

DOUGLAS EDUCATION SERVICE DISTRICT

Annual Financial Report

June 30, 2025

Douglas Education Service District

June 30, 2025

BOARD OF DIRECTORS

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HARRY MCDERMOTT Vice Chair
BARBARA CRAWFORD Director
ANITA COX..... Director
GINA STEWART..... Director
TOM DOLE Director
GAYL BOWSER..... Director

ADMINISTRATION

ANALICIA NICHOLSON.....Superintendent
VENICE ANDERSON..... Financial Director

Board Members and administration personnel receive mail at:
Douglas Education Service District
1409 NE Diamond Lake Blvd #110
Roseburg, OR 97470

Douglas Education Service District

June 30, 2025

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Douglas Education Service District

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Douglas Education Service District
1409 NE Diamond Lake Blvd #110
Roseburg, OR 97470

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Douglas Education Service District, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year 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 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 the Douglas Education Service District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Douglas Education Service 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Douglas Education Service 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 Douglas Education Service 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 and budgetary comparison information on pages 4-13 and 49-72 are presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Douglas Education Service District's basic financial statements. The accompanying combining major and individual fund financial statements and 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*, are presented for purposes of additional analysis and are not a

required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining major and individual fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections 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

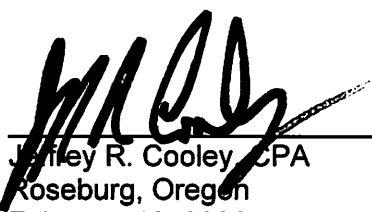
In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2026, on our consideration of the Douglas Education Service District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Douglas Education Service 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 Douglas Education Service District's internal control over financial reporting and compliance.

Other Reporting Required by Oregon Revised Statutes

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated February 12, 2026, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon revised statements as specified in Oregon Administration Rules. 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.

Neuner Davidson & Co
Certified Public Accountants

By:



Jeffrey R. Cooley, CPA
Roseburg, Oregon
February 12, 2026

**DOUGLAS EDUCATION SERVICE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

JUNE 30, 2025

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

FINANCIAL HIGHLIGHTS

- In the government-wide statements, the assets of the District were less than its liabilities at June 30, 2025, by (\$5,875,574) as a result of the change in the Net Pension Liability for this year. Of this amount, \$8,123,810 represents the District's investment in capital assets. Please refer to the Table of Contents to locate further details on the GASB 68 and GASB 75 impacts. The District implemented GASB 68 in fiscal year ending June 30, 2015.
- The District's governmental funds report combined ending fund balance of \$7,788,764 at June 30, 2025, a decrease of \$2,146,469 in comparison with the prior year.
- At the end of the fiscal year ended June 30, 2025, unassigned fund balance for the Governmental Funds were \$3,517,806. A decrease of \$838,139.
- General Fund revenues amounted to \$13,560,228 or 26% of total resources. Program specific resources in the form of charges for services and operating grants accounted for \$37,934,203 or 74%.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are 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 required supplementary information and other supplementary information in addition to the basic financial statements themselves.

**DOUGLAS EDUCATION SERVICE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

JUNE 30, 2025

Features of ESD-wide and Fund Financial Statements

	ESD-wide Statements	Governmental Funds	<u>Fund Statements</u> Proprietary Funds
Scope	Entire ESD (except fiduciary funds)	The activities of the ESD that are not proprietary or fiduciary	Activities the ESD operates similar to private businesses
Required Financial Statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Net Position Statement of Revenues, Expenses, and Changes in Net Position, Statement of Cash Flows
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due at year end, or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of Inflow/Outflow Information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

Statement of Net Position – ESD-wide and Proprietary Funds

The Statement of Net Position is used to assess the District's financial status. When compared to the previous year, you can determine if the District's financial position improved or deteriorated. The net position can also be averaged to compare with other districts. The financial position of the District reflects its ability to meet its obligations as they come due and to finance the services of its constituency.

DOUGLAS EDUCATION SERVICE DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025

Statement of Activities – ESD-wide

The Statement of Activities is used to examine cost of services, net costs of services to taxpayers, types of expenses and revenues, balance between revenues and expenses, change in financial position and its causes and unusual transactions. The change determines if 'there is more or less left over' and if the District will be able to finance services in the future.

Governmental Fund Financial Statements

The Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances track the financial activity of the District's basic services, such as instruction and support services.

Proprietary Fund Financial Statements

The Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position track the financial activity of the District's internal services, which are like businesses.

Balance Sheet – Governmental Funds

The Balance Sheet is used to examine the District's short-term assets and liabilities and to determine the District's short-term need for cash. The Balance Sheet is essential to determine the District's liquidity with its focus on current assets and liabilities.

Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds

The Statement of Revenues, Expenditures, and Changes in Fund Balance is used to examine the flows of short-term resources in the District, it determines if revenues and expenditures balance, and to find out if resources are available for future services.

Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds

The Statement of Revenues, Expenses, and Changes in Net Position is used to examine proportions of changes in a proprietary fund's revenues and expenses and to assess the ability of proprietary activities to finance their costs in both the short and long-term.

Budgetary Comparison Schedule

The Budgetary Comparison Schedule is used to determine if the District followed its legally adopted budget. It also demonstrates the District's ability to budget accurately and its ability to enforce and control finances. Variances may indicate faulty estimates, policy changes, or unforeseen economic shifts.

Statement of Cash Flows – Proprietary Funds

The Statement of Cash Flows is used to identify where cash comes from and how it is used. Tracking revenue and expenditures shows that the District has sufficient resources to cover expenses, but cash flows determine if the District has enough cash on hand to actually pay its bills. With this information you can see if the operations of business type activities generated enough cash on their own to support its needs. You can also get a sense of future cash needs and the ability of the District's business type

DOUGLAS EDUCATION SERVICE DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025

activities to pay bills as they come due.

Government-wide Financial Statements

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

The Statement of Net Position. The *statement of net position* presents information on all of the assets and liabilities of the District as of the date on the statement. Net position is what remains after the liabilities have been paid off or otherwise satisfied.

Over time, increases or decreases in net positions may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities. The *statement of activities* presents information showing how the net position of the District changed over the most recent fiscal year by tracking revenues, expenses and other transactions that increase or reduce net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, but unused vacation leave).

In the government-wide financial statements, the District's activities are shown as governmental activities. All basic District functions are shown here, such as regular and special education, child nutrition services, transportation, administration, and facilities acquisition and construction. These activities are primarily financed through property taxes, Oregon's State School Fund and other intergovernmental revenues.

The government-wide financial statements is listed in the table of contents of this report.

Fund Financial Statements

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

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

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

**DOUGLAS EDUCATION SERVICE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

JUNE 30, 2025

governmental funds and governmental activities (government-wide statements).

The District maintains eight individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, Grants Fund, Early Intervention Fund, Early Learning Fund, Reimbursement Fund, Debt Service Fund and the Capital Improvement Fund all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the combining statements elsewhere in this report.

The basic governmental fund financial statement is listed in the table of contents of this report.

Proprietary funds (enterprise and internal service)

The District maintains two proprietary fund types. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses internal service funds to account for risk management insurance and employee benefit activities. Internal service funds use the full accrual method of accounting.

Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Enterprise funds are an accounting device used to account for funds that operate similar to for profit entities and use the full accrual method of accounting. The District uses Enterprise funds to account for printing/copying services provided to outside entities. Enterprise funds are presented separately in the Government Wide Financial Statements.

The proprietary fund financial statements is listed in the table of contents of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements is listed in the table of contents of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* related to Schedules of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual for the General Fund and Major Special Revenue Funds. Required supplementary information is listed in the table of contents of this report.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented following the required supplementary information. Combined individual fund statements and schedules are listed in the table of contents of this report.

**DOUGLAS EDUCATION SERVICE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

JUNE 30, 2025

Modified Accrual Accounting vs. Full Accrual Accounting

The following table shows the difference in modified accrual accounting, as done on past financial statements and full accrual accounting, as required by GASB34.

	<u><i>Modified Accrual</i></u>	<u><i>Full Accrual</i></u>
Revenue	Available and measurable. Record revenue if payment is received during year or soon after (within 60 days) and is available to pay current year's liabilities.	Earned and measurable. Earned and is "reasonably certain to be collected."
Expense	Recognize in the accounting period in which the fund liability incurred, and measurable. Records expenditures. Outflow cash, or promise to pay for goods and services that have been received.	Recognize in the accounting period in which the liability is incurred and measurable. Records expenses. Decreases in net assets resulting from the using up or Outflows of assets in the course of operating and providing goods and services.

Financial Analysis of the ESD's Funds

Below are graphs showing the composition of the sources of funds (revenue) and expenditures in our fund groups:

General Fund – resolution programs and overhead

Special Revenue Funds – regional programs, early intervention program, grants and contracts

	Revenue as of June 30	
	<u>2025</u>	<u>2024</u>
Revenue Source		
Local Sources	\$ 15,092,184	\$ 14,612,008
Intermediate Sources	1,683,704	1,438,498
State Sources	28,074,012	26,207,147
Federal Sources	6,644,530	8,970,237
Total	\$ 51,494,431	\$ 51,227,890

Revenue increased overall as Local, Intermediate and State sources realized increased funding commitments for the 2023-2025 biennium.

**DOUGLAS EDUCATION SERVICE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

JUNE 30, 2025

GOVERNMENT-WIDE FINANCIAL ANALYSIS (THE ESD AS A WHOLE)

Statement of Net Position As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities exceeded assets by \$5,875,574 as of June 30, 2025. Net position is divided into amounts representing (1) capital assets, net of related debt, (2) restricted by external restriction, and (3) unrestricted.

Capital assets, which consist of the District's land, buildings, building improvements, construction in progress, vehicles, and equipment represent about 10 percent of total assets. The District uses these capital assets to provide services to students and other District residents; consequently, these assets are not available for future spending. The remaining assets consist mainly of investments, cash, pension assets and grants and property taxes receivable.

The District's liabilities are \$43,650,295. Net Pension Liability for GASB 68 is \$28,968,825 of the long-term liabilities. In addition, implementation of GASB 68 has added Deferred Inflow of Resources for future PERS Obligations of \$2,287,786. Please locate Note 6 in the table of contents in this report for further information. Current liabilities, representing about 10% of the District's total liabilities and deferred inflow of resources, consist almost entirely of payables on accounts, salaries and benefits, and the current portion of long-term debt principle. Current Liabilities total \$6,552,684.

During the current fiscal year, the District's net position decreased by \$2,623,549.

NET POSITION AT JUNE 30		
	2025	2024
CURRENT ASSETS	15,278,947	19,535,250
NON-CURRENT ASSETS	8,685,025	8,915,982
DEFERRED OUTFLOW OF RESOURCES	13,810,749	11,316,053
TOTAL ASSETS	37,774,721	39,767,285
CURRENT LIABILITIES	6,552,684	8,441,669
LONG TERM DEBT OUTSTANDING	34,809,825	32,841,318
DEFERRED INFLOW OF RESOURCES	2,287,786	1,736,323
TOTAL LIABILITIES	43,650,295	43,019,310
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	8,123,810	8,601,914
RESTRICTED / ASSIGNED	4,270,958	6,044,506
UNRESTRICTED	(18,270,342)	(17,898,445)
NET POSITION	(5,875,574)	(3,252,025)

DOUGLAS EDUCATION SERVICE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025

Changes in Net Position Total Government Activities For Year Ended June 30		
Revenues:	2025	2024
Program Revenues:		
Charges for Service	2,369,386	2,273,950
Operating grants and contributions	38,714,090	39,606,579
Total Program Revenues	41,083,476	41,880,529
General Revenues		
Property Taxes	5,657,948	5,442,803
State School Fund-General Support	2,105,582	2,215,588
State Reimbursement	-	-
Services provided other funds	181,144	147,972
Unrestricted state and local sources	2,461,939	1,799,277
Sale or Disposal of Fixed Assets	10,250	-
Earnings on investments	423,445	294,187
Miscellaneous	72,187	19,849
Total General Revenues	10,912,495	9,919,676
Expenses:		
Instruction	18,649,081	18,371,248
Support Services	20,475,344	20,868,105
Community Services	4,882,845	3,280,603
Facilities and Acquisition	(21,541)	(92,038)
Interest expense on long-term debt	217,562	252,182
Depreciation	499,645	686,176
Amortization	-	-
Apportionment of ESD Funds	9,072,903	8,257,724
Total Expenses	53,775,839	51,624,000
Increase (decrease) in Net Position-Prior to GASB & Disposal of Fixed Assets	(1,779,868)	176,205
Loss on Disposal of Fixed Assets	-	-
GASB 68 Pension Income	(1,009,078)	(351,036)
GASB 75 PERS OPEB RHIA	165,397	(6,508)
Increase (decrease) in Net Position	(2,623,549)	(181,339)
Net Position-June 30	(5,875,574)	(3,252,025)

**DOUGLAS EDUCATION SERVICE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

JUNE 30, 2025

- Property tax revenues increased by about \$215,145 or 4% during the year.
- Operating grants and contributions decreased by \$892,489 showing a decrease in grant/contract amounts awarded to the district.

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* may serve as a useful measure of net resources available for spending at the end of a fiscal year.

On June 30, 2025, the District's governmental funds reported combined ending fund balances of \$7,788,764 a decrease of \$2,146,469 in comparison with prior year. Most of this is in the Grants & Projects Fund.

General Fund. The General Fund is the primary operating fund of the District. As of June 30, 2025, unassigned fund balance was \$3,517,806. The fund balance decreased by \$261,449 during the current fiscal year. As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund expenditures.

Debt Service Fund. The Debt Service Fund has a total fund balance of \$339,274, all of which is restricted for the payment of debt service.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The District's investment in capital assets includes land, buildings and improvements, vehicles and equipment, and construction in progress. As of June 30, 2025, the District has a decrease of \$478,104 in capital assets, net of depreciation, as shown in the following table:

	Capital Assets Net of Depreciation	
	2025	2024
Land	\$ 51,996.00	\$ 51,996.00
Building & Improvements	7,683,343.00	7,913,887.00
Vehicles & Equipment	388,471.00	636,031.00
Total	\$ 8,123,810.00	\$ 8,601,914.00

Additional information about the District's capital assets can be found in the notes to the basic financial statement

**DOUGLAS EDUCATION SERVICE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

JUNE 30, 2025

Long-term debt. At the end of the current fiscal year, the District had total bonded debt outstanding of \$6,935,000 consisting of PERS bond debt net of unamortized premium/discount. This is a limited tax pension obligation and not subject to the state statutes limit on the amount of general obligation debt a governmental entity may issue as a percent of its total assessed valuation. Since the District has no general obligation debt, the statutory debt limitation is not an issue. With the implementation of GASB 68, additional long term liabilities as deferred inflow of resources in the amount of (\$2,287,786) is reflected on the Statement of Net Position.

