<u>\$ 6,677,252</u>

18. CONCENTRATIONS AND CONSTRAINTS

State and Federal Funding

The School District operates as a subdivision of the state, and as such, its funding is heavily reliant on appropriations from the state legislature to the School Support Fund (SSF). For the year ended June 30, 2025, approximately 57% of the District’s total governmental fund revenues were derived from SSF grants. This concentration of funding exposes the District to significant financial risk should state funding levels decrease. Although the legislature approved the next biennial funding cycle, effective beginning July 1, 2025, the District’s future funding remains uncertain, particularly given the state's dependence on federal aid for various programs, including education. Federal funding, as noted in subsequent sections, is currently experiencing reductions and is expected to face further reductions in the foreseeable future.

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108
ESTACADA, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

18. CONCENTRATIONS AND CONSTRAINTS (CONTINUED)

The District also receives a notable portion of its governmental resources through a Student Investment Account (SIA) grant, which accounted for 4.0% of total governmental fund revenues for the fiscal year ending June 30, 2025. The SIA grant is primarily funded through the state's Corporate Activity Tax (CAT), which is subject to fluctuation based on economic conditions at both the federal and state levels. The funding cycle aligns with the state's biennial budget process, with the next cycle commencing on July 1, 2025. This concentration presents additional risk, as the volatility of the underlying tax revenue increases the potential for future reductions. The District's management continues to monitor economic trends and their potential impact on SIA funding levels.

The District also receives federal grants, which totaled 3.0% of its governmental fund revenues for the year ending June 30, 2025. Most of these federal grants are scheduled to begin in the upcoming fiscal year starting October 1, 2025. As of the financial statement date, federal budget negotiations for 2025-26 are ongoing, and the District's reliance on federal funding introduces exposure to the broader implications of national debt levels and potential federal spending adjustments. Management actively monitors economic and legislative developments to assess potential impacts on future federal funding.

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

Payroll Costs and Collective Bargaining

The School District's operating expenses are predominantly driven by employee salaries and benefits, with approximately 82.5% of staff compensation covered by two separate collective bargaining agreements. This heavy reliance on a limited number of agreements exposes the District to financial and operational risks, especially as future contract negotiations could significantly impact the District's resources. Negotiations with the classified staff unions for new contracts, which expire on June 30, 2026, are scheduled to begin during the 2026 fiscal year. The District's management is actively involved in these discussions to ensure operational continuity and to mitigate potential adverse effects on the District's budget and long-term fiscal health.

The District is also a mandatory participant in the Oregon Educators Benefit Board (OEBB), which provides group health benefits to staff. This participation involves resource concentration, as the District depends on a single provider for a substantial portion of its employee benefit costs.

While the District's financial contributions are negotiated through collective bargaining, the rates and plan structures are set solely by OEBB. As a result, the District remains vulnerable to significant financial impacts from potential rate increases. The rates for the plan year beginning October 1, 2025, were approved on August 15, 2025—prior to the issuance of these financial statements. These new rates could influence future financial commitments and bargaining negotiations. Additionally, OEBB is currently considering rate increases exceeding the Oregon Legislature's cap of 3.4%. If legislation permitting higher increases is enacted, it could substantially affect the District's future costs. Management continues to monitor the rate-setting process and evaluates the possible financial implications for upcoming budgets and negotiations.

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108
ESTACADA, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

18. CONCENTRATIONS AND CONSTRAINTS (CONTINUED)

The District is also a required participant in the Public Employees Retirement System (PERS). Pension costs are determined on a biennial basis through an actuary and are significantly impacted by the investment performance of the PERS fund. For the fiscal year ending June 30, 2025, pension expenses accounted for roughly 8.4% of the District's General Fund expenditures. The District's pension obligations pose a concentration risk, as unfavorable investment performance or an unfunded actuarial liability could lead to substantial financial impacts. On May 30, 2025, the PERS Board approved new employer contribution rates for the upcoming biennium starting July 1, 2025. These rate adjustments substantially increased the District's pension costs, further amplifying the financial risk related to payroll cost increases. Although the known PERS increases are factored into the budget and would typically not be disclosed alone, their substantial nature, when combined with potential unknown increases as noted above, presents a considerable financial risk to the District in the upcoming year.

