



*As a community, we prepare lifelong learners to achieve
their full potential in a complex and interconnected world.*

**Reynolds School District
Board of Education Special Board Meeting**

March 4, 2026

6:00 PM

Virtual Meeting

I.	6:00p - Call to Order	2
	A. Roll Call	
	B. Consider Approval of the March 4, 2026 Agenda	
II.	6:05p - Presentation to the Board: 2024-25 Financial Report	3
III.	6:35p - Action Item: Plan of Action for Audit Findings Fiscal Year End June 30, 2026	146
IV.	6:40p - Adjourn	150

To: Board of Directors

From: Frank Caropelo, Superintendent

Subject: Call to Order

Type: ☒ Action Item ☐ Report / Presentation

Policy: BDDF: Conduct of Board Meetings

Date: March 4, 2026

Connection to Strategic Plan Goal Topics:

- ☒ Marginalized Students
- ☒ Culturally Responsive Teaching

- ☒ Student and Staff Wellness
 - ☒ Professional Development
-

Summary / Background:

Position 1: Director Aaron Muñoz

Position 2: Vice Chair Joyce Rosenau

Position 3: Chair Michael Reyes

Position 4: Director Cayle Tern

Position 5: Director Patty Carrera

Position 6: Director Ana Gonzalez Muñoz

Position 7: Director Francisco Ibarra

Motion to Approve Agenda:

- A. Motion Made by Board Member:
 - a. I move that the Board approve the March 4, 2026 agenda as presented.
- B. Motion Seconded by Another Board Member
- C. Points of Clarification / Discussion
- D. Call for Board Vote

To: Board of Directors

From: Holly Langan, Managing Officer of Financial Services

Subject: 2024-25 Financial Report to the Board

Type: ☐ Action Item ☒ Report / Presentation

Policy: DIE: Audits

Date: March 4, 2026

Connection to Strategic Plan Goal Topics:

- | | |
|--|--|
| ☒ Marginalized Students | ☒ Student and Staff Wellness |
| ☒ Culturally Responsive Teaching | ☒ Professional Development |
-

Summary / Background:

Independent auditing firm, Sensiba, LLC, will present to the Board the Reynolds School district Annual Comprehensive Financial Report for Fiscal Year 2024–25. In addition, the related Plan of Action for submission to the Secretary of State will be presented for adoption by the board.

Previous Board Action:

The Board receives a similar financial report annually and adopts any needed corrective actions.

Financial Implications:

The annual audit must be completed and submitted to the Oregon Department of Education to access future State School Funding.

Motion:

Not Applicable



ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the year ended June 30, 2025



Multnomah County School District No. 7
Multnomah County, Oregon

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REYNOLDS SCHOOL DISTRICT NO. 7

MULTNOMAH COUNTY, OREGON

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Prepared by:

Financial Services Staff

REYNOLDS SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

BOARD OF DIRECTORS AS OF JUNE 30, 2025

BOARD OF DIRECTORS

TERM EXPIRES

Aaron Muñoz	June 30, 2029
Cayle Tern	June 30, 2029
Michael Reyes, Chair	June 30, 2029
Joyce Rosenau, Vice Chair	June 30, 2029
Patty Carrera	June 30, 2027
Ana Gonzalez Muñoz	June 30, 2027
Francisco Ibarra	June 30, 2027

Board Members receive mail at:
Superintendent
Attn: Board of Directors
Administrative Office
1204 N.E. 201st Avenue
Fairview, Oregon 97024

REYNOLDS SCHOOL DISTRICT NO. 7

MULTNOMAH COUNTY, OREGON

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MULTNOMAH COUNTY, OREGON
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REYNOLDS SCHOOL DISTRICT NO. 7

MULTNOMAH COUNTY, OREGON

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REYNOLDS SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

INTRODUCTORY SECTION



**Reynolds School District
Administration Offices**
1204 NE 201st Avenue
Fairview, OR 97024
(503) 661-7200 • fax (503) 667-6932

February 24, 2026

To the Board of Education and Citizens of Reynolds School District No. 7:

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of Reynolds School District No. 7, Multnomah County School District No. 7 (the District), for the fiscal year ended June 30, 2025. This report has been prepared in conformity with generally accepted accounting principles (GAAP) as established by the Governmental Accounting Standards Board (GASB).

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

Management has established and maintains a comprehensive internal control framework designed to safeguard assets from loss, theft, or misuse and to ensure the preparation of reliable financial statements in conformity with GAAP in the United States of America. Because the cost of internal controls should not exceed their anticipated benefits, the District's internal control system is designed to provide reasonable, but not absolute, assurance that the financial statements are free from material misstatement. To the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Independent Audit

The provisions of Oregon Revised Statutes require an annual independent audit of the financial records and fiscal affairs of the District. The Board of Education selected Sensiba LLP to conduct the audit of the District's financial statements for the fiscal year ended June 30, 2025. The independent auditor's report, which is included in the Financial Section of this ACFR, expresses an unmodified opinion that the financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles in the United States of America. The audit was conducted in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States.

In accordance with the Single Audit Act Amendments of 1996 and the provisions of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) at 2 CFR Part 200, Subpart F, the District is required to undergo a Single Audit if it expends \$750,000 or more in federal awards during the fiscal year. The District's Single Audit, conducted by Sensiba LLP, includes reports on internal control over financial reporting and compliance, as well as a report on compliance for each major federal program and on internal control over compliance. These reports are presented in the Single Audit Section of this ACFR.

This report reflects the District's continued commitment to financial transparency, accountability, and adherence to professional standards.

Management's Discussion and Analysis

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

Profile of the District

Mission Statement:

We lead with equity to educate and support all students to graduate with the skills and confidence to thrive.

Vision:

As a community, we prepare lifelong learners to achieve their full potential in a complex and interconnected world.

Reynolds School District was confirmed in 1954 as a consolidation of the Fairview, Troutdale, and Wilkes elementary school districts. In 1975, Rockwood School District merged with Reynolds.

The District includes 11 elementary schools, three middle schools, one high school, one alternative school, five alternative programs, and four charter schools. Together, the district reflects a diverse geographic region, serving over 9,600 students with various backgrounds and speaking more than 114 languages. The high school consistently ranks as one of the largest, in terms of student population, in the state. Reynolds High School students may also attend the Center for Advanced Learning, a charter school partnership between three neighboring districts (Centennial, Gresham-Barlow, and Reynolds) and one neighboring community partner (Mt. Hood Community College), where students can choose to focus on health sciences, engineering, or computer science.

The District, a fiscally independent entity, is organized with a seven-member elected Board of Directors and a board appointed budget committee. The School Board sets district policies, employs staff, and dedicates resources. It is the chief governing body and is exclusively responsible for its public policies and accountable for fiscal oversight. The chief administrative officer of the District is the superintendent who is appointed by the Board.

District management includes the Superintendent, Chief Academic Officer, Chief Operating Officer, Executive Director of Human Resources, Executive Director of Financial Services, Director of Communications, and 84.0 principals, vice-principals, and district administrators. The District's budget has 1,358.19 full-time equivalent (FTE) personnel, including principals, vice-principals, administrators, teachers, supervisors, secretarial staff, bus drivers, maintenance personnel, cafeteria staff, and other support staff.

Under Oregon State law, school districts are independent municipal corporations empowered to provide elementary and secondary educational services for the children residing within their boundaries. The District

discharges this responsibility by building, operating and maintaining school facilities, developing, and maintaining approved educational programs and courses of study, including career/technical educational programs, and programs for English language learners and special needs students, and providing for transportation and feeding of students in accordance with District, State, and Federal programs. This report includes all funds of the District.

The average age of all buildings across the District is 36.2 years. The average age of school buildings across the District is 38.6 years.

The District spans from 141st Avenue to the Sandy River and from the Columbia River on the North to SE Market Street and SE Stark Street to the South. The District serves Portland, Gresham, Fairview, Wood Village, and Troutdale, and is a mix of urban and rural residential, high-tech manufacturing and farmland.

Appropriations and Budgetary Controls

Under Oregon Revised Statutes (33.710), school districts are municipal corporations empowered to provide elementary and secondary educational services for the children residing within their boundaries. Reynolds School District fulfills this responsibility by building, operating, and maintaining school facilities; developing and maintaining approved educational programs and courses of study; and transporting and feeding students in accordance with District, State and Federal program guidelines. This report includes all funds of the District.

The District is required by the State of Oregon to adopt an annual budget for all funds subject to the requirements of Municipal Audit Law as outlined in the 2017 Oregon Revised Statutes 297.405 to 297.555 and 297.990. The budget for each individual fund is a plan for the financial operations to be conducted during the coming fiscal year and is adopted annually, prior to July 1, by the Board of Education. The level of budgetary control, that is the level at which expenditure cannot legally exceed the appropriated amount, is established by major function categories: Instruction, Support Services, Enterprise & Community Services, Facilities Acquisition & Construction, Debt Service, Transfers Out, Contingency and Ending Fund Balance. After adoption, the budget may be amended through procedures specified in State statute and Board policy.

Through the year, cash not required for current operations is invested in the State of Oregon Local Government Investment Pool or other Board approved investment depositories.

Factors Affecting Financial Condition

Statewide Revenue. Over the past several decades, several citizen initiatives have changed how Oregon funds public education, starting with Measure 5 in 1990. The property tax limitations enacted under Measure 5 and the later Measures 47 and 50 shifted the primary burden of paying for K–12 education from local property taxpayers to the state General Fund. This shift led the Legislature in 1991 to establish a school funding equalization formula. That funding formula, largely based on student enrollment numbers and student demographics, determines how much money each school district will receive from the State School Fund to fill the gap between the District’s local revenue (property taxes) and its equalization target under the formula. This shift affected how funds are provided to public schools, making them more dependent on the overall economy of Oregon.

Job Growth Factor. Information presented in the financial statements is best understood when it is considered from the broader perspective of the specific environment within which the District operates.

The December 2025 Oregon Economic and Revenue Forecast indicates that the national economy is stabilizing following a period of post-pandemic deceleration. While real GDP growth is expected to slow to approximately 1.6 percent in 2025, forecasters anticipate a moderate reacceleration in 2026 supported by federal tax reductions, lower interest rates, and a reduced effective tariff burden compared to earlier projections. Although recession risks remain elevated, they have diminished relative to earlier in the year. Inflationary pressures persist above the Federal Reserve’s 2 percent target, and the outlook remains subject to federal fiscal and trade policy developments.

Oregon Forecast Summary

	Quarterly						
	2025:3	2025:4	2026:1	2026:2	2026:3	2026:4	2027:1
Personal Income (\$ billions)							
Nominal Personal Income	318.0	322.0	327.7	331.8	334.8	338.5	347.6
% change	0.8	0.0	(0.5)	(1.4)	(1.4)	(1.5)	(0.9)
Real Personal Income (base year=2017)	249.8	250.5	252.9	254.3	255.2	256.5	262.2
% change	1.1	0.3	(0.4)	(1.3)	(1.4)	(1.7)	(0.9)
Nominal Wages and Salaries	156.8	160.4	162.2	163.9	165.2	166.3	170.3
% change	2.6	2.2	1.9	0.4	0.3	(0.2)	1.1
Other Indicators							
Per Capita Income (\$1,000)	74.3	75.2	76.5	77.3	78.0	78.7	80.7
% change	0.9	0.1	(0.4)	(1.2)	(1.2)	(1.3)	(0.7)
Average Wage rate (\$1,000)	78.5	80.2	80.9	81.6	82.2	82.7	84.5
% change	1.9	1.8	1.6	0.5	0.4	0.0	1.3
Population (Millions)	4.3	4.3	4.3	4.3	4.3	4.3	4.3
% change	0.5	0.4	0.4	0.4	0.3	0.3	0.3
Housing Starts (Thousands)	13.9	13.9	14.1	14.2	14.4	14.6	14.8
% change	0.2	(1.3)	(1.2)	(1.3)	(1.3)	(1.4)	(1.3)
Unemployment Rate	4.9	5.0	5.0	5.1	5.1	5.1	5.1
Point Change	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: <https://www.oregon.gov/das/oea/Documents/OEA-Forecast-1225.pdf>

Oregon’s economy underperformed the national average through much of 2024 and into 2025, reflecting weaker population growth, softness in manufacturing, and sector-specific challenges in semiconductors and agriculture. Year-over-year job growth has been negative, and the unemployment rate has risen modestly to 5.0 percent as of August. However, a strong monthly job gain late in the summer suggests the potential beginning of a rebound consistent with the Office of Economic Analysis “hockey stick” profile, with improving conditions anticipated in 2026. Population growth has been revised modestly upward, with gradual in-migration expected to support longer-term stabilization.

From a revenue perspective, the General Fund forecast for the 2025-27 biennium was increased by \$309.5 million, primarily due to higher Corporate Income Tax collections related to prior tax years. Personal Income Tax projections were also revised upward modestly, while other revenue sources showed mixed but generally

limited changes. Despite these adjustments, the projected ending balance for June 30, 2027 remains slightly negative. Overall, the forecast reflects cautious optimism, with baseline conditions assigned a 60 percent probability and alternative scenarios ranging from moderate recession to stronger-than-expected growth.

The District continues to meet the goal of maintaining 5% ending fund balance per Board Policy DBDB Fund Balance. Enrollment has stabilized, as is the trend across the state. The District's prior year enrollment decline reflected student transfers to online schools, to other states, and to home schooling. Due to the important relationship between funding and enrollment, the District continues to monitor enrollment projections.

Long-Term Financial Planning

The District maintains 28 facilities totaling 1.4 million square feet. As is true of many school districts in the State of Oregon, funding for capital improvements is limited due to prioritization of limited District resources for direct support of student learning in the classroom. As a result, our facilities, some over 100 years old, are in dire need of improvements and/or replacement to meet current building codes, as well as expansions to serve our existing student population who experience overcrowding due to shortages of classroom and common spaces.

On May 19, 2015, the Reynolds School District successfully passed a \$125 million general obligation bond with the support of the region's devoted citizens. A bond premium was realized during the bond sale that increased the project budget by another \$14 million. A major component of this bond program was to include the construction of three new elementary schools at the existing sites of Fairview Elementary, Troutdale Elementary, and Wilkes Elementary. The bond program also included additions & renovations to be constructed at Reynolds High School.

For schools that were not part of the 2015 G.O. Bonds proceeds, the District will continue to annually increase capital improvements to sites and facilities to maintain District's assets. The most recent Facilities Master Plan was completed in March of 2021.

[Facilities Master Plan - BRIC Architecture, Inc. - March 2021](#) or <https://www.reynolds.k12.or.us/facilities>

Acknowledgments

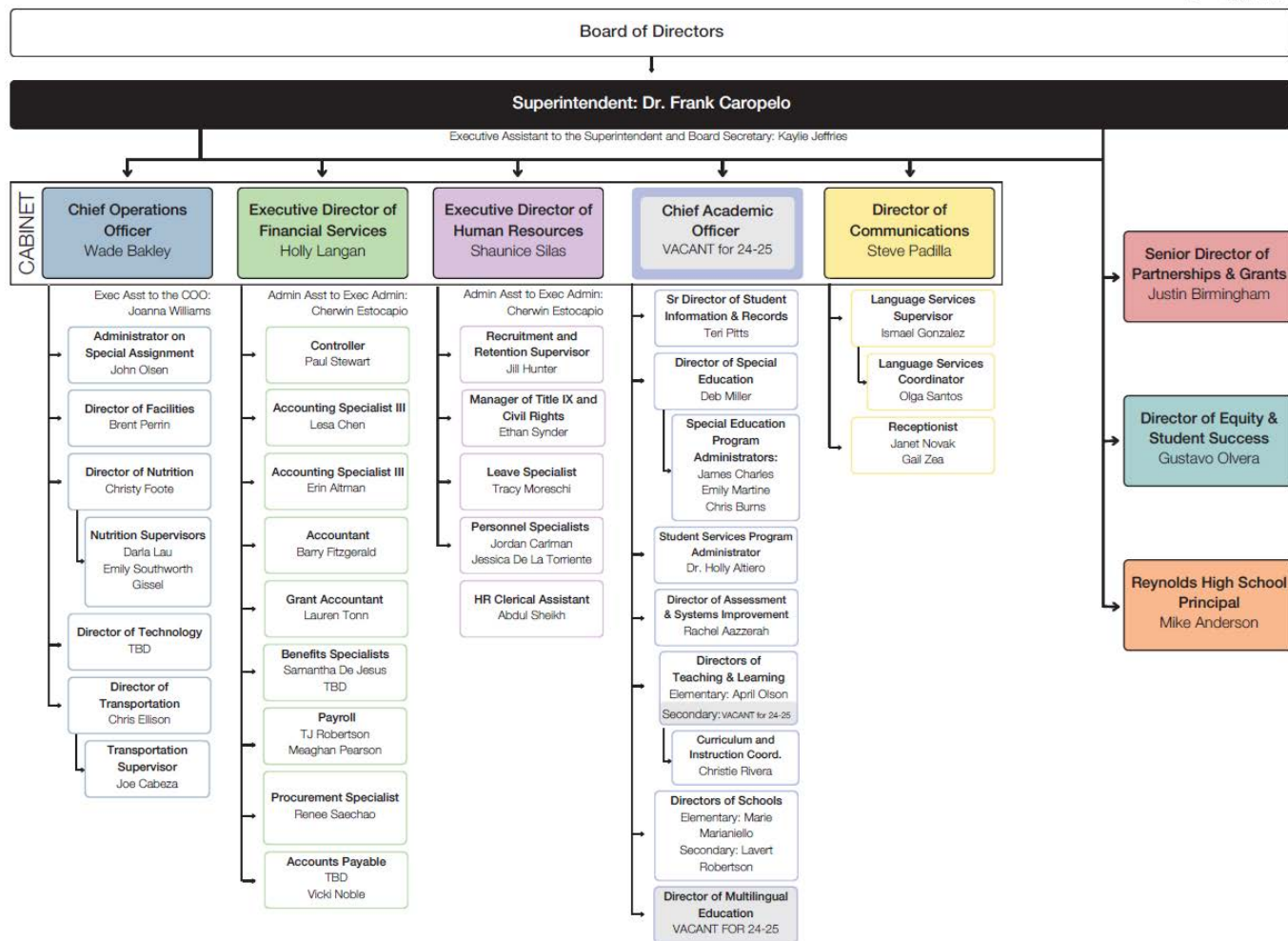
We extend our sincere appreciation to the Reynolds Finance Department and staff across all departments who played an integral role in preparing this Annual Comprehensive Financial Report. We also thank the members of the Board of Directors, District administrators, employees, and the community for their continued support and commitment to the District's financial stewardship.

Respectfully submitted,

Holly Langan

Holly Langan, Executive Director of Financial Services

2024-2025 Organizational Chart



REYNOLDS SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

FINANCIAL SECTION

REYNOLDS SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

INDEPENDENT AUDITOR'S REPORT



Independent Auditor's Report

To the Board of Directors
Reynolds School District
Multnomah County, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of Reynolds School District (District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Reynolds School District, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matters

We draw attention to Note 23 of the financial statements, which describes the restatement of beginning fund balance and net position as a result of a prior year error correction and changes to the financial reporting entity. The error correction relates to an overstatement of payroll liabilities in the general fund and understatement of inter-fund charges in the debt service fund. Our opinion is not modified with respect to this matter.

Additionally, Note 23 further describes changes to beginning fund balance of various funds due to a change in the financial reporting entity. The District consolidated its fund structure into four major funds, closing all other funds reported in the prior year. Our opinion is not modified with respect to this matter.

As discussed in Note 12 to the financial statements, the District implemented Government Accounting Standards Board Statement No. 101 – *Compensated Absences* during the year ended June 30, 2025. This implementation required a change in accounting principle related to the recognition and measurement of

compensated absences. As a result, the beginning net position of governmental activities as of July 1, 2024 has been restated to reflect the cumulative effect of applying the new standard. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of the proportionate share of net pension liability and contributions – PERS, schedule of the proportionate share of net OPEB liability and contributions – Retiree Health Insurance Account, schedule of changes in total OPEB liability and related ratios – medical benefit, and the schedules of revenues, expenditures, and changes in fund balance, budget and actual for the general and special revenue funds 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 management's discussion and analysis, schedule of the proportionate share of net pension liability and contributions – PERS, schedule of the proportionate share of net OPEB liability and contributions – RHIA, and the schedule of changes in total OPEB liability and related ratios – medical benefit, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The schedules of revenues, expenditures, and changes in fund balance, budget and actual for the general and special revenue funds have 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 schedules of revenues, expenditures, and changes in fund balance, budget and actual for the general and special funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory sections as identified in the table of contents. Budgetary schedules for the debt service and capital project funds. The statistical section as identified in the table of contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 24, 2026 on our consideration of District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering District's internal control over financial reporting and compliance.

Other Reporting Required by Oregon Minimum Standards for Audits of Oregon Municipal Corporations

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated February 24, 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 our testing of compliance and the results of that testing and not to provide an opinion on compliance.



Sensiba LLP
Bend, Oregon

February 24, 2026

REYNOLDS SCHOOL DISTRICT NO. 7

MULTNOMAH COUNTY, OREGON

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION
AND ANALYSIS**

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2025

As management of Reynolds School District No. 7 (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ending June 30, 2025.

The focus of the Management's Discussion and Analysis (MD&A) is on current year activities, resulting changes, and currently known facts. The MD&A should be read in conjunction with the District's financial statements, including the accompanying notes. Additionally, as a required part of the MD&A, comparative information for the current year is presented for financial analysis to enhance the understanding of the District's financial performance.

Financial Highlights

- The government-wide financial statements show the liabilities and deferred inflows of resources of the District exceeded its assets and deferred outflows of resources by \$6.20 million (negative net position). Last year, the Total Net Position was \$5.88 million due to a decrease in long-term debt and deferred inflows of resources, coupled with an increase in net investment in capital assets. The Total Net Position decreased during the 2024-25 fiscal year primarily because the District reported a \$9.15 million government-wide change in net position driven by depreciation exceeding capital outlay, recognition of pension and OPEB expenses including a \$11.2 million PERS expense, and the impact of long-term obligations and related deferrals, which together outweighed current-year revenues and fund balance reserves.
- At June 30, 2025, the District's Total Net Position was negative \$6.20 million. This gap between Assets and Liabilities is a decrease from the prior fiscal year when it was \$5.88 million.
- At June 30, 2025, the District's governmental funds had a combined ending fund balance of \$23.9 million. This represents a decrease of \$14.3 million from the prior year, a 37.4% decrease in the District's financial position.
- At June 30, 2025, the General Fund had a fund balance of \$9.3 million, including a GASB 54 reporting requirement of \$211,385, from the Early Retirement Fund. GASB 54 requires the Early Retirement Fund's ending fund balance be reported with the General Fund, rather than reporting with Other Government funds.

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

Government-Wide Financial Statements are designed to provide readers with a broad overview of the District's finances in a manner similar to private-sector businesses.

- The Statement of Net Position presents information on all the District's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
- The *Statement of Activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, and earned, but unused, vacation and sick leave).

Both government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). As is typical for a school district, the Reynolds School District has governmental activities, such as regular and special education programs, child nutrition services, transportation, administration, and facilities improvements and construction. These activities are primarily financed through property taxes, Oregon's State School Fund, and other intergovernmental revenues. The District does not have any business-type activities.

The government-wide financial statements can be found on pages 20 and 21 of this report.

Fund Financial Statements are designed to demonstrate compliance with finance-related legal requirements overseeing the use of fund accounting. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. All of the funds of the District are governmental funds. The School Board sets appropriations within every fund each year (for instruction, support services, enterprise and community services, facilities acquisition and construction, debt service, transfers, contingency, and unappropriated ending fund balance and other GASB 54 classifications) that establish the legal limits for expenditures of the District.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the

governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains four major governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances. The District classifies these four funds as major funds.

The District adopts an annual appropriated budget for all funds as stated above. A budgetary comparison statement has been provided for each fund individually to demonstrate compliance with their budgets.

The basic governmental fund financial statements can be found on pages 22 to 25 of this report.

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 to the basic financial statements can be found on pages 26 to 65 of this report.

Other information is included on the basic financial statements and accompanying notes. The State of Oregon requires governmental entities to provide financial information prepared in accordance with Oregon's Budgetary Law (Budgetary Basis). The District also includes additional supplemental information to assist the users of the financial statements in gaining an understanding of the District's financial position. Other information (both required and additional) can be found on pages 66 to 96 of this report.

Additionally, the Federal Government and the State of Oregon require Governmental entities to include additional auditor reports and schedules. The 2024–25 Auditor's Comments and Disclosure includes the auditor's report on internal accounting control and other matters. The Grant Compliance review includes a Schedule of Expenditures of Federal Awards, on page 104 along with reports on internal control, program compliance and schedule of prior and current year audit findings relative to Federal awards. The required auditor's comments, disclosures and grant compliance review information can be found on pages 97 to 113 of this report.

Government-Wide Financial Analysis

Net Position

Net position may serve over time as a useful indicator of a government's financial position. The table below condenses the Statement of Net Position shown in the Basic Financial Statements.

	Governmental Activities		
	2025	2024	Increase / (Decrease)
Assets			
Current and Other Assets	\$ 43,503,255	\$ 55,217,231	\$ (11,713,976)
Net Capital Assets	210,123,521	216,512,682	(6,389,161)
Total Assets	253,626,776	271,729,913	(18,103,137)
Deferred Outflows of Resources			
Pension Related Deferrals	54,396,278	22,500,714	31,895,564
Advance Refunding of Debt	9,793,989	-	9,793,989
Total Assets and Deferred Outflows	317,817,042	294,230,627	23,586,415
Liabilities			
Current Liabilities	41,422,097	32,415,842	9,006,255
Accrued Compensated Absences	4,393,231	3,484,269	908,962
Long Term Debt and Lease Liabilities	246,976,337	222,159,716	24,816,621
Total Liabilities	292,791,666	258,059,827	34,731,839
Deferred Inflows of Resources			
Pension Related Deferrals	30,098,975	33,326,773	(3,227,798)
Deferred Inflow - Grant	-	-	-
Deferred Inflow - Lease	45,208	233,975	(188,767)
Total Liabilities and Deferred Inflows	322,935,849	291,620,575	31,315,274
Net Position			
Net Investment in Capital Assets	95,747,336	97,377,373	(1,630,037)
Restricted for OPEB-RHIA Assets	2,599,763	2,737,226	(137,463)
Restricted for Debt Service	3,170,649	5,614,646	(2,443,997)
Restricted for State and Local Programs	-	-	-
Restricted for Food Service	(1,025)	150,990	(152,015)
Unrestricted	(107,720,095)	(100,003,765)	(7,716,330)
Total Net Position	\$ (6,203,372)	\$ 5,876,470	\$ (12,079,842)

Net investment in capital assets. As shown in the table above, the District's current net investment in capital assets is \$95.7 million, a decrease of \$1.7 million over the prior year. The increase is the result of capital asset additions for building improvements, vehicles, and equipment. The net position component includes land, construction in process, building, improvements, vehicles and equipment, net of depreciation where applicable, and net of the related debt that was incurred to acquire those assets. Information about capital assets and their related debt is available in Note 6 – Capital Assets and Note 15 – Long-Term Obligations.

Restricted net position decreased by a total of \$2.7 million in 2024–25, primarily due to changes in Debt Service and OPEB-RHIA Assets.

Unrestricted net position has increased by \$7.72 million, from (\$100) million to (\$107.7)

million. The negative balance in unrestricted net position results from the OPEB reporting requirement and further explanation can be found in Note 16 – Defined Benefit Pension Plan and Note 17 – Other Postemployment Benefit Plan (RHIA).

