

RESOLUTION 26-003 Approval of Fiscal Year 2025-2026 Budgeted Beginning Fund Balance Adjustment, Supplemental Budget Greater than 10% of Appropriation, Appropriation Adjustments and Transfers

Background:

During the 2025-26 fiscal year the Multnomah Education Service District realized differing beginning fund balances than originally anticipated in the adopted budget and received additional information about specific expenditures within funds and specific expenditures related to grants and contracts that were not anticipated in the adopted budget. Oregon Revised Statutes ORS 294.338 and ORS 294.463 allow the Board to approve adjustments by appropriation and transfer resolutions for these purposes.

ORS 294.473 allows the Board, with an appropriately noticed public hearing, to approve a supplemental budget increasing estimated expenditures more than 10% above the most recently amended budget.

ORS Chapter 190 authorizes governmental entities to enter into written agreements for the performance of any or all functions and activities that either entity has the authority to perform on its own.

Changes in Beginning Fund Balances:

Fund	Adopted Beginning Fund Balance	Actual Beginning Fund Balance	Beginning Fund Balance Increase (Decrease)
Resolution (Fund 1)	\$ 4,100,000	\$ 5,501,649	\$ 1,401,649
Contracted Services (Fund 2)	2,364,000	2,507,171	143,171
Operating (Fund 6)	4,256,000	4,558,001	302,001
Debt Service (Fund 3)	3,000,000	3,362,951	362,951
Facilities and Equipment Reserve (Fund 4)	1,834,400	2,408,716	574,316
Risk Management and Reserve (Fund 7)	4,700,000	2,158,257	(2,541,743)
Total Beginning Fund Balances	\$ 20,254,400	\$ 20,496,745	\$ 242,345

Changes in expenditures above 10% of the current expenditures appropriation which require a public hearing, include:

1. Facilities and Equipment Reserve Fund
 - a. An increase of Support Services expenditures by \$69,885 for unanticipated facilities repairs including HVAC repairs at Arata Creek and the addition of the reserve allocation for the new Knott Creek building.

- b. An increase of Facilities Acquisition and Improvement expenditures by \$191,500 for a potential facility acquisition. The increase is funded by Beginning Fund Balance and a transfer from the Operating Fund.
- 2. Risk Management and Reserve Fund
 - a. Increase Support Services \$213,611 primarily for the cost of substitutes for staff on worker's compensation leave.
 - b. Decrease debt service by \$4,890,097 reflecting the updated presentation of the Tax Anticipation Note and repayment as a balance sheet only transaction.

Increases and reductions in appropriation below 10% of current budget, as well as transfers of contingency appropriation below 15% of original adopted budget, none of which require a public hearing, include:

- 1. Resolution Services Fund
Supported by: Beginning Fund Balance and Transfers In
 - a. Increase Other Uses appropriation \$1,000,000 for additional transit dollars requested by component school districts.
 - b. Net increase \$611,643 in Instructional Services primarily for adjustments in Special Education programs.
 - c. Net increase \$657,069 in Support Services primarily for adjustments in Special Education programs.
 - d. Net decrease \$16,430 in Enterprise & Community Services for adjustments in Special Education programs.
 - e. Decrease Transfers Out \$17,787 for the State School Fund revenues allocation to Operating Fund 6.
 - f. Decrease Contingency \$1,013,735.
- 2. Contracted Services Fund
Supported by: Beginning Fund Balance, Federal Sources, Sales of Goods & Services and Other Revenues
 - a. Net increase \$507,228 in Instructional Services for adjustments in Special Education Programs and for grants and revenue contracts which were extended or updated after the budget was adopted.
 - b. Net increase \$27,365 in Support Services for adjustments in Special Education Programs and for grants and revenue contracts which were extended or updated after the budget was adopted.
 - c. Net decrease \$5,570 in Enterprise & Community Services for adjustments in Special Education programs.
 - d. Decrease Contingency \$1,402,173.
- 3. Operating Fund
Supported by: Beginning Fund Balance