PERS is the Oregon public pension system. Under such a plan the actuarial liability is the present value of the plan's current and expected benefit payments, less the plan's assets. If the liability exceeds the assets of the plan, the plan has a shortfall known as an unfunded actuarial liability (UAL). The District issued the bonds to reduce its future pension obligation estimated at \$ 8.7 million at an interest rate below the rate charged by PERS on the UAL.

Additional information on the District's long-term debt and GASB 68 can be found in the notes to the basic financial statements of this report.

In April 2018, the District incurred debt to remodel new administrative offices located in the new City of Roseburg Library. Original Issue amount was \$1,700,000 with maturity in 2033. Please see the table of contents for Note 5 for additional detail.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The most significant economic factor for the District is the State of Oregon's State School Fund. For the year ended June 30, 2025, the State School Fund – General Support provided over 16% of the District's General Fund program revenues.

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 Financial Services, 1409 NE Diamond Lake Blvd, Suite 110, Roseburg, Oregon 97470.

Basic Financial Statements

DOUGLAS EDUCATION SERVICE DISTRICT

Statement of Net Position - Governmental Activities

June 30, 2025

	Governmental Activities	Business Type Activities	Total
ASSETS			
Current Assets:			
Cash and Investments	\$ 3,036,769	\$ 96,683	\$ 3,133,452
Accounts Receivable	11,466,127	12,642	11,478,769
Property Taxes Receivable	656,691	-	656,691
Inventory	-	10,035	10,035
Total Current Assets	<u>15,159,587</u>	<u>119,360</u>	<u>15,278,947</u>
Noncurrent Assets:			
Net OPEB Asset as Related to PERS	483,890	-	483,890
Net OPEB Asset	77,325	-	77,325
Total Pension Assets	<u>561,215</u>	<u>-</u>	<u>561,215</u>
Land - Not being Depreciated	51,996	-	51,996
Buildings & Improvements	9,754,975	-	9,754,975
Vehicles	263,103	-	263,103
Equipment	2,511,958	-	2,511,958
Less: Accumulated Depreciation	<u>(4,458,222)</u>	<u>-</u>	<u>(4,458,222)</u>
Total Capital Assets	<u>8,123,810</u>	<u>-</u>	<u>8,123,810</u>
Total Noncurrent Assets	<u>8,685,025</u>	<u>-</u>	<u>8,685,025</u>
Deferred Outflow of Resources:			
Current Year PERS Contributions	13,810,749	-	13,810,749
Total Deferred Outflow of Resources	<u>13,810,749</u>	<u>-</u>	<u>13,810,749</u>
Total Assets and Deferred Outflows of Resources	<u>37,655,360</u>	<u>119,360</u>	<u>37,774,721</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 3,698,372	\$ 2,634	\$ 3,701,006
Accrued Salaries & Benefits	1,757,678	-	1,757,678
Current Portion of Library Debt	529,000	-	529,000
Current Portion of Pension Bonds Payable	565,000	-	565,000
Total Current Liabilities	<u>6,550,050</u>	<u>2,634</u>	<u>6,552,684</u>
Long-Term Liabilities:			
Long-term portion of Library Note Payable	5,440,000	-	5,440,000
Less Current portion of Library Note Payable	<u>(529,000)</u>	<u>-</u>	<u>(529,000)</u>
Net Pension Liability	28,968,825	-	28,968,825
Long-term portion of Pension Bonds Payable	1,495,000	-	1,495,000
Less Current portion of Pension Bonds Payable	<u>(565,000)</u>	<u>-</u>	<u>(565,000)</u>
Total Long-Term Liabilities	<u>34,809,825</u>	<u>-</u>	<u>34,809,825</u>
Deferred Inflow of Resources:			
Actual to Expected Differences			
Changes in Assumptions			
Net Difference PERS Investments	2,287,786	-	2,287,786
Total Deferred Inflow of Resources	<u>2,287,786</u>	<u>-</u>	<u>2,287,786</u>
Total Liabilities & Deferred Inflow of Resources	<u>43,647,660</u>	<u>2,634</u>	<u>43,650,295</u>
NET POSITION			
Invested in Capital Assets, Net of Related Debt	8,123,810	-	8,123,810
Restricted for:			
Special Grants and Projects	3,540,473	-	3,540,473
Assigned	730,485	-	730,485
Unrestricted	<u>(18,387,068)</u>	<u>116,726</u>	<u>(18,270,342)</u>
Total Net Position	<u>\$ (5,992,300)</u>	<u>\$ 116,726</u>	<u>\$ (5,875,574)</u>