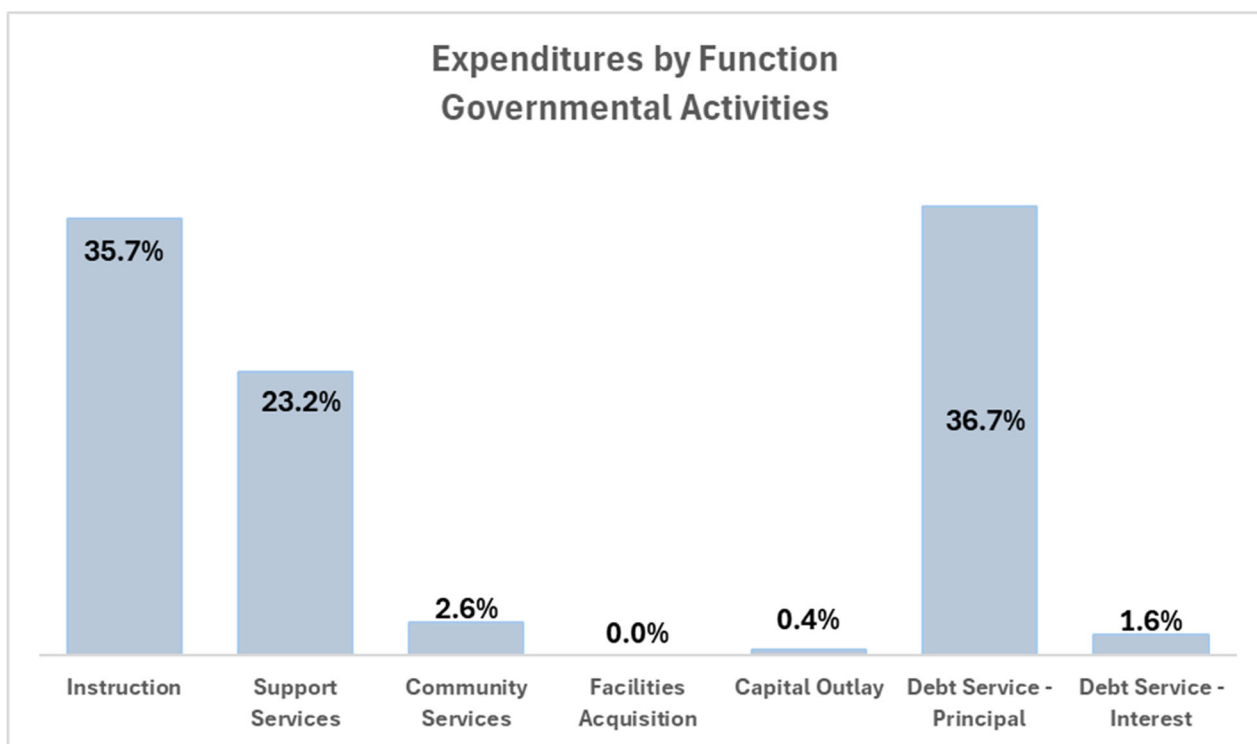
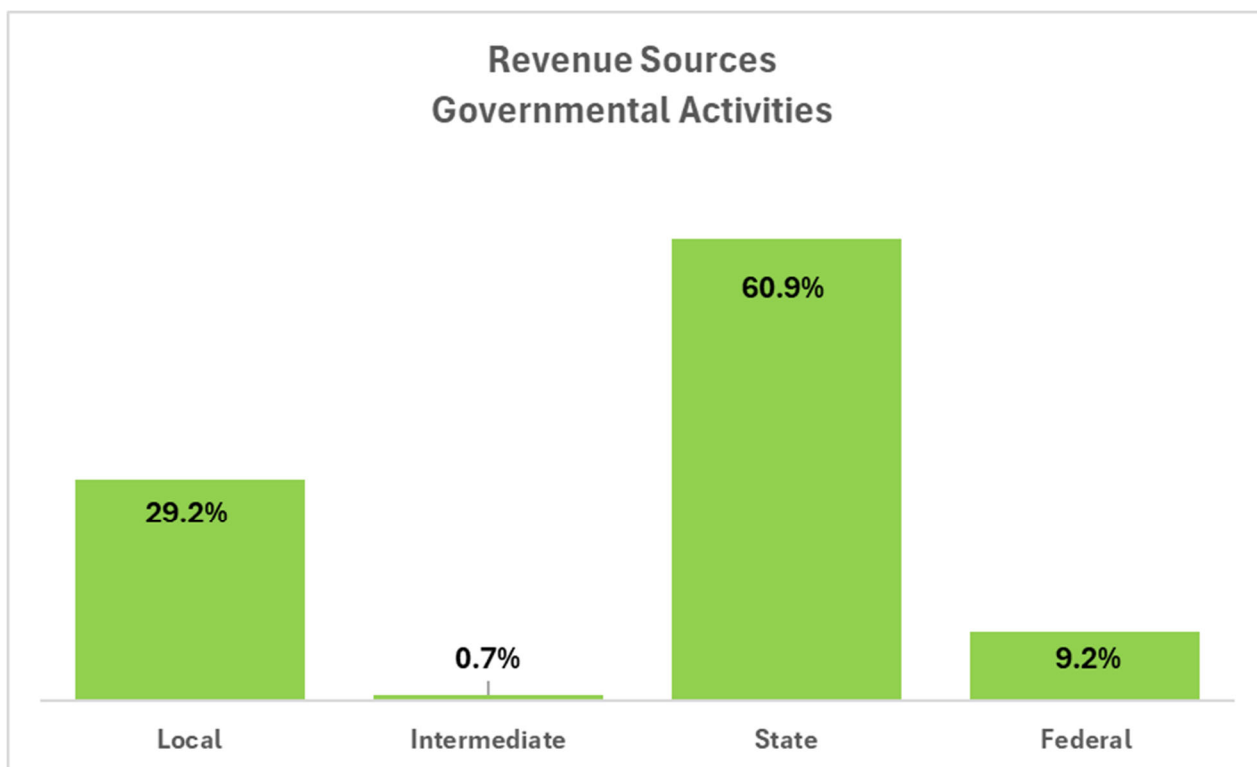
Statement of Activities			
	2025	2024	Increase / (Decrease)
Revenues			
Program Revenues			
Charges for Services	\$ 2,005,070	\$ 1,572,559	\$ 432,511
Operating Grants and Contributions	36,402,289	37,261,494	(859,205)
General Revenues			
Property Taxes	45,657,042	44,333,997	1,323,045
State Support	110,117,443	104,944,772	5,172,671
Intermediate Sources	1,036,469	2,102,706	(1,066,237)
Earnings on Investments	3,004,385	2,345,113	659,272
Miscellaneous Local Revenues	-	7,381,234	(7,381,234)
Loss on Lease Modification (GASB 87)	(2,690)	-	(2,690)
Total Revenues	198,220,008	199,941,875	(1,721,867)
Expenses			
Instruction	117,283,718	105,520,780	11,762,938
Support Services	74,211,615	74,817,812	(606,197)
Enterprise and Community Services	8,140,029	6,696,482	1,443,547
Facilities Acquisition	365,349	-	365,349
Interest on Long-Term Debt	7,739,632	5,241,694	2,497,938
Total Expenses	207,740,343	192,276,768	15,463,575
Increase (decrease) in net position	(9,154,986)	7,665,107	(16,820,093)
NET POSITION - BEGINNING	5,876,470	(1,788,637)	7,665,107
Correction of prior year error	341,562		341,562
Change in accounting principle (Note 1)	(3,266,418)	-	(3,266,418)
NET POSITION - BEGINNING, AS RESTATED	2,951,614		
NET POSITIONS - ENDING	\$ (6,203,372)	\$ 5,876,470	\$ (12,079,842)

Revenues

Total revenues decreased by \$1.7 million from the prior year, primarily due to a decrease in Operating Grants and Contributions and Miscellaneous Local Revenue.

General Fund

Property taxes are divided between General Fund tax levies, and Debt Service requirements. The State School Fund (SSF) is the District's largest revenue source. Each Oregon school district receives funding from the state based upon an Average Daily Membership (ADMw) formula, weighted for various demographic considerations. The formula is allocated by multiplying a dollar rate per student established by the legislature every biennium. All General Fund Ad Valorem Taxes, County School Fund, State School Support, Common School Fund, and Federal Forest Fees are included in the SSF formula. As a safety net, each district may utilize the highest ADMw from the current or most recent fiscal years in the calculation.



Financial Analysis of the District's Funds

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

Governmental Funds

The focus of the District's *governmental funds* is to provide information on relatively short-term cash flow and funding for future basic services. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* and any unused *budgeted contingencies* may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

As of June 30, 2025, the District's governmental funds reported combined ending fund balances of \$23.9 million.

General Fund

The General Fund is the primary operating fund of the District. As of June 30, 2025, the fund balance was \$9.3 million. This balance includes \$211,385 of the Early Retirement Fund. GASB 54 requires the Early Retirement Fund's ending fund balance be reported with the General Fund, instead of reporting with Special Revenue Funds. The fund began the year with a balance of \$20.99 million and ended the year with a balance of \$9.34 million.

Special Revenue Fund

Revenues in the Special Revenue Fund I Programs Fund decreased from \$59.1 million in 2023–24 fiscal year to \$41.9 million in 2024–25 fiscal year, while expenses decreased from \$49.5 million to \$41.9 million. The fund began the year with a balance of \$6.75 million and ended the year with a balance of \$6.84 million.

Debt Service Fund

This fund provided for the payment of principal and interest on long-term general obligation of governmental funds, including PERS UAL pension obligation bond. The revenue source for this fund is the beginning fund balance, charges to other funds, and property taxes. This fund has decreased in total fund balance from \$5.96 million in 2023–24 fiscal year to \$3.17 million in fiscal year 2024–25, primarily due to more debt service expenditures than the prior year.

Capital Projects Fund

This fund provides for the payment of principal and interest on the 2010 Full Faith and Credit Refunding Obligation which was refunded with the 2020 Full Faith and Credit Refunding in 2020-21. Revenue sources for this fund are excise tax, interest earnings, sale of assets, transfers from other funds, and loan proceeds. This fund has increased in total fund balance from \$4.46 million in 2023–24 fiscal year to \$4.55 million in 2024–25, primarily due to steady revenues and expenditures.

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2025 amounts to \$209.4 million net of accumulated depreciation. This investment in capital assets includes land, buildings, equipment, and vehicles.

Capital Assets (Net of Depreciation) includes the following:			
	2025	2024	Increase / (Decrease)
Land	\$ 17,752,046	\$ 17,752,046	\$ -
Construction in Progress	14,220	-	14,220
Buildings and Improvements	182,208,443	187,659,557	(5,451,114)
Vehicles and Equipment	9,413,892	9,761,044	(347,152)
	<u>\$ 209,388,601</u>	<u>\$ 215,172,647</u>	<u>\$ (5,784,046)</u>

Additional information on the District's capital assets can be found in Note 6 – Capital Assets on page 37 of this report.

Long-term debt. As of June 30, 2025, the District had a total outstanding long-term debt of \$139.6 million consisting of general obligation debt and pension obligation debt, net of unamortized premium. The total long-term debt decreased by \$12.9 million.

Long-Term Debt			
	2025	2024	Increase / (Decrease)
Bonds Payable	\$ 126,428,601	\$ 137,880,955	\$ (11,452,354)
Notes Payable	13,180,560	14,617,830	(1,437,270)
	<u>\$ 139,609,161</u>	<u>\$ 152,498,785</u>	<u>\$ (12,889,624)</u>

Additional information on the District's long-term debt can be found in Note 15 on pages 43 to 45 of this report.

Economic Factors and Next Year's Budgets

- Resources supporting District General Fund operations primarily reflect local and state revenues, with additional income from federal, county, and other sources. The State School Fund formula determines the largest segment of resources. Most funding provided by the State to the District is based on the District's weighted average daily membership of students.
- Starting in March of 2020, The COVID-19 pandemic began making impacts and creating uncertainty during unprecedented challenges at the local, state, national, and global levels. The District continues to face challenges resulting from the pandemic and its effects on the economy. COVID Stimulus dollars sunset in September 2024 adding to the burden on General Fund dollars.
- Enrollment in our schools is projected to be relatively flat for 2025–26. Enrollment for the District as of October 1, 2024, was 9,462.58 students, a decline of 1,835 from a pre-pandemic high of 11,298 from 2017-18. Students have not returned to in-person learning as expected due to the effects of the pandemic.

- The costs of salaries and related benefits are expected to increase in 2025–26. Cost of living increases range from four to seven percent depending on the employee collective bargaining agreements. PERS rates are expected to increase beginning in 2026 because of lower than anticipated earnings on investment. Utility costs continue to escalate.
- For the fiscal year 2024–25, the primary resources of budgeted revenue for all funds is \$261,673,299. General Fund resources are budgeted at \$174,831,398, Special Revenue Fund resources are \$53,069,201, Debt Services Fund resources are \$28,101,700, and Capital Project Funds are budgeted at \$5,671,000.
- School Board policy mandates that the District budget must, at a minimum, plan for an ending fund balance of five percent of the total adopted revenues. The Board can take formal action to waive or lower the requirement. This 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 has analyzed its financial holdings and does not anticipate any liquidity problems in the next 12 months.
- 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 all of these factors while preparing the District’s budget for the 2025–26 fiscal year.

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 Executive Director of Financial Services at 1204 NE 201st Ave, Fairview OR 97024. Electronic copies of this report may be found at the district website:

<https://www.reynolds.k12.or.us/fs/financial-reports>

REYNOLDS SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

REYNOLDS SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

STATEMENT OF NET POSITION
June 30, 2025

	Governmental Activities
ASSETS	
Cash and investments	\$ 33,570,833
Receivables:	
Accounts and grants	3,909,194
Lease	52,175
Property taxes	1,455,646
Supply inventories and assets held for resale	99,407
Other prepaid expenses	753,517
Equity in CAL	1,062,720
Total OPEB asset - RHIA	2,599,763
Capital Assets:	
Right-to-use asset, net of amortization	263,908
SBITA asset, net of amortization	460,833
Capital assets, non-depreciable	17,766,266
Capital assets, depreciable, net	191,632,514
Total assets	<u>253,626,776</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related deferrals - PERS	52,393,369
OPEB related deferrals - stipends	267,862
OPEB related deferrals - health care	1,468,890
OPEB related deferrals - RHIA	266,156
Advance refunding of debt	9,793,969
Total deferred outflows of resources	<u>64,190,246</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>317,817,022</u>
LIABILITIES	
Accounts Payable	3,193,490
Accrued salaries and benefits	11,167,432
Bond and note interest payable	362,855
Noncurrent liabilities:	
Accrued compensated absences due within one year	1,847,325
Accrued compensated absences due in more than one year	2,545,906
Lease liabilities due within one year	55,312
Lease liabilities due in more than one year	137,503
SBITA liabilities due within one year	187,782
SBITA liabilities due in more than one year	250,855
Long-term obligations due within one year	19,920,261
Long-term obligations due in more than one year	119,688,900
Proportionate share of net PERS pension liability, due in more than one year	121,290,085
Net pension OPEB liability - stipends, due in more than one year	1,812,666
Net pension OPEB liability - health care, due in one year	1,084,565
Net pension OPEB liability - health care, due in more than one year	10,331,291
Total liabilities	<u>293,876,228</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related deferrals - PERS	22,997,883
OPEB related deferrals - stipends	543,726
OPEB related deferrals - health care	6,372,712
OPEB related deferrals - RHIA	184,654
Deferred inflow - lease	45,208
Total deferred inflows of resources	<u>30,144,183</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>324,020,411</u>
NET POSITION	
Net investment in capital assets	95,747,336
Restricted for OPEB-RHIA asset	2,599,763
Restricted for debt service	3,170,649
Restricted for food service	(1,025)
Unrestricted	(107,720,112)
Total net position	<u>\$ (6,203,389)</u>

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

REYNOLDS SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and
		Charges for Services	Operating Grants and Contributions	Changes in Net Position
				Governmental Activities
Instruction	\$ 123,300,018	\$ -	\$ 29,369,751	\$ (93,930,267)
Support services	76,299,476	831,127	6,458,296	(69,010,053)
Community services	8,135,299	142,493	7,405,724	(587,082)
Facilities acquisition	-	-	365,349	365,349
Interest on long-term debt	5,897,290	-	-	(5,897,290)
Total governmental activities	<u>\$ 213,632,083</u>	<u>\$ 973,620</u>	<u>\$ 43,599,120</u>	<u>(169,059,343)</u>
General revenues:				
Property taxes levied for general purposes				33,793,400
Property taxes levied for debt service				11,955,332
State support				110,117,443
Intermediate sources				1,036,469
Earnings on investments				3,004,385
Loss on lease modification (GASB 87)				<u>(2,690)</u>
Total general revenues				<u>159,904,339</u>
		Change in net position		(9,155,004)
		Net position - beginning, as previously reported		5,876,470
		Correction of prior year error		341,562
		Cumulative effect of change in accounting principle (Note 1)		<u>(3,266,417)</u>
		Net position - beginning, as restated		2,951,615
		Net position - ending		<u>\$ (6,203,389)</u>

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

REYNOLDS SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2025

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and equity in pooled cash	\$ 20,991,590	\$ 4,946,167	\$ 3,169,690	\$ 4,463,386	\$ 33,570,833
Receivables:					
Accounts and grants	916,584	2,884,430	13,295	94,885	3,909,194
Property taxes	1,075,320	-	380,327	-	1,455,646
Lease	52,175	-	-	-	52,175
Prepaid	696,530	56,988	-	-	753,517
Inventory and property held for resale	-	99,407	-	-	99,407
Total assets	\$ 23,732,199	\$ 7,986,992	\$ 3,563,311	\$ 4,558,271	\$ 39,840,773
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 2,255,957	\$ 859,461	\$ 67,500	\$ 10,571	\$ 3,193,490
Accrued salaries and benefits	11,167,432	-	-	-	11,167,432
Unearned revenue	-	290,903	-	-	290,903
Total liabilities	13,423,390	1,150,364	67,500	10,571	14,651,825
Deferred inflows of resources:					
Lease	45,208	-	-	-	45,208
Property taxes	921,530	-	325,163	-	1,246,692
Total deferred inflows of resources	966,738	-	325,163	-	1,291,900
Fund balances (deficit):					
Nonspendable	696,530	156,394	-	-	852,924
Restricted:					
Debt service	-	-	3,170,649	-	3,170,649
Food service	-	(1,025)	-	-	(1,025)
Committed:					
Early retirement	211,385	-	-	-	211,385
Self insurance	-	1,858,302	-	-	1,858,302
State and local programs	-	4,742,027	-	-	4,742,027
Assigned	-	-	-	4,547,700	4,547,700
Unassigned	8,434,156	80,928	-	-	8,515,085
Total fund balances	9,342,071	6,836,628	3,170,649	4,547,700	23,897,048
Total liabilities and fund balances	\$ 23,732,199	\$ 7,986,992	\$ 3,563,311	\$ 4,558,271	\$ 39,840,773

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

REYNOLDS SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

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

TOTAL FUND BALANCES-GOVERNMENTAL FUNDS \$ 23,897,048

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

Purchased capital assets at historical cost	\$ 324,476,340	
Accumulated depreciation	(115,077,561)	
Right to use lease assets at historical cost (Per GASB 87)	605,516	
Accumulated amortization	(341,608)	
Right-to-use assets	1,275,966	
Accumulated amortization	<u>(815,133)</u>	210,123,520

Revenues that do not provide current financial resources are not reported in the governmental funds.

Grant receivables not collected within the period of availability.	290,903
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A portion of the property taxes is collected after year-end and is not available to finance current year expenditures and, therefore, is not reported as revenue in the governmental funds. 1,246,692

The net pension liability (asset) represents the difference between the total pension liability and the fiduciary net position of the pension plan. (121,290,085)

The net OPEB asset related to RHIA represents the difference between the total OPEB liability and the fiduciary net position of the pension plan. 2,599,763

The net OPEB liability related to stipends represents the difference between the total OPEB liability and the fiduciary net position of the pension plan. (1,812,666)

The net OPEB liability related to health care represents the difference between the total OPEB liability and the fiduciary net position of the pension plan. (11,415,856)

Governmental funds do not report deferred outflows and deferred inflows of resources related to pensions, other postemployment benefits, and advance refunding of debt.

Deferred outflows and deferred inflows of resources:

Deferred outflows - PERS pension	52,393,369	
Deferred inflows - PERS pension	(22,997,883)	
Deferred outflows - OPEB stipends	267,862	
Deferred inflows - OPEB stipends	(543,726)	
Deferred outflows - OPEB health care	1,468,890	
Deferred inflows - OPEB health care	(6,372,712)	
Deferred outflows - OPEB RHIA	266,156	
Deferred inflows - OPEB RHIA	(184,654)	
Deferred outflows - advance refunding of debt	<u>9,793,969</u>	34,091,271

Equity interest in the Center for Advanced Learning (CAL) is not reported in the governmental funds: 1,062,720

Long-term liabilities applicable to the governmental activities are not due and payable in the current period and, accordingly, are not reported in the governmental funds. Interest on long-term debt is not accrued in the governmental funds but is recognized as an expenditure when due.

Long-term liabilities:

Accrued compensated absences	(4,393,231)	
Lease liabilities	(192,815)	
SBITA liabilities	(438,637)	
Bond and note interest payable	(362,854)	
Debt obligations	<u>(139,609,162)</u>	<u>(144,996,699)</u>

TOTAL NET POSITION \$ (6,203,389)

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

REYNOLDS SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

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

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Local sources	\$ 37,883,633	\$ 1,557,470	\$ 23,677,156	\$ 212,182	\$ 63,330,440
Intermediate sources	1,036,469	585,925	-	-	1,622,394
State sources	111,889,132	20,030,991	-	-	131,920,123
Federal sources	135,579	19,719,896	-	-	19,855,475
Total revenues	150,944,813	41,894,281	23,677,156	212,182	216,728,432
EXPENDITURES					
Current:					
Instruction	98,370,445	18,589,604	-	-	116,960,049
Support services	61,706,671	14,272,395	-	-	75,979,066
Community services	237,966	8,164,193	-	-	8,402,159
Capital outlay	388,089	831,321	-	48,479	1,267,888
Debt service - principal	485,714	-	118,773,522	960,000	120,219,236
Debt service - interest	4,341	-	4,685,085	464,250	5,153,675
Total expenditures	161,193,226	41,857,513	123,458,607	1,472,729	327,982,075
Revenues over (under) expenditures	(10,248,413)	36,768	(99,781,451)	(1,260,547)	(111,253,643)
OTHER FINANCING SOURCES (USES)					
Issuance of bonds	-	-	90,070,000	-	90,070,000
Bond premium	-	-	7,561,111	-	7,561,111
Issuance costs for bonds	-	-	(635,219)	-	(635,219)
Transfers in	50,000	46,687	-	1,351,250	1,447,937
Transfers out	(1,447,937)	-	-	-	(1,447,937)
TOTAL OTHER FINANCING SOURCES (USES)	(1,397,937)	46,687	96,995,892	1,351,250	96,995,892
Net change in fund balance	(11,646,350)	83,455	(2,785,559)	90,703	(14,257,751)
FUND BALANCE - BEGINNING, AS PREVIOUSLY REPORTED	20,988,421	-	1,287,297	4,456,997	26,732,715
CHANGES IN THE FINANCIAL REPORTING ENTITY		6,753,173	4,327,349		11,080,522
CORRECTION OF PRIOR YEAR ERROR		-	341,562		341,562
FUND BALANCE - BEGINNING, AS RESTATED		6,753,173	5,956,208		38,154,799
FUND BALANCE - ENDING	\$ 9,342,071	\$ 6,836,628	\$ 3,170,649	\$ 4,547,700	\$ 23,897,048

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

REYNOLDS SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

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

TOTAL NET CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS	\$	(14,257,751)
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Governmental funds report capital outlays and lease and SBITA expenditures as current period expenditures.

In the Statement of Activities, capital and right-to-use assets are recognized and expended over time as depreciation and amortization. This line represents the net increase in capital and right-to-use assets for the current period, after adjustments for corrections to previously recorded lease and SBITA amounts:

Expenditures for capital and right-to-use assets additions	\$ 1,481,160	
Less current year depreciation	(7,255,027)	
Less current year amortization	<u>(452,898)</u>	(6,226,765)

Long-term debt proceeds are reported as other financing sources in governmental funds. In the Statement of Net Position, however, issuing long-term debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability government-wide.

Principal payments on SBITA liabilities	332,204	
Principal payments on lease liabilities	167,232	
Proceeds from bond issuance	(90,070,000)	
Bond premium	(7,561,111)	
Principal payments on long-term debt	<u>120,219,216</u>	23,087,541

Governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Amortization of premiums		(96,068)
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Pension and other postemployment liabilities are not reported under the modified accrual basis of accounting.

The following amounts were recognized as changes in the liability and deferred inflows and outflows during the year:

PERS - Pension	(11,204,781)	
Stipends	121,538	
Health care subsidies	9,950	
PERS - Retiree health insurance accounts	<u>421,897</u>	(10,651,396)

Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the Statement of Activities property taxes are recognized as revenue when levied.

Change in general fund	159,650	
Change in debt service fund	<u>48,924</u>	208,574

In the Statement of Activities, interest is accrued on long-term debt, whereas in the governmental funds it is recorded as an expense when due.

(12,330)

Grant revenue that does not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the Statement of Activities grant revenue is recognized when earned.

(288,506)

Changes in equity in the Center for Advanced Learning (CAL) is not reported in the governmental funds:

(9,340)

Compensated absences are recognized as expenditure in the governmental funds when they are paid. In the Statement of Activities these liabilities are recognized as an expenditure when earned.

(908,963)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>(9,155,004)</u>
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The notes to the basic financial statements are an integral part of this statement.

REYNOLDS SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. THE FINANCIAL REPORTING ENTITY

Reynolds School District No. 7 (the District) is a municipal corporation governed by an elected Board of Directors. The Superintendent is approved by the Board. The daily functioning of the District is under the supervision of the Superintendent. As required by generally accepted accounting principles in the United States of America, all activities of the District have been included in these basic financial statements. The District does not have any business type activities.

The District qualifies as a primary government since it has a separately elected governing body, is a legally separate entity, and is fiscally independent. There are various governmental agencies and special service districts, which provide services within the District's boundaries. The District is not financially accountable for any of these entities, and therefore, none of them are considered component units, as defined by GASB Statement No. 61, or included in these basic financial statements.

The basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the governing body and establishes governmental accounting and financial reporting principles. The more significant accounting policies are described below.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements, consisting of the Statement of Net Position and the Statement of Activities, report information about the District as a whole. These statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues that are not classified as program revenues are reported as general revenues.

The District has a negotiated indirect cost rate with the Oregon Department of Education that is applied to eligible grant expenditures as permitted by the respective grant agreements. No de minimis rate is applied.

Interest on general long-term debt is considered an indirect expense and is reported separately in the Statement of Activities.

Separate financial statements are provided for governmental funds. Major governmental funds are reported as separate columns in the fund financial statements. The accounts are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting is used to segregate resources according to their intended purpose and to demonstrate compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Net position is reported as restricted when constraints placed on net position use are either externally restricted, imposed by creditors, or through constitutional provisions or enabling resolutions.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenue, other than property tax revenue, is measurable and available if normally received within six months of year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, pension costs, and OPEB obligations, are recorded only when payment is due.

Property tax revenue associated with the current fiscal period is considered by management to be susceptible to accrual if received in cash or a County collecting such taxes within 60 days of year end. All other revenue items are recognized in the accounting period when they become both measurable and available. Revenue, other than property tax revenue, is measurable and available if normally received within six months of year end.

The following major governmental funds are reported:

GENERAL FUND

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

SPECIAL REVENUE FUND

Federal programs account for expenditures of federal grant funds. The principal revenue source is federal grant monies. State and local programs account for expenditures of state grant funds. The principal revenue source is state grant monies.

DEBT SERVICE FUND

This fund accounts for the payment of principal and interest general obligation bonds. The principal revenue source is fund balance. PERS bond accounts for the payment of principal and interest on pension bonds. The principal revenue source is Services Charged to Other Funds. 2015 GO bond debt accounts for the payment of principal and interest for the two general obligation bonds the District received in 2015 and are to be used to finance several specific capital projects as dictated by the bonds' ballot measure. The principal revenue sources are property taxes and associated interest.

CAPITAL PROJECTS FUND

Capital projects account for major capital outlay expenditures relating to the acquisition, construction and remodeling of facilities. Principal revenue sources include school construction excise tax, sales of property and transfers from other funds.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND BALANCE

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

- Nonspendable fund balance represents amounts that are not in a spendable form. The nonspendable fund balance represents 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. Authority to classify portions of ending fund balance as assigned is granted to the Clerk and the Deputy Clerk.
- 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.

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.

The Board of Directors therefore adopted Policy DBDB whereby the Superintendent or designee is directed to manage the adopted budget in such a way as to ensure an ending fund balance of at least 5 percent of total adopted revenues.

NET POSITION

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

- Net Investment in Capital Assets – consists of all capital assets 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 grants, debt service, and the OPEB RHIA asset.
- Unrestricted – consists of all other assets that are not included in the other categories previously mentioned.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET POSITION (CONTINUED)

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

As a general rule the effect of internal activity has been eliminated from the government-wide financial statements; however, the effects of interfund services provided and used between functions are reported as expenses and program revenues at amounts approximating their external exchange value.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the basic financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. At June 30, 2025, there were deferred outflows representing PERS pension related deferrals, OPEB related deferrals for stipends, OPEB related deferrals for health care and OPEB related deferrals reported for RHIA reported in the Statement of Net Position.