REQUIRED SUPPLEMENTARY INFORMATION

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108
ESTACADA, OREGON

SCHEDULE OF CHANGES IN NET SINGLE EMPLOYER PENSION PLAN
AND RELATED RATIOS STIPEND BENEFITS

For the Year Ended June 30, 2025

SCHEDULE OF CHANGES IN THE TOTAL PENSION LIABILITY FOR STIPENDS

Year Ended June 30,	Service costs	Interest on total pension liability	Difference between expected and actual results	Changes of assumptions or other inputs	Benefit payments	Net changes in total pension liability
2025	\$ 36,430	\$ 22,954	\$ (51,265)	\$ (64,595)	\$ (36,600)	\$ (93,076)
2024	35,198	22,408	-	-	(51,944)	5,662
2023	35,329	22,739	(14,051)	(35,554)	(69,000)	(60,537)
2022	42,333	16,451	-	(51,274)	(94,967)	(87,457)
2021	42,333	16,451	-	-	(94,967)	(36,183)
2020	32,716	25,150	-	44,581	(85,389)	17,058
2019	57,514	27,438	13,599	(1,260)	(85,800)	11,491
2018	28,779	27,332	-	-	(107,005)	(50,894)
2017	28,779	28,951	-	-	(94,800)	(37,070)

The amounts presented for each fiscal year were actuarially determined at 7/1 and rolled forward to the measurement date.

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

SCHEDULE OF TOTAL PENSION LIABILITY AND RELATED RATIOS FOR STIPENDS

Year Ended June 30,	Total pension liability beginning	Net change in total pension liability	Total pension liability ending	Employer's covered payroll	Total pension liability as percentage of covered payroll	Discount rate
2025	\$ 593,989	\$ (93,076)	\$ 500,913	\$ 13,354,111	3.75 %	5.25 %
2024	588,327	5,662	593,989	12,002,718	4.95	3.75
2023	648,864	(60,537)	588,327	11,596,829	5.07	3.75
2022	736,321	(87,457)	648,864	9,884,063	6.56	3.50
2021	745,615	(9,294)	736,321	9,596,178	7.67	2.25
2020	728,557	17,058	745,615	8,776,716	8.50	2.25
2019	717,066	11,491	728,557	8,479,919	8.59	3.50
2018	767,960	(50,894)	717,066	7,349,899	9.76	3.75
2017	805,030	(37,070)	767,960	7,132,912	10.77	3.75

The amounts presented for each fiscal year were actuarially determined at 7/1 and rolled forward to the measurement date.

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

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108
ESTACADA, OREGON

SCHEDULE OF CHANGES IN OTHER POST EMPLOYMENT BENEFITS (OPEB) LIABILITY
HEALTH INSURANCE SUBSIDY
For the Year Ended June 30, 2025

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY

Year Ended June 30,	Service costs	Interest on total OPEB liability	Difference between expected and actual results	Changes of assumptions or other inputs	Benefit payments	Net changes in total pension liability
2025	\$ 117,235	\$ 64,913	\$ 140,737	\$ (483,433)	\$ (69,319)	\$ (229,867)
2024	113,271	60,419	-	-	(46,357)	127,333
2023	115,184	56,073	235,510	(350,365)	(44,414)	11,988
2022	139,444	37,684	-	(179,261)	(48,349)	(50,482)
2021	162,151	47,689	(422,595)	(158,606)	(52,817)	(424,178)
2020	126,322	72,451	-	360,019	(117,439)	441,353
2019	146,970	57,100	147,717	(126,151)	(117,850)	107,786
2018	92,134	51,251	-	-	(58,767)	84,618
2017	92,134	48,210	-	-	(59,730)	80,614

The amounts presented for each fiscal year were actuarially determined at 7/1 and rolled forward to the measurement date.

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

SCHEDULE OF TOTAL LIABILITY AND RELATED RATIOS FOR OPEB

Year Ended June 30,	Total OPEB liability beginning	Net change in total OPEB liability	Total OPEB liability ending	Employer's covered payroll	Total OPEB liability as percentage of covered payroll	Discount rate
2025	\$ 1,648,425	\$ (229,867)	\$ 1,418,558	\$ 18,110,594	7.83 %	5.25 %
2024	1,521,092	127,333	1,648,425	15,659,120	10.53	3.75
2023	1,509,104	11,988	1,521,092	15,129,585	10.05	3.75
2022	1,559,586	(50,482)	1,509,104	10,893,292	13.85	3.50
2021	1,983,764	(424,178)	1,559,586	10,576,012	14.75	2.25
2020	1,542,411	441,353	1,983,764	10,704,457	18.53	2.25
2019	1,434,625	107,786	1,542,411	10,342,471	14.91	3.50
2018	1,350,007	84,618	1,434,625	9,596,854	14.95	3.75
2017	1,269,393	80,614	1,350,007	9,317,334	14.49	3.75

The amounts presented for each fiscal year were actuarially determined at 7/1 and rolled forward to the measurement date.