DOUGLAS EDUCATION SERVICE DISTRICT

Statement of Activities - Governmental Activities

For the Year Ended June 30, 2025

	Program Revenues			Net (Expense) Revenue and Change in Net Assets		
	(Expenses)	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business Type Activities	Total
Governmental Activities:						
Instruction						
Special Programs	\$ (18,649,081)	\$ -	\$ 9,766,957	\$ (8,882,124)	\$ -	\$ (8,882,124)
Total Instruction	<u>(18,649,081)</u>	<u>-</u>	<u>9,766,957</u>	<u>(8,882,124)</u>	<u>-</u>	<u>(8,882,124)</u>
Supporting Services						
Students	(9,966,196)	2,096,488	10,372,889	2,503,181	-	2,503,181
Instructional Staff	(4,006,326)	-	10,802,247	6,795,921	-	6,795,921
General Administration	(514,095)	-	-	(514,095)	-	(514,095)
Staff Services	-	-	-	-	-	-
Fiscal Services	-	-	-	-	-	-
Other Fiscal Services	-	-	-	-	-	-
Business Services	(1,721,671)	-	127,285	(1,594,386)	-	(1,594,386)
Internal Service	(451,692)	-	-	(451,692)	-	(451,692)
Central Activities	(3,446,185)	-	646,466	(2,799,719)	-	(2,799,719)
Supplemental Retirement Program	(33,704)	-	-	(33,704)	-	(33,704)
Total Support Services	<u>(20,139,869)</u>	<u>2,096,488</u>	<u>21,948,887</u>	<u>3,905,506</u>	<u>-</u>	<u>3,905,506</u>
Community Services	<u>(4,882,845)</u>	<u>-</u>	<u>6,998,246</u>	<u>2,115,401</u>	<u>-</u>	<u>2,115,401</u>
Facilities and Acquisition	<u>21,541</u>	<u>-</u>	<u>-</u>	<u>21,541</u>	<u>-</u>	<u>21,541</u>
Interest on Long-Term Debt	<u>(217,562)</u>	<u>-</u>	<u>-</u>	<u>(217,562)</u>	<u>-</u>	<u>(217,562)</u>
Depreciation	<u>(499,645)</u>	<u>-</u>	<u>-</u>	<u>(499,645)</u>	<u>-</u>	<u>(499,645)</u>
Amortization	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Apportionment of Funds ESD	<u>(9,072,903)</u>	<u>-</u>	<u>-</u>	<u>(9,072,903)</u>	<u>-</u>	<u>(9,072,903)</u>
Total Governmental Activities:	<u>(53,440,364)</u>	<u>2,096,488</u>	<u>38,714,090</u>	<u>(12,629,786)</u>	<u>-</u>	<u>(12,629,786)</u>
Business Type Activities						
Production Services	(335,475)	272,898	-	-	(62,577)	(62,577)
Total Business Type Activities	<u>(335,475)</u>	<u>272,898</u>	<u>-</u>	<u>-</u>	<u>(62,577)</u>	<u>(62,577)</u>
Total Government	<u>\$ (53,775,839)</u>	<u>\$ 2,369,386</u>	<u>\$ 38,714,090</u>	<u>\$ (12,629,786)</u>	<u>\$ (62,577)</u>	<u>\$ (12,692,363)</u>
General Revenues:						
Local Sources						
Property Taxes, levied for general purposes				5,657,948	-	5,657,948
Interest and Investment Earnings				423,445	-	423,445
Services Provided other Funds				181,144	-	181,144
GASB 68 Pension Income (Expense)				(1,009,078)	-	(1,009,078)
GASB 75 PERS OPEB RHIA Income (Expense)				165,397	-	165,397
Miscellaneous				72,187	-	72,187
Unrestricted State and Local Sources				2,461,939	-	2,461,939
Other Intermediate Sources				-	-	-
Other Revenues				-	-	-
State School Fund - General Support				2,105,582	-	2,105,582
Sale or Disposal of Fixed Assets				10,250	-	10,250
Subtotal - General Revenues				<u>10,068,814</u>	<u>-</u>	<u>10,068,814</u>
Change in Net Position				<u>(2,560,972)</u>	<u>(62,577)</u>	<u>(2,623,549)</u>
Net Position, July 1, 2024				<u>(3,431,328)</u>	<u>179,303</u>	<u>(3,252,025)</u>
Net Position, June 30, 2025				<u>\$ (5,992,300)</u>	<u>\$ 116,726</u>	<u>\$ (5,875,574)</u>

DOUGLAS EDUCATION SERVICE DISTRICT**Balance Sheet
Governmental Funds****June 30, 2025**

	Major Funds													Total Governmental Funds
	General	Federal	Grants	Early	Early	Reimbursement	Facility	State	Student	High School	FF & C	Debt	Capital	
	Fund	Sourced	Fund	Intervention	Learning	Fund	Maintenance	Grants	Investment	Success	Series	Service	Improvement	
	100	201	205	207	208	230	296	250	251	252	301	302	401	
ASSETS														
Cash & Investments	\$ 483,489	\$ 1,713,295	\$ -	\$ 49,590	\$ -	\$ -	\$ 412,958	\$ 254,546	\$ 2,849	\$ -	\$ 623	\$ 339,274	\$ 50,000	\$ 3,306,622
Receivables:														
Accounts	186,452	1,145,338	4,142,308	3,104,337	1,095,977	-	-	99,531	-	6,955	-	-	-	9,780,898
Property Taxes	656,691	-	-	-	-	-	-	-	-	-	-	-	-	656,691
Due From Other Funds	4,506,421	-	-	-	-	-	-	-	-	-	-	-	-	4,506,421
Total Assets	\$ 5,833,053	\$ 2,858,633	\$ 4,142,308	\$ 3,153,927	\$ 1,095,977	\$ -	\$ 412,958	\$ 354,077	\$ 2,849	\$ 6,955	\$ 623	\$ 339,274	\$ 50,000	\$ 18,250,632
LIABILITIES AND FUND BALANCES														
Liabilities:														
Accounts Payable	\$ 58,172	\$ 38,555	\$ 345,367	\$ 3,153,927	\$ 25,816	\$ -	\$ 21,745	\$ 1,941	\$ 2,849	\$ -	\$ -	\$ -	\$ 50,000	\$ 3,698,372
Accrued Payroll	1,757,678	-	-	-	-	-	-	-	-	-	-	-	-	1,757,678
Due to Other Funds	-	2,820,078	1,215,008	-	484,380	-	-	-	-	6,955	-	-	-	4,506,421
Total Liabilities	1,815,850	2,858,633	1,560,375	3,153,927	490,196	-	21,745	1,941	2,849	6,955	-	-	50,000	9,982,471
Deferred Inflows of Resources:														
Unearned Property Taxes	499,397	-	-	-	-	-	-	-	-	-	-	-	-	499,397
Total Deferred Inflows	499,397	-	-	-	-	-	-	-	-	-	-	-	-	499,397
Total Liabilities and Deferred Inflows	2,315,247	2,858,633	1,560,375	3,153,927	490,196	-	21,745	1,941	2,849	6,955	-	-	50,000	10,481,868
Fund Balance														
Non-Spendable	-	-	2,581,933	-	605,781	-	-	352,136	-	-	623	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-	-	-	-	3,540,473
Assigned	-	-	-	-	-	-	391,211	-	-	-	-	339,274	-	730,485
Unassigned	3,517,806	-	-	-	-	-	-	-	-	-	-	-	-	3,517,806
Total Fund Balance	3,517,806	-	2,581,933	-	605,781	-	391,211	352,136	-	-	623	339,274	-	7,788,764
Total Liabilities & Fund Balance	\$ 5,833,053	\$ 2,858,633	\$ 4,142,308	\$ 3,153,927	\$ 1,095,977	\$ -	\$ 412,958	\$ 354,077	\$ 2,849	\$ 6,955	\$ 623	\$ 339,274	\$ 50,000	\$ 18,250,632

DOUGLAS EDUCATION SERVICE DISTRICTReconciliation of the Balance Sheet - Governmental Funds
To the Statement of Net Position

For the Year Ended June 30, 2025

Total governmental fund balances		\$ 7,788,764
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Governmental Capital Assets	\$ 12,582,032	
Less: Accumulated Depreciation	(4,458,222)	
Total Governmental Capital Assets net of Depreciation		<u>8,123,810</u>
Property taxes will not be available to pay for current-period expenditures and, therefore, are not reported in the funds.		499,397
The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position		1,415,376
The asset for other postemployment benefits obligation at June 30, 2025 is not recorded in the governmental funds, but is recorded as a prepaid asset and reduces expenses in the government-wide statements.		77,325
Differences between expected and actual experience		
Current year PERS contributions are deferred outflows of resources that will be recognized expense in the subsequent period:		13,794,163
Current year PERS OPEB contributions are deferred outflows of resources that will be recognized expense in the subsequent period:		16,586
District's proportionate share of net differences between projected and actual earnings on investments that will be amortized over the next five years:		(2,151,464)
District's proportionate share of net differences between projected and actual earnings on investments that will be amortized over the next five years as related to PERS OPEB :		(136,322)
Net PERS OPEB asset is not available to pay for current period expenditures and therefore is not reported in the government funds:		483,890
Net Pension liability is not a financial obligation and therefore is not reported in the government funds:		(28,968,825)
Chase Loan Payable	(5,440,000)	
Pension Bonds Payable	(1,495,000)	
Total Long-term liabilities		<u>(6,935,000)</u>
Net Position of Governmental Activities		<u>\$ (5,992,300)</u>