In addition to liabilities, the basic financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. At June 30, 2025, there were deferred inflows representing GASB 87 Lessor, PERS pension related deferrals, OPEB related deferrals for stipends, OPEB related deferrals for health care, and OPEB related deferrals for RHIA reported in the Statement of Net Position. The governmental funds balance sheet reports unavailable revenues from two sources – property taxes and lease. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

D. ASSETS, LIABILITIES, AND NET POSITION

CASH AND INVESTMENTS

For the purpose of the Statement of Net Position and the Balance Sheet, money in the Oregon State Local Government Investment Pool, savings deposits and demand deposits are considered to be cash and cash equivalents. Investments with a remaining maturity of more than one year at the time of purchase are stated at fair value.

OTHER POSTEMPLOYMENT BENEFITS (HEALTH CARE)

Eligible employees who elect supplemental retirement may be entitled to payment of group medical insurance premiums. The costs of these premiums are recorded as expenditures as due and funded on a current basis.

PROPERTY TAXES

Uncollected real and personal property taxes are reported as receivables on the Statement of Net Position and the Balance Sheet. Management considers uncollected taxes 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.

REYNOLDS SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY TAXES (CONTINUED)

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

For governmental funds, property taxes are recognized as revenue in the fiscal year for which they are levied if collected within 60 days after year-end. Amounts not collected within this period are reported as deferred inflows of resources. *See Note 1.C for the District's revenue recognition and availability policy.*

SUPPLY INVENTORIES, ASSETS HELD FOR RESALE, AND OTHER PREPAID ITEMS

District operating supplies, maintenance supplies, food and other cafeteria supplies are stated at average invoice cost. Commodities purchased from the United States Department of Agriculture in the Food Service Fund are included in inventories at USDA wholesale value. Inventory is accounted for on the consumption method in the government-wide financial statements as well as the governmental fund financial statements. Under the consumption method, inventory is expensed when used. Donated commodities consumed during the year are reported as revenues and expenditures. The amount of unused donated commodities at the Balance Sheet date is considered immaterial by management for reporting purposes.

ACCOUNTS AND OTHER RECEIVABLES

Accounts and other receivables consist primarily of claims for reimbursement of costs under various federal, state, and local grant programs. Amounts due from federal agencies are considered fully collectible. An allowance for uncollectible receivables is established when management determines that collection is unlikely. At June 30, 2025, management considers all receivables, including those from the public, to be fully collectible.

See Note 1.C for the District's revenue recognition and availability policies for governmental funds.

GRANT ACCOUNTING

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

COMPENSATED ABSENCES

Employee leave is reported in accordance with GASB Statement No. 101, *Compensated Absences*. In the government-wide financial statements, leave that is attributable to services already rendered, accumulates, and is more likely than not to be used or paid is included in the liability. The liability is measured based on the number of hours available to the employee at the financial statement date, multiplied by the employee's current pay rate, and includes salary-related costs such as payroll taxes. In the governmental fund financial statements, only the portion of accrued leave that is due and payable at year end is recognized. As of June 30, 2025, no amounts were due and payable.

REYNOLDS SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CAPITAL ASSETS

Capital assets are recorded at original cost or estimated original cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at their acquisition value on the date donated. Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Interest incurred during construction is not capitalized. The cost of routine maintenance and repairs that do not add to the value of the assets or materially extend asset lives are charged to expenditures as incurred and not capitalized. Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	10 to 50 years
Vehicles and equipment	5 to 30 years

LEASE ASSETS (RIGHT-TO-USE ASSETS)

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

LEASE PAYABLE

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

LEASE RECEIVABLE

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

SUBSCRIPTION ASSETS

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

SUBSCRIPTION LIABILITIES

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

SUBSCRIPTION LIABILITIES (CONTINUED)

an outflow of resources (for example, interest expense) in subsequent financial reporting periods.

LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt is reported as a liability in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the bonds outstanding method. Bond issuance costs are recognized when incurred and not deferred. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses.

RETIREMENT PLANS

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

USE OF ESTIMATES

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

FAIR VALUE MEASUREMENTS

Fair value is 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 based on market data from sources independent of the reporting entity. Unobservable inputs are 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 market activity and the inputs used to determine their fair value:

- **Level 1** – Unadjusted price quotations in active markets for identical assets or liabilities that the Fund can access.

REYNOLDS SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FAIR VALUE MEASUREMENTS (CONTINUED)

- **Level 2** – Other observable inputs, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, interest rates, yield curves, volatilities, loss severities, credit risks, default rates, or other market-corroborated inputs.
- **Level 3** – Unobservable inputs based on the best information available when observable inputs are not available, including the Fund's own assumptions used in determining fair value.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets (Level 1) and the lowest priority to unobservable inputs (Level 3). Accordingly, the degree of judgment is greatest for instruments in Level 3. When inputs for a measurement fall into different levels, the classification for disclosure purposes is based on the lowest level input that is significant to the overall fair value measurement.

NEW ACCOUNTING PRONOUNCEMENTS AND ACCOUNTING STANDARDS

The Governmental Accounting Standards Board (GASB), has issued GASB Statement No. 101 and 102 that have become effective for the District in the year ending June 30, 2025.

The District implemented GASB Statement No. 101, which establishes revised criteria for the recognition and measurement of compensated absence liabilities. The Statement clarifies the types of leave that qualify for recognition and provides updated guidance on measuring the liability at year end, including salary-related payments. As a result of implementation, the District recorded an adjustment to beginning net position to recognize additional compensated absence liabilities in accordance with the new standard.

The District implemented GASB Statement No. 102, which requires disclosure of certain concentrations or constraints that could limit a government's ability to acquire resources or control spending. Management evaluated the District's financial position as of June 30, 2025 and determined that no such concentrations of risk or constraints met the criteria for disclosure under this standard.

CHANGE IN ACCOUNTING PRINCIPLE

The District implemented GASB Statement No. 101 in fiscal year 2025. The Statement establishes revised criteria for recognizing and measuring compensated absence liabilities, including certain types of leave that were not previously recorded.

Under the District's prior accounting policy, accrued compensated absences totaled \$217,851 at June 30, 2024. Had GASB Statement No. 101 been in effect in the prior year, the compensated absence liability would have been \$3,484,268. Accordingly, beginning net position was decreased by \$3,266,417 to recognize the cumulative effect of applying the new standard as of July 1, 2024.

At June 30, 2025, the total compensated absence liability was \$4,393,231, of which \$1,847,325 is due within one year.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

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

The budget process begins early in each fiscal year with the establishment of the budget committee. In the fall, public input is invited as the Board decides the budget priorities for the next year. Recommendations are developed through late winter with the budget committee approving the budget in the spring. Public notices of the budget hearing are published generally in the spring with a public hearing being held approximately three weeks later. The Board may amend the budget prior to adoption; however, budgeted expenditures for each fund may not be increased by more than ten percent. The budget is then adopted, appropriations are made and the tax levy declared no later than June 30th.

Expenditures are appropriated at the following levels for each fund: Instruction, Support Services, Enterprise and Community Services, Facilities Acquisition and Construction, Interfund Transactions, Debt Service, and Operating Contingency.

Expenditures cannot legally exceed the above appropriation levels except in the case of grants, which could not be estimated at the time of budget adoption. Appropriations lapse at the fiscal year end. Management may amend line items in the budget without Board approval as long as appropriation levels (the legal level of control) are not changed. Supplemental appropriations may occur if the Board approves them due to a need that exists which was not determined at the time the budget was adopted. There were no supplemental appropriations during the year. Budget amounts shown in the budgetary financial statements reflect the original and final amended budget.

During the year ended June 30, 2025, expenditures in the Capital Projects Fund exceeded final appropriations in the Debt Service function, which is the legal level of budgetary control. Final budgeted appropriations for Debt Service were \$1,405,050, while actual expenditures totaled \$1,424,250, resulting in an over-expenditure of \$19,200. The over-expenditure resulted from an error in estimating interest amounts on the related debt payment schedule. Total expenditures for the Capital Projects Fund did not exceed total fund appropriations.

Except as noted above, expenditures of the various funds were within authorized appropriations for the year ended June 30, 2025.

NOTE 3. BUDGETARY BASIS OF ACCOUNTING

While the financial position, results of operations, and changes in fund balance/net position are reported on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis of accounting differs from generally accepted accounting principles. The budgetary statements provided as part of supplementary information elsewhere in this report are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The primary differences between the budgetary basis and GAAP basis are that capital outlay is recorded as an expenditure when purchased rather than capitalized and depreciated, depreciation expense is not recorded on the budgetary basis, and property tax revenue is recognized on the budgetary basis when received, whereas under GAAP it is recognized when levied and measurable, subject to the 60-day availability period.

NOTE 3. BUDGETARY BASIS OF ACCOUNTING (CONTINUED)

The primary differences between the budgetary basis and GAAP basis are that capital outlay is expensed when purchased, depreciation expense is not recorded, and the full accrual of property taxes, which are not reported as revenue in the governmental funds unless received within 60 days of year end. Inventories of supplies are budgeted as expenditures when purchased, and debt, accrued vacation, pension costs, and OPEB liabilities are expensed as paid instead of when incurred.

NOTE 4. CASH AND INVESTMENTS

DEPOSITS

The District maintains a single bank account that holds the majority of its cash. The related balances are allocated to the General Fund and other governmental funds based on their respective equity. The District's funds participate in a pooling of cash and investments, and interest earnings are allocated monthly to participating funds based on average monthly balances.

Deposits with financial institutions are comprised of bank demand deposits and certificates of deposit. 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 total bank balance per the bank statements as of June 30, 2025 was \$4,430,029, of which \$250,000 was insured by FDIC with the remaining amount collateralized by the Oregon Public Funds Collateralization Program (PFCP).

Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the deposits may not be returned. There is no deposit policy for custodial credit risk. As of June 30, 2025, none of the bank balances were exposed to custodial credit risk.

INVESTMENTS

The types of investments that may be invested in are restricted by State of Oregon Revised Statutes. Authorized investments include general obligations of the United States government and its agencies, obligations of the States of Oregon, California, Idaho and Washington that have a rating of AA or better, A-1 rated commercial paper and banker's acceptances, corporate bonds rated AA or better, time deposits, repurchase agreements and the Oregon State Treasurer's Local Government Investment Pool.

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund's compliance with all portfolio guidelines can be found

REYNOLDS SCHOOL DISTRICT NO. 7
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NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 4. CASH AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

in their annual report when issued. The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value measurement in the Oregon Short Term Fund's audited financial report. As of June 30, 2025, the fair value of the position in the **LGIP is 100.49%** of the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized.

The audited financial reports of the Oregon Short Term Fund can be found here:

<https://www.oregon.gov/treasury/public-financial-services/oregon-short-term-funds/pages/default.aspx>

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

The Board has established investment policies to approve only certain depositories and investment instruments and has limited investments to those with maturities of no more than 36 months. At June 30, 2025, 100% of total investments were in the State Treasurer's Investment Pool. State statutes do not limit the percentage of investments in these instruments. Oregon revised Statutes require no more than 25 percent of the moneys of local government to be invested in bankers' acceptances of any qualified financial institution. At June 30, 2025, investments appeared to be in compliance with all percentage restrictions.

Interest Rate Risk - Investments

Oregon Revised Statutes require investments to not exceed a maturity of 18 months from the date of anticipated use of the funds, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB. There are no investments that have a maturity date beyond 3 months.

Credit Risk - Investments

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

Concentration of Credit Risk

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

Cash and investments	2025
Deposits with financial institutions	\$ 3,603,411
Oregon Local Government Investment Pool	29,967,422
Total cash and investments	<u>\$ 33,570,833</u>

There were the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in months)		
		Less than 3	3-18	18-59
Oregon Local Government Investment Pool	\$ 29,967,422	\$ 29,967,422	\$ -	\$ -
Total	<u>\$ 29,967,422</u>	<u>\$ 29,967,422</u>	<u>\$ -</u>	<u>\$ -</u>

REYNOLDS SCHOOL DISTRICT NO. 7
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NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 5. ARTS TAX

In November 2012, voters in the City of Portland passed Ballot Measure 26-146 to restore school arts and music education, funded through an income tax of \$35 per person per year. In December of 2012, the District entered into an intergovernmental agreement with the City of Portland to receive a portion of this tax, to be used to provide arts and music education, through certified arts and music teachers, to all K-5 students. Revenues and expenditures for the year ended June 30, 2025 are as follows:

	Arts Tax Revenues	Arts Tax Expenditures	Art FTE Funded	Total FTE
Alder Elementary	\$ 88,420	\$ 59,625	0.50	0.50
Glenfair Elementary	126,279	72,009	1.00	1.00
Margaret Scott Elementary	93,248	59,453	0.50	0.50
Wilkes Elementary	118,148	109,922	1.00	1.00
Total	<u>\$ 426,095</u>	<u>\$ 301,009</u>	<u>3.00</u>	<u>3.00</u>

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025 occurred as follows:

	Balance July 1, 2024	Additions	Disposals	Balance June 30, 2025
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 17,752,046	\$ -	\$ -	\$ 17,752,046
Construction in Progress	-	14,220	-	14,220
Total capital assets not being depreciated:	<u>17,752,046</u>	<u>14,220</u>	<u>-</u>	<u>17,766,266</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	280,997,051	-	-	280,997,051
Vehicles and Equipment	24,246,084	1,466,940	-	25,713,024
Total capital assets being depreciated:	<u>305,243,135</u>	<u>1,466,940</u>	<u>-</u>	<u>306,710,075</u>
Accumulated Depreciation				
Buildings and Improvements	93,337,494	5,451,114	-	98,788,608
Vehicles and Equipment	14,485,040	1,803,913	-	16,288,953
Total accumulated depreciation	<u>107,822,534</u>	<u>7,255,027</u>	<u>-</u>	<u>115,077,561</u>
Total capital assets being depreciated, net	<u>197,420,601</u>	<u>(5,788,087)</u>	<u>-</u>	<u>191,632,514</u>
Total Capital Assets, Net	<u>\$ 215,172,647</u>	<u>\$ (5,773,867)</u>	<u>\$ -</u>	<u>\$ 209,398,780</u>

GASB 87 lease assets, GASB 96 SBITA's and the corresponding accumulated amortization are included along with Capital Assets and Net Investment in Capital Assets on the statement of Net Position found on page 20.

Current year depreciation expense is allocated to the functions as follows:

Instruction	\$ 4,902,631
Support Services	2,296,286
Community Services	56,110
Total	<u>\$ 7,255,027</u>

REYNOLDS SCHOOL DISTRICT NO. 7
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NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 7. JOINT VENTURE

The District has entered into an intergovernmental property agreement to build and operate a Center for Advanced Learning (CAL), a charter school. However, payment and ownership is shared with the following Districts along with their share of ownership: Reynolds School District No. 7, 19.305%; Centennial School District No. 28J, 16.369%; Mt. Hood Community College, 15.058%; and Gresham-Barlow School District No. 10J, 49.268%. The District's equity in CAL at June 30, 2025 was \$1,062,720.

The Center for Advanced Learning issues a publicly available financial report which may be obtained by writing: Administrator, The Center for Advanced Learning, 1484 NW Civic Drive, Gresham, OR 97030.

NOTE 8. INTERFUND BALANCES AND TRANSFERS

In prior fiscal year ACFRs, interfund receivables and payables were reported; these primarily represented temporary timing differences due to the district's pooled cash structure. For the fiscal year ended June 30, 2025, all interfund transfers reflect internal pooled cash movements and timing differences, and there were no borrowings or cash shortfalls between funds.

	<u>Transfers Out, Net</u>	<u>Transfers In</u>
General Fund	\$ 1,447,937	\$ 50,000
Special Revenue Fund	-	46,687
Capital Projects Fund	-	1,351,250
Total	<u>\$ 1,447,937</u>	<u>\$ 1,447,937</u>

NOTE 9. LEASES – RIGHT-TO-USE RECEIVABLES AND DEFERRED INFLOWS

For the year ended June 30, 2025, leases are accounted for in accordance with GASB Statement No. 87, *Leases*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

As of June 30, 2025 the District had two active leases. The leases have annual receipts that range from \$17,050 to \$35,000 and interest rates that range from 2.6560% to 2.7190%. As of June 30, 2025, the total combined value of the lease receivable is \$52,175, the total combined value of the short-term lease receivable is \$17,621, and the combined value of the deferred inflow of resources is \$45,209.

During the fiscal year ended June 30, 2025, the District amended its lease agreement with one tenant originally scheduled through June 30, 2027. Effective February 1, 2025, the tenant's base rent was reduced to zero dollars (\$0) per month for the remainder of the lease term. As a result of this amendment, the District derecognized the remaining lease receivable of \$140,185 and the related deferred inflow of resources of \$137,495, recognizing a net loss of \$2,690 in the fiscal year ended June 30, 2025.

REYNOLDS SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 9. LEASES – RIGHT-TO-USE RECEIVABLES AND DEFERRED INFLOWS (CONTINUED)

	Balance Beginning of Year	Reductions	Less Rent Received	Balance End of Year	Current Lease Receivable Asset	Long-Term Receivable Asset
Lease Receivables						
Land						
McMenamins	\$ 67,652	\$ -	\$ (15,477)	\$ 52,175	\$ 17,621	\$ 34,554
Building						
HOLLA	172,666	(140,185)	(32,481)	-	-	-
Total	<u>\$ 240,318</u>	<u>\$ (140,185)</u>	<u>\$ (47,958)</u>	<u>\$ 52,175</u>	<u>\$ 17,621</u>	<u>\$ 34,554</u>

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

	Balance Beginning of Year	Reductions	Less Rent Received	Balance End of Year	Current Lease Receivable Asset	Long-Term Receivable Asset
Deferred Lease Inflows						
Land						
McMenamins	\$ 63,292	\$ -	\$ (18,084)	\$ 45,208	\$ 18,083	\$ 27,125
Building						
HOLLA	170,683	(137,495)	(33,188)	-	-	-
Total	<u>\$ 233,975</u>	<u>\$ (137,495)</u>	<u>\$ (51,272)</u>	<u>\$ 45,208</u>	<u>\$ 18,083</u>	<u>\$ 27,125</u>

NOTE 10. LEASES – RIGHT-TO-USE ASSETS

Corresponding to the lease liabilities, the District recognizes right-to-use lease assets representing its right to use the leased property over the lease term. These assets are initially measured at the amount of the related lease liability, adjusted for any lease payments made at or before the commencement date, and are amortized over the lease term.

During the current fiscal year, the District identified an error in the initial measurement of a copier lease recognized under GASB Statement No. 87. The lease term was incorrectly recorded as 148 months rather than 54 months, and the monthly payment amount and incremental borrowing rate were also misstated. These errors resulted in an overstatement of the related right-to-use asset and lease liability in prior periods. Management concluded the error was not material to previously issued financial statements; therefore, beginning balances were not restated.

The right-to-use assets relate to the lease liabilities presented in Note 13.

Amount of Lease Assets by Major Classes of Underlying Asset			
Asset Class	At June 30, 2025		
	Lease Asset Value	Accumulated Amortization	Net Value
Buildings	\$ 161,594	\$ 4,973	\$ 156,621
Equipment	443,922	336,635	107,287
Total Leases	<u>\$ 605,516</u>	<u>\$ 341,608</u>	<u>\$ 263,908</u>

REYNOLDS SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 10. LEASES – RIGHT-TO-USE ASSETS (CONTINUED)

GOVERNMENTAL ACTIVITIES LEASE ASSETS				
Description	Balance at July 1, 2024	Additions	Adjustments	Balance at June 30, 2025
Buildings	\$ -	\$ 161,594	\$ -	\$ 161,594
Equipment	687,406	72,352	(315,836)	443,922
Total Lease Assets	687,406	233,946	(315,836)	605,516
Accumulated Amortization				
Buildings	-	4,973	-	4,973
Equipment	167,207	88,922	80,506	336,635
Total Accumulated Amortization	167,207	93,895	80,506	341,608
Total Lease Assets, Net	\$ 520,199			\$ 263,908

NOTE 11. SUBSCRIPTION-BASED IT ARRANGEMENTS (SBITAs) – RIGHT-TO-USE ASSET

The subscription assets relate to the SBITAs presented in Note 14.

Amount of Subscription Assets by Major Classes of Underlying Asset (Right-to-Use Asset)			
At June 30, 2025			
Asset Class	Subscription Asset Value	Accumulated Amortization	Net Value
Software	\$ 1,275,966	\$ 815,133	\$ 460,833
Total Subscriptions	\$ 1,275,966	\$ 815,133	\$ 460,833

Changes in Subscription Right-to-Use Asset				
Description	Balance at July 1, 2024	Additions	Reductions	Balance at June 30, 2025
Software	\$ 1,417,441	\$ -	\$ (141,475)	\$ 1,275,966
Total Software Assets	1,417,441	-	(141,475)	1,275,966
Accumulated Amortization				
Software	597,605	353,371	(135,843)	815,133
Total Accumulated Amortization	597,605	353,371	(135,843)	815,133
Total Software Assets, Net	\$ 819,836			\$ 460,833

NOTE 12. ACCRUED COMPENSATED ABSENCES

The District adopted GASB Statement No. 101, *Compensated Absences*, for the fiscal year ended June 30, 2025. GASB Statement No. 101 establishes a single recognition and measurement model for all types of compensated absences, including vacation, sick leave, paid time off, holidays, parental leave, bereavement leave, and certain types of sabbatical leave. The Statement requires that a liability for compensated absences be recognized for leave that has been earned based on services already rendered, accumulates, and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability is measured using the pay or salary rates in effect as of the financial statement date and includes salary-related payments directly and incrementally associated with payments for compensated absences.

REYNOLDS SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 12. ACCRUED COMPENSATED ABSENCES (CONTINUED)

The District's policy is to permit employees to accumulate earned but unused vacation and sick pay benefits, subject to certain limitations. The liability for compensated absences is reported in the government-wide financial statements. In the governmental fund financial statements, only the portion of accrued leave that is due and payable at year end is recognized. As of June 30, 2025, no amounts were due and payable.

The following table summarizes the changes in the District's compensated absences liability for the year ended June 30, 2025:

<u>Outstanding June 30, 2024</u>	<u>Net Change</u>	<u>Outstanding June 30, 2025</u>	<u>Due Within One Year</u>
\$ 3,484,268	\$ 908,963	\$ 4,393,231	\$ 1,847,325

The above amounts include salary-related payments as required by GASB Statement No. 101. The District has elected to present the net change in the liability for compensated absences, as permitted by paragraph 30 of GASB Statement No. 101. The net increase in the liability for the year was \$908,963.

In the year of transition, changes to the prior year are accounted for in accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections*, which requires retroactive restatement as if the new principle had always been applied. Accordingly, as further described in Note 1, the prior year net position and fund balance beginning balances have been restated.

NOTE 13. LEASES – RIGHT-TO-USE LIABILITIES

In accordance with GASB Statement No. 87, the District recognizes a lease liability and corresponding right-to-use asset at the commencement of leases that convey the right to use nonfinancial assets. The lease liability is measured at the present value of future lease payments over the lease term. The right-to-use asset is amortized on a straight-line basis over the lease term, and the lease liability is reduced as payments are made.

During the fiscal year ended June 30, 2025, the District entered into a five-year lease for mailing and folding machines and recorded a right-to-use asset and lease liability of \$72,352 at commencement.

During the fiscal year ended June 30, 2025, the District also entered into a five-year lease for an offsite Cosmetology Classroom and recorded a right-to-use asset and lease liability of \$161,594 at commencement.

During the year, lease liabilities were adjusted by \$407,435 due to the remeasurement of the copier lease to reflect corrected payment amounts and revised lease term information. The related lease liabilities and right-to-use assets were remeasured in accordance with GASB Statement No. 87.

As of June 30, 2025, the District had three active leases. Lease payments range from \$3,378 to \$53,430, and interest rates range from 0.8500 percent to 2.9250 percent.

Additional information regarding changes in lease liabilities and future principal and interest requirements is presented in the schedules that follow.

REYNOLDS SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 13. LEASES – RIGHT-TO-USE LIABILITIES (CONTINUED)

	Changes in Lease Liability				Balance June 30, 2025	Due Within One Year
	Balance July 1, 2024	Additions	Reductions	Adjustments		
Buildings	\$ -	\$ 161,594	\$ 79,326	\$ -	\$ 82,268	\$ -
Equipment	531,931	72,352	86,301	407,435	110,547	55,312
Total	<u>\$ 531,931</u>	<u>\$ 233,946</u>	<u>\$ 165,627</u>	<u>\$ 407,435</u>	<u>\$ 192,815</u>	<u>\$ 55,312</u>

Principal and Interest Requirements to Maturity			
Governmental Activities			
Fiscal Year Ending June 30,	Equipment		
	Principal Payments	Interest Payments	Total Payments
2026	\$ 55,312	\$ 1,912	\$ 57,224
2027	14,144	1,461	15,605
2028	19,051	8,012	27,063
2029	48,323	2,430	50,753
2030	46,912	993	47,905
Thereafter	9,073	44	9,117
Total	<u>\$ 192,815</u>	<u>\$ 14,852</u>	<u>\$ 207,667</u>

NOTE 14. SUBSCRIPTION-BASED IT ARRANGEMENTS (SBITAs) – RIGHT-TO-USE LIABILITY

For the year ended June 30, 2025, the financial statements include the adoption of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset. For additional information, refer to the disclosures below.

As of June 30, 2025 the District had 16 active subscriptions. The subscriptions have payments that range from \$6,825 to \$58,786 and interest rates that range from 0.0000% to 2.9270%. As of June 30, 2025, the total combined value of the subscription liability is \$438,637, and the total combined value of the short-term subscription liability is \$187,782. The combined value of the right-to-use asset, as of June 30, 2025, of \$1,275,966, with accumulated amortization of \$815,133, is included within the Subscription Class activities table found in Note 11.

	Changes in Software Liability				Balance as of June 30, 2025	Due Within One Year
	Balance as of July 1, 2024	Additions	Reductions			
Software	\$ 770,841	\$ -	\$ 332,204		\$ 438,637	\$ 187,782
Total	<u>\$ 770,841</u>	<u>\$ -</u>	<u>\$ 332,204</u>		<u>\$ 438,637</u>	<u>\$ 187,782</u>

REYNOLDS SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 14. SUBSCRIPTION-BASED IT ARRANGEMENTS (SBITAs) – RIGHT-TO-USE LIABILITY (CONTINUED)

Fiscal Year Ending June 30,	Principal and Interest Requirements to Maturity		
	Governmental Activities		
	Software		
	Principal Payments	Interest Payments	Total Payments
2026	\$ 187,784	\$ 9,948	\$ 197,732
2027	74,580	6,105	80,685
2028	33,250	5,160	38,410
2029	34,224	4,186	38,410
2030	35,225	3,185	38,410
Thereafter	73,574	3,246	76,820
Total	<u>\$ 438,637</u>	<u>\$ 31,830</u>	<u>\$ 470,467</u>

NOTE 15. LONG-TERM OBLIGATIONS

Total changes in bonds and notes payable for the year ended June 30, 2025, are as follows:

Name, Issue Date	Interest Rates	Original Issue	Outstanding June 30, 2024	Issued	Matured and Redeemed	Outstanding June 30, 2025	Due Within One Year
<u>Bonds Payable</u>							
Series 2003 Pension A&B, April 21, 2003	1.5-6.27%	\$ 80,978,772	\$ 34,670,000	\$ -	\$ 8,795,000	\$ 25,875,000	\$ 9,810,000
Series 2015 GO Bonds A&B, August 20, 2015	2.0-5.0%	122,945,047	91,455,224	-	91,455,224	-	-
Series 2020 GO Bonds, June 11, 2020	2.07%	2,054,952	620,717	-	98,227	522,490	100,261
Series 2025 Refunded GO Bonds, June 5, 2025	5.00%	90,070,000	-	90,070,000	-	90,070,000	8,810,000
<u>Direct Borrowings</u>							
Series 2016 QZAB, August 4, 2016	N/A	4,000,000	2,600,000	-	200,000	2,400,000	200,000
<u>Notes Payable</u>							
Full Faith and Credit Obligation, December 23, 2020	3-4%	15,775,000	12,225,000	-	960,000	11,265,000	1,000,000
Financing Agreement, June 29, 2017	2.5%	2,000,000	285,714	-	285,714	-	-
Subtotal			141,856,655	90,070,000	101,794,165	130,132,490	19,920,261
Premium - Bonds			8,535,014	7,561,111	8,535,014	7,561,111	N/A
Premium - Notes Payable			2,107,116	-	191,556	1,915,560	N/A
Total			<u>\$ 152,498,785</u>	<u>\$ 97,631,111</u>	<u>\$ 110,520,735</u>	<u>\$ 139,609,161</u>	<u>\$ 19,920,261</u>

BONDS PAYABLE

General Obligation Bonds

Certain general obligation bonds were outstanding during the year. Some of these bonds were refunded during the year. See “General Obligation Refunding Bond, Series 2025” below for additional information.