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

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108
ESTACADA, OREGON

REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS (OPEB)
RETIREMENT HEALTH INSURANCE ACCOUNT (RHIA)

For the Year Ended June 30, 2025

SCHEDULE OF CHANGES IN THE TOTAL OPEB - RHIA LIABILITY

Year Ended June 30,	Service Cost	Difference Between Expected and Actual Experience	Changes in Assumptions	Difference Between Projected and Actual Investment Earnings	Employer Actual Contributions	Changes in Employer Proportion	Employer Total Expense
2025	\$ -	\$ (8,314)	\$ (5,377)	\$ 12,002	\$ (7)	\$ (47,100)	\$ (112,846)
2024	-	(7,691)	3,303	869	(340)	(33,013)	(16,401)
2023	-	(6,367)	(5,992)	(17,918)	(1,649)	40,819	2,330
2022	-	(5,880)	1,015	(50,228)	(1,630)	86,925	1,008
2021	-	(32,534)	(16,916)	35,392	(1,647)	(61,823)	(84,076)
2020	-	(24,448)	(192)	(11,444)	(11,154)	(956)	(24,724)

SCHEDULE OF TOTAL OPEB LIABILITY AND RELATED RATIOS

Year Ended June 30,	Total OPEB Liability Beginning (Asset)	Net Change in Total OPEB Liability (Asset)	Total OPEB Liability (Asset) Ending	Covered Payroll	Total OPEB Liability as a Percentage of Covered Payroll	Discount Rate	Proportionate Share of OPEB Liability
2025	\$ (306,341)	(118,729)	\$ (425,070)	\$ 13,354,111	0.00%	6.90 %	0.105%
2024	(234,951)	(71,390)	(306,341)	12,002,718	0.00%	6.90	0.084%
2023	(211,350)	(23,601)	(234,951)	11,596,829	-2.03%	6.90	0.066%
2022	(318,248)	106,898	(211,350)	9,884,063	-2.14%	6.90	0.062%
2021	(185,398)	(132,850)	(318,248)	9,596,178	-3.32%	7.20	0.156%
2020	(105,686)	(79,712)	(185,398)	8,776,716	-2.11%	7.20	0.096%

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

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108
ESTACADA, OREGON

REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2025

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (NPL)	(c) District's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2025	0.00 %	\$ 22,681,172	\$ 16,859,775	134.5 %	79.3 %
2024	0.10	17,903,367	16,145,854	110.9	81.7
2023	0.10	15,572,857	14,303,039	108.9	84.5
2022	0.09	10,494,198	12,709,647	82.6	87.6
2021	0.09	18,694,672	12,455,655	150.1	75.8
2020	0.09	15,069,303	11,455,578	131.5	80.2
2019	0.10	14,662,919	10,687,380	137.2	82.1
2018	0.09	11,508,148	10,802,776	106.5	83.1
2017	0.09	12,964,943	10,123,323	128.1	80.5
2016	0.09	5,256,013	9,694,451	54.2	91.9

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

SCHEDULE OF CONTRIBUTIONS

Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2025	\$ 2,522,416	\$ 2,522,416	\$ -	\$ 19,089,291	13.2 %
2024	2,307,786	2,307,786	-	16,859,775	13.7
2023	2,127,917	2,127,917	-	16,145,854	13.2
2022	1,967,000	1,967,000	-	14,303,039	13.8
2021	1,776,405	1,776,405	-	12,709,647	14.0
2020	1,591,643	1,591,643	-	12,455,655	12.8
2019	1,101,213	1,101,213	-	11,455,578	9.6
2018	814,258	814,258	-	10,687,380	7.6
2017	630,196	630,196	-	10,802,776	5.8
2016	700,929	700,929	-	10,123,323	6.9