DOUGLAS EDUCATION SERVICE DISTRICTStatement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds

June 30, 2025

	Major Funds													Total Governmental Funds
	General Fund	Federal Sourced Funds	Grants Project Fund	Early Intervention Fund	Early Learning Fund	Reimbursement Fund	Facility Maintenance Fund	State Grants Fund	Student Investment Fund	High School Success Fund	FF & C Series Fund	Debt Service Fund	Capital Improvements Fund	
	100	201	205	207	208	230	296	250	251	252	301	302	401	
REVENUES:														
Property Taxes	\$ 5,702,151	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,702,151
Earnings on Investments	420,035	-	-	-	-	-	-	-	-	-	-	3,410	-	423,445
Services Provided Others	3,080,520	-	\$ 774,027	-	-	-	983,008	-	-	-	-	788,531	-	5,626,086
Fees Charged	2,096,488	-	75,816	-	13,990	-	-	-	-	-	-	-	-	2,186,294
Contributions from Private Sources	-	-	578,641	-	40,000	-	-	463,380	-	-	-	-	-	1,082,021
Miscellaneous	21,544	-	50,643	-	-	-	-	-	-	-	-	-	-	72,187
Intermediate Sources	-	-	1,626,769	-	56,935	-	-	-	-	-	-	-	-	1,683,704
State Sources	2,225,582	-	15,592,687	\$ 7,199,659	2,220,772	-	-	246,217	568,983	20,113	-	-	-	28,074,013
Federal Sources	13,908	6,317,389	313,233	-	-	-	-	-	-	-	-	-	-	6,644,530
Total Revenues	13,560,228	6,317,389	19,011,816	7,199,659	2,331,697	-	983,008	709,597	568,983	20,113	-	791,941	-	51,494,431
EXPENDITURES:														
Instruction	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Special Programs	1,038,678	1,554,094	16,007,273	-	-	-	-	-	49,036	-	-	-	-	18,649,081
Youth Correction Education	-	-	-	-	-	-	-	-	-	6,955	-	-	-	6,955
Supporting Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Students	6,598,335	2,153,682	1,177,733	-	-	-	-	-	-	-	-	-	-	9,929,750
Instructional Staff	466,682	606,752	1,673,864	291,970	-	-	-	370,993	581,234	14,831	-	-	-	4,006,326
General Administration	514,095	-	-	-	-	-	-	-	-	-	-	-	-	514,095
Business Services	1,162,106	-	127,285	-	-	-	410,852	-	-	-	-	-	-	1,700,243
Central Activities	2,799,719	354,400	292,066	-	-	-	-	-	-	-	-	-	-	3,446,185
Community Services	105,371	880,915	1,660,712	-	2,235,847	-	-	-	-	-	-	-	-	4,882,845
Debt Service	-	-	-	-	-	-	-	-	-	-	623,678	623,884	-	1,247,562
Apportionment of Funds ESD	1,228,194	811,165	37,000	6,996,544	-	-	-	-	-	-	-	-	-	9,072,903
Total Expenditures	13,913,180	6,361,008	20,975,933	7,288,514	2,235,847	0	410,852	370,993	630,270	21,786	623,678	623,884	-	53,455,945
Excess (Deficiency) of Revenues Over Expenditures	(352,952)	(43,619)	(1,964,117)	(88,855)	95,850	0	572,156	338,604	(61,287)	(1,673)	(623,678)	168,057	-	(1,961,514)
OTHER FINANCING SOURCES and (USES):														
Sale of Fixed Assets	-	-	10,250	-	-	-	-	-	-	-	-	-	-	10,250
Operating Transfers In	50,000	-	-	-	-	-	15,000	-	-	-	622,585	-	-	687,585
Operating Transfers Out	(70,000)	-	(155,575)	-	-	-	(622,585)	-	-	-	-	-	-	(848,160)
Sources (Uses)	(20,000)	-	(145,325)	-	-	-	(607,585)	-	-	-	622,585	-	-	(150,325)
Excess of Revenues Over (Under) Expenditures & Other Financing Sources	(372,952)	(43,619)	(2,109,442)	(88,855)	95,850	-	(35,429)	338,604	(61,287)	(1,673)	(1,093)	168,057	-	(2,111,839)
BEGINNING FUND BALANCE	3,779,256	27,146	1,891,062	1,269,980	509,931	111,502	426,640	1,210,316	534,824	1,673	1,716	171,217	-	9,935,263
EQUITY TRANSFER TO INTERNAL SERVICE FUNDS	-	-	(34,658)	-	-	-	-	-	-	-	-	-	-	(34,658)
ENDING FUND BALANCE	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity Transfers	111,502	16,473	2,834,971	(1,181,125)	-	(111,502)	-	(1,196,784)	(473,537)	-	-	-	-	-
Restricted	-	-	2,581,933	-	605,781	-	-	352,136	-	-	623	-	-	3,540,473
Assigned	-	-	-	-	-	-	391,211	-	-	-	-	339,274	-	730,485
Unassigned	3,517,806	-	-	-	-	-	-	-	-	-	-	-	-	3,517,806
FUND BALANCE, June 30, 2025	\$ 3,517,806	\$ -	\$ 2,581,933	\$ -	\$ 605,781	\$ -	\$ 391,211	\$ 352,136	\$ -	\$ -	\$ 623	\$ 339,274	\$ -	\$ 7,788,764

DOUGLAS EDUCATION SERVICE DISTRICT

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds to the Statement of Activities**

For the Year Ended June 30, 2025

Net changes in fund balances - total governmental funds \$ (2,111,839)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense.

Current Year Additions	\$	21,541	
Current Year Depreciation		<u>(499,645)</u>	
			<u>(478,104)</u>

Some property tax revenues will not be collected for several months after the District's fiscal year end and are therefore not considered "available" revenues in the governmental funds, instead these funds are shown as deferred revenue. However, these funds are recorded as revenue in the statement of activities.

44,203

Interfund transfers and equity transfers to the internal service funds

160,575

In statement of Activities, contributions for other postemployment benefits greater than the actuarially determined contribution amount increases the other post-employment benefit obligation. In the governmental funds the entire contribution is recognized as an expenditure. This is amount by which net asset obligation decreased:

(36,446)

The net income of the internal service funds is reported with governmental activities

(325,680)

Changes in net pension liability, the related changes in deferred outflows and deferred inflows of resources are not recognized as expenses in the government funds:

(1,009,078)

Changes in net RHIA liability, the related changes in deferred outflows and deferred inflows of resources are not recognized as expenses in the government funds:

165,397

Long-term debt proceeds are reported as other financing sources in governmental funds. In the Statement of Net Assets, however, issuing long-term debt increases fund liabilities. Similarly, repayment of bond principal and capital leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Issuance of Long-term Debt		-	
Debt principal repaid			1,030,000

Change in Net Position - Governmental Activities \$ (2,560,972)