Pension Obligation Bonds

In April 2003, \$80,978,772 of limited tax pension obligation bonds were issued to finance the unfunded actuarially accrued liability (UAL) with the State of Oregon Public Employees Retirement System (PERS). The issuance of the bonds was considered an advance refunding of the UAL and resulted in an estimated present value savings of approximately \$20 million over the life of the bonds. The actual savings realized over the life of the bonds is uncertain because of the various legislative changes and legal issues pending with the PERS system which could impact the future required contribution rate.

NOTE 15. LONG-TERM OBLIGATIONS (CONTINUED)

Qualified Zone Academy Bonds Series 2016

\$4,000,000 of Qualified Zone Academy bonds were issued on August 4, 2016. \$3,920,000 in proceeds were received after paying issuance costs, and annual payments totaling \$200,000 will be made through July 1, 2030.

General Obligation Bond, Series 2020

On June 11, 2020, \$2,054,952 in Series 2020 General Obligation Bonds were issued to provide resources to finance capital costs on a project including: furnishing, renovating and equipping classroom facilities, and other site improvements. Principal and interest payments are made semiannually on June 15 and December 15 with an interest rate of 2.07%.

General Obligation Refunding Bond, Series 2025

On May 22, 2025, the District issued \$90,070,000 in General Obligation Refunding Bonds with an average interest rate of 5.0 percent to advance refund \$102,047,106 of outstanding Series 2015A General Obligation Bonds and Series 2015B General Obligation Bonds with average interest rates of 5.0 percent and 4.24 percent, respectively. The net proceeds of \$97,631,111 (after payment of \$635,218.50 in underwriting fees, insurance, and other issuance costs), together with an additional \$4,670,000, were used to purchase U.S. government securities. These securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Series 2015A and 2015B bonds.

As a result, the Series 2015A and 2015B bonds are considered to be defeased in substance, and the liability for those bonds has been removed from the District's financial statements. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$9,793,969. This difference is being reported as a deferred outflow of resources and is being amortized as a component of interest expense over the life of the new debt, using the straight line method.

The District completed the advance refunding to reduce its total debt service payments over the next 11 years by \$84,016,246 and to obtain an economic gain (the difference between the present values of the old and new debt service payments) of approximately \$11,500,000.

At June 30, 2025, \$102,047,106 of bonds outstanding are considered defeased in substance. The trust account assets and the liability for the defeased bonds are not included in the District's financial statements.

In accordance with GASB requirements, the District also discloses that, in the period in which debt is defeased in substance, there is a risk that substitution of essentially risk-free monetary assets with monetary assets that are not essentially risk-free is not prohibited by the trust agreement.

REYNOLDS SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 15. LONG-TERM OBLIGATIONS (CONTINUED)

The annual requirements to amortize all bonds outstanding at year end are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Requirements
2026	\$ 18,920,261	6,109,113	\$ 25,029,374
2027	20,987,336	4,984,232	25,971,568
2028	10,839,454	3,873,710	14,713,164
2029	6,221,616	3,309,710	9,531,326
2030	6,798,823	3,011,753	9,810,576
2031-2035	43,820,000	9,502,250	53,322,250
2036-2038	11,280,000	544,000	11,824,000
Total	<u>\$ 118,867,490</u>	<u>\$ 31,334,768</u>	<u>\$ 150,202,258</u>

NOTES PAYABLE

2018 Financing Agreement Notes Payable

In June 2018 the District entered a \$2,000,000 financing agreement with US Bank National Association to finance capital costs for furnishing, equipping and performing site improvements for the District's transportation facility. The note is to be paid biannually with the principal of \$285,714 and the first installment of interest due in July and the remainder paid in January, totaling \$2,201,528 with the first payment made in January 2019. The last payment will be made in July 2024.

Full Faith & Credit Obligations (Bond Anticipation) Notes Payable - Series 2020 – Refunding

In June 2021, \$15,775,000 in Full Faith and Credit Obligations were issued. \$18,648,339, which includes the premium of \$2,873,339, was deposited into escrow. From the amount deposited, \$1,206,611 was used to finance the purchase of buses and related equipment. \$17,244,344 was used to retire the following securities: Series 2010 Full Faith and Credit Obligations. Principal payments are due annually on June 1, through 2035 with interest rates ranging from 3-4%. The refunded securities were considered defeased on December 23, 2020, the issuance date of the refunding bonds.

Following are the annual requirements to amortize all notes payable outstanding at year end:

Fiscal Year Ending June 30,	Principal	Interest	Total Requirements
2026	\$ 1,000,000	\$ 425,850	\$ 1,425,850
2027	1,040,000	385,850	1,425,850
2028	1,080,000	344,250	1,424,250
2029	1,125,000	301,050	1,426,050
2030	1,170,000	256,050	1,426,050
2031-2035	5,850,000	608,250	6,458,250
Total	<u>\$ 11,265,000</u>	<u>\$ 2,321,300</u>	<u>\$ 13,586,300</u>

The District has no significant default or termination clauses on any bonds or notes payable and are not subject to any acceleration clauses under GASB Statement No. 88.

NOTE 16. DEFINED BENEFIT PENSION PLAN

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

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

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

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

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

NOTE 16. DEFINED BENEFIT PENSION PLAN (CONTINUED)

- iv. **Benefit Changes After Retirement.** Members may choose to continue participation in their variable account after retiring and may experience annual benefit fluctuations due to changes in the fair value of the underlying global equity investments of that account. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes (COLA). The COLA is capped at 2.0 percent.
- b. **OPSRP Pension Program (OPSRP DB).** The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.
 - i. **Pension Benefits.** This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:
Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.
General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.
A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.
 - ii. **Death Benefits.** Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member. The surviving spouse may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached 70½ years.
 - 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, 2021 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 \$5,922,744, excluding amounts to fund employer specific liabilities. In addition, approximately \$15,534 in employee contributions were paid or picked up by the District in 2024-2025.

REYNOLDS SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 16. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Asset or Liability – At June 30, 2025 the District reported a net pension liability of \$121,290,085 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, 2021. 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 dates of June 30, 2024 and 2023, the District's proportion was 0.55 percent and 0.41 percent, respectively. Pension expense for the year ended June 30, 2025 was \$(11,204,831).

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

- (1) Tier 1/Tier 2 – 8.43%
- (2) OPSRP general services – 5.59%

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 7,185,315	\$ 289,480
Changes in assumptions	12,194,544	15,623
Net difference between projected and actual earnings on pension plan investments	7,705,312	-
Net changes in proportionate share	19,385,454	7,387,327
Differences between District contributions and proportionate share of contributions	-	15,305,453
Subtotal - Amortized Deferrals (below)	46,470,625	22,997,883
District contributions subsequent to measuring date	5,922,744	-
Deferred outflow (inflow) of resources	<u>\$ 52,393,369</u>	<u>\$ 22,997,883</u>

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

Subtotal amounts related to pension as deferred outflows of resources \$46,470,625, and deferred inflows of resources, (\$22,997,883), net to \$23,472,742 and will be recognized in pension expense as follows:

Year ending June 30,	Amount
2026	\$ (2,469,605)
2027	12,325,712
2028	6,881,502
2029	5,245,923
2030	1,489,212
Thereafter	-
Total	<u>\$ 23,472,742</u>

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>

REYNOLDS SCHOOL DISTRICT NO. 7
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NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 16. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

Actuarial Methods and Assumptions:

Valuation date	December 31, 2022
Measurement Date	June 30, 2024
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	<u>Healthy retirees and beneficiaries:</u> 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. <u>Active members:</u> Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. <u>Disabled retirees:</u> 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.

REYNOLDS SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 16. DEFINED BENEFIT PENSION PLAN (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 of Equity - Hedge	0.63%	6.48%
Hedge Fund - Macro	5.62%	4.83%
Assumed Inflation - Mean		2.35%

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

REYNOLDS SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 16. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Discount Rate – The discount rate used to measure the total pension liability as of the measurement dates of June 30, 2024 and 2023 was 6.90 percent, for both years, 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%)
District's proportionate share of the net pension liability	\$ 191,330,182	\$ 121,290,085	\$ 62,628,081

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.

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.

NOTE 16. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 contribute six (6) percent of their covered payroll. Prior to 2022, Tier 1/Tier 2 and OPSRP members earning at least \$2,500 or more per month had a portion of their 6 percent monthly IAP contributions redirected to an Employee Pension Stability Account. Beginning in 2022, this threshold increased to \$3,333 per month. 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 remainder credited to the member's existing IAP account. Members may voluntarily choose to make additional after-tax contributions into their IAP account to make a full 6 percent contribution to the IAP. The District did not make any optional contributions to member IAP accounts for the year ended June 30, 2025.

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

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

NOTE 17. OTHER POSTEMPLOYMENT BENEFIT PLAN (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 employers 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 No. 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.

At June 30, 2025, the District reported a net OPEB asset of \$2,599,763 for its proportionate share of the net OPEB asset. The OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB 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 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 dates of June 30, 2024 and 2023, the District's proportion was 0.64 percent and 0.75 percent, respectively. OPEB income for the year ended June 30, 2025 was \$421,897.

REYNOLDS SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 17. OTHER POSTEMPLOYMENT BENEFIT PLAN (RHIA) (CONTINUED)

Components of OPEB Expense/(Income):

Employer's proportionate share of collective system OPEB Expense/(Income)	\$ (309,085)
Net Amortization of employer-specific deferred amounts from:	
Changes in proportionate share (per paragraph 64 of GASB 75)	(114,024)
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>\$ (423,109)</u>

Components of Deferred Outflows/Inflows of Resources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ -	\$ 50,847
Changes in assumptions	-	32,884
Net difference between projected and actual earnings on pension plan investments	73,404	-
Net changes in proportionate share	192,669	100,923
Differences between District contributions and proportionate share of contributions	-	-
Subtotal - Amortized Deferrals (below)	<u>266,073</u>	<u>184,654</u>
District contributions subsequent to measuring date	83	-
Deferred outflow (inflow) of resources	<u>\$ 266,156</u>	<u>\$ 184,654</u>

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

Subtotal amounts related to OPEB as deferred outflows of resources, \$266,073, and deferred inflows of resources, \$184,654, net to \$81,419 and will be recognized in OPEB expense as follows:

Year ending June 30,	Amount
2026	\$ (73,135)
2027	106,368
2028	39,712
2029	8,474
2030	-
Thereafter	-
Total	<u>\$ 81,419</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, 2025. That independently audited report was dated January 31, 2025 and can be found at: <https://sos.oregon.gov/audits/Documents/2025-05.pdf>

REYNOLDS SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 17. OTHER POSTEMPLOYMENT BENEFIT PLAN (RHIA) (CONTINUED)

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2022
Measurement Date	June 30, 2024
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: 27.5 %; Disabled retirees: 15%
Mortality	<u>Healthy retirees and beneficiaries:</u> 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. <u>Active members:</u> Pub-2010 employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. <u>Disabled retirees:</u> Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data scale, with job category adjustments and set- backs as described in the valuation.

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

Discount Rate:

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

REYNOLDS SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 17. OTHER POSTEMPLOYMENT BENEFIT PLAN (RHIA) (CONTINUED)

Long-Term Expected Rate of Return:

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

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

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

Sensitivity of the District's proportionate share of the net OPEB asset to changes in the discount rate – The following presents the District's proportionate share of the net OPEB asset calculated using the discount rate of 6.90 percent, as well as what the District's proportionate share of the net OPEB asset 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%)
District's proportionate share of the net OPEB liability	\$ (2,406,590)	\$ (2,599,763)	\$ (2,766,089)

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.

REYNOLDS SCHOOL DISTRICT NO. 7
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NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 18. OTHER POSTEMPLOYMENT BENEFITS

POST RETIREMENT HEALTH CARE

The District, as a result of collective bargaining agreements, offers postemployment health care benefits under a single-employer, defined benefit plan for all employees who have completed a specified number of years of continuous service, are eligible for full OPERS benefits, elect early retirement and were hired prior to July 1, 2006.

For eligible licensed employees the District will provide medical coverage for the lesser of seven years or until eligible for Medicare (age 65). For administrators, managers, supervisor and confidential employees, coverage is until Medicare eligibility date regardless of retirement age, assuming full OPERS coverage. For eligible classified employees with 15 years of service, coverage is provided up to the lesser of five years or until eligible for Medicare (age 65).

The District's post-retirement healthcare plan was established in accordance with Oregon Revised Statutes (ORS) 243.303. The plan is currently unfunded in accordance with GASB Statement No. 75. In accordance with the terms of the plan, benefit payments are recognized when due and payable in the governmental statements. The activities of the plan are reported in the General Fund.

Annual OPEB Cost and Total OPEB Liability: The annual other postemployment benefit (OPEB) cost is calculated based on the Total OPEB Liability, an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. For detailed information and a table showing the components of the District's annual OPEB costs and liabilities, see page 73.

Actuarial Methods and Assumptions: The Total OPEB Liability for the current year was determined as part of the July 1, 2023 actuarial valuation using the entry age normal method. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about mortality, claim cost and the healthcare cost trend. The actuarial assumptions included; (a) a rate of return on investment of present and future assets of 3.93% compounded annually; (b) no future increase in benefit payable from this program; (c) a general inflation rate of 2.4% per year, and (d) no post-retirement benefit increases and a payroll increase of 3.4%. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Under this method, the expected accrued benefit of each participant at benefit commencement (reflecting future expected increases in salaries and medical premiums) is allocated in equal proportion over the participant's years of service from hire to expected retirement. The normal cost is the present value of benefits expected to accrue in the current year. The present value of benefits accrued as of the valuation date is called the accrued liability.

At July 1, 2023, the following employees were covered by the benefit terms:

Active	1,266
Retired Members	50
Spouses of Ineligible Retirees	4
Total	<u>1,320</u>

REYNOLDS SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 18. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Total OPEB Liability

The District's total OPEB liability of \$11,415,856 was measured as of June 30, 2024, and was determined by an actuarial valuation as of July 1, 2023.

Actuarial Assumptions and Other Inputs

The District's total OPEB liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Actuarial assumptions:

Valuation Date	July 1, 2023
Actuarial Cost Method	Entry Age Normal
Investment Return Assumption (Interest Discount)	The 3.93% investment return assumption is the rate in the 20-Year General Obligation Municipal Bond Index published by Bond Buyer.
Plan Participation	100% assumed will elect coverage at retirement if eligible for district paid insurance; 55% assumed if only eligible for self-pay insurance.
Medical Care Cost Trend	3.50% in 2023, 5.75% in 2024-2025, 5.50% in 2026, 5.25% in 2027, 5.00% in 2028, 4.75% in 2029-2030, 4.50% in 2031, 4.25% in 2032-2065, 4.00% in 2066-2071 and 3.75% from 2072 and thereafter.
Dental premiums annual trend rate	1.75% for 2023, 3.50% for 2024, 4.00% per year until 2073, then 3.75% thereafter.
Inflation rate	2.4% for all future years
Annual salary rate increases	3.4% for all future years

Changes in Total OPEB Liability

Changes of assumptions: Interest Discount, the investment return assumption was increased from 3.65% to 3.93%.

The following table shows the changes in total OPEB pension liability for the year ending June 30, 2025:

Total OPEB Liability at June 30, 2024	\$ 10,004,902
Changes for the year:	
Service Cost	1,865,052
Interest	421,002
Changes of Benefit Terms	-
Changes from economic/demographic gains or losses	-
Changes of assumptions or other inputs	(197,705)
Benefit Payments	(677,395)
Net Changes	<u>1,410,954</u>
Total OPEB Liability at June 30, 2025	<u><u>\$ 11,415,856</u></u>

REYNOLDS SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 18. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the total OPEB Liability to changes in discount rate: the following presents the total OPEB liability of the District, as well as what the District's total OPEB Liability would be if it were calculated using a discount rate 1 percentage point higher and lower than the current rate.

	1% Decrease 2.93%	Current Discount Rate 3.93%	1% Increase 4.93%
Total OPEB Liability	\$ 12,147,821	\$ 11,415,856	\$ 10,711,137

Sensitivity of the total OPEB Liability to changes in the healthcare cost trend rates: the following presents the total OPEB liability of the District, as well as what the District's total OPEB Liability would be if it were calculated using health care cost trend rates that are 1 percentage point higher and lower than the current healthcare cost trend rates.

	1% Decrease	Current Healthcare Trend Rates	1% Increase
Total OPEB Liability	\$ 10,111,684	\$ 11,415,856	\$ 12,930,238

OPEB Expense and Deferred Inflows of Resources Related to OPEB: For the year ended June 30, 2025, the District recognized OPEB income of \$116,272 in the government-wide Statement of Activities. At June 30, 2025, the District reported deferred inflows of resources relating to the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Difference between expected and actual experience	\$ (4,158,775)	\$ -
Changes in assumptions	(2,213,937)	384,325
Subtotal - Amortized Deferrals (below)	(6,372,712)	384,325
Contributions made subsequent to measurement date	-	1,084,565
Deferred outflow (inflow) of resources	\$ (6,372,712)	\$ 1,468,890

The amount of contributions subsequent to the measurement date will be included as a reduction of the net OPEB health care liability.

REYNOLDS SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 18. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Subtotal amounts related to OPEB health care as deferred outflows of resources, \$384,325, and deferred inflows of resources, (\$6,372,712), net to (\$5,988,387) and will be recognized in OPEB health care expense as follows:

Year ending June 30,	Amount
2025	\$ (1,255,058)
2026	(1,216,981)
2027	(1,067,504)
2028	(1,098,904)
2029	(793,719)
Thereafter	(556,221)
Total	<u><u>\$ (5,988,387)</u></u>

EARLY RETIREMENT PLAN – STIPENDS

The District also operates a single-employer early retirement stipend plan.

At July 1, 2023, the following employees were covered by the benefit terms:

Active	672
Retired Members	10
Spouses of Ineligible Retirees	-
Total	<u><u>682</u></u>

The following table shows the changes in total OPEB pension liability for the year ending June 30, 2025:

Total OPEB Pension Liability at June 30, 2024	\$ 1,735,416
Changes for the year:	
Service Cost	148,737
Interest	66,674
Changes of Benefit Terms	-
Changes from economic/demographic gains or losses	-
Changes of assumptions or other inputs	(22,176)
Benefit Payments	(115,985)
Net Changes	<u>77,250</u>
Total OPEB Pension Liability at June 30, 2025	<u><u>\$ 1,812,666</u></u>

Actuarial Methods and Assumptions: The total pension liability above was determined by an actuarial valuation as of the valuation date calculated based on the discount rate and actuarial assumptions listed below, and was then projected forward/backwards to the measurement date. The unfunded accrued liability is amortized over an open period of 4 years as a percentage of payroll, and is still open.

REYNOLDS SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 18. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

EARLY RETIREMENT PLAN – STIPENDS (CONTINUED)

Valuation Date	July 1, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry Age Normal
Investment return assumption (interest)	3.93% per year
Demographic Assumptions	Based on Oregon PERS valuation assumptions as of December 31, 2022
Inflation Rate	2.4% per year
Salary Increases	3.4% per year

Sensitivity Analysis: The following presents the total pension liability of the plan, calculated using the discount rate as of the measurement date, as well as what the plan's total pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

	1% Decrease 2.93%	Current Discount Rate 3.93%	1% Increase 4.93%
Total Pension Liability	\$ 1,895,816	\$ 1,812,666	\$ 1,728,731

For the year ended June 30, 2025, the District recognized pension income of \$15,262. At June 30, 2025, the District reported deferred outflows and inflows of resources related to the early retirement plan from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Difference between expected and actual experience	\$ (386,180)	\$ 52,608
Changes in assumptions	(157,546)	69,144
Subtotal - Amortized Deferrals (below)	(543,726)	121,752
Contributions made subsequent to measurement date	-	146,110
Deferred outflow (inflow) of resources	<u>\$ (543,726)</u>	<u>\$ 267,862</u>

The amount of contributions subsequent to the measurement date will be included as a reduction of the net OPEB stipend liability.

REYNOLDS SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 18. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

EARLY RETIREMENT PLAN – STIPENDS (CONTINUED)

Subtotal amounts related to OPEB health care as deferred outflows of resources, \$165,992, and deferred inflows of resources, (\$650,357), net to (\$484,365) and will be recognized in OPEB health care income as follows:

Year ending June 30,	Amount
2025	\$ (71,940)
2026	(68,793)
2027	(59,918)
2028	(80,218)
2029	(81,886)
Thereafter	(59,219)
Total	<u>\$ (421,974)</u>

Tax Sheltered Annuity

The District also offers its employees a tax-sheltered annuity program established pursuant to Sections 403(b) and 457(b) of the Internal Revenue Code (the Code). Contributions are made through salary reductions from participating employees up to the amounts specified in the Code.

Contributions are required from the District for a portion of participating employees. As of the years ended June 30, 2025 and 2024, 445 and 477 employees participated in the plan and District contributions were \$435,170 and \$445,046, respectively.

NOTE 19. TAX ABATEMENTS

The District is subject to tax abatements (exemptions) granted by Multnomah County of Oregon. The county is allowed to grant abatements due to various Oregon Revised Statutes (ORS). Multnomah County has various abatement programs that affected District revenue as of June 30, 2025, as described below.

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

Under the Homebuyer Opportunity Limited Tax Exemption (HOLTE) Program, single-unit homes receive a ten-year property tax exemption on structural improvements to the home as long as the property and owner remain eligible per program requirements. Property owners are still responsible for payment of the taxes on the assessed value of the land during the exemption period. The property is reassessed when the exemption is either terminated for noncompliance or expires after ten years, and owners begin paying full property taxes. The exemption period cannot be extended.

Enterprise Zone (ORS 285C.175):

The Oregon Enterprise Zone program is a State of Oregon economic development program that allows for property tax exemptions for up to five years. In exchange for receiving property tax exemption, participating firms are required to meet the program requirements set by state statute and the local sponsor. The Enterprise Zone program allows industrial firms that will be making a substantial new capital investment a waiver of 100% of the real property

REYNOLDS SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 19. TAX ABATEMENTS (CONTINUED)

taxes attributable to the new investment for a five-year period after completion. Land or existing machinery or equipment is not tax exempt; therefore, there is no loss of current property tax levies to local taxing jurisdiction.

Housing Authority Partnership (ORS 307.092):

Through the State of Oregon, the property of a housing authority is declared to be public property use for essential public and governmental purposes and, upon compliance with ORS 307.162, the property and the housing authority are exempt from all taxes and special assessments of the city, the county, the state, or any political subdivision of the city, county, or state.

Industry Apprenticeship/Training Trust (ORS 307.580):

Through the State of Oregon, all real and personal property owned, held under contract of sale, or leased by an industry apprenticeship or training trust is exempt from property taxation if the industry apprenticeship or training trust meets all of the following conditions: the trust is organized only for assisting or implementing training programs according to ORS Chapter 660, Apprenticeship and Training; the property is used exclusively and actively in training; the trust is exempt from federal income taxes; the trust does not discriminate based on age, race, religion, sex, or national origin. Industries and occupations likely to benefit from this exemption may include carpentry, electrical, masonry, plumbing, sheet metal, painting, mechanical, and machinist trades.

The Following schedule represents the District's portion of tax abatements granted by Multnomah County for 2024-2025. Programs with exemptions totaling more than \$100,000 are listed separately; all other programs are grouped together.

Exemption Program	Amount
City of Portland Low Income Rental Housing	\$ 308,814
Enterprise Zone	255,523
Housing Authority Partnership	138,250
Industry Apprenticeship/Training Trust	111,974
All other exemption programs	191,095
Total Abatements	<u><u>\$ 1,005,656</u></u>

NOTE 20. RISK MANAGEMENT

There is exposure to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which commercial insurance is purchased. There were no significant reductions in insurance coverage from coverage in prior years in any of the major categories of risk. Also, the amounts of any settlements have not exceeded insurance coverage for the past three fiscal years.

NOTE 21. COMMITMENTS AND CONTINGENCIES

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

A substantial portion of operating funding is received from the State of Oregon. State funding is determined through state wide revenue projections that are paid to individual school districts based on pupil counts and other factors in the state school fund revenue formula. Since these projections and pupil counts fluctuate they can cause either increases or decreases in revenue. Due to these future uncertainties at the state level, the future effect on the District's operations cannot be determined.

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

NOTE 22. PROPERTY TAX LIMITATION

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

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

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

Measure 50 reduced the amount of operating property tax revenues available to the District for its 1997-98 fiscal year, and thereafter. This reduction was accomplished by rolling property values back to their 1995-96 values less 10% and limiting future tax value growth of each property to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempted from the property tax limitations. The measure also sets restrictive voter approval requirements for most tax and many fee increases and new bond issues, and requires the State of Oregon to minimize the impact of the tax cuts to the school districts.

REYNOLDS SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 23. RESTATEMENTS

During the year ended June 30, 2025, the District updated the fund name format in the Adopted Budget and consolidated several funds to align reporting with governmental accounting practices, improve clarity, and enhance comparability across financial statements. Consequently, the presentation of fund columns in the ACFR for the year ended June 30, 2025, was revised to reflect the updated fund names of the Adopted Budget.

The District corrected a material prior year error by reclassifying the PERS Bond/UAL accrual from liability to internal service revenue and adjusted beginning fund balance for GAAP alignment.

The table below summarizes material changes and corrections to governmental fund balances of previously issued financial statements, including the nature, amount, and effect on beginning fund balances and net position.

	General Fund	Federal Programs Fund	Debt Service Fund	PERS Bond Fund	2015 GO Bond Debt Service Fund	Capital Projects Fund	State & Local Programs Fund	Other Governmental Funds	Special Revenue Fund
Major fund balances and net position, as previously reported	\$ 20,988,421	\$ 380,421	\$ 1,287,297	\$ 578,421	\$ 3,748,928	\$ 4,456,997	\$ 4,189,865	\$ 2,182,887	\$ -
Changes in the financial reporting entity	-	(380,421)	4,327,349	(578,421)	(3,748,928)	-	(4,189,865)	(2,182,887)	6,753,173
Error corrections PERS liability overstated	-	-	341,562	-	-	-	-	-	-
Major fund balances and net position, as restated	<u>\$ 20,988,421</u>	<u>\$ -</u>	<u>\$ 5,956,208</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,456,997</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,753,173</u>

REYNOLDS SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

REYNOLDS SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2025

PERS

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (NPL)	(c) Employer's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2025	0.55%	\$ 121,290,085	\$ 92,438,535	131.2%	79.3%
2024	0.41	77,140,995	92,650,072	83.3	81.7
2023	0.46	70,392,366	78,758,018	89.4	84.5
2022	0.43	51,679,503	69,994,447	73.8	87.6
2021	0.49	107,764,505	68,860,681	156.5	75.8
2020	0.51	87,585,114	65,446,087	133.8	80.2
2019	0.61	91,931,245	63,752,102	144.2	82.1
2018	0.63	85,519,165	63,884,244	133.9	83.1
2017	0.55	82,744,959	64,947,816	127.4	80.5
2016	0.47	26,851,775	61,541,587	43.6	91.9

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented. These schedules are presented to illustrate the requirements to show information for 10 years.

SCHEDULE OF CONTRIBUTIONS

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	\$ 5,922,744	\$ 5,922,744	\$ -	\$ 97,771,047	6.1%
2024	5,718,524	5,718,524	-	92,438,535	6.2
2023	6,360,109	6,360,109	-	92,650,072	6.9
2022	14,502,515	14,502,515	-	78,758,018	18.4
2021	17,214,158	17,214,158	-	69,994,447	24.6
2020	16,393,674	16,393,674	-	68,860,681	23.8
2019	14,616,246	14,616,246	-	65,446,087	22.3
2018	13,901,399	13,901,399	-	63,752,102	21.8
2017	9,462,011	9,462,011	-	63,884,244	14.8
2016	8,727,974	8,727,974	-	64,947,816	13.4

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented. These schedules are presented to illustrate the requirements to show information for 10 years.