- a. Net increase \$187,193 in Support Services primarily for reconciliation of outstanding receivables and payroll liabilities and for startup costs for the new Knott Creek building.
 - b. Decrease Facilities Acquisition & Improvement by \$71,706. MESD is realigning these funds to the startup costs for the new Knott Creek building.
 - c. Net increase \$177,100 in Transfers Out for a transfer to the Facilities and Equipment Reserve Fund for a potential facility acquisition.
 - d. Decrease Contingency \$24,513.
4. Facilities and Equipment Reserve
Supported by: Beginning Fund Balance
- a. Increase Transfers Out \$16,140 for e-Rate eligible network equipment purchases which are recorded in Resolution Fund 1.
 - b. Net increase in Contingency \$473,891.
5. Risk Management and Reserve Fund
Supported by: Other Revenues
- a. Increase Contingency \$871,863.
 - b. \$1,000,000 will be held as unappropriated Ending Fund Balance.

The Superintendent recommends adoption of the following resolution:

WHEREAS, the Resolution Fund (Fund 1), the Contracted Services Fund (Fund 2), Operating Fund (Fund 6), the Debt Service Fund (Fund 3), the Facilities and Equipment Reserve Fund (Fund 4), and the Risk Management and Reserve Fund (Fund 7) had beginning fund balances that differed from what was anticipated in the adopted budget; and,

WHEREAS, the Resolution Fund (Fund 1), the Contracted Services Fund (Fund 2), the Operating Fund (Fund 6), the Facilities and Equipment Reserve Fund (Fund 4), and the Risk Management and Reserve Fund (Fund 7) had changes in required expenditures not anticipated in the adopted budget; and,

NOW THEREFORE BE IT RESOLVED, that for the fiscal year beginning July 1, 2025, the amounts shown below are hereby appropriated for the purposes indicated within the Funds listed. The amounts shown are the changes to the appropriations from the adopted budget.

	Resolution Services	Contracted Services	Operating	Debt Service	Facilities & Equipment Reserve	Risk Management & Reserve
Resources						
Beginning Fund Balance	1,401,649	143,171	302,001	362,951	574,316	(2,541,743)
State School Fund	(177,869)	-	-	-	-	-
Local Sources	(16,139)	(160,108)	-	-	-	-
State Sources	-	(872,643)	-	-	-	-
Federal Sources	(2,761)	14,012	-	-	-	-
Sales of Goods & Services	-	2,156	-	-	-	-
Other Revenues	(260)	262	(1,740)	-	-	25,120
Services to Other Funds	-	-	(14,400)	(362,951)	-	(38,000)
Transfers In	16,140	-	(17,787)	-	177,100	-
Debt Sources	-	-	-	-	-	(250,000)
Total Resources	<u>\$ 1,220,760</u>	<u>\$ (873,150)</u>	<u>\$ 268,074</u>	<u>\$ -</u>	<u>\$ 751,416</u>	<u>\$ (2,804,623)</u>
Requirements						
Instructional Services	611,643	507,228	-	-	-	-
Support Services	657,069	27,365	187,193	-	69,885	213,611
Enterprise & Community Svs.	(16,430)	(5,570)	-	-	-	-
Facilities Acquisition & Imp.	-	-	(71,706)	-	191,500	-
Other Uses	1,000,000	-	-	-	-	-
Debt Service	-	-	-	-	-	(4,890,097)
Transfers Out	(17,787)	-	177,100	-	16,140	-
Contingencies	(1,013,735)	(1,402,173)	(24,513)	-	473,891	871,863
Total Requirements	<u>\$ 1,220,760</u>	<u>\$ (873,150)</u>	<u>\$ 268,074</u>	<u>\$ -</u>	<u>\$ 751,416</u>	<u>\$ (3,804,623)</u>