DOUGLAS EDUCATION SERVICE DISTRICT

Statement of Net Position - Proprietary Funds

June 30, 2025

	Business Type Activities Enterprise Funds Production Services Fund	Governmental Activities Internal Service Funds
ASSETS		
Current Assets:		
Cash and Investments	\$ 96,683	\$ 1,414,874
Accounts Receivable	12,642	502
Inventory	10,035	-
Total Assets	<u>119,360</u>	<u>1,415,376</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	2,634	-
Total Liabilities	<u>2,634</u>	<u>-</u>
NET POSITION		
Restricted		-
Unrestricted	<u>116,726</u>	<u>1,415,376</u>
Total Net Position	<u>\$ 116,726</u>	<u>\$ 1,415,376</u>

DOUGLAS EDUCATION SERVICE DISTRICTStatement of Revenues, Expenses and Changes in Net Position
Proprietary Funds

June 30, 2025

	Business Type Activities Enterprise Funds Production Services Fund	Governmental Activities Internal Service Funds
REVENUES:		
Rental Income	\$ -	\$ 181,144
Services Provided Other Funds	272,898	-
	<u>272,898</u>	<u>181,144</u>
EXPENSES:		
Operating:		
Fiscal Service	-	500
Internal Service	-	451,692
Other Fiscal Services		20,928
Supplemental Retirement Program		33,704
Printing, Publishing and Duplicating Services	-	
	335,475	
Total Operating Expenses	<u>335,475</u>	<u>506,824</u>
Net Income (Loss) Before Contributions and Transfers	(62,577)	(325,680)
Operating Transfers In (Out)	-	160,575
Change in Net Position	(62,577)	(165,105)
NET POSITION		
June 30, 2024	<u>179,303</u>	<u>1,545,823</u>
EQUITY TRANSFER IN		34,658
NET POSITION		
June 30, 2025	<u>\$ 116,726</u>	<u>\$ 1,415,376</u>

DOUGLAS EDUCATION SERVICE DISTRICTStatement of Cash Flows
Proprietary Funds

For the Year Ended June 30, 2025

	Business Type Activities Enterprise Funds Production Services Fund	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received for Services and Other Revenues	\$ 271,114	\$ 181,326
Cash paid to Employees	(121,757)	-
Cash paid for Employee Benefits	(71,577)	(54,846)
Cash paid for Purchased Services	(59,957)	(500)
Cash paid for Supplies and Materials	(74,442)	(446,162)
Cash paid for Capital Outlay	(7,940)	(5,530)
Cash paid for Other Expenses	(618)	
Net Cash Provided (Used) by Operating Activities	<u>(65,177)</u>	<u>(325,713)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers In	-	160,575
Equity Transfer	-	34,658
Net Cash flows provided by (used in) Noncapital Financing Activities	<u>-</u>	<u>195,233</u>
CASH AND INVESTMENTS, June 30, 2024	<u>161,860</u>	<u>1,545,354</u>
CASH AND INVESTMENTS, June 30, 2025	<u>\$ 96,683</u>	<u>\$ 1,414,874</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Net operating income	\$ (62,577)	\$ (325,680)
Change in Assets and Liabilities:		
Receivables, net	(1,784)	182
Accounts Payable	(815)	(214)
Net Cash Provided (Used) by Operating Activities	<u>\$ (65,177)</u>	<u>\$ (325,713)</u>

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The District qualifies as a primary government since it has a separately elected governing body, is a legally separate entity, and is fiscally independent. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) governmental organizations for which the primary government is financially accountable, but for which the nature and significance of their financial relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The District has no component units.

A. Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District. These statements include all the financial activities of the District. Eliminations have been made to minimize the double counting of internal activities. Governmental activities are financed primarily through property taxes, intergovernmental revenues, and charges for services.

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

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

Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Separate fund financial statements are provided for governmental funds and internal service funds.

Fund Financial Statements

The fund financial statements provide information about the District's funds. Separate statements for each governmental fund category are presented. The emphasis of fund financial statements is

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

on major governmental funds, each being displayed in a separate column. The District considers all government funds, major funds.

The District reports the following major governmental funds:

General Fund - This is the District's primary operating fund and accounts for all revenues and expenditures except those required to be accounted for in another fund. Principal revenue sources are an apportionment from the State of Oregon and property taxes.

Federal Resources Grant Fund – This fund is used to account for the expenditures and receipts of various Federal grants.

Grants Fund - This fund is used to account for the expenditures and receipts of various state and grants along with other projects and special revenue.

Early Intervention Grant Fund - This fund is used to account for the Early Intervention Grant Funds received through State and Federal Sources.

Early Learning Hub Fund - Fund accounts for private sourced contributions and related expenditures.

State Grant Fund – This fund is used to account for the expenditures and receipts of various state grants and related expenditures.

Student Investment Fund – This fund is to account for expenditures and receipts supporting students of various needs.

High School Success Fund – This fund is to account for expenditures and receipts supporting high school students deemed in need.

Reimbursement Fund – This fund is to account for the revenues received from other districts for reimbursement of substitute's wages, business services contracted out to other districts, special education services and superintendent services to outside districts.

FF&C Services Fund – The ESD Board of Directors authorized a Full Faith and Credit Financing Agreement to secure a loan for capital improvements on an existing building, as well as the purchase of an additional building for program use. An assessment on wages paid by each fund provides the revenue to repay the debt, which is transferred to this debt service fund.

Debt Service Fund (PERS) - The ESD Board authorized the bonding of a portion of the ESD's unfunded actuarial liability with the Oregon Public Employees Retirement System. An assessment on wages paid by each fund provides the revenue to repay the debt.

Capital Improvement Fund – This fund is to account for capital improvements for the district. Originally created to account for the remodel (leasehold improvements) of the library building owned by the City of Roseburg for ESD offices.

Facility Maintenance Fund – This fund is used for the eventual maintenance for parts of the facility that would require substantial resources. Departments may allocate transfers from their general fund budgets to this fund for future use.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The District reports the following enterprise funds:

Production Services Fund - Provides a full-service print shop, operated on a cost recovery basis.

The District reports the following internal service funds:

Unemployment Reserve Fund - This fund accounts for revenues and expenditures for unemployment insurance claims paid to the State of Oregon. The revenues are provided by assessments to wage accounts.

Early Retirement Fund - An early retirement plan was adopted by the ESD Board in the 1984 calendar year. On April 18, 2002, the plan was discontinued for new hires. In the collective bargaining agreement with DESD, the plan phased out with specific benefits outlined for existing employees. This fund is established to fund the liability for these benefits. The revenues are provided by assessments to wage accounts.

Computer Replacement Fund - This fund accounts for revenue and expenditures related to replacement of technology equipment. The revenues are provided by assessments to other funds.

Telephone Replacement Fund – This fund accounts for revenues and expenditures related to software and phone services.

Vehicle Replacement Fund – This fund accounts for revenues and expenditures related to the repair and purchase of vehicles.

Facility Reserve Fund – This fund account for revenues and expenditures related to the facility. The revenues are provided by assessments to other funds.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements - The government-wide financial statements are reported using the *economic resource measurement focus* and the *accrual basis of accounting*, as is the proprietary financial statements. 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 grantor or provider have been met. As a general rule the effect of interfund activity has been eliminated from the governmental-wide financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Fund Financial Statements - Governmental fund financial statements are reported using the *current financial resources measurement focus* and *modified accrual basis of accounting*. Under this method of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenue available if collected within 60 days after year end.