REYNOLDS SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2025

OPEB – RHIA

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB – RHIA ASSET/LIABILITY

Year Ended June 30,	(a) Employer's proportion of the net OPEB asset/ (liability) (NOA/(L))	(b) Employer's proportionate share of the net OPEB asset/ (liability) (NOA/(L))	(c) Employer's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2025	0.644%	\$ 2,599,763	\$ 92,438,535	2.8%	220.6%
2024	0.748	2,737,226	92,650,072	3.0	201.6
2023	0.498	1,768,062	78,758,018	2.2	194.6
2022	0.591	2,028,100	69,994,447	2.9	183.9
2021	1.056	2,151,220	68,860,681	3.1	150.1
2020	0.597	1,153,426	65,446,087	1.8	144.4
2019	0.605	675,690	63,752,102	1.1	124.0
2018	0.625	260,793	63,884,244	0.4	108.9
2017	(0.680)	(184,566)	64,947,816	(0.3)	90.0

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

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

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	\$ 83	\$ 83	\$ -	\$ 97,771,047	0.00%
2024	2,713	2,713	-	92,438,535	0.00
2023	14,731	14,731	-	92,650,072	0.02
2022	12,264	12,264	-	78,758,018	0.02
2021	N/A	N/A	N/A	69,994,447	n/a
2020	N/A	N/A	N/A	68,860,681	n/a
2019	N/A	N/A	N/A	65,446,087	n/a
2018	N/A	N/A	N/A	63,752,102	n/a
2017	N/A	N/A	N/A	63,884,244	n/a

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

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

REYNOLDS SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

SCHEDULE OF CHANGES IN TOTAL LIABILITY AND RELATED RATIOS
OPEB HEALTH CARE AND PENSION STIPENDS
June 30, 2025

PLAN I (OPEB): (HEALTH CARE)

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

Year Ended June 30,	Total OPEB Liability - Beginning	Service Cost	Interest	Changes of Benefit Terms	Changes of Assumptions	Benefit Payments	Total OPEB Liability - End of Year	Estimated Covered-Employee Payroll	Total OPEB Liability as a % of Covered-Employee Payroll
2025	\$ 10,004,902	\$ 1,865,052	\$ 421,002	\$ -	\$ (197,705)	\$ (677,395)	\$ 11,415,856	N/A	N/A
2024	13,839,050	1,768,571	532,215	-	(4,978,285)	(1,156,649)	10,004,902	N/A	N/A
2023	13,632,467	1,971,427	328,190	-	(1,268,800)	(824,234)	13,839,050	N/A	N/A
2022	15,167,567	1,948,234	365,180	-	(2,658,361)	(1,190,153)	13,632,467	N/A	N/A
2021	12,959,779	1,710,643	498,282	-	(873,970)	(875,107)	15,167,567	N/A	N/A
2020	13,434,460	1,341,286	553,418	-	(1,409,171)	(960,214)	12,959,779	N/A	N/A
2019	12,791,606	1,317,100	489,002	-	(256,385)	(906,863)	13,434,460	N/A	N/A
2018	12,936,650	1,363,361	389,515	-	(623,313)	(1,274,607)	12,791,606	N/A	N/A

PLAN II (PENSION): (STIPENDS)

SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY AND RELATED RATIOS

Year Ended June 30,	Total Pension Liability - Beginning	Service Cost	Interest	Changes of Benefit Terms	Changes of Assumptions	Benefit Payments	Total Pension Liability - End of Year	Estimated Covered-Employee Payroll	Total Pension Liability as a % of Covered-Employee Payroll
2025	\$ 1,735,416	\$ 148,737	\$ 66,674	\$ -	\$ (22,176)	\$ (115,985)	\$ 1,812,666	N/A	N/A
2024	2,305,271	166,886	82,398	-	(527,518)	(291,621)	1,735,416	N/A	N/A
2023	2,512,252	186,819	55,031	-	(144,510)	(304,321)	2,305,271	N/A	N/A
2022	2,340,399	189,207	53,832	-	117,378	(188,564)	2,512,252	N/A	N/A
2021	2,155,674	160,869	77,754	-	137,725	(191,623)	2,340,399	N/A	N/A
2020	2,269,973	174,473	90,686	-	(175,267)	(204,191)	2,155,674	N/A	N/A
2019	2,220,351	170,978	82,590	-	(33,776)	(170,170)	2,269,973	N/A	N/A
2018	2,266,585	135,644	66,380	-	(101,044)	(147,214)	2,220,351	N/A	N/A
2017	2,083,076	118,075	82,194	-	116,961	(133,721)	2,266,585	N/A	N/A

The amounts presented for each fiscal year are actuarially determined and rolled forward.

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.

There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the pension/OPEB plan.

REYNOLDS SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

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

	<u>GENERAL FUND</u>			
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES:				
Local Sources	\$ 35,414,500	\$ 38,414,500	\$ 37,883,633	\$ (530,867)
Intermediate Sources	1,545,000	2,545,000	1,036,469	(1,508,531)
State Sources	107,300,485	117,300,485	111,889,132	(5,411,353)
Federal Sources	<u>75,000</u>	<u>75,000</u>	<u>135,579</u>	<u>60,579</u>
Total Revenues	<u>144,334,985</u>	<u>158,334,985</u>	<u>150,944,813</u>	<u>(7,390,172)</u>
EXPENDITURES:				
Instruction	91,968,733	103,218,733 (1)	98,370,445	4,848,288
Support Services	59,877,952	62,327,952 (1)	62,094,760	233,192
Community Services	174,163	474,163 (1)	237,966	236,197
Debt Service	<u>490,059</u>	<u>490,059 (1)</u>	<u>490,055</u>	<u>4</u>
Total Expenditures	<u>152,510,907</u>	<u>166,510,907</u>	<u>161,193,226</u>	<u>5,317,681</u>
Excess of Revenues Over (Under) Expenditures	<u>(8,175,922)</u>	<u>(8,175,922)</u>	<u>(10,248,413)</u>	<u>(2,072,491)</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(1,781,250)</u>	<u>(1,781,250) (1)</u>	<u>(1,397,937)</u>	<u>383,313</u>
Total Other Financing Sources (Uses)	<u>(1,781,250)</u>	<u>(1,781,250)</u>	<u>(1,397,937)</u>	<u>383,313</u>
Net Change in Fund Balance	(9,957,172)	(9,957,172)	(11,646,350)	(1,689,178)
BEGINNING FUND BALANCE	<u>18,548,922</u>	<u>18,548,922</u>	<u>20,988,421</u>	<u>2,439,499</u>
ENDING FUND BALANCE	<u>\$ 8,591,750</u>	<u>\$ 8,591,750</u>	<u>\$ 9,342,071</u>	<u>\$ 750,321</u>

(1) Appropriation Level

REYNOLDS SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

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

	<u>SPECIAL REVENUE FUND</u>			
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES:				
Local Sources	\$ 1,510,900	\$ 1,510,900	\$ 1,557,470	\$ 46,570
Intermediate Sources	475,391	475,391	585,925	110,534
State Sources	11,404,641	11,404,641	20,030,991	8,626,350
Federal Sources	<u>17,461,405</u>	<u>17,461,405</u>	<u>19,719,896</u>	<u>2,258,491</u>
Total Revenues	<u>30,852,337</u>	<u>30,852,337</u>	<u>41,894,281</u>	<u>11,041,944</u>
EXPENDITURES:				
Instruction	20,529,704	20,529,704 (1)	18,589,604	1,940,100
Support Services	19,030,729	18,530,729 (1)	14,272,395	4,258,334
Community Services	7,874,165	8,374,165 (1)	8,164,193	209,972
Facilities Acquisition	5,000	5,000 (1)	-	5,000
Capital Outlay	<u>1,154,783</u>	<u>1,154,783</u>	<u>831,321</u>	<u>323,462</u>
Total Expenditures	<u>48,594,381</u>	<u>48,594,381</u>	<u>41,857,513</u>	<u>6,736,867</u>
Net Change in Fund Balance	(17,742,044)	(17,742,044)	36,768	4,305,077
OTHER FINANCING SOURCES (USES)				
Transfers In	100,000	100,000	46,687	(53,313)
Transfers Out	<u>(45,000)</u>	<u>(45,000) (1)</u>	<u>-</u>	<u>45,000</u>
Total Other Financing Sources (Uses)	<u>55,000</u>	<u>55,000</u>	<u>46,687</u>	<u>(8,313)</u>
Net Change in Fund Balance	(17,687,044)	(17,687,044)	83,455	4,296,764
BEGINNING FUND BALANCE	<u>16,532,261</u>	<u>16,532,261</u>	-	<u>(9,779,088)</u>
CHANGES IN THE FINANCIAL REPORTING ENTITY			<u>6,753,173</u>	
BEGINNING FUND BALANCE, AS RESTATED			6,753,173	
ENDING FUND BALANCE	<u>\$ (1,154,783)</u>	<u>\$ (1,154,783)</u>	<u>\$ 6,836,628</u>	<u>\$ (5,482,324)</u>

(1) Appropriation Level

REYNOLDS SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

SUPPLEMENTARY INFORMATION

REYNOLDS SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

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

	<u>DEBT SERVICE FUND</u>			
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES:				
Local Sources	\$ 21,945,000	\$ 22,960,130	\$ 23,677,156	\$ 717,026
Total Revenues	<u>21,945,000</u>	<u>22,960,130</u>	<u>23,677,156</u>	<u>717,026</u>
EXPENDITURES:				
Debt Service	\$ 21,798,332	26,498,332 (1)	123,458,607	(96,960,275)
Total Expenditures	<u>21,798,332</u>	<u>26,498,332</u>	<u>123,458,607</u>	<u>(96,960,275)</u>
Excess of Revenues Over (Under) Expenditures	146,668	(3,538,202)	(99,781,451)	97,677,301
OTHER FINANCING SOURCES (USES)				
Bond Issue Costs	-	- (1)	(635,219)	635,219
Debt Proceeds	<u>-</u>	<u>-</u>	<u>97,631,111</u>	<u>(97,631,111)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>96,995,892</u>	<u>(96,995,892)</u>
Net Change in Fund Balance	146,668	(3,538,202)	(196,777,343)	194,673,192
BEGINNING FUND BALANCE	<u>4,995,000</u>	<u>5,614,646</u>	1,287,297	<u>341,562</u>
CHANGES IN THE FINANCIAL REPORTING ENTITY			4,327,349	
CORRECTION OF PRIOR YEAR ERROR			<u>341,562</u>	
BEGINNING FUND BALANCE, AS RESTATED			5,956,208	
ENDING FUND BALANCE	<u>\$ 5,141,668</u>	<u>\$ 2,076,444</u>	<u>\$ 3,170,649</u>	<u>\$ 1,094,205</u>

(1) Appropriation Level

REYNOLDS SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

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

	<u>CAPITAL PROJECTS FUND</u>			
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES:				
Local Sources	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 212,182</u>	<u>\$ 12,182</u>
Total Revenues	<u>200,000</u>	<u>200,000</u>	<u>212,182</u>	<u>12,182</u>
EXPENDITURES:				
Facilities Acquisition and Construction	4,398,305	4,398,305 (1)	48,479	4,349,826
Debt Service	<u>1,405,050</u>	<u>1,405,050 (1)</u>	<u>1,424,250</u>	<u>(19,200)</u>
Total Expenditures	<u>5,803,355</u>	<u>5,803,355</u>	<u>1,472,729</u>	<u>4,330,626</u>
Excess of Revenues Over (Under) Expenditures	<u>(5,603,355)</u>	<u>(5,603,355)</u>	<u>(1,260,547)</u>	<u>4,342,808</u>
OTHER FINANCING SOURCES (USES):				
Debt Proceeds	-	-	-	-
Transfers In	<u>1,351,250</u>	<u>1,351,250</u>	<u>1,351,250</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>1,351,250</u>	<u>1,351,250</u>	<u>1,351,250</u>	<u>-</u>
Net Change in Fund Balance	(4,252,105)	(4,252,105)	90,703	4,342,808
BEGINNING FUND BALANCE	<u>4,252,105</u>	<u>4,252,105</u>	<u>4,456,997</u>	<u>204,892</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,547,700</u>	<u>\$ 4,547,700</u>

(1) Appropriation Level

Expenditures in the Capital Projects Fund Debt Service function exceeded final appropriations by \$19,200. See Note 2 for additional information.

REYNOLDS SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED
For the Year Ended June 30, 2025

GENERAL FUND

<u>TAX YEAR</u>	<u>ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/2024</u>	<u>DEDUCT DISCOUNTS</u>	<u>ADJUSTMENTS TO ROLLS</u>	<u>ADD INTEREST</u>	<u>CASH COLLECTIONS BY COUNTY TREASURER</u>	<u>BALANCE UNCOLLECTED OR UNSEGREGATED 6/30/2025</u>
Current:						
2024-25	\$ 35,161,107	\$ 917,371	\$ (252,282)	\$ 2,627	\$ 33,421,696	\$ 572,385
Prior Years:						
2023-24	530,758	(3,184)	(151,497)	4,007	169,869	216,583
2022-23	205,577	(938)	(37,071)	9,508	54,259	124,693
2021-22	98,212	(125)	(5,523)	13,099	41,905	64,008
2020-21	48,426	(15)	(4,336)	10,903	28,356	26,651
Prior	<u>75,436</u>	<u>(1)</u>	<u>(3,142)</u>	<u>6,190</u>	<u>7,484</u>	<u>71,001</u>
Total Prior	<u>958,408</u>	<u>(4,263)</u>	<u>(201,570)</u>	<u>43,706</u>	<u>301,872</u>	<u>502,935</u>
Total All Years	<u>\$ 36,119,516</u>	<u>\$ 913,108</u>	<u>\$ (453,852)</u>	<u>\$ 46,333</u>	<u>\$ 33,723,569</u>	<u>\$ 1,075,320</u>

RECONCILIATION TO REVENUE:

	<u>TOTAL</u>
Cash Collections by County Treasurers Above	\$ 33,723,569
Net Change in Property Tax Receivable and Unavailable Revenue	<u>69,831</u>
Total Property Tax Revenue	<u>\$ 33,793,400</u>

REYNOLDS SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED
For the Year Ended June 30, 2025

DEBT SERVICE FUND

<u>TAX YEAR</u>	<u>ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/2024</u>	<u>DEDUCT DISCOUNTS</u>	<u>ADJUSTMENTS TO ROLLS</u>	<u>ADD INTEREST</u>	<u>CASH COLLECTIONS BY COUNTY TREASURER</u>	<u>BALANCE UNCOLLECTED OR UNSEGREGATED 6/30/2025</u>
Current:						
2024-25	<u>\$ 12,199,868</u>	<u>\$ 318,301</u>	<u>\$ (87,535)</u>	<u>\$ 911</u>	<u>\$ 11,596,344</u>	<u>\$ 198,600</u>
Prior Years:						
2023-24	191,014	(1,146)	(54,522)	1,442	61,134	77,946
2022-23	76,742	(350)	(13,839)	3,549	20,255	46,547
2021-22	38,376	(49)	(2,158)	5,118	16,374	25,011
2020-21	18,101	(5)	(1,612)	4,054	10,543	10,005
Prior	<u>23,744</u>	<u>(0)</u>	<u>(1,090)</u>	<u>2,045</u>	<u>2,482</u>	<u>22,216</u>
Total Prior	<u>347,977</u>	<u>(1,551)</u>	<u>(73,222)</u>	<u>16,208</u>	<u>110,788</u>	<u>181,726</u>
Total All Years	<u>\$ 12,547,845</u>	<u>\$ 316,750</u>	<u>\$ (160,756)</u>	<u>\$ 17,119</u>	<u>\$ 11,707,132</u>	<u>\$ 380,326</u>

RECONCILIATION TO REVENUE:

	<u>TOTAL</u>
Cash Collections by County Treasurers Above	\$ 11,707,132
Net Change in Property Tax Receivable and Unavailable Revenue	<u>248,201</u>
Total Property Tax Revenue	<u>\$ 11,955,332</u>

REYNOLDS SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

OTHER INFORMATION

REYNOLDS SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

OTHER SUPPLEMENTAL INFORMATION
FORM 3211-C
For the Year Ended June 30, 2025

A. Energy bills for heating - all funds:				<u>Objects 325, 326, and 327</u>
		Function 2545	\$	2,643,238
		Function 2550		73,858
B. Replacement of equipment - General Fund:				
Include all General Fund expenditures in Object 542, except for the following exclusions:				<u>Amount</u>
Exclude these functions:				
1113, 1122, & 1132	Co-curricular activities	4150	Construction	\$ -
1140	Pre-kindergarten	2550	Pupil transportation	-
1300	Continuing education	3100	Food service	-
1400	Summer school	3300	Community services	-

REYNOLDS SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

STATISTICAL SECTION

STATISTICAL SECTION

The statistical section of Reynolds School District No. 7's Annual Comprehensive Financial Report provides detailed information to help users understand the financial statements, note disclosures, and required supplementary information in the context of the District's overall financial health.

Contents

Financial Trends	76-79
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	80-87
These schedules contain information to help the reader assess the government's most significant revenue source, the property tax.	
Debt Capacity	88-89
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Demographic and Economic Information	90-91
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information	92-96
These Schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

Sources: Unless otherwise indicated, the data presented in these schedules is derived from the Annual Comprehensive Financial Report for the applicable year.

REYNOLDS SCHOOL DISTRICT NO.7
MULTNOMAH COUNTY, OREGON
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	<u>2024-2025</u>	<u>2023-2024</u>	<u>2022-2023</u>	<u>2021-2022</u>
Governmental activities:				
Net investments in capital assets	\$ 95,747,336	\$ 97,377,373	\$ 89,747,546	\$ 80,309,755
Restricted	5,769,387	8,502,862	6,874,103	8,576,837
Unrestricted	<u>(107,720,112)</u>	<u>(100,003,765)</u>	<u>(98,410,286)</u>	<u>(90,269,679)</u>
Total primary government net position	<u>\$ (6,203,389)</u>	<u>\$ 5,876,470</u>	<u>\$ (1,788,637)</u>	<u>\$ (1,383,087)</u>

	<u>2020-2021</u>	<u>2019-2020</u>	<u>2018-2019</u>
Governmental activities:			
Net investments in capital assets	\$ 91,952,961	\$ 72,508,688	\$ 64,070,731
Restricted	8,074,208	8,627,760	9,984,575
Unrestricted	<u>(126,005,115)</u>	<u>(106,484,799)</u>	<u>(98,643,116)</u>
Total primary government net position	<u>\$ (25,977,946)</u>	<u>\$ (25,348,351)</u>	<u>\$ (24,587,810)</u>

	<u>2017-2018</u>	<u>2016-2017</u>	<u>2015-2016*</u>
Governmental activities:			
Net investments in capital assets	\$ 35,148,756	\$ (64,722,847)	\$ (84,665,144)
Restricted	7,928,217	7,284,100	5,845,304
Unrestricted	<u>(67,387,682)</u>	<u>32,478,107</u>	<u>51,109,620</u>
Total primary government net position	<u>\$ (24,310,709)</u>	<u>\$ (24,960,640)</u>	<u>\$ (27,710,220)</u>

*Note: Restated due to implementation of GASB Statement No.73 in Fiscal Year 2016-2017

REYNOLDS SCHOOL DISTRICT NO.7
MULTNOMAH COUNTY, OREGON

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2024-2025	2023-2024	2022-2023	2021-2022	2020-2021
Expenses					
Instruction	\$ 123,300,018	\$ 106,824,895	\$ 111,565,668	\$ 87,519,316	\$ 93,565,748
Support services	76,299,476	73,451,327	77,661,835	61,009,790	57,558,253
Enterprise and community services	8,135,299	6,765,065	7,051,839	6,220,270	6,098,403
Facilities acquisition	-	-	267,247	981,076	-
Loss on equity interest in CAL	-	-	-	8,078	37,989
Gain (Loss) on sale of assets	-	-	-	-	(215,000)
Interest on long-term debt	5,897,290	5,235,481	11,038,989	11,270,952	11,438,939
Total primary government expenses	<u>213,632,083</u>	<u>192,276,768</u>	<u>207,585,578</u>	<u>167,009,482</u>	<u>168,484,332</u>
Program revenues					
Governmental activities:					
Charges for services	973,620	1,572,559	1,763,053	1,242,194	3,999,412
Operating grants and contributions	43,599,120	37,261,494	56,984,350	44,702,866	19,819,696
Total primary government revenues	<u>44,572,740</u>	<u>38,834,053</u>	<u>58,747,403</u>	<u>45,945,060</u>	<u>23,819,108</u>
Net (Expense)/Revenue					
Total primary government net expense	<u>(169,059,343)</u>	<u>(153,442,715)</u>	<u>(148,838,175)</u>	<u>(121,064,422)</u>	<u>(144,665,224)</u>
General revenues and Other Changes in Net Position					
Property taxes	45,748,732	44,333,997	42,954,991	41,686,988	39,451,643
State support	110,117,443	104,944,772	97,556,829	103,889,737	101,426,880
Intermediate sources	1,036,469	2,102,706	1,185,383	1,105,283	1,419,157
Miscellaneous	-	7,381,234	5,217,760	509,492	1,360,421
Loss on lease modification (GASB 87)	(2,690)	7,381,234	5,217,760	509,492	1,360,421
Investment earnings	3,004,385	2,345,113	1,447,315	(25,961)	377,528
Total primary government	<u>159,904,339</u>	<u>168,489,056</u>	<u>153,580,038</u>	<u>147,675,031</u>	<u>145,396,050</u>
Change in Net Position					
Total primary government	<u>\$ (9,155,004)</u>	<u>\$ 15,046,341</u>	<u>\$ 4,741,863</u>	<u>\$ 26,610,609</u>	<u>\$ 730,826</u>
	<u>2019-2020</u>	<u>2018-2019</u>	<u>2017-2018</u>	<u>2016-2017</u>	<u>2015-2016*</u>
Expenses					
Instruction	87,064,036	\$ 86,538,680	\$ 83,288,226	\$ 68,365,815	\$ 88,048,372
Support services	56,016,345	54,708,811	51,500,235	59,636,859	56,341,200
Enterprise and community services	6,511,098	8,074,080	6,419,380	5,508,594	6,946,986
Facilities Acquisition	-	-	-	-	-
Loss on equity interest in CAL	37,989	34,356	-	-	-
Gain (Loss) on Sale of Assets	440,462	2,912,200	-	-	-
Interest on long-term debt	11,205,390	11,083,529	11,063,373	11,099,218	10,281,714
Total primary government expenses	<u>161,275,320</u>	<u>163,351,656</u>	<u>152,271,214</u>	<u>144,610,486</u>	<u>161,618,272</u>
Program revenues					
Governmental activities:					
Charges for services	704,667	325,455	374,290	659,163	1,301,487
Operating grants and contributions	17,239,689	19,600,230	17,977,234	15,007,967	16,771,515
Total primary government revenues	<u>17,944,356</u>	<u>19,925,685</u>	<u>18,351,524</u>	<u>15,667,130</u>	<u>18,073,002</u>
Net (Expense)/Revenue					
Total primary government net expense	<u>(143,330,964)</u>	<u>(143,425,971)</u>	<u>(133,919,690)</u>	<u>(128,943,356)</u>	<u>(143,545,270)</u>
General revenues and Other Changes in Net Position					
Property taxes	35,266,193	37,465,827	36,012,407	33,668,002	31,670,746
State support	100,194,901	99,169,007	96,927,194	89,658,290	88,200,553
Intermediate sources	3,110,116	972,780	1,804,251	3,253,805	2,802,777
Other federal revenue	53,009	8,567	1,804	-	-
Miscellaneous	2,752,740	3,987,267	3,927,917	5,112,839	2,222,488
Investment earnings	1,193,463	1,545,422	-	-	1,061,381
Total primary government	<u>142,570,422</u>	<u>143,148,870</u>	<u>138,673,573</u>	<u>131,692,936</u>	<u>125,957,945</u>
Change in Net Position					
Total primary government	<u>\$ (760,542)</u>	<u>\$ (277,101)</u>	<u>\$ 4,753,883</u>	<u>\$ 2,749,580</u>	<u>\$ (17,587,325)</u>

REYNOLDS SCHOOL DISTRICT NO.7
MULTNOMAH COUNTY, OREGON
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2024-2025	2023-2024	2022-2023	2021-2022	2020-2021
General Fund					
Nonspendable	\$ 696,530	\$ 634,037	\$ 681,117	\$ 808,591	\$ 535,206
Unassigned	8,434,156	19,984,294	25,993,104	36,957,558	24,119,701
Committed - early retirement	211,385	370,090	158,252	88,233	(6,150)
Total general fund	<u>9,342,071</u>	<u>20,988,421</u>	<u>26,832,473</u>	<u>37,854,382</u>	<u>24,648,757</u>
All Other Government Funds					
Nonspendable	156,394	247,892	191,086	414,831	470,690
Restricted for:					
Debt service	3,170,649	5,614,646	4,141,217	6,043,199	6,346,512
State & Local Programs	-		505,538	505,538	485,654
Food service	(1,025)	150,990	-	-	(909,178)
Committed:					
Self-insurance	1,858,302	1,784,005	808,380	784,524	620,903
State & local programs	4,742,027	4,189,865	3,496,531	2,205,439	3,089,287
Assigned:					
Capital projects (1)	4,547,700	4,456,997	4,163,450	3,992,201	2,599,960
Planning activities	-	-	-	-	-
Unassigned	80,928	380,421	(7,903,885)	(7,211,331)	-
Total all other governmental funds	<u>14,554,975</u>	<u>16,824,816</u>	<u>5,402,317</u>	<u>6,734,401</u>	<u>12,703,828</u>
Total Fund Balance	<u>\$ 23,897,046</u>	<u>\$ 37,813,237</u>	<u>\$ 32,234,790</u>	<u>\$ 44,588,783</u>	<u>\$ 37,352,585</u>

	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016
General Fund					
Non spendable	\$ 228,351	\$ 4,552	\$ 21,191	\$ 16,880	\$ 39,915
Unassigned	18,730,438	17,827,909	13,599,572	9,476,816	8,698,353
Committed-Early retirement	131,981	168,186	175,072	-	282,662
Total general fund	<u>19,090,770</u>	<u>18,000,647</u>	<u>13,795,835</u>	<u>9,493,696</u>	<u>9,020,930</u>
All Other Government Funds					
Nonspendable	373,320	319,504	174,569	-	245,974
Restricted for:					
Debt service	6,091,874	7,149,466	4,631,352	3,861,213	3,045,881
Pers bond	485,654	485,653	85,860	-	-
State & local programs	896,806			426,170	347,971
Food service		1,673,766	3,211,005	2,996,717	2,451,452
Committed:	410,005				
Self-insurance	619,788	536,264	157,908	170,959	(1,122,766)
State & local programs		3,057,131	-	-	-
Assigned:	4,265,247				
Capital projects (1)	-	5,674,517	33,426,372	123,027,533	135,181,703
Planning activities	-	-	-	-	1,913,748
Unassigned	-	-	-	-	-
Total all other governmental funds	<u>13,142,694</u>	<u>18,896,301</u>	<u>41,687,066</u>	<u>130,482,592</u>	<u>142,063,963</u>
Total Fund Balance	<u>\$ 32,233,464</u>	<u>\$ 36,896,948</u>	<u>\$ 55,482,901</u>	<u>\$ 139,976,288</u>	<u>\$ 151,084,893</u>

(1) Assigned/Reserved for capital project fluctuate from years when bonds are sold in anticipation of capital construction to years when capital expenditures are incurred.
anticipation of capital construction to years when capital expenditures are incurred.