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

SUPPLEMENTARY INFORMATION

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108
ESTACADA, OREGON

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

	<u>DEBT SERVICE FUND</u>			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Local Sources	\$ 4,020,000	\$ 4,020,000	\$ 4,611,288	\$ (591,288)
Total Revenue	4,020,000	4,020,000	4,611,288	(591,288)
EXPENDITURES				
Debt Service				
Principal	3,840,000	3,840,000	3,775,000	65,000
Interest	380,000	380,000	436,873	(56,873)
Total Expenditures	4,220,000	4,220,000 (1)	4,211,873	8,127
Excess of Revenues Over (Under) Expenditures	(200,000)	(200,000)	399,415	599,415
OTHER FINANCING SOURCES (USES)				
Transfers In	50,000	50,000	-	(50,000)
Net Change in Fund Balance	(150,000)	(150,000)	399,415	549,415
Beginning Fund Balance	150,000	150,000	1,696,599	1,546,599
Ending Fund Balance	\$ -	\$ -	\$ 2,096,014	\$ 2,096,014

(1) Appropriation Level

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108
ESTACADA, OREGON

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

CAPITAL CONSTRUCTION FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Local Sources	\$ 380,000	\$ 380,000	\$ 518,454	\$ 138,454
State Sources	2,500,000	2,500,000	1,207,935	(1,292,065)
Total Revenue	2,880,000	2,880,000	1,726,389	(1,153,611)
EXPENDITURES				
Facilities Acquisition and Construction	3,955,000	3,955,000 (1)	2,837,282	1,117,718
Total Expenditures	3,955,000	3,955,000	2,837,282	1,117,718
Excess of Revenues Over (Under) Expenditures	(1,075,000)	(1,075,000)	(1,110,893)	(35,893)
OTHER FINANCING SOURCES (USES)				
Transfers In	275,000	275,000	702,908	427,908
Total Other Financing Sources (Uses)	275,000	275,000	702,908	427,908
Net Change in Fund Balance	(800,000)	(800,000)	(407,985)	392,015
Beginning Fund Balance	800,000	800,000	1,465,448	665,448
Ending Fund Balance	\$ -	\$ -	\$ 1,057,463	\$ 1,057,463

(1) Appropriation Level

INDEPENDENT AUDITOR'S REPORT REQUIRED BY
OREGON STATE REGULATION

January 23, 2026

Independent Auditor's Report Required by Oregon State Regulations

We have audited the basic financial statements of the Clackamas County School District No.108 as of and for the year ended June 30, 2025, and have issued our report thereon dated January 23, 2026. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

Compliance

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

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

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

In connection with our testing nothing came to our attention that caused us to believe the Clackamas County School District No.108 was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except for the following:

1. During our testing of the transportation report which affects state school funding, we noted a calculation error and the total was incorrect. The District was able to correct and re-submit to the Oregon Department of Education.
2. During our testing of budget changes during the 2025 fiscal year, we noted that the adopted budget column did not match the adopted budget resolution in the Instruction and Support Services requirement categories.

OAR 162-10-0230 Internal Control

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

We noted a matter involving the internal control structure and its operation that we consider to be a material weaknesses under standards established by the American Institute of Certified Public Accountants, which we noted in the Schedule of Findings and Questioned Costs.

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



Tara M. Kamp, CPA
CLEAR TRAIL CPAS, LLC

SINGLE AUDIT SECTION

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108
ESTACADA, OREGON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2025

Federal Grantor/Pass Through Grantor/ Program Title	Federal CFDA Number	Sub Grant Award	Expenditures	Provided to Subrecipients
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Oregon Department of Education:</i>				
Title I A Grants to LEAs	84.010	82155	\$ 345,009	\$ -
Total Title I A Grants to LEAs			345,009 (1)	-
Special Education IDEA	84.027	83348	490,089	-
Special Education IDEA - Preschool	84.173	77961	3,670	-
Total Special Education Cluster			493,759	-
Supporting Effective Instruction	84.367	82418	47,082	-
Total Supporting Effective Instruction			47,082	-
English Language Acquisition	84.365	82298	18,714	-
Total English Language Acquisition			18,714	-
Student Support and Academic Enrichment	84.424	82615	30,049	-
Total Student Support and Academic Enrichment			30,049	-
Education Stabilization Fund - ESSER III - COVID - 19	84.425	64881	81,991	-
Total Elementary and Secondary School Emergency Relief - COVID 19			81,991	-
Total Passed through Oregon State Department of Education			1,016,604	-
<i>Passed through Clackamas County Education Service District</i>				
Title IC - Migrant Education Program	84.011	N/A	17,439	-
Title I - Perkins Formula	84.048	N/A	14,655	-
Total Passed through Clackamas County Education Service District			32,094	-
<i>Passed through Oregon Department of Human Service</i>				
Rehabilitation Services - Vocational Rehabilitation	84.126	N/A	57,865	-
Total Passed through Oregon Department of Human Services			57,865	-
Total U.S. Department of Education			1,106,563	-
U.S. Department of Agriculture				
Child Nutrition Cluster				
National School Lunch - Breakfast	10.553	N/A	112,905	-
National School Lunch - Lunch	10.555	N/A	360,311	-
NSLP Supply Chain Assistance	10.555	N/A	50,067	-
Summer Food	10.559	N/A	38,137	-
Commodities NSLP (non-cash assistance)	10.555	N/A	67,930	-
Total Child Nutrition Cluster			629,350 (1)	-
Equipment	10.579	N/A	4,333	-
Total U.S. Department of Agriculture			633,683	-
Total Federal Expenditures			\$ 1,740,246	\$ -