Expenditures are recorded when the related fund liability is incurred, except for expenditures for principal and interest on long-term debt which is recognized when due, certain compensated absences which are recognized when the obligations are expected to be liquidated with expendable available financial resources, and early retirement benefits which are recorded when paid.

The District reports deferred revenue on its combined balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period.

Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures.

In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue recognized. Delinquent property taxes and property taxes for which there is an enforceable legal claim which are not collected within 60 days of the fiscal year end, are recorded as deferred revenue.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide and fiduciary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Standards Board.

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.

C. Cash and Investments

The District's cash and investments include amounts in demand deposits, certificates of deposit, savings accounts, secured market deposit accounts and the State Pool. The District's cash management policies are governed by state statutes which authorize the District to invest in bankers' acceptances, time certificates of deposit, re-purchase agreements, obligations of the United States and its agencies and instrumentalities, and the Oregon State Treasurer's Local Government Investment Pool. The Local Government Investment Pool is included in the Oregon Short Term Fund which was established by the State Treasurer. The Oregon Short Term Board and the Oregon Investment Council regulate OSTF investments (ORS 294.805-294.895). Cash is stated at cost while investments are stated at fair market value.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Property Taxes Receivable

Property taxes receivable which has been collected within sixty days subsequent to the year-end are considered measurable and available and are therefore recognized as revenue in the fund statements. All other property taxes receivable are offset by deferred revenue and, accordingly, have not been recorded as revenue in the fund statements. Both real and personal property taxes attach as an enforceable lien on property as of July 1. All taxes are levied as of the lien date and are payable in three installments on November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15, or February 15. Taxes unpaid and outstanding after May 15 are considered delinquent.

Uncollected property taxes are deemed to be substantially collectible or recoverable through liens, therefore, no provision for uncollectibles has been made in the government-wide financial statements.

E. Receivables

Accounts receivable represent federal and state grants and entitlements, as well as various miscellaneous fees and refunds. Due to the nature of the receivables and the likelihood of collection, no provision for uncollectibles has been made.

F. Grants

Unreimbursed expenditures due from grantor agencies are reflected in the basic financial statements as receivables and revenues.

G. Inventory

Inventories of supplies and materials in the governmental funds are stated at cost. Inventory items are charged to expenditures of the user department at the time of withdrawal from inventory (consumption method).

H. Capital Assets

Capital assets which include land and improvements, buildings and improvements, vehicles, furniture, and equipment, are reported in the government-wide financial statements.

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

Print Shop Equipment	25 years
Buildings and Improvements	50 years
Office Equipment	5 years
Vehicle	5 years

Capital assets are defined by the District as assets with an initial, individual cost in excess of \$5,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost, or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of the donation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Proceeds from sales of capital assets are recorded as revenue in the fund originally financing the purchase if identifiable; if not, then the revenue is recorded in the General Fund.

I. Retirement Plan

Substantially all of the District's employees are participants in the State of Oregon Public Employees Retirement System (PERS). Contributions to PERS are made on a current basis as required by the plan and are charged as expenses/expenditures as funded. GASB Statements 68 and 71 have been implemented as of July 1, 2015.

J. Post-Employment Health Care Benefits

Eligible employees who elect early retirement are entitled to participate in the District's group medical insurance plan. Eligible employees in the early retirement plan have a portion of such costs paid by the District.

K. Compensated Absences

The District's employee vacation and sick leave policies generally provide for granting vacation and sick leave with pay. The current and long-term liabilities for vested or accumulated vacation leave, compensatory time, and retirement benefits are reported on the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee leave or resignation.

No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

L. Fund Balance & Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for expenditures or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

M. Long-Term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)N. Use of Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures for the reporting period. Actual results may differ from those estimates.

2. BUDGETS

Operating budgets are adopted each year for the General and Special Revenue Funds on a modified accrual basis of accounting, consistent with Oregon Budget Laws.

The District begins its budget process early in each fiscal year with the establishment of the budget committee. Recommendations for a proposed budget are developed through early spring with the budget committee approving the budget in late spring. Public notices of the budget committee meetings and budget hearing are published generally in late spring with a public hearing being held within 25 days. The budget is adopted, appropriations are made and the tax levy declared no later than June 30 of each year.

The resolution making appropriations for each fund is enacted in the major program areas of instruction, support services, community and enterprise services, interagency fund transactions, debt service and contingency. Under State law, the appropriation levels become the legal spending control levels for District operations, and, therefore, no greater expenditure of public money may be made for any purpose other than that for which it was appropriated except where specifically provided by statute. Management may, however, make line-item changes at any time within appropriation categories without formal action. If, during the year, the District receives unanticipated revenues that cannot be spent without budget authorization, a supplemental budget is prepared to authorize the spending of the additional revenues. Original and supplemental budgets may be modified by the use of appropriation transfers made within a given fund or from the General Fund to another fund when authorized by Board resolution. The budget data reflected in the combined financial statements and the individual fund financial statements reflect the effects of such approved transfers. All annual appropriations lapse at fiscal year-end.

3. CASH & INVESTMENTSCash DepositsCash Deposits

Deposits with Financial Institutes	\$ 4,716,205
Cash in State Pool	101,974
	<u>\$ 4,818,179</u>

The District's cash management policies are governed by state statutes. Statutes authorize the District to invest in bankers' acceptances, time certificates of deposit, repurchase agreements, obligations of the United States and its agencies and instrumentalities, and the Oregon State Treasurer's Local Government Investment Pool. Deposits in excess of \$250,000 are covered by Oregon Revised Statute Chapter 295 which require the depository institution to maintain on deposit securities having a value sufficient to cover all public funds in their institution and must apply and be approved by the State of

3. CASH & INVESTMENTS (Cont'd)

Oregon. Wells Fargo Bank, NA is an approved financial institution and as such, at June 30, 2025 the District was in compliance.

Investments

The Local Government Investment Pool (LGIP) is included in the Oregon Short Term Fund (OSTF), which was established by the State Treasurer. OSTF is not subject to SEC regulation and does not receive credit quality ratings from nationally recognized statistical rating organizations. OSTF is subject to requirements established in Oregon Revised Statutes, investment policies adopted by the Oregon Investment Council, and portfolio guidelines established by the Oregon Short Term Fund Board. The Governor appoints the members of the Oregon Investment Council and the Oregon Short Term Fund Board. The OSTF financial statements are available at <http://www.ost.state.or.us/>. The fair value of the District's deposit with the LGIP approximates the cost.

The Local Government Investment Pool is included in the Oregon Short Term Fund (OSTF), which was established by the State Treasurer. The Oregon Short Term Fund Board and the Oregon Investment Council regulate OSTF investments (ORS 294.805 to 294.895).

The District has no formal investment policy to deal with the interest rate risk and credit risk. In practice, the District has limited the investments in the LGIP and Certificates of Deposits that mature within one year. The District may redeem any money invested in the LGIP at any time.

Credit Risk. The LGIP's portfolio concentration of credit risk at June 30, 2025 included:

LGIP credit risk data:

U.S. Government & Agency Securities	19.06%
Municipal Government Securities	2.27%
Non-U.S. Government Debt	14.58%
Corporate Securities	29.64%
Corporate Obligations	0.00%
Asset-backed Securities	21.48%
Certificates of Deposits	0.85%
Cash in Banks	1.17%

Interest Rate Risk. While the District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, it has historically invested only in the LGIP.