REYNOLDS SCHOOL DISTRICT NO.7
MULTNOMAH COUNTY, OREGON
CHANGES IN FUND BALANCES - LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

REVENUES:	2024-2025	2023-2024	2022-2023	2021-2022	2020-2021
Local sources	\$ 63,330,440	\$ 68,434,287	\$ 62,807,596	\$ 54,142,880	\$ 51,686,713
Intermediate sources	1,622,394	2,463,780	1,213,001	1,113,448	1,460,088
State sources	131,920,123	121,899,444	116,718,290	123,552,345	110,068,784
Federal sources	19,855,475	32,280,156	29,937,203	17,670,439	14,159,731
Total Revenues	216,728,432	225,077,667	210,676,090	196,479,112	177,375,316
EXPENDITURES:					
Instruction	116,960,049	111,209,858	110,592,442	91,532,548	89,892,333
Support services	75,979,066	76,097,417	76,862,769	63,705,586	54,911,936
Community services	8,402,159	7,050,365	7,081,083	6,457,011	5,818,021
Facilities acquisition	0	12,502	212,523	965,133	1,916,752
Capital outlay	1,267,888	2,433,284	2,437,364	3,460,939	-
Debt service - Principal	120,219,236	17,911,320	14,255,874	15,518,461	26,928,262
Debt service - Interest	5,153,675	4,767,714	11,743,654	11,515,534	11,652,230
Total Expenditures	327,982,075	219,482,460	223,185,709	193,155,212	191,119,534
Excess of revenues over (under) expenditures	(111,253,643)	(3,832,461)	(3,832,461)	(12,509,619)	3,323,900
Other Financing Sources (uses)					
Sale of assets		-	-	-	215,000
Bond proceeds - Principal	90,070,000	200,000	-	3,956,953	18,648,339
Bond Premium	7,561,111		-		
Bond Issuance Cost	(635,219)	6,213	0	(75,872)	-
Leases/ subscription financing	0		155,626	-	-
Transfer in	1,447,937	1,827,455	2,702,131	1,928,489	3,526,765
Transfer out	(1,447,937)	(1,827,455)	(2,702,131)	(1,928,489)	(3,526,765)
Total other financing sources (uses)	96,995,892	206,213	155,626	3,881,081	18,863,339
Net Change in Fund Balance	\$ (14,257,751)	\$ 5,801,420	\$ (12,353,993)	\$ 7,204,981	\$ 5,119,121
Expenditures for Capital Assets	\$ 1,267,888	\$ 2,433,284	\$ 2,227,014	\$ 3,454,239	\$ 4,525,078
Debt service as a percentage of noncapital expenditures (3)	38.37%	10.45%	11.77%	14.25%	20.68%
REVENUES:	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016
Local sources	\$ 48,839,816	\$ 52,840,401	\$ 48,921,526	\$ 46,622,204	\$ 43,626,462
Intermediate sources	3,382,953	2,111,829	3,459,282	4,217,842	3,327,941
State sources	103,726,926	103,417,650	98,828,419	90,498,980	89,503,854
Federal sources	13,392,303	13,806,371	14,138,691	13,496,389	14,940,162
Total Revenues	169,341,998	172,176,251	165,347,918	154,835,415	151,398,419
EXPENDITURES:					
Instruction	87,933,436	84,824,634	81,853,902	79,793,504	79,544,300
Support services	56,239,249	53,348,530	50,613,339	45,786,843	49,048,899
Community services	6,542,551	7,904,523	6,308,833	6,423,478	6,303,944
Facilities acquisition	6,045,121	25,460,791	92,423,904	7,216,535	2,908,147
Capital outlay	-	-	-	13,979,135	120
Debt service - Principal	8,312,823	10,503,619	7,504,054	7,015,603	7,036,611
Debt service - Interest	11,487,254	8,721,119	11,137,272	10,985,034	10,126,070
Total Expenditures	176,560,434	190,763,216	249,841,304	171,200,132	154,968,091
Excess of revenues over (under) expenditures	(7,218,436)	(18,586,965)	(84,493,386)	(16,364,717)	(3,569,672)
Other Financing Sources (uses)					
Sale of assets	500,000	-	-	6,019	-
Bond proceeds - Principal	2,054,952	-	-	2,000,000	122,918,047
Bond Issuance Cost	-	-	-	-	-
Bond proceeds - Premium	-	-	-	4,000,000	14,963,285
Transfer in	1,405,852	1,634,267	1,640,038	1,640,038	1,785,538
Transfer out	(1,405,852)	(1,634,267)	(1,640,038)	(1,640,038)	(1,785,538)
Total other financing sources (uses)	2,554,952	-	-	6,006,019	137,881,332
Net Change in Fund Balance	\$ (4,663,484)	\$ (18,586,965)	\$ (84,493,386)	\$ (10,358,698)	\$ 134,311,660
Expenditures for Capital Assets	\$ 8,150,498	\$ 28,478,652	\$ 3,460,939	\$ 3,460,939	\$ 5,385,844
Debt service as a percentage of noncapital expenditures (3)	11.76%	11.85%	7.57%	10.73%	11.47%

(1) Revenues are recognized when measurable and available.

(2) Includes state replacement/transportation reimbursement and basic school support.

(3) Debt services as a percentage of noncapital expenditures is calculated by dividing Principal and interest by the sum of total expenditures less expenditures for capital assets.

REYNOLDS SCHOOL DISTRICT NO.7
MULTNOMAH COUNTY, OREGON
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

	PROPERTY VALUE ASSESSED VALUATION							
FISCAL YEAR	REAL PROPERTY	PERSONAL PROPERTY	PUBLIC UTILITY PROPERTY	MANUFACTORY	TOTAL	TOTAL DIRECT TAX RATE (1)	ASSESSMENT YEAR	
2024-2025	\$ 7,824,135,690	\$ 520,519,180	\$ 266,473,520	\$ 9,467,910	\$ 8,620,596,300	5.88 %	2024	
2023-2024	7,411,793,480	527,664,740	275,613,860	8,267,820	8,223,339,900	5.93	2023	
2022-2023	7,075,352,670	472,349,940	254,059,700	38,248,170	7,840,010,480	6.00	2022	
2021-2022	6,745,443,430	423,077,730	259,973,200	37,425,900	7,465,920,260	6.08	2021	
2020-2021	6,447,834,550	400,761,750	253,049,700	35,456,370	7,137,102,370	6.01	2020	
2019-2020	6,144,803,000	381,606,240	203,651,600	34,539,120	6,764,599,960	5.74	2019	
2018-2019	5,885,468,070	389,933,280	197,091,400	34,954,880	6,507,447,630	6.26	2018	
2017-2018	5,626,909,630	393,593,720	235,732,253	32,406,050	6,288,641,653	6.29	2017	
2016-2017	5,421,521,380	363,234,124	191,471,500	35,339,570	6,011,566,574	6.05	2016	
2015-2016	5,241,684,480	346,408,946	147,579,800	30,494,280	5,766,167,506	5.97	2015	

(1) per \$1,000 of assessed value.

Source: <https://www.multco.us/assessment-taxation/reports-and-data>
Taxing District Values Report (M50 - Oregon Ballot Measure 50)
Reynolds School District
Multnomah County email: dcm.dart.application.support@multco.us

REYNOLDS SCHOOL DISTRICT NO.7
MULTNOMAH COUNTY, OREGON
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY (CONTINUED)
LAST TEN FISCAL YEARS

FISCAL YEAR	REAL PROPERTY	PERSONAL PROPERTY	PUBLIC UTILITY PROPERTY	MANUFACTORY	TOTAL	REAL PROPERTY	PERSONAL PROPERTY	PUBLIC UTILITY PROPERTY	MANUFACTORY
2024-2025	\$ 7,824,135,690	\$ 520,519,180	\$ 266,473,520	\$ 9,467,910	\$ 8,620,596,300	90.76 %	6.04 %	3.09 %	0.11 %
2023-2024	7,411,793,480	527,664,740	275,613,860	8,267,820	8,223,339,900	90.13	6.42	3.35	0.10
2022-2023	7,075,352,670	472,349,940	254,059,700	38,248,170	7,840,010,480	90.25	6.02	3.24	0.49
2021-2022	6,745,443,430	423,077,730	259,973,200	37,425,900	7,465,920,260	90.35	5.67	3.48	0.50
2020-2021	6,447,834,550	400,761,750	253,049,700	35,456,370	7,137,102,370	90.34	5.62	3.55	0.50
2019-2020	6,144,803,000	381,606,240	203,651,600	34,539,120	6,764,599,960	90.84	5.64	3.01	0.51
2018-2019	5,885,468,070	389,933,280	197,091,400	34,954,880	6,507,447,630	90.44	5.99	3.03	0.54
2017-2018	5,626,909,630	393,593,720	235,732,253	32,406,050	6,288,641,653	89.48	6.26	3.75	0.52
2016-2017	5,421,521,380	363,234,124	191,471,500	35,339,570	6,011,566,574	90.18	6.04	3.19	0.59
2015-2016	5,241,684,480	346,408,946	147,579,800	30,494,280	5,766,167,506	90.90	6.01	2.56	0.53

(1) per \$1,000 of assessed value.

Source: <https://www.multco.us/assessment-taxation/reports-and-data>
Taxing District Values Report (M50 - Oregon Ballot Measure 50)
Reynolds School District
Multnomah County email: dcm.dart.application.support@multco.us

REYNOLDS SCHOOL DISTRICT NO.7
MULTNOMAH COUNTY, OREGON
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY (CONTINUED)
LAST TEN FISCAL YEARS

FISCAL YEAR	PROPERTY VALUE TRUE CASH VALUATION					RATIO OF ASSESSED VALUATION TO TRUE CASH VALUATION	REAL PROPERTY	PERSONAL PROPERTY	PUBLIC UTILITY PROPERTY	MANUFACTORY
	REAL PROPERTY	PERSONAL PROPERTY	PUBLIC UTILITY PROPERTY	MANUFACTORY	TOTAL					
2024-2025	\$ 14,881,048,760	\$ 555,494,670	\$ 337,109,673	\$ 128,591,430	\$ 15,902,244,533	54.21 %	93.58 %	3.49 %	2.12 %	0.81 %
2023-2024	14,263,426,780	560,682,360	356,564,642	112,576,160	15,293,249,942	53.77	93.27	3.67	2.33	0.74
2022-2023	13,398,220,550	503,132,030	314,062,130	88,667,340	14,304,082,050	54.81	93.67	3.52	2.20	0.62
2021-2022	12,254,158,240	447,841,320	305,299,783	74,814,010	13,082,113,353	57.07	93.67	3.42	2.33	0.57
2020-2021	11,177,694,470	432,147,210	290,138,407	68,521,710	11,968,501,797	59.63	93.39	3.61	2.42	0.57
2019-2020	10,587,872,190	405,412,040	234,416,421	65,525,850	11,293,226,501	59.90	93.75	3.59	2.08	0.58
2018-2019	10,111,730,100	410,098,360	222,800,584	67,442,170	10,812,071,214	60.19	93.52	3.79	2.06	0.62
2017-2018	9,012,880,030	405,731,152	266,741,142	57,028,690	9,742,381,014	64.55	92.51	4.16	2.74	0.59
2016-2017	7,956,510,240	377,714,504	212,276,505	45,731,770	8,592,233,019	69.97	92.60	4.40	2.47	0.53
2015-2016	7,118,441,620	362,161,236	181,401,855	39,130,860	7,701,135,571	74.87	92.43	4.70	2.36	0.51

Source: <https://www.multco.us/assessment-taxation/reports-and-data>
Taxing District Values Report (M5 - 1990 Oregon Ballot Measure 5)
Reynolds School District
Multnomah County email: dcm.dart.application.support@multco.us

REYNOLDS SCHOOL DISTRICT NO.7
MULTNOMAH COUNTY, OREGON
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

FISCAL YEAR	PROPERTY VALUE TRUE CASH VALUATION					RATIO OF ASSESSED VALUATION TO TRUE CASH VALUATION
	REAL PROPERTY	PERSONAL PROPERTY	PUBLIC UTILITY PROPERTY	MANUFACTORY	TOTAL	
2024-2025	\$ 14,881,048,760	\$ 555,494,670	\$ 337,109,673	\$ 128,591,430	\$ 15,902,244,533	54.21 %
2023-2024	14,263,426,780	560,682,360	356,564,642	112,576,160	15,293,249,942	53.77
2022-2023	13,398,220,550	503,132,030	314,062,130	88,667,340	14,304,082,050	54.81
2021-2022	12,254,158,240	447,841,320	305,299,783	74,814,010	13,082,113,353	57.07
2020-2021	11,177,694,470	432,147,210	290,138,407	68,521,710	11,968,501,797	59.63
2019-2020	10,587,872,190	405,412,040	234,416,421	65,525,850	11,293,226,501	59.90
2018-2019	10,111,730,100	410,098,360	222,800,584	67,442,170	10,812,071,214	60.19
2017-2018	9,012,880,030	405,731,152	266,741,142	57,028,690	9,742,381,014	64.55
2016-2017	7,956,510,240	377,714,504	212,276,505	45,731,770	8,592,233,019	69.97
2015-2016	7,118,441,620	362,161,236	181,401,855	39,130,860	7,701,135,571	74.87

Source: <https://www.multco.us/assessment-taxation/reports-and-data>

Taxing District Values Report (M5 - 1990 Oregon Ballot Measure 5)

Reynolds School District

Multnomah County email: dcm.dart.application.support@multco.us

REYNOLDS SCHOOL DISTRICT NO.7
MULTNOMAH COUNTY, OREGON
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

ASSESSMENT YEAR	FISCAL YEAR	REAL PROPERTY	PERSONAL PROPERTY	PUBLIC UTILITY PROPERTY	MANUFACTORY
2024	2024-2025	93.58 %	3.49 %	2.12 %	0.81 %
2023	2023-2024	93.27	3.67	2.33	0.74
2022	2022-2023	93.67	3.52	2.20	0.62
2021	2021-2022	93.67	3.42	2.33	0.57
2020	2020-2021	93.39	3.61	2.42	0.57
2019	2019-2020	93.75	3.59	2.08	0.58
2018	2018-2019	93.52	3.79	2.06	0.62
2017	2017-2018	92.51	4.16	2.74	0.59
2016	2016-2017	92.60	4.40	2.47	0.53
2015	2015-2016	92.43	4.70	2.36	0.51

Source: <https://www.multco.us/assessment-taxation/reports-and-data>

Taxing District Values Report (M5 - 1990 Oregon Ballot Measure 5)

Reynolds School District

Multnomah County email: dcm.dart.application.support@multco.us

REYNOLDS SCHOOL DISTRICT NO.7
MULTNOMAH COUNTY, OREGON
LARGEST TAXPAYERS WITHIN DISTRICT
CURRENT AND TEN YEARS AGO

	2024-2025		2015-2016	
	ASSESSED VALUATION	PERCENTAGE OF TOTAL DISTRICT'S ASSESSED VALUATION	ASSESSED VALUATION	PERCENTAGE OF TOTAL DISTRICT'S ASSESSED VALUATION
<u>PRIVATE ENTERPRISES</u>				
Boeing Company	\$ 546,066,320	6.33%	\$ 219,611,010	3.81%
Amazon.com Services Inc.	130,010,850	1.51		0.00
Fedex	80,902,250	0.94	100,365,040	1.74
Comcast Corporation	77,765,930	0.90	66,800,700	1.16
Rreef Cpif 17505 Ne San Rafael Llc	64,364,780	0.75	26,603,300	0.46
Us Nat'L Bk Of Or	54,983,200	0.64	42,845,440	0.74
Federal Express Corporation	45,215,360	0.52		0.00
Townsend Farms Inc	40,866,640	0.47	35,656,250	0.62
Troutdale Associates Llc	38,792,890	0.45	-	0.00
Blue Lake Corporate Park Llc	37,841,580	0.44		0.00
Toyo Tanso U S A Inc	37,014,640	0.43	15,833,180	0.27
Ip Eat One Llc	35,460,570	0.41	25,423,650	0.44
<u>PUBLIC UTILITIES</u>				
Portland General Electric Company	112,958,280	1.31	48,770,000	0.85
SUB TOTAL	1,302,243,290		581,908,570	
ALL OTHER TAXPAYERS	7,318,353,010	84.89	5,184,258,936	89.91
TOTAL	<u>\$ 8,620,596,300</u>	<u>100.00%</u>	<u>\$ 5,766,167,506</u>	<u>100.00%</u>

Source: Multnomah County: dcm.dart.application.support@multco.us

(1) Albertson's Distribution Center Legal Entity/Name changed
2022: at RREEF DPIF 17505 NE San Rafael, LLC 2
013: ABS OR-O DC LLC

REYNOLDS SCHOOL DISTRICT NO.7
MULTNOMAH COUNTY, OREGON
LARGEST TAXPAYERS WITHIN MULTNOMAH COUNTY

		2025		
TAXPAYER	BUSINESS/SERVICE	ASSESSED VALUATION (1)	PERCENTAGE OF TOTAL DISTRICT'S ASSESSED VALUATION	TAX (2)
Portland General Electric Co.	Electrical Utility	\$ 1,135,944,230	1.11%	\$ 16,411,544
Port of Portland	Airport, Marine, Property Mgmt.	967,135,890	0.94%	20,979,204
PacifiCorp (PP&L)	Electrical Utility	845,262,710	0.82%	15,207,730
Boeing Company	Manufacturing	553,638,400	0.54%	9,359,215
Alaska Airlines Inc.	Airline	506,741,500	0.49%	6,169,178
Comcast Corporation	Telecommunications	399,952,650	0.39%	8,302,346
Weston Investment Co LLC	Real Estate	363,683,230	0.35%	8,829,656
Northwest Natural Gas Co	Natural Gas Utility	242,430,740	0.24%	4,171,106
Fred Meyer Stores Inc.	Retail	240,767,420	0.23%	5,144,553
Kaiser Foundation	Healthcare	222,761,560	0.22%	4,685,662
Subtotal - ten of County's largest taxpayers		5,478,318,330	5.34%	99,260,193
All other County's taxpayers		97,185,673,230	94.66%	
Total County		\$ 102,663,991,560	100.00%	

(1) Assessed value does not exclude offsets such as urban renewal and farm tax credits.

(2) Tax amount is the total tax paid by the taxpayer within the boundaries of the District and County, respectively. This amount is distributed to individual local governments by the County. A breakdown of amounts paid to each individual local government is not available.

Source: Multnomah County: dcm.dart.application.support@multco.us

Source: <https://www.multco.us/assessment-taxation/reports-and-data> (Total County, district code 170H)

REYNOLDS SCHOOL DISTRICT NO.7
MULTNOMAH COUNTY, OREGON
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN YEARS

	Dollars per \$1,000 True Cash Value				
	2024-2025	2023-2024	2022-2023	2021-2022	2020-2021
DIRECT:					
Reynolds School District #7 Permanent Rate	\$ 4.46	\$ 4.46	\$ 4.46	\$ 4.46	\$ 4.46
Reynolds School District #7 Bond	1.42	1.47	1.54	1.62	1.55
Weighted Average Direct (1)	5.88	5.93	6.00	6.08	6.01
Overlapping:					
City of Fairview	3.49	3.49	3.49	3.49	3.49
City of Gresham	3.61	3.61	3.61	3.61	3.61
City of Portland	7.53	7.31	7.31	7.34	7.24
City of Troutdale	3.77	3.77	3.77	3.77	3.77
Metro	0.10	0.10	0.10	0.10	0.10
Mt Hood Community College	0.49	0.49	0.49	0.47	0.49
Multnomah County	4.34	4.34	4.34	4.34	4.34
Multnomah ESD	0.46	0.46	0.46	0.46	0.46
Port of Portland	0.07	0.07	0.07	0.07	0.07
Rockwood Water PUD	-	-	-	-	-
	23.86	23.63	23.63	23.64	23.56
Totals*	\$ 29.74	\$ 29.57	\$ 29.64	\$ 29.72	\$ 29.58

	Dollars per \$1,000 True Cash Value				
	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016
DIRECT:					
Reynolds School District #7 Permanent Rate	\$ 4.46	\$ 4.46	\$ 4.46	\$ 4.46	\$ 4.46
Reynolds School District #7 Bond	1.27	1.80	1.83	1.59	1.51
Weighted Average Direct (1)	5.74	6.26	6.29	6.05	5.97
Overlapping:					
City of Fairview	3.49	3.49	3.49	3.49	3.49
City of Gresham	3.61	3.61	3.61	3.61	3.61
City of Portland	7.24	7.28	7.31	7.06	4.58
City of Troutdale	3.77	3.77	3.77	3.77	3.77
Metro	0.10	0.10	0.10	0.10	0.10
Mt Hood Community College	0.49	0.49	0.49	0.49	0.49
Multnomah County	4.34	4.34	4.34	4.34	4.34
Multnomah ESD	0.46	0.46	0.46	0.46	0.46
Port of Portland	0.07	0.07	0.07	0.07	0.07
Rockwood Water PUD	-	-	-	-	-
	23.56	23.60	23.62	23.39	20.90
Totals*	\$ 29.30	\$ 29.87	\$ 29.91	\$ 29.44	\$ 26.87

*Numbers in totals do not reflect the actual tax rate for any one property,

but are the results of the potential combination of taxing units within District boundaries.

(1) This is a weighted average rate as limited by ballot measure 5. Actual rates may vary by tax codes and lots because of differing compression.

Source: Multnomah County Departments of Assessment and Taxation. <https://multco.us/assessment-taxation/reports-and-data>

SAL4A - Line 18

REYNOLDS SCHOOL DISTRICT NO.7
MULTNOMAH COUNTY, OREGON
PROPERTY TAX LEVIES AND COLLECTION (1)
LAST TEN FISCAL YEARS

FISCAL YEAR ENDED JUNE 30	TOTAL TAX LEVY FOR FISCAL YEAR			COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS (3)	TOTAL COLLECTIONS TO DATE	
	GENERAL FUND	DEBT SERVICE FUND	TOTAL	CURRENT YEAR	PERCENTAGE OF LEVY		AMOUNT	PERCENTAGE OF LEVY
2025	\$ 35,161,107	\$ 12,199,868	\$ 47,360,976	\$ 45,430,700	95.92 %	-	\$ 45,430,700	95.92 %
2024	32,293,953	11,859,042	44,152,995	43,626,738	98.81	-	43,626,738	98.81
2023	32,412,391	12,099,488	44,511,879	43,892,397	98.61	414,632	44,307,029	99.54
2022	30,834,056	12,065,758	42,899,814	39,042,973	91.01	3,758,767	42,801,740	99.77
2021	29,628,174	11,107,556	40,735,730	38,982,796	95.70	1,704,447	40,687,243	99.88
2020	28,244,785	8,295,681	36,540,466	34,828,872	95.32	1,698,175	36,527,047	99.96
2019	27,397,656	11,396,874	38,794,530	37,068,788	95.55	1,721,182 (2)	38,789,970	99.99
2018	26,418,350	11,319,952	37,738,302	35,880,974	95.08	1,854,234	37,735,208	99.99
2017	25,270,192	9,346,815	34,617,007	32,934,681	95.14	1,680,154	34,614,835	99.99
2016	24,240,220	8,411,994	32,652,214	31,006,462	94.96	1,644,194	32,650,656	100.00

Source: Multnomah County Departments of Assessment and Taxation
FYXX-XX AR Tax District Receivable Summary

(1) Tax collections include discounts, interest and other adjustments.

(2) This number includes the COMCAST pay off from litigation.

(3) Collections in subsequent years includes current year revenue received for taxes levied in prior years.

REYNOLDS SCHOOL DISTRICT NO.7
MULTNOMAH COUNTY, OREGON
RATIOS OF GENERAL BONDED DEBT OUTSTANDING AND LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS

GENERAL BONDED DEBT OUTSTANDING

FISCAL YEAR	GENERAL OBLIGATION BONDS	PENSION OBLIGATION BONDS	FULL FAITH & CREDIT OBLIGATION BOND	TOTAL	LESS GO BOND DEBT SERVICE FUND	LESS PERS BOND FUND	NET GENERAL BONDED DEBT	RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUATION (3)	RATIO OF NET GENERAL BONDED DEBT TO TRUE CASH VALUE (3)
2025	\$ 173,827,714	\$ 25,875,000	\$ 13,665,000	\$ 213,367,714	\$ 2,044,612	\$ 327,580	210,995,522	2.45 %	1.33 %
2024	92,075,941	34,670,000	15,110,714	141,856,655	5,036,225	578,421	136,242,009	1.66	0.89
2023	99,792,016	42,535,000	15,943,480	158,270,496	76,792	441,408	157,752,296	2.01	1.10
2022	110,838,413	44,659,477	17,821,429	173,319,319	4,626,036	111,883	168,581,400	2.26	1.29
2021	128,332,826	46,506,712	19,282,856	194,122,394	6,089,724	119,822	187,912,848	2.63	1.57
2020	135,560,024	48,500,998	22,908,042	206,969,064	5,911,090	180,783	200,877,191	2.81	1.78
2019	127,310,047	51,064,881	17,930,000	196,304,928	6,917,468	231,998	189,155,462	2.80	1.67
2018	132,010,047	53,223,817	18,680,000	203,913,864	4,482,333	149,019	199,282,512	3.06	1.84
2017	136,300,047	55,395,492	19,400,000	211,095,539	3,739,462	121,751	207,234,326	3.30	2.13
2016	140,200,047	57,576,475	20,090,000	217,866,522	2,943,206	102,675	214,820,641	3.57	2.50

Legal Debt Margin Calculation for Fiscal Year 2023-2024:

Real Market Value	\$ 15,856,632,933
Debt Limit (7.95%) (1)	1,260,602,318
Amount of Debt Applicable to Debt Limit	(210,995,522)
Legal Debt Margin	<u>\$ 1,049,606,797</u>

FISCAL YEAR	RATIO OF TOTAL GENERAL BONDED DEBT TO PERSONAL INCOME (3)	TOTAL GENERAL BONDED DEBT PER CAPITA	NET GENERAL BONDED DEBT PER CAPITA	LEGAL DEBT LIMIT (1)	LEGAL DEBT MARGIN (2)	RATIO OF LEGAL DEBT MARGIN TO DEBT LIMIT
2025	0.34 %	268	265	\$ 1,260,602,318	\$ 1,049,606,797	83.26 %
2024	0.24	180	173	1,211,553,640	1,075,311,631	88.75
2023	0.29	206	201	1,040,028,012	871,446,612	83.79
2022	0.33	233	226	1,040,028,012	763,780,673	80.27
2021	0.29	208	203	951,495,893	782,914,493	82.28
2020	0.32	237	229	951,495,893	709,898,659	79.07
2019	0.36	255	247	897,811,507	658,682,471	76.63
2018	0.38	243	234	859,559,662	585,363,829	75.58
2017	0.43	251	245	774,519,291	483,800,013	70.83
2016	0.48	261	256	683,082,525	405,005,952	66.15

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statement:

(1) ORS 328.245 establishes a parameter of bonded indebtedness for school districts. Aggregates are governed by real market values of all taxable properties within the District bases on the following:
(A) For each grade from kindergarten to eighth for which the District operates schools, fifty-five one-hundredths of one of one percent (.0055) of real market value. (B) For each grade from ninth to twelfth for which the District operates schools, seventy-five one-hundredths of one percent (.0075) of real market value. Allowable percent of real market value: (A) Kindergarten through eighth grade, 9*.0055=4.95% (B) Ninth through twelfth grade, 4*.0075=3.00% or 7.95% of real market value. Real market value data can be found on Table of Assessed Value and Actual Value of Taxable Property

(2) The legal debt margin is the District's available borrowing authority under ORS 328.245 and is calculated by subtracting the net debt applicable to the legal debt limit from the legal debt limit

(3) Demographic and Economic Statistics can be found on Personal Income and Population and Assessed Value and True Cash Value Page:

Sources: U.S. Census Bureau, American Community Survey and Multnomah Counties Department of Assessment and Taxation

REYNOLDS SCHOOL DISTRICT NO.7
MULTNOMAH COUNTY, OREGON
OVERLAPPING GROSS BONDED DEBT
June 30, 2025

REYNOLDS SCHOOL DISTRICT			
Real Market Value of Subject Issuer is: \$15,856,632,933 as of 1/1/2024			
Net Property-tax Backed Debt of Subject Issuer is:	\$ 132,852,667	Ratio of Net Property-tax Backed Debt to Real Market Value is:	0.84%
Net Property-tax Backed Debt of Overlapping Issuers is:	\$ 112,231,729	Ratio of Total Net Property-tax Backed Debt to Real Market Value is:	1.55%

OVERLAPPING GOVERNMENT	REAL MARKET VALUATION	GROSS BONDED DEBT (1)	NET DIRECT DEBT (2)	PERCENT WITHIN SCHOOL DISTRICT (3)	OVERLAPPING	
					GROSS BONDED DEBT (1)	NET DIRECT DEBT (2)
City of Fairview	\$ 10,468,175	\$ 1,810,503,258	\$ 5,363,175	100.00%	\$ 10,468,175	\$ 5,363,175
City of Gresham	\$ 34,292,290	\$ 20,173,340,844	\$ 20,717,290	28.78%	\$ 9,869,184	\$ 5,962,353
City of Portland	\$ 652,713,733	\$ 173,484,695,564	\$ 369,220,000	2.05%	\$ 13,393,033	\$ 7,576,025
City of Troutdale	\$ 3,110,000	\$ 3,703,110,923	\$ 3,110,000	97.83%	\$ 3,042,491	\$ 3,042,491
City of Wood Village	\$ 1,875,000	\$ 788,607,965	\$ 1,875,000	100.00%	\$ 1,875,000	\$ 1,875,000
Corbett Water District	\$ 73,576	\$ 677,074,618	\$ 73,576	5.19%	\$ 3,820	\$ 3,820
Metro	\$ 910,575,000	\$ 435,071,818,652	\$ 904,080,000	3.64%	\$ 33,186,816	\$ 32,950,100
Mt. Hood Community College	\$ 87,500,000	\$ 66,042,479,479	\$ 65,925,000	24.01%	\$ 21,008,488	\$ 15,828,395
Multnomah County	\$ 440,658,398	\$ 206,503,128,417	\$ 440,658,398	7.68%	\$ 33,836,396	\$ 33,836,396
Multnomah City RFPD 10	\$ 89,857	\$ 1,356,220,282	\$ 89,857	14.07%	\$ 12,646	\$ 12,646
Multnomah City RFPD 14	\$ 4,380,000	\$ 816,388,454	\$ 4,380,000	4.31%	\$ 188,817	\$ 188,817
Multnomah ESD	\$ 71,645,817	\$ 209,532,974,636	\$ 58,415,817	7.57%	\$ 5,421,869	\$ 4,420,675
Port of Portland	\$ 24,170,000	\$ 479,489,971,175	\$ -	3.31%	\$ 799,302	\$ 4,420,675
Urban Flood Safety & Water Quality District	\$ 15,137,066	\$ 203,864,448,296	\$ 15,137,066	7.74%	\$ 1,171,836	\$ -
Overlapping Gross Bonded Debt	2,241,551,846	1,599,450,314,267	1,873,908,113		133,106,037	115,480,568
Reynolds School District	15,856,632,933	132,852,667	132,852,667	100.00	132,852,667	132,852,667
Overlapping Gross Bonded Debt	<u>\$ 18,098,184,779</u>	<u>\$ 1,599,583,166,934</u>	<u>\$ 3,895,805,959</u>		<u>\$ 265,958,704</u>	<u>\$ 248,333,235</u>

Source: Oregon State Treasury

<http://https://www.oregon.gov/treasury/oregon-bonds/municipal-debt-advisory/Pages/Overlapping-Debt-Request.aspx>

(1) Gross bonded debt includes all bonds backed by a general obligation pledge including self-supporting general obligation bonds and limited tax debt

(2) Net direct debt including all tax-supported bonds; self-supporting bonds are excluded

(3) The percentage of overlapping debt is estimated using taxable assessed property values.