(1) - Major Program

January 23, 2026

**To the Board of Directors
Clackamas County School District No. 108
Estacada, Oregon**

**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***

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Clackamas County School District No. 108 as of and for the year ended June 30 2025, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated January 23, 2026.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected, on a timely basis.

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. However, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we identified one deficiency in internal control that we consider to be a material weakness as described in the accompanying Schedule of Findings and Questioned Costs as items on FS-2025-001.

Report on Compliance and Other Matters

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

Response to Findings

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

Purpose of this Report

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



Tara M. Kamp, CPA
CLEAR TRAIL CPAS, LLC

January 23, 2026

**To the Board of Directors
Clackamas County School District No. 108
Estacada, Oregon**

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

Report on Compliance for Each Major Program

Opinion on Each Major Federal Program

We have audited the Clackamas County School District No. 108's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2025. The major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Clackamas County School District No. 108 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the Clackamas County School District No. 108 and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance, and which is described in the accompanying Schedule of Findings and Questioned costs as item SA-2025-024. Our opinion on the major federal program is not modified with respect to these matters. *Government Auditing Standards* requires the auditor to perform limited procedures on the District's responses to the noncompliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinions on the responses.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance as described in the accompanying Schedule of Findings and Questioned Costs as item SA-2025-02 to be a significant deficiency.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over

compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

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



Tara M. Kamp, CPA
CLEAR TRAIL CPAS, LLC

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108
CLACKAMAS COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2025

SECTION I – SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

☒ yes

☐ no

Significant deficiency(s) identified that are not considered
to be material weaknesses?

☐ yes

☒ none reported

Noncompliance material to financial statements noted?

☐ yes

☒ no

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

☐ yes

☒ no

FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified?

☐ yes

☒ no

Significant deficiency(s) identified that are not considered
to be material weaknesses?

☒ yes

☐ none reported

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

Unmodified

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

☐ yes

☒ no

IDENTIFICATION OF MAJOR PROGRAMS

CFDA NUMBER

NAME OF FEDERAL PROGRAM CLUSTER

10.553, 10.555, 10.559
84.010

Child Nutrition Cluster
Title I

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

\$750,000

Auditee qualified as low-risk auditee?

☐ yes

☒ no

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108
CLACKAMAS COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2025

SECTION II – FINANCIAL STATEMENT FINDINGS

FS-2025-01 – MATERIAL WEAKNESS

CONDITION: During the final audit, certain misstatements were identified in the general ledger and subsidiary records. Some of these items were deemed material, primarily related to accounts receivable, accounts payable and capital assets. While improvement was noted compared to the prior year, this is a repeat finding from the June 30, 2024 audit.

CRITERIA: All accounts should be properly reconciled in accordance with generally accepted accounting principles (GAAP) as of June 30, 2025, prior to the commencement of the audit.

EFFECT: Without consistent reconciliation procedures aligned with the modified accrual basis of accounting, and review controls consistently applied, there is an increased risk that certain financial statement balances may not be fully accurate or complete.

CAUSE: The finance office experienced significant turnover during the fiscal year under audit. As a result, certain processes were continued from the prior year, contributing to the repeat finding.

RECOMMENDATION: We recommend the District continue strengthening reconciliation and review procedures to ensure all accounts are recorded and reconciled accurately in accordance with generally accepted accounting principles.