Applicable percentages were estimated by determining the portion of the overlapping district's taxable assessed value that is within the school district's boundaries and dividing it by the overlapping district's total taxable assessed value. These percentages are calculated by the State of Oregon Municipal Debt Advisory Commission.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District.

This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the District.

This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account.

However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

REYNOLDS SCHOOL DISTRICT NO.7
MULTNOMAH COUNTY, OREGON
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS

FISCAL YEAR	POPULATION		PERSONAL INCOME (4)		PER CAPITA PERSONAL INCOME		UNEMPLOYMENT RATE	
2025	795,897	(6)	\$ 62,854,373,781	\$	78,973	(5)	5.00%	(2)
2024	789,698	(6)	59,836,996,856		75,772	(5)	3.90	(2)
2023	839,455	(3)	59,958,073,375		71,425	(1)	3.40	(2)
2022	831,446	(3)	59,386,030,550		71,425	(1)	3.80	(2)
2021	820,421	(3)	59,808,690,900		72,900	(1)	5.70	(2)
2020	811,857	(3)	57,792,841,403		71,186	(1)	15.30	(4)
2019	807,555	(3)	51,662,523,570		63,974	(1)	3.60	(4)
2018	811,880	(3)	46,967,258,000		57,850	(4)	3.80	(4)
2017	808,781	(3)	44,261,349,006		54,726	(4)	3.80	(4)
2016	803,741	(3)	41,838,737,755		52,055	(4)	4.60	(4)

Sources:

(1) <https://datausa.io/profile/geo/multnomah-county-or>

(2) <https://fred.stlouisfed.org/series/ORMULT1URN>

(3) <https://worldpopulationreview.com/us-counties/or/multnomah-county-population>

(4) U.S Census Bureau, American Community Survey & Proximity One

(5) Bureau of Economic Analysis U.S. Department of Commerce annual per capita personal income data

(6) <https://censusreporter.org/profiles/05000US41051-multnomah-county-or/>

REYNOLDS SCHOOL DISTRICT NO.7
MULTNOMAH COUNTY, OREGON
SAMPLE OF PRINCIPAL INDUSTRIES IN SCHOOL DISTRICT (1)
CURRENT AND TEN YEARS AGO

Employer	2025			2015		
	Employees	Rank	% of Total City	Employees	Rank	% of Total City
Amazon.com	2,538	1	28.61%			
FedEx Ground (2)	1750	2	19.73%	740	1	15.47%
Walsh Trucking Co., LTD	416	3	4.69%	220	2	4.60%
Home Depot USA, Inc.	190	4	2.14%	168	4	3.51%
Travel Centers of America	125	5	1.35%	125	6	2.61%
Safeway Inc.	125	6	1.41%	90	10	1.88%
Edgefield McMenamins	120	7	1.35%	120	7	2.51%
Tube Specialties	120	8	1.41%	191	3	3.99%
Wolcott Plumbing	113	9	1.27%			
Fujii Farms, Inc.	102	10	1.15%	102	9	2.13%
Toyo Tanso USA, Inc.				134	5	2.80%
Postal Express				113	8	2.36%
Totals	5,599		63.11%	2,003		41.86%

(1) Information from the City of Troutdale is presented as a sample of the Principal Employers in the District.

The Reynolds School District encompasses multiple cities, in whole and in part.

See Overlapping Gross Bonded Debt Schedule.

Source: City of Troutdale ACFR 2022-23

<https://www.troutdaleoregon.gov/finance/page/city-budgetacfr>

(2) FedEx Ground Package System, Inc.

REYNOLDS SCHOOL DISTRICT NO.7
MULTNOMAH COUNTY, OREGON
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION - GENERAL FUND - LAST TEN FISCAL YEARS

	2024- 2025	2023- 2024	2022- 2023	2021- 2022	2020- 2021	2019- 2020	2018- 2019	2017- 2018	2016- 2017	2015- 2016
Instruction:										
Primary K-5	210.39	229.26	211.35	205.66	205.66	220.42	208.53	199.34	208.28	197.70
Middle/Junior high programs	102.47	99.47	84.80	82.80	88.30	85.46	80.13	91.50	88.50	92.00
High school programs	94.33	91.33	88.13	87.50	87.50	85.00	83.50	87.83	90.99	98.99
High school programs extracurricular	1.00	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Programs for the talented and gifted	1.00	1.00	1.00	1.00	1.00	0.50	0.50	0.50	0.50	0.50
Restrictive programs for student with disabilities	22.56	20.19	16.41	30.00	30.00	31.00	35.88	35.88	35.14	40.50
Transition programs	6.69	6.56	6.06	7.00	7.00	6.00	5.06	5.84	5.84	8.34
Life skills	33.38	31.28	31.59	29.63	30.44	33.25	30.88	30.06	36.34	30.41
Functional living skills	19.88	20.44	17.56	19.22	19.22	16.72	16.28	15.50	13.56	8.59
Less restrictive programs for students with disabilities	99.94	95.49	80.84	72.28	71.96	62.84	57.12	56.31	57.12	57.29
Less restrictive charter schools	5.10	3.70	3.70	3.10	3.10	3.88	3.85	2.70	2.70	3.90
Alternative Education	16.50	14.85	13.60	13.60	13.60	15.35	15.35	15.35	15.85	18.60
English second language programs	51.00	64.95	45.26	50.76	51.27	50.20	48.15	71.33	78.08	80.18
Total Instruction	664.24	680.53	601.30	603.55	610.05	611.62	586.23	613.14	633.89	638.00
Support services										
Attendance and social work services	5.00	3.00	3.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Student safety	26.46	24.84	22.84	16.91	16.91	16.16	16.16	16.16	16.16	17.94
Guidance services	23.50	25.00	25.50	25.50	25.50	25.50	25.50	25.50	25.50	27.00
Health services	10.06	1.38	1.00	1.34	1.34	2.16	3.16	3.06	3.25	1.63
Psychological services	11.00	10.50	10.00	11.00	11.00	11.00	10.00	10.00	11.00	9.30
Speech pathology and audiology services	20.24	20.60	17.20	21.25	21.25	20.25	19.25	19.40	21.88	17.54
Other student treatment services	6.40	6.20	5.60	6.20	6.20	7.40	6.60	6.60	6.94	7.00
Service direction-Student support services	14.00	9.00	13.00	11.50	11.75	8.42	8.42	8.42	8.55	7.55
Improvement of Instructional Services		-	1.00	1.50	1.75	-	-	-	-	-
Teaching and Learning	3.00	5.00	3.00	3.00	2.75	4.50	4.50	4.50	4.50	4.50
Educational media services	15.41	17.31	14.31	14.03	14.03	14.06	13.69	13.69	13.75	14.25
Assessment & testing	2.50	1.00	2.00	2.00	2.00	2.00	2.50	2.50	1.50	5.00
Instructional Staff Development/Technology		15.67	3.00	2.00	2.00	1.00	-	-	-	-
Board of education services	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Office of the Superintendent	1.50	1.50	1.50	1.50	1.50	1.75	1.75	1.50	1.50	1.50
Building Administration	91.73	100.16	93.57	90.15	90.15	88.98	88.98	93.72	94.70	98.48
Direction of business support services	2.50	0.00	2.00	2.10	2.00	-	-	-	-	-
Fiscal services	12.50	15.00	11.00	9.00	9.00	10.40	9.40	10.15	11.40	10.90
Risk Management		1.00	-	-	1.00	1.00	1.00	-	-	-
Facilities Direction	1.20	3.00	2.10	2.10	2.00	1.89	2.88	3.22	3.07	3.95
Facilities Upkeep		0.00	60.15	53.25	52.75	54.75	52.00	54.10	53.00	53.00
Grounds maintenance	5.25	5.25	5.25	5.25	4.25	4.25	4.00	4.00	4.00	5.00
Maintenance Services	7.00	7.00	6.00	6.00	6.00	8.00	-	-	-	-
Custodial Services	62.75	61.05	-	-	-	-	-	-	-	-
Safety Program		-	-	-	-	-	-	-	1.00	1.00
Transportation	79.82	49.10	61.55	76.33	61.83	77.73	73.73	76.58	80.65	74.30
Transportation-special Ed		20.31	20.23	11.12	7.09	10.57	11.51	10.94	12.15	12.35
Distributive services	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Print, publish, duplication services	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.50	1.50	1.50
Grant Development		-	-	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Communication	2.00	7.00	5.00	3.00	3.00	2.25	2.25	1.50	1.50	1.50
Staff services	7.50	8.00	9.00	7.00	6.00	6.00	6.00	6.00	6.50	6.50
Recruitment Services		-	-	-	-	-	-	-	0.00	1.50
Technology services	8.40	13.00	13.10	12.10	12.00	12.20	11.20	10.20	10.20	9.45
Other Support Services		8.00	-	-	-	-	-	-	0.25	0.25
Interpretation & Translation Services	8.63	5.63	4.63	5.13	5.13	6.00	4.63	-	-	-
Total Support Services	430.85	447.00	419.53	406.26	386.18	404.22	385.11	388.25	399.44	397.89
Community services										
Custody and care of children services	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Total Community Services	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Total FTE	1097.59	1130.03	1023.33	1012.31	998.73	1018.34	973.84	1003.89	1035.83	1038.39

Source: 2024-25 Reynolds School District Adopted Budget (pages 16-63)

One Full Time Equivalent (FTE) is defined as a regular position scheduled to work eight hours per day

REYNOLDS SCHOOL DISTRICT NO.7
MULTNOMAH COUNTY, OREGON

YEAR ENDED JUNE 30, 2025

LICENSED PROFESSIONAL SALARY PLAN

LEVEL	BACHELORS	BACHELORS	BACHELORS+4	BA+60	BA+90	BA+120
		+20	0	MASTERS	MASTERS+2	MASTERS+4
					4	5
0	48,929	50,339	51,466	54,700	56,666	58,035
1	54,567	56,185	57,393	61,133	63,267	64,813
2	56,802	58,528	59,754	63,771	65,929	67,556
3	59,141	60,985	62,213	66,533	68,711	70,422
4	61,437	63,385	64,633	69,235	71,439	73,239
5	63,765	65,835	67,082	71,987	74,211	76,102
6	66,099	68,283	69,537	74,737	76,991	78,972
7	68,470	70,779	72,038	77,540	79,815	81,880
8	70,894	73,297	74,567	80,373	82,667	84,830
9	73,183	75,839	77,130	83,236	85,569	87,811
10		77,607	81,055	86,137	88,488	90,833
11			82,941	89,035	91,418	93,846
12				92,019	94,448	96,967
13				94,162	97,589	100,099
14						102,430

LICENSED STAFF PER LEVEL AND EDUCATION IN FULL-TIME EQUIVALENT EMPLOYEES

LEVEL	BACHELORS	BACHELORS	BACHELORS+4	BA+60	BA+90	BA+120	TOTAL
		+20	0	MASTERS	MASTERS+2	MASTERS+4	
					4	5	
0	0	0	0	0	0	0	0
1	19.67	0	3	26	1	3	52.67
2	7	3	0	21	0	3	34
3	11	1	3	28	1	2	46
4	10	1	1	19	2.5	2	35.5
5	9	3	0	13	5	4	34
6	2.5	1	0	13.5	4	2	23
7	4.5	0	1	13	3	4	25.5
8	3	2	0	10	0	3	18
9	3	0	0	11	5	4	23
10	1	2	0	22	3	6	34
11	4	0	0	9	4	12	29
12	2	0	1	9	4	4	20
13	0	1	0	8	4	11	24
14	3	2	3	72.35	51	179.6	310.95
Total	79.67	16	12	274.85	87.5	239.6	709.62

Source: Reynolds School District Human Resources Department

REYNOLDS SCHOOL DISTRICT NO.7
MULTNOMAH COUNTY, OREGON
OPERATING STATISTICS
LAST TEN FISCAL YEARS

FISCAL YEAR	ADMw (1)	STUDENT ENROLLMENT (2)	COST PER PUPIL (3)	LICENSED STAFF	PUPIL- TEACHER RATIO	Number of students graduated (4)	
						Reynolds High School	Reynolds Learning Academy
2024-2025	11,620.80	8,441	\$ 24,003	709.6	11.90	441	28
2023-2024	11,226.26	8,377	23,203	729.2	11.49	402	43
2022-2023	11,499.87	8,704	22,375	646.2	13.47	393	40
2021-2022	13,913.29	8,856	18,367	648.2	13.66	446	62
2020-2021	14,240.23	9,340	16,149	647.2	14.43	447	45
2019-2020	13,092.29	9,800	15,996	639.2	15.33	465	68
2018-2019	13,246.23	9,837	17,438	601.3	16.36	450	32
2017-2018	13,646.74	10,104	13,683	617.6	16.36	436	32
2016-2017	14,027.36	10,284	12,123	647.7	15.88	458	63
2015-2016	14,079.67	10,416	9,915	674.1	15.45	484	59
2014-2015	13,689.86	10,648	12,137	659.5	16.15	460	63

FISCAL YEAR	NUMBER OF TYPE A LUNCHES SERVED				NUMBER OF BREAKFASTS SERVED		
	PAID	FREE	REDUCED PRICE		PAID	FREE	REDUCED PRICE
2024-2025		984,487	-	(5)	-	534,107	-
2023-2024	-	926,855	-	(5)	-	511,693	-
2022-2023	-	878,912	-	(5)	-	433,808	-
2021-2022	-	820,869	-	(5)	-	447,749	-
2020-2021	-	287,315	-	(5)	-	282,647	-
2019-2020	99,798	693,389	29,773		32,748	445,102	9,407
2018-2019	120,378	878,563	43,283		42,951	515,536	13,149
2017-2018	79,675	959,572	44,360		12,059	578,691	13,076
2016-2017	57,826	891,329	35,804		10,040	593,551	13,503
2015-2016	70,660	1,074,545	40,851		9,056	611,734	13,297
2014-2015	155,314	997,287	82,964		54,295	536,811	38,012

Sources:

(1) ADMw is from ODE ADMW Breakout report excluding Charter Schools.

<https://www.oregon.gov/ode/schools-and-districts/grants/Pages/School-District-and-ESD-payment-Statements.aspx>

(2) Enrollment is the ODE Student Enrollment Report number, excluding Charter Schools

<https://www.oregon.gov/ode/reports-and-data/students/Pages/Student-Enrollment-Reports.aspx>

(3) Cost per pupil is calculated by the District using total expenditures on the Statement of revenues, expenditures and changes in fund balances, excluding capital outlay and debt services

(4) Graduated Students are not formally available from ODE Graduation Rate Report as Oregon Certificate Awarded until January

<https://www.oregon.gov/ode/reports-and-data/students/Pages/Cohort-Graduation-Rate.aspx>

(5) All meals were free during FY 2020-2025. Participation levels were lower in the earlier fiscal years due to the pandemic.

Reynolds School District and Nutrition Service

REYNOLDS SCHOOL DISTRICT NO.7
MULTNOMAH COUNTY, OREGON
CAPITAL ASSET INFORMATION - LAST TEN FISCAL YEARS

	<u>2024-2025</u>	<u>2023-2024</u>	<u>2022-2023</u>	<u>2021-2022</u>	<u>2020-2021</u>
Elementary Schools					
Buildings	11	11	11	11	11
Square Feet	694,429	694,429	694,429	694,429	694,429
Capacity	5,859	5,859	6,139	6,139	6,139
Enrollment		3,854	3,907	3,897	4,197
Middle Schools					
Buildings	3	3	3	3	3
Square Feet	397,862	397,862	411,811	411,811	411,811
Capacity	2,416	2,416	2,416	2,416	2,416
Enrollment		1,949	2,053	2,184	2,312
High Schools					
Buildings	2	2	2	2	2
Square Feet	341,543	341,543	365,416	365,416	365,416
Capacity	2,495	2,495	2,495	2,495	2,495
Enrollment		2,574	2,677	2,775	2,831
Administrative					
Buildings	1	1	1	1	1
Square Feet	12,500	12,500	12,500	12,500	12,500
	<u>2019-2020</u>	<u>2018-2019</u>	<u>2017-2018</u>	<u>2016-2017</u>	<u>2015-2016</u>
Elementary Schools					
Buildings	11	11	11	11	11
Square Feet	694,429	694,429	599,731	599,731	599,731
Capacity	6,139	6,139	5,599	5,599	5,599
Enrollment	4,647	4,809	4,961	5,131	5,179
Middle Schools					
Buildings	3	3	3	3	3
Square Feet	411,811	411,811	411,811	411,811	411,811
Capacity	2,416	2,416	2,416	2,416	2,416
Enrollment	2,388	2,307	2,244	2,318	2,299
High Schools					
Buildings	2	2	2	2	2
Square Feet	365,416	365,416	334,837	334,837	334,837
Capacity	2,495	2,495	2,495	2,495	2,495
Enrollment	2,765	2,721	3,045	2,910	3,097
Administrative					
Buildings	1	1	1	1	1
Square Feet	12,500	12,500	12,500	12,500	12,500

Sources: Reynolds School District Facilities Services Department

Enrollment is the ODE Student Enrollment Report (Fall Membership Report), excluding Charter Schools

<https://www.oregon.gov/ode/reports-and-data/students/Pages/Student-Enrollment-Reports.aspx>

REYNOLDS SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

INDEPENDENT AUDITOR'S REPORT
REQUIRED BY
OREGON STATE REGULATIONS



INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS

Board of Directors
Reynolds School District
Multnomah County, Oregon

We have audited the basic financial statements of the Reynolds School District, Multnomah County, Oregon (the District) as of and for the year ended June 30, 2025 and have issued our report thereon dated February 24, 2026. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

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

- **Deposit of public funds with financial institutions**
- **Indebtedness limitations, restrictions and repayment**
- **Budgets legally required**
- **Insurance and fidelity bonds in force or required by law**
- **Programs funded from outside sources**
- **Authorized investment of surplus funds**
- **Public contracts and purchasing**
- **Oregon state school fund factors**

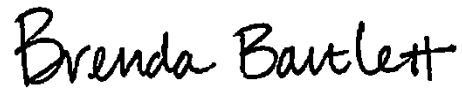
During the fiscal year ended June 30, 2025, the District overspent its appropriation in capital project fund's debt service function by \$19,200.

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

OAR 162-10-0230 Internal Control

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

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

A handwritten signature in black ink that reads "Brenda Bartlett". The signature is written in a cursive, flowing style.

Brenda Bartlett, CPA
Sensiba LLP
Bend, Oregon

February 24, 2026

REYNOLDS SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

GRANT COMPLIANCE REVIEW



Independent Auditor's Report

The Board of Directors
Reynolds School District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, and each major fund, of Reynolds School District as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Reynolds School District basic financial statements, and have issued our report thereon dated February 24, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Reynolds School District's internal control over financial reporting (internal control) as a basis for designing 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 Reynolds School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Reynolds School District's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Item 2025-003 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Item 2025-002 to be a significant deficiency.

Report on Compliance and Other Matters

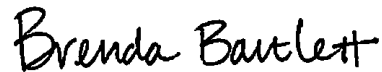
As part of obtaining reasonable assurance about whether Reynolds School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct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

Reynolds School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Reynolds School District's response to the findings identified in our engagement and described in the accompanying schedule of findings and questioned costs. Reynolds School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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



Sensiba LLP
Bend, Oregon

February 24, 2026



Independent Auditor's Report

Board of Directors
Reynolds School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Reynolds School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Reynolds School District's major federal programs for the year ended June 30, 2025. Reynolds School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Reynolds School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Reynolds School District's compliance with the requirements of each major federal program as a whole.

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

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

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as Items 2025-001 and 2025-004 to be significant deficiencies.

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

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

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

Brenda Baulett

Sensiba LLP
Bend, Oregon

February 24, 2026

REYNOLDS SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

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

Federal Grantor	Program Title	Pass-Through Entity	Assistance Listing Number	Pass-Through Entity Identifying Number	Grant Period	Federal Expenditures	Passed Through to Subrecipients
US Department of Education:							
	Title IA	Oregon State Department of Education	84.010	76567	7/1/23-9/30/24	884,625	-
	Title IA	Oregon State Department of Education	84.010	82251	7/1/24-9/30/25	4,588,374	-
	ESSA Partnerships CSI & TSI	Oregon State Department of Education	84.010	75168	11/1/22-9/30/24	72,056	-
	ESSA Partnerships CSI & TSI	Oregon State Department of Education	84.010	79405	7/1/24-9/30/25	573,895	-
						<u>6,118,950</u>	
	IDEA Part B 611	Oregon State Department of Education	84.027	78051	7/1/22-9/30/25	260,223	-
	IDEA Part B 611	Oregon State Department of Education	84.027	83440	7/1/24-9/30/25	1,808,523	-
						<u>2,068,746</u>	
	IDEA Part B 619	Oregon State Department of Education	84.173	77866	7/1/22-9/30/25	9,743	-
						<u>9,743</u>	
					Special Education Cluster (IDEA) Total:	<u>2,078,488</u>	
	Twenty-First Century Community Learning Centers	Oregon State Department of Education	84.287	77617	7/1/23-9/30/25	439,588	-
	Title III English Language Acquisition State Grants	Oregon State Department of Education	84.365	79730	7/1/23-9/30/24	20,992	-
	Title III English Language Acquisition State Grants	Oregon State Department of Education	84.365	83972	7/1/24-9/30/25	1,798	-
	Title III English Language Acquisition State Grants	Oregon State Department of Education	84.365	77009	7/1/23-9/30/24	166,293	-
	Title III English Language Acquisition State Grants	Oregon State Department of Education	84.365	82349	7/1/24-9/30/25	251,227	-
						<u>440,310</u>	
	Title IIA Improving Teacher Quality YR 23-24	Oregon State Department of Education	84.367	76764	7/1/23-9/30/24	97,239	-
	Title IIA Improving Teacher Quality YR 24-25	Oregon State Department of Education	84.367	82514	7/1/24-9/30/25	305,595	-
						<u>402,834</u>	
	Title IVA Student Support and Academic Enrichment	Oregon State Department of Education	84.424	77183	7/1/23-9/30/24	8,764	-
	Title IVA Student Support and Academic Enrichment	Oregon State Department of Education	84.424	82711	7/1/24-9/30/25	350,958	-
	Title IVA Student Support and Academic Enrichment	Oregon State Department of Education	84.424	81223	5/20/24-9/30/26	166,860	-
						<u>526,582</u>	
	COVID-19 ARP Elem & Secondary School Emergency Relief Fund	Oregon State Department of Education	84.425U	64975	3/13/20-9/30/24	1,410,635	-
	COVID-19 Education Stabilization Fund – Jumpstart Kindergarten	Oregon State Department of Education	84.425U	74710	5/1/22-9/30/24	775,388	-
	COVID-19 ARP Homeless Children & Youth	Oregon State Department of Education	84.425U	69393	4/23/21-9/30/24	25,229	-
	COVID-19 ARP Elem & Secondary School Emergency Relief Fund – Bilingual Educator Pathways	Oregon State Department of Education	84.425U	75960	3/1/23-9/30/24	79,504	-
	COVID-19 ARP Elem & Secondary School Emergency Relief Fund – After School Learning Center	Oregon State Department of Education	84.425U	77617	7/1/23-9/30/24	67,708	-
						<u>2,358,465</u>	
	Title VI Indian Education	Direct	84.060A	S060A232099	7/1/24-6/30/25	14,593	-
Department of Health and Human Services							
	Foster Care Title IV E - Transportation	Oregon State Department of Education	93.658	81343	7/2/21-9/30/24	89,029	-
	Vocational Rehabilitation Services - RFA Summer Work	Oregon Department of Human Services	84.126A	176067-2	2/29/24-3/1/25	53,096	-
	Vocational Rehabilitation Services - Oregon Youth Transition Programs	Oregon Department of Human Services	84.126A	182995-0	7/1/24-9/30/25	213,388	-
						<u>266,484</u>	
US Department of Agriculture:							
	School Breakfast Program	Oregon State Department of Education	10.553	N/A	7/1/24-6/30/25	1,520,917	-
	National School Lunch Program - USDA Commodities	Oregon State Department of Education	10.555	N/A	7/1/24-6/30/25	445,253	-
	National School Lunch Program	Oregon State Department of Education	10.555	N/A	7/1/24-6/30/25	4,477,607	-
	COVID-19 NSLP Supply Chain Assistance	Oregon State Department of Education	10.555	N/A	7/1/24-6/30/25	225,688	-
						<u>5,148,548</u>	
	Summer Food Service Program for Children	Oregon State Department of Education	10.559	N/A	7/1/24-6/30/25	107,465	-
	Fresh Fruit and Vegetable Program	Oregon State Department of Education	10.582	78674	10/1/23-9/30/24	726	-
	Fresh Fruit and Vegetable Program	Oregon State Department of Education	10.582	78675	10/1/23-9/30/24	444	-
	Fresh Fruit and Vegetable Program	Oregon State Department of Education	10.582	78676	10/1/23-9/30/24	572	-
	Fresh Fruit and Vegetable Program	Oregon State Department of Education	10.582	78677	10/1/23-9/30/24	495	-
	Fresh Fruit and Vegetable Program	Oregon State Department of Education	10.582	78678	10/1/23-9/30/24	440	-
	Fresh Fruit and Vegetable Program	Oregon State Department of Education	10.582	78679	10/1/23-9/30/24	222	-
	Fresh Fruit and Vegetable Program	Oregon State Department of Education	10.582	78680	10/1/23-9/30/24	457	-
	Fresh Fruit and Vegetable Program	Oregon State Department of Education	10.582	78681	10/1/23-9/30/24	367	-
	Fresh Fruit and Vegetable Program	Oregon State Department of Education	10.582	78682	10/1/23-9/30/24	462	-
	Fresh Fruit and Vegetable Program	Oregon State Department of Education	10.582	78683	10/1/23-9/30/24	702	-
	Fresh Fruit and Vegetable Program	Oregon State Department of Education	10.582	83817	10/1/24-9/30/25	9,241	-
	Fresh Fruit and Vegetable Program	Oregon State Department of Education	10.582	83818	10/1/24-9/30/25	9,170	-
	Fresh Fruit and Vegetable Program	Oregon State Department of Education	10.582	83819	10/1/24-9/30/25	7,346	-
	Fresh Fruit and Vegetable Program	Oregon State Department of Education	10.582	83820	10/1/24-9/30/25	7,562	-
	Fresh Fruit and Vegetable Program	Oregon State Department of Education	10.582	83821	10/1/24-9/30/25	9,056	-
	Fresh Fruit and Vegetable Program	Oregon State Department of Education	10.582	83822	10/1/24-9/30/25	6,367	-
	Fresh Fruit and Vegetable Program	Oregon State Department of Education	10.582	83823	10/1/24-9/30/25	6,603	-
	Fresh Fruit and Vegetable Program	Oregon State Department of Education	10.582	83824	10/1/24-9/30/25	8,823	-
	Fresh Fruit and Vegetable Program	Oregon State Department of Education	10.582	83825	10/1/24-9/30/25	7,424	-
	Fresh Fruit and Vegetable Program	Oregon State Department of Education	10.582	83826	10/1/24-9/30/25	6,662	-
						<u>83,141</u>	
					Total Child Nutrition Cluster:	<u>6,860,071</u>	
	CNP CACFP CIL-Cash Commodities	Oregon State Department of Education	10.558	N/A	7/1/24-6/30/25	13,543	-
	Child and Adult Care Food Program	Oregon State Department of Education	10.558	N/A	7/1/24-6/30/25	199,987	-
						<u>213,530</u>	
	Schools and Roads—Grants to States	Multnomah County	10.665	N/A	7/1/24-6/30/25	2,217	-
					Total Schools and Roads Cluster:	<u>2,217</u>	
US Department of Defense:							
	Passed Through Junior Reserve Officers' Training Corp	US Department of Defense	12.556	N/A	7/1/24-6/30/25	44,333	-
	Total Federal Financial Assistance					<u>\$ 19,855,475</u>	

REYNOLDS SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A – PURPOSE OF THE SCHEDULE

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes federal award activity of the District under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of *Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the net position, changes in net position, or cash flows of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

Basis of Presentation

Expenditures on the Schedule are reported on the modified accrual basis of accounting. Revenues are recorded when measurable and available, or in the case of grants where the expenditure is the prime factor for determining eligibility, when the expenditure is made. Expenditures are recorded when a liability is incurred. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the ten percent de minimis indirect cost rate as allowed under Uniform Guidance, as it already has a negotiated rate with the Oregon Department of Education and is therefore not permitted to use the de minimis rate. For the fiscal year ended June 30, 2025, the rate was 3.86 percent.