VIEWS OF RESPONSIBLE OFFICIALS: The District acknowledges the audit finding and appreciates the recommendations provided. During the fiscal year ended June 30, 2025, the finance office experienced significant turnover, which impacted the District's ability to complete all year-end reconciliations and supporting schedules at the same level of timeliness and consistency as intended. While improvements were made compared to the prior year, management recognizes that additional work is needed to ensure all general ledger and subsidiary records are reconciled and reviewed in accordance with GAAP and the modified accrual basis of accounting prior to the start of the annual audit.

To address this finding, the District will continue strengthening internal controls and year-end close procedures. Management has implemented and/or is in the process of implementing the following actions:

- Establishing a formal year-end closing checklist and timeline to ensure key reconciliations are completed and reviewed prior to audit fieldwork
- Implementing standardized reconciliation templates and documentation requirements for material balance sheet accounts
- Enhancing supervisory review procedures and maintaining written support for significant journal entries and adjustments
- Providing additional training and cross-coverage within the finance office to ensure continuity during staffing transitions

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108
CLACKAMAS COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2025

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

The District is committed to completing these improvements during the current fiscal year and to reducing the likelihood of future audit adjustments.

SA-2025-02 – SIGNIFICANT DEFICIENCY

FEDERAL AWARD PROGRAM: 10.553, 10.555, 10.559 Child Nutrition Cluster

SPECIFIC REQUIREMENT: Federal reimbursement claims are required to be reviewed by a person other than the preparer.

CONDITION: During testing of National School Lunch Program (NSLP) reimbursement claims, we noted that claims were submitted without evidence of review prior to submission. In addition, any reviews that may have occurred were not consistently documented.

CRITERIA: NSLP reimbursement claims should be reviewed and approved by an individual independent of the preparer prior to submission, and the review should be documented.

EFFECT: Without documented controls to ensure NSLP claims are reviewed prior to submission, there is an increased risk that claims may be submitted with errors or inconsistencies, which could impact compliance with federal program requirements.

CAUSE: The finance office and food services department experienced turnover during the fiscal year under audit, which contributed to inconsistent review and documentation practices.

RECOMMENDATION: We recommend the District assign an individual other than the claim preparer to review NSLP reimbursement claims prior to submission and maintain documentation of that review.

VIEWS OF RESPONSIBLE OFFICIALS: The District acknowledges the importance of ensuring National School Lunch Program (NSLP) reimbursement claims are reviewed by an individual other than the preparer and that this review is properly documented. During the fiscal year ended June 30, 2025, staffing turnover and competing workload demands contributed to an inconsistency in the documented review process prior to claim submission.

Management agrees with the recommendation and has already implemented corrective actions to strengthen oversight and documentation. The District has assigned an independent reviewer to review NSLP claims prior to submission and has implemented a standardized process to document the review and approval. In addition, the District will continue to reinforce written procedures and cross-training to support consistency and continuity.

The District is committed to maintaining compliance with federal program requirements and ensuring these controls remain in place going forward.

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108
CLACKAMAS COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2025

SECTION IV – SUMMARY OF PRIOR AUDIT FINDINGS

FS-2024 – 01 – Material Weakness

CONDITION: During our testing of accounts payable, we noted a material misstatement in year end accounts payable due to incorrect journal entries being posted.

CURRENT STATUS: The finding was repeated in the current audit. See current year comment FS-2025-01.

FS-2024 – 02 – Material Weakness

CONDITION: During the final audit, testing had to be rescheduled due to several material misstatements noted in the general ledger and subsidiary records. These included accounts receivable, accounts payable, taxes receivable, deferred revenue, and capital assets among others.

CURRENT STATUS: The finding was partially repeated in the current year. See current year comment FS-2025-01.

SA-2024 – 03 – Significant Deficiency

FEDERAL AWARD PROGRAM: 10.553, 10,555, 10,559 Child Nutrition Cluster

CONDITION: We noted in our testing that reimbursement claims were not being reviewed before being submitted and any reviews that may have occurred were not documented.

CURRENT STATUS: The finding was repeated in the current audit as SA-2025-02.

FEDERAL AWARD PROGRAM: 10.553, 10,555, 10,559 Child Nutrition Cluster

CONDITION: We noted in our testing of reimbursements the District recorded two reimbursement claims in the incorrect fiscal year.

CURRENT STATUS: The finding appears to have been corrected.

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108
CLACKAMAS COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2025

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. **BASIS OF PRESENTATION**

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

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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