Federal Financial Assistance

Pursuant to Uniform Guidance, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance or direct appropriations. Accordingly, non-monetary federal assistance, including federal surplus property, is included in federal financial assistance and, therefore, is reported on the Schedule, if applicable. Federal financial assistance does not include direct federal cash assistance to individuals. Solicited contracts between the state and federal government for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

Major Programs

Uniform Guidance establishes criteria to be used in defining major federal financial assistance programs. Major programs for the District are those programs selected for testing by the auditor using a risk-assessment model, as well as certain minimum expenditure requirements, as outlined in the Uniform Guidance. Programs with similar requirements may be grouped into a cluster for testing purposes.

NOTE C – CHILD NUTRITION CLUSTER

The District commingles cash receipts from the US Department of Agriculture with similar state grants. When reporting expenditures on this schedule, the District assumes it expends federal monies first. The District reports commodities consumed on the schedule at fair value.

**REYNOLDS SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2025

Section I - Summary of Auditor's Results

Financial Statements

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

Unmodified

Internal control over financial reporting:

- Material weaknesses identified?
- Significant deficiencies?

Yes

Yes

Noncompliance material to the financial statements noted?

No

Federal Awards

Internal control over major federal programs:

- Material weaknesses identified?
- Significant deficiencies identified?

No

Yes

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

Unmodified

Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes

Identification of major federal programs:

<u>Assistance Listing No.</u>	<u>Name of Federal Program or Cluster</u>
10.555, 10.559, 10.553, 10.582	Child Nutrition Cluster
83.027, 83.173	IDEA cluster
84.424	Student support and academic enrichment

Dollar threshold used to distinguish between Type A and Type B programs

\$750,000

Auditee qualified as low-risk auditee?

No

**REYNOLDS SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2025

Section II – Financial Statement Findings

Finding 2025-002:

Criteria: Effective internal controls should be in place to ensure student activity funds are properly accounted for, including those intended to prevent and detect fraud.

Condition: During our testing of student activity, we identified many instances where various clubs and activities spent more than they earned during the year. Student activities are primarily supported by student fundraising and community donations. Overspending of the amounts raised is an indicator that the club does not track what it has earned or that amounts earned have not been properly credited to the activity by means of accounting error or fraud.

Context: Management's response to our inquiry related to the overspending was that closing entries intended to cover negative spending from other sources had not been received prior to year end.

Cause: The District has not implemented adequate monitoring controls to prevent and detect accounting errors or fraud within the various student activities and clubs.

Effect: The District's student body activity could be misstated due to error or fraud.

Recommendation: The District should implement monitoring controls over student activity that is performed no less than quarterly. Spending should be limited to amounts raised or donated. If general fund or other resources are targeted to supplement spending needs in a particular club or activity, those amounts should be formally preapproved by both site management and the Business Office to ensure that other resources are not used to conceal fraudulent activity.

Views of Responsible Officials: The District concurs with the finding that internal control over student activity funds was inadequate. Overspending occurred because procedures did not fully restrict expenditures to amounts raised or formally approved supplemental funding. During the second quarter of FY 2024-25, the District transitioned from individual school bank accounts to centralized control at the District Office, consolidating into a single Student Activity bank account. All expenditures were for legitimate student activities, and no fraud occurred. The District has updated procedures to require spending limits tied to funds raised or formally approved supplemental funding. Staff and administrators have been trained on updated procedures and monitoring responsibilities, and quarterly Business Office reviews of revenues, expenditures, and balances have been implemented to identify deficit spending.

Finding 2025-003:

Criteria: Effective internal controls should be in place to ensure balances and transactions are not materially misstated.

Condition: During the course of our audit, we identified numerous material misstatements in balances and transactions. Additionally, the client continued to identify material errors, providing us with numerous journal entries subsequent to the beginning of our fieldwork.

**REYNOLDS SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2025

Section II – Financial Statement Findings (Continued)

Context: The District's finance team is small, and key members are relatively new to school finance and accounting, an area that is inherently complex and requires substantial time and experience to develop full proficiency.

Cause: The District did not implement a fully operational accounting closing process to ensure that year end balances and transactions were properly stated in all material respects prior to the beginning of audit fieldwork.

Effect: Balances required both auditor proposed adjustments and additional or duplicative audit procedures during the course of our work.

Recommendation: We recommend the District develop a more comprehensive accounting closing process, ideally in a checklist format with key tasks assigned to team members for both preparation and review. All balances in the trial balance should be verified for reconciliation with subsidiary balances and a timeline should be developed with target dates to ensure a fully closed trial balance is submitted to the auditors. The checklist should include preparation and review of balances that are to be reported on the full accrual basis of accounting, along with a comprehensive full accrual trial balance. Final review of both fund and full accrual trial balances should be completed prior to the scheduled audit fieldwork.

Views of Responsible Officials: The District concurs with the finding that the year-end financial close process had deficiencies. Reconciliations were inconsistent, and supervisory review was insufficient. No misstatements were intentional, and corrections were made promptly. The District has implemented a formal year-end closing checklist assigning responsibilities and deadlines. Finance staff have been trained on checklist use, reconciliation requirements, and supervisory review expectations. Fund-level and full accrual trial balances are now reconciled to subsidiary records and subjected to documented supervisory review before audit fieldwork.

Section III – Federal Award Findings and Questioned Costs

Finding 2025-001: United States Department of Agriculture, Child Nutrition Cluster, Assistance Listing 10.555,10.559,10.553, 10.582. Passed through by Oregon Department of Education. Compliance requirement: Methods of procurement.

Criteria: Uniform Guidance requires non-Federal entities to maintain written procurement procedures that comply with applicable federal regulations, including methods of procurement, competition requirements, conflict-of-interest standards, and documentation expectations. These written procedures must be consistently followed and updated to reflect current federal requirements.

Condition and Context: The District did not maintain written procurement policies as required by the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Existing policy reflects state law and does not include the procurement standards outlined in 2 CFR 200.317–200.327.

Cause: The District's procurement policies are designed to be consistent with state law.

**REYNOLDS SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2025

Section III – Federal Award Findings and Questioned Costs (Continued)

Effect: Without written federal procurement policies, the District is at increased risk of noncompliance with federal procurement standards.

Recommendation: The District should develop, adopt, and maintain written procurement policies that fully align with Uniform Guidance requirements. Policies should be reviewed at least annually and updated as federal regulations change.

Views of Responsible Officials: The District concurs with the finding that procurement policies did not fully comply with Uniform Guidance. Policies were based on state law, and staff turnover and limited federal procurement training contributed to the deficiency. All purchases were fair and reasonable; no waste or abuse occurred. Procurement policies have been updated to align with 2 CFR 200 standards, all procurement staff have been trained on Uniform Guidance requirements, and standardized procurement checklists and templates have been implemented to ensure documentation of cost analysis and vendor selection.

Finding 2025-004: United States Department of Education, Student Support and Academic Enrichment, Assistance Listing 84.424. Passed through by Oregon Department of Education. Compliance requirement: Level of effort, supplement, not supplant.

Criteria: Federal dollars must be used to supplement state and local funds, and cannot be used to replace local funds that a recipient would normally spend on the same activity.

Condition: During the course of our audit, we identified that middle school sports were funded using state and local (general fund) resources in the year ended June 30, 2024, but funded using Student Support and Academic Enrichment funding during the year ended June 30, 2025. Per the Department of Education cross-cutting section, this condition is presumed supplanting but can be rebutted. The District provided sufficient support to rebut the presumption of supplanting, however we were unable to identify controls in place that would prevent supplanting in this program.

Context: In its budget narrative provided to the passthrough agency, Oregon Department of Education, the District identified that middle schools sports had been funded using ESSER funds in the fiscal year ended June 30, 2024. This was not the case, as middle school sports had been charged to the general fund.

Cause: We were unable to identify a specific cause as the grant manager in charge of this program for the year ended June 30, 2025 was no longer employed by the District.

Effect: Absent controls over supplanting using federal program funding, the District is at risk of using federal funding for activities that enhance or increase services, rather than simply freeing up local funds for other uses.

Recommendation: The District should implement a pre-award and annual budget review that requires written documentation showing that state or local funds have not been used for activities proposed to be funded with federal dollars in the upcoming year. If presumed supplanting is anticipated to occur, the rebuttal should be documented in writing with the grant and budget documents to support the control and compliance for this federal program requirement.

**REYNOLDS SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2025

Section III – Federal Award Findings and Questioned Costs (Continued)

Views of Responsible Officials: The District concurs with the finding that controls to prevent supplanting were insufficient. The presumption of supplanting was rebutted, and procedures were not formalized. No federal funds were used to supplant state or local resources. The District has implemented pre-award and annual review procedures, including required documentation of state and local fund use. Staff have been trained on supplanting rules and documentation requirements, and written records supporting rebuttals are maintained in grant and budget files for audit verification.

Section IV – State Award Findings and Questioned Costs

None reported.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2025

Fiscal year ended June 30, 2024 Audit Findings

FINANCIAL STATEMENT FINDINGS

Finding 2024-001 Working Trial Balance – Significant Deficiency

Condition:

During our review of the District’s working trial balance, several trial balances were submitted during the audit. Material adjustments were made based on auditor findings. The District would not have caught the errors independently. Auditors cannot be part of internal control or approval. Complete, accurate financial information is management’s responsibility.

Corrective Action Plan:

Corrective Action Planned: Ensure adequate staffing and oversight of working trial balances, continue implementation of controls to reconcile trial balances timely, and maintain documentation supporting reconciliations and approvals.

Responsible Official:

Holly Langan, Managing Officer for Financial Services

Status:

In Progress. This finding was not fully corrected and is reported again in the FY25 Schedule of Findings as Finding 2025-003.

Finding 2024-002 Bank Reconciliations – Significant Deficiency

Condition:

During testing of cash, not all bank reconciliations were prepared or reviewed timely (within 30 days after month-end).

Corrective Action Plan:

Corrective Action Planned: Ensure timely preparation and review of bank reconciliations, implement staffing procedures to maintain consistent preparation and review, and document the reconciliation and review process.

Responsible Official:

Erin Altman, Business Manager

Status:

In Progress.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.



CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2025

Fiscal year ended June 30, 2025 Audit Findings

FINANCIAL STATEMENT FINDINGS

Finding 2025-002 Student Activity Funds – Significant Deficiency

Condition:

Internal control over student activity funds is inadequate; testing identified overspending that could create accounting errors or fraud.

Corrective Action Plan:

Implement quarterly monitoring of student activity accounts, limit spending to amounts raised or formally approved supplemental funding, require pre-approval from administrators and Business Office for use of general fund or other resources, and provide guidance and training to staff overseeing student activity accounts.

Responsible Official:

Erin Altman, Business Manager

Timeline:

Expectations communicated March 2026; quarterly review process in place March 2026; training completed by June 30, 2026, with ongoing annual review.

Finding 2025-003 Year-End Financial Close – Material Weakness

Condition:

Year-end financial close process was not fully effective, resulting in material misstatements and additional journal entries after audit fieldwork began.

Corrective Action Plan:

Develop and implement a formal year-end closing checklist assigning responsibilities and deadlines, reconcile trial balances to subsidiary records, prepare fund-level and full accrual trial balances with documented supervisory review, and maintain documentation evidencing completion of reconciliations and oversight.

Responsible Official:

Erin Altman, Business Manager

Timeline:

Checklist and reconciliation procedures implemented for FY ending June 30, 2026; supervisory review in place prior to FY26 audit fieldwork.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2025-001 Procurement – Significant Deficiency



CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2025

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

Condition:

Procurement policies are not aligned with Uniform Guidance (2 CFR 200.317–200.327).

Corrective Action Plan:

Develop, adopt, and maintain written procurement policies fully aligned with Uniform Guidance, and establish annual review and update process.

Responsible Official:

Holly Langan, Managing Officer for Financial Services

Timeline:

Implementation completed by August 31, 2026.

Finding 2025-004 Supplanting Controls – Significant Deficiency

Condition:

Lack of controls to prevent supplanting in the Student Support and Academic Enrichment program; presumption of supplanting rebutted but controls not in place.

Corrective Action Plan:

Implement pre-award and annual budget review procedures to document that state/local funds are not used for activities proposed for federal funding and document any rebuttals in grant and budget records.

Responsible Official:

Holly Langan, Managing Officer for Financial Services

Timeline:

Implementation completed by June 30, 2026.





Board of Directors
Reynolds School District

We have audited the financial statements of Reynolds School District as of and for the year ended June 30, 2025, and have issued our report thereon dated February 24, 2026. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated July 7, 2025 our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (US GAAP). Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the system of internal control of Reynolds School District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We were not able to conduct our audit consistent with the planned scope and timing we previously communicated to you because management was not able to provide documentation and support for the audit within the agreed timeline.

We obtained an understanding of internal controls to assess the impact on determining the nature, timing and extent of audit procedures, and we have established an overall materiality limit for audit purposes. We conducted formal discussions among engagement team members to consider how and where the financial statements might be susceptible to material misstatement due to fraud or error.

We used this knowledge and understanding, together with other factors, to first assess the risk that errors or fraud may cause a material misstatement at the financial statement level. The assessment of the risks of material misstatement at the financial statement level provided us with parameters within which to design the audit procedures for specific account balances and classes of transactions.

Our risk assessment process at the account-balance or class-of-transactions level consisted of:

- An assessment of inherent risk (the susceptibility of an assertion relating to an account balance or class of transactions to a material misstatement, assuming there are no related controls); and
- An evaluation of the design effectiveness of internal control over financial reporting and our assessment of control risk (the risk that a material misstatement could occur in an assertion and not be prevented or detected on a timely basis by the company's internal control).

We then determined the nature, timing and extent of tests of controls and substantive procedures necessary given the risks identified and the controls as we understand them.

In planning the audit, the materiality limit is viewed as the maximum aggregate misstatements, which if detected and not corrected, would cause us to modify our opinion on the financial statements. The materiality limit is an allowance not only for misstatements that will be detected and not corrected but also for misstatements that may not be detected by the audit. Our assessment of materiality throughout the audit was based on both quantitative and qualitative considerations. Because of the interaction of quantitative and qualitative considerations, misstatements of a relatively small amount could have a material effect on the current financial statements as well as financial statements of future periods.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm, have complied with all relevant ethical requirements regarding independence.

Our independence policies and procedures are designed to provide reasonable assurance that our firm and its personnel comply with applicable professional independence standards. Our policies address financial interests, business and family relationships, and non-audit services that may be thought to bear on independence. For example, without our permission no partner or professional employee of Sensiba LLP is permitted to own any direct financial interest or a material indirect financial interest in a client or any affiliates of a client. Also, if an immediate family member or close relative of a partner or professional employee is employed by a client in a key position, the incident must be reported and resolved in accordance with Firm policy. In addition, our policies restrict certain non-audit services that may be provided by Sensiba LLP and requires audit clients to accept certain responsibilities in connection with the provision of permitted non-attest services.

Significant Risks Identified

Under auditing standards, a significant risk is defined as an identified and assessed risk of material misstatement that, in the auditors' professional judgment, is close to the upper end of the spectrum of inherent risk. As part of the risk assessment process, we are required to determine whether any risks identified are significant risks. In exercising this judgment, we exclude the effects of identified controls related to the risk, and consider the following area: risk of fraud; whether the risk is related to recent significant economic, accounting, or other developments and, therefore, requires specific attention; the complexity of transactions; whether the risk involves significant transactions with related parties; the degree of subjectivity in the measurement of financial information related to the risk, especially those measurements involving a wide range of measurement uncertainty; and whether the risk involves significant unusual transactions

We identified the following significant risks:

- Federal and state grant compliance and its impact on revenue recognition and related receivables and unearned revenue
- Management override of internal controls is a presumed significant risk

In addition to previously identified significant risks, during the course of our procedures, we identified an additional area of significant risk related to accounting and reporting for the general obligation bond refunding transaction.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District are included in Note 1 to the financial statements. New significant accounting policies include the implementation of Governmental Accounting Standards Board (GASB) Statement 101, compensated absences. This standard improves the accounting and financial reporting of compensated absences for paid leave earned by employees such as vacation, sick leave, parental leave, military leave and jury duty. Additionally, the District implemented GASB statement 102, certain risk disclosures which requires governments to disclose vulnerabilities from concentrations or constraints that could have a substantial financial impact. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

- The proportionate share of the net pension obligation unfunded actuarial liability related to the District's participation in the Oregon PERS system, including estimated deferred inflows and outflows expected to be included in pension expense in future periods.
- The estimated actuarial liability related to the District's other post-employment benefits related to the implicit health insurance rate subsidy.
- Net present value of information technology contracts and leases required to be reported as capital assets
- Compensated absence liability

Management's estimate of the pension obligation is based on an actuarial valuation provided by Oregon PERS and audited by independent auditors engaged by Oregon PERS.

Management's estimate of the implicit health insurance subsidy liability is based on an actuarial valuation by an actuarial firm engaged by the District. We evaluated the key factors and assumptions used to develop the estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

With respect to information technology contracts and leases, management uses its borrowing rate if the contract has no stated interest rates, and also makes assumptions about whether options to extend within the contract will eventually be exercised.

GASB 101 requires management to estimate the amount of compensated absences liability to be reported at year-end. This estimate involves the use of key assumptions and methodologies, including employee leave balances, expected usage patterns, and applicable pay rates. The most significant change with the new standard is that it replaces the leave-type-specific approach of the previous standard with a unified model for recognizing and measuring all types of compensated absences. This includes sick leave resulting in broader applicability and significantly larger reported liabilities by using a more than likely than not approach to the use of sick leave. Due to the implementation of this standard the District restated its beginning net position as if the standard had been effective in prior years. As with all significant estimates, there is a degree of uncertainty inherent in the process, and actual results may differ from those estimated.

For these estimates, we evaluated the key factors and assumptions used to develop the estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the District's financial statements relate to the Oregon PERS unfunded pension liability, an estimate described above, capital assets and obligations related to leases and information technology contracts, and the implementation of compensated absences noted above.

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. No such transactions were identified during the course of our audit.

Identified or Suspected Fraud

We did not identify fraud involving senior management or other fraud that causes a material misstatement of the financial statements and no illegal acts came to our attention.

Significant Difficulties Encountered during the Audit

Throughout the audit, we encountered significant challenges due to the volume of adjusting entries proposed after fieldwork had begun and delays in receiving required documentation and support. These issues affected the efficiency of our procedures and our ability to complete the audit in accordance with the planned timeline.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. We identified two collections of items that should have been included as capital assets in the government-wide financial statements under accounting standards. Management elected to not capitalize these amounts as the amounts are not overall material to the full accrual financial statements:

- Chromebooks, \$250,845
- Laptops, \$574,651

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The following material misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management:

Governmental fund statements:

- Correction of property tax receivable and related deferral in the general and debt service funds, \$170,365
- Record bond and bond premium proceeds in the capital project fund (and remove from debt service fund), \$97,631,111
- Correct entry to record year end commodity inventory, \$890,506
- Record correction to debt service fund internal service charges, \$765,132
- Record prior year entry related to debt service fund internal service charges, \$341,561

Government-wide statements:

- Record bond refunding deferred outflow, \$9,793,969

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. Our report contains emphasis of matters paragraphs related to the following, however our opinion was not modified related to the matters:

- Implementation of GASB 101 – *Compensated Absences* and restatement of net position.
- Correction of prior year error in the debt service fund.
- Change in the financial reporting entity, related to combining several prior year legal funds into four main funds.

Representations Requested from Management

As discussed above, the financial statements are the responsibility and property of management. We have requested certain written representations from management, which are included in the letter dated February 24, 2026.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters. To our knowledge, there were no such consultations with other accountants.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

Internal Control

In planning and performing our audit of the financial statements of the District as of and for the year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

During the course of our audit, we identified internal control deficiencies that have been communicated to you in our audit reports: *Report on Internal Control over Financial Reporting and Compliance*, and *Report on Compliance for Each Major Federal Program and Internal Control over Compliance*.

Other Information Included in Annual Reports

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in the District's annual reports, does not extend beyond the information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have read the information, and considered whether such information, or the manner of its presentation, was materially inconsistent with its presentation in the financial statements.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This communication is intended solely for the information and use of the Board of Directors, and management of Reynolds School District and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,

A handwritten signature in black ink that reads "Sensiba LLP". The signature is written in a cursive, flowing style.

Sensiba LLP
Bend, OR
February 24, 2026



To Management
Reynolds School District

In planning and performing our audit of the financial statements of Reynolds School District, (the “District”) as of and for the year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered the District’s internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of District’s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified.

We identified matters that we consider to be significant deficiencies and material weaknesses which have been communicated in our auditor reports for Governmental Auditing Standards and the Uniform Guidance. As discussed below, we also identified certain matters involving internal control and other operational matters that are presented for your consideration.

This letter does not affect our report dated February 24, 2026 on the financial statements of the District. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. Our comments are summarized as follows:

Purchasing card transaction approval

During our internal control walkthroughs related to internal controls over purchasing cards, we noted the Accountant does not perform a cross-check of the support provided that receipts are present and/or valid. The inclusion of appropriate receipts is left to the various department or school supervisors, many of whom are unlikely to possess financial training or expertise in identifying potential fraudulent transactions.

We recommend the District include procedures for its business office staff to ensure that valid receipts are present as a final check that only authorized expenditures have been charged to the purchasing cards.

Internal controls over bank transfers and wires

During our internal control walkthroughs related to internal controls over banking transactions, we noted the District has not implemented controls over bank transfers and wires that would sufficiently prevent an unauthorized wire or transfer to be made. While it is likely a material unauthorized transfer or wire transaction would be detected through other mitigating controls, it is unlikely to be prevented or detected in timely manner.

We recommend the District work with its bank to implement authorization controls available at most banks, including those where all transfers and wires initiated require the approval of an authorized individual before the bank transfers the money out of the account.

We believe that the implementation of these recommendations will provide the District with a stronger system of internal control while also making its operations more efficient. We will be happy to discuss the details of these recommendations with you at your convenience.

This communication is intended solely for the information and use of management and the District Council and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,

A handwritten signature in black ink that reads "Sensiba LLP". The signature is written in a cursive, flowing style.

Bend, Oregon
February 24, 2026

To: Board of Directors

From: Frank Caropelo, Superintendent

Subject: Plan of Action: Audit Findings Fiscal Year End June 30, 2026

Type: ☒ Action Item ☐ Report / Presentation

Policy: DIE: Audits

Date: March 4, 2026

Connection to Strategic Plan Goal Topics:

- | | |
|--|--|
| ☒ Marginalized Students | ☒ Student and Staff Wellness |
| ☒ Culturally Responsive Teaching | ☒ Professional Development |
-

Summary / Background:

The district's independent auditors, Sensiba LLC, completed the annual financial audit for the 2024-25 fiscal year. Noted on the Annual Comprehensive Financial Report for 2024-25 (pages 111–113) is the Corrective Action Plan for the Financial Statements and the Federal Award Findings.

As required by the Secretary of State Oregon Audits Division, when there are deficiencies related to the financial statements, the district must adopt a Plan of Action to address those deficiencies. A copy of the plan must be adopted by the governing body and filed with the Secretary of State (ORS 297.466(2)).

The attached Plan of Action is presented for adoption by the board and will be implemented by the district this fiscal year.

Previous Board Action:

The Board receives a similar financial report annually and adopts any needed corrective actions.

Financial Implications:

No specific financial implication is identified. However, it is noted that in some cases, the governing body may choose not to take corrective action and instead accept responsibility for the risks and deficiencies noted by the auditor, which could have future financial implication.

Motion:

- A. Motion Made by Board Member:

- a. I move that the Board approve the Plan of Action for the 2024-25 financial audit and approve submission to the Oregon Audits Division as presented.
- B. Motion Seconded by Another Board Member
- C. Points of Clarification / Discussion
- D. Call for Board Vote



Reynolds School District
1204 NE 201st Ave
Fairview, OR 97024
(503) 661.7200 | reynolds.k12.or.us

March 5, 2026

Oregon Secretary of State Audits Division
255 Capitol St. NE, Suite #180
Salem, OR 97310

Plan of Action for Reynolds School District No. 7

Reynolds School District No. 7 respectfully submits the following corrective action plan in response to deficiencies reported in our audit of the fiscal year ended June 30, 2025. The audit was completed by the independent auditing firm Sensiba, LLC and reported the deficiencies listed below. The plan of action was adopted by the Board of Directors at its meeting on March 4, 2026, as indicated by signatures below.

The deficiencies are listed below, including the adopted plan of action and timeframe for each.

1) Deficiency #1: FS-2025-002

- a. Significant Deficiency, Not Material Weakness—Deficiency in internal controls over student activity funds
 - Condition: Internal control over student activity funds is inadequate. During testing of student activities, many instances were identified where clubs spent more than they earned. Overspending indicates that amounts earned may not be properly tracked or credited, creating a risk of accounting errors or fraud.
 - Auditor Recommendation: Implement monitoring controls over student activity at least quarterly. Spending should be limited to amounts raised or donated. If other resources (e.g., general fund) are used to cover overspending, they should be formally preapproved by site management and the Business Office to ensure no fraudulent activity is concealed.
- b. Plan of Action
 - The district has established procedures requiring that student activity spending be limited to amounts raised or formally approved supplemental funding.
 - The Business Office will perform quarterly monitoring of student activity accounts to review revenues, expenditures, and fund balances to identify and address deficit spending.
 - If general fund or other district resources are used to supplement a club or activity, those amounts must receive documented preapproval from both school administrators and the Business Office prior to expenditure.
 - The district will provide guidance and training to school administrators and staff responsible for overseeing student activity accounts regarding updated procedures, monitoring expectations, and internal control responsibilities.
- c. Implementation Timeframe
 - The district communicated expectations limiting student activity spending to amounts raised or formally approved supplemental funding as of March 2026.

- As of March 2026, the Business Office implemented a quarterly review process to monitor student activity balances and identify deficit spending.
- Training for school administrators and staff responsible for student activity accounts will be completed by June 30, 2026, with ongoing annual review thereafter.

2) Deficiency #2: FS-2025-003

- a. Material Weakness—Deficiency in internal controls over year-end financial close and reporting
 - Condition: The district’s financial close process was not fully effective, resulting in numerous material misstatements and additional journal entries identified after the commencement of audit fieldwork.
 - Recommendation: The auditor recommends development of a comprehensive and structured year-end closing process, including formal reconciliation of trial balances to subsidiary records and preparation and review of full accrual financial information prior to audit fieldwork.
- b. Plan of Action
 - The district will develop and implement a formal year-end closing checklist that assigns specific responsibilities and deadlines to finance staff.
 - Trial balances will be reconciled to supporting subsidiary records and schedules prior to finalization.
 - Both fund-level and full accrual trial balances will be prepared and subjected to documented supervisory review before audit fieldwork begins.
 - The district will formalize review documentation to evidence completion of reconciliations and supervisory oversight.
- c. Implementation Timeframe
 - The year-end closing checklist and reconciliation procedures will be developed and implemented for the fiscal year ending June 30, 2026.
 - Documented supervisory review of fund and full accrual trial balances will be in place prior to the commencement of FY26 audit fieldwork.

Adopted by the Board of Directors of Reynolds School District No. 7 on March 4, 2026.

Michael Reyes
Chair, Board of Directors
Reynolds School District No. 7

Frank Caropelo
Superintendent
Reynolds School District No. 7

To: Board of Directors

From: Frank Caropelo, Superintendent

Subject: Adjournment of Meeting

Type: ☐ Action Item ☒ Report / Presentation

Policy: BD/BDA: Board Meetings; BDDF: Conduct of Board Meetings

Date: March 4, 2026

Connection to Strategic Plan Goal Topics:

☒ Marginalized Students

☒ Student and Staff Wellness

☒ Culturally Responsive Teaching

☒ Professional Development

Summary / Background:

The Board Chair will adjourn the meeting.

Previous Board Action:

Not Applicable

Financial Implications:

Not Applicable

Motion:

Not Applicable