LGIP investments as of June 30, 2025

mature within 93 days	88.57%
mature within 94 days to one year	7.01%
mature one year and beyond	4.42%

Douglas Education Service District

Notes to

Financial Statements

at

June 30, 2025

4. CAPITAL ASSETS

A summary of capital asset activity for the fiscal year ended June 30, 2025 follows:

	<u>July 01, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2025</u>
<u>Governmental Activities</u>				
Assets Not Being Depreciated:				
Land	\$ 51,996	\$ -	\$ -	\$ 51,996
Assets Being Depreciated:				
Vehicles	263,103	-	-	263,103
Buildings & Improvements	9,754,975	-	-	9,754,975
Equipment	2,465,951	21,541	-	2,487,492
Media Library	24,466	-	-	24,466
Total Depreciable Assets	12,508,495	21,541	-	12,530,036
Depreciation				
Vehicles	(213,813)	(21,166)	-	(234,979)
Building Improvements	(1,841,088)	(230,544)	-	(2,071,632)
Equipment	(1,885,815)	(245,154)	-	(2,130,969)
Media Library	(17,861)	(2,781)	-	(20,642)
Total Depreciation	(3,958,577)	(499,645)	-	(4,458,222)
Net Value of Capital Assets				-
Being Depreciated	8,549,918	(478,104)	-	8,071,814
Total Governmental Activities				
Net Value of Capital Assets	<u>\$ 8,601,914</u>	<u>\$ (478,104)</u>	<u>\$ -</u>	<u>\$ 8,123,810</u>

5. LONG-TERM DEBT

	<u>Original Issue</u>	<u>Outstanding June 30, 2025</u>
Pension bonds - issued April 2003, due in installments of \$166,131 to \$682,824, including interest paid at 1.5% to 6.27% through 2028	<u>\$4,597,617</u>	<u>\$ 1,495,000</u>

The district paid \$623,884 in the fiscal year ending June 30, 2025. The payment included interest of \$113,884 and principal of \$510,000.

The pension bonds will be paid from revenues in the debt service fund generated by charges to other funds.

Future maturities for the pension bonds are as follows:

<u>Governmental Activities</u>			
<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	565,000	84,916	649,916
2027	630,000	52,824	682,824
2028	300,000	17,040	317,040
Total	<u>\$ 1,495,000</u>	<u>\$ 154,780</u>	<u>\$ 1,649,780</u>

Douglas Education Service District

Notes to

Financial Statements

at

June 30, 2025

5a. CERTAIN DISCLOSURES RELATED TO DEBT, INCLUDING DIRECT BORROWINGS AND DIRECT PLACEMENTS - GASB 88

The district borrowed funds in December 2020 for capital improvements through J.P. Morgan Chase Bank.

	Original Issue	Outstanding June 30, 2025
Long Term Note Payable for Capital Improvements of \$7,706,000 to \$8,570,882, including interest paid at 1.75% through 2035.	<u>\$ 7,706,000</u>	<u>\$ 5,440,000</u>

Future maturities for the loan are as follows:

Governmental Activities			
Year Ended June 30,	Principal	Interest	Total
2026	529,000	95,200	624,200
2027	539,000	85,943	624,943
2028	549,000	76,510	625,510
2029	558,000	66,902	624,902
2030	568,000	57,138	625,138
2029-2035	2,697,000	260,015	2,957,015
Total	<u>\$5,440,000</u>	<u>\$ 641,708</u>	<u>\$6,081,708</u>

6. PENSION PLAN

General Information about the Pension Plan

Plan Description

Employees of the district are provided with pensions through the Oregon Public Employees Retirement System (OPERS) a cost-sharing multiple-employer defined benefit pension plan, the Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues a publicly available Comprehensive Annual Financial Report and Actuarial Valuation that can be obtained at <http://www.oregon.gov/pers/Pages/section/financialreports/financials.aspx>.

Benefits Provided

1. Tier One/Tier Two Retirement Benefit ORS Chapter 238

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, 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.

6. PENSION PLAN (Cont'd)

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. Tier Two 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.

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 conditions are met:

- the member was employed by a PERS employer at the time of death
- the member died within 120 days after termination of PERS-covered employment
- the member died as a result of injury sustained while employed in a PERS-covered job, or
- the member was on an official leave of absence from a PERS-covered job at the time of death.

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 when determining the monthly benefit.

Benefit Changes

After Retirement Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

2. OPSRP Pension Program (OPSRP DB)

Pension Benefits

The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003. 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:

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 OPSRP 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.

6. PENSION PLAN (Cont'd)

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.

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.

Benefit Changes After Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

3. OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

Death Benefits

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

Recordkeeping

OPERS contracts with VOYA Financial to maintain IAP participant records.

6. PENSION PLAN (Cont'd)

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. This 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, 2020 actuarial valuation as subsequently modified by 2015 legislated changes in benefit provisions. The rates based on a percentage of payroll, first became effective July 1, 2021. Employer contributions for the year ended June 30, 2025 were \$4,961,360, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2025 were 24.19 percent for Tier One/Tier Two General Service Member, 21.35 percent for OPSRP Pension Program General Service Members, and 6 percent for OPSRP Individual Account Program.

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

At June 30, 2025, the district reported a liability of \$28,968,825 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022 rolled forward to June 30, 2024. The district's proportion of the net pension liability was based on a projection of the district's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2024, the district's proportion was 0.13033 percent, which was decreased from its proportion of 0.13827 measured as of June 30, 2023.

For the year ended June 30, 2025, the district's recognized pension income is \$165,397.

At June 30, 2025, the district reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

OPSRP Individual Account Program (OPSRP IAP)

	Deferred Outflows of Resources	Deferred inflows of Resources
Differences between expected and actual experience	\$ 1,716,135	\$ 69,139
Changes of assumptions	2,912,535	3,731
Net difference between projected and actual earnings on investments	1,840,330	-
Changes in proportion	1,723,132	1,057,005
Difference between employer contributions and proportionate share of contributions	640,671	1,021,589
Total(prior to post-MD contributions)	8,832,803	2,151,464
Contributions subsequent to the MD	4,961,360	
Total	<u>\$ 13,794,163</u>	<u>\$ 2,151,464</u>

6. PENSION PLAN (Cont'd)

Deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Deferred Outflows		Deferred Inflows	
Amortization Period		Amortization Period	
FY2023	\$ 376,237	FY2023	\$ -
FY2024	3,500,427	FY2024	-
FY2025	1,820,311	FY2025	-
FY2026	843,019	FY2026	-
FY2027	141,345	FY2027	-
Thereafter	-	Thereafter	-
	<u>\$ 6,681,339</u>		<u>\$ -</u>

Actuarial Assumptions

The employer contribution rates effective July 1, 2024, through June 30, 2025 and effective July 1, 2023, through June 30, 2024, were set using the projected unit credit 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 (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) 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 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution 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 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.

The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

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

Long-term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 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.

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6. PENSION PLAN (Cont'd)

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.

<u>Asset Class/Strategy</u>	<u>Assumed Asset Allocation</u>		
	<u>Low Range</u>	<u>High Range</u>	<u>Target</u>
Debt Securities	20.0%	30.0%	25.0%
Public Equity	22.5%	32.5%	27.5%
Real Estate	9.0%	16.5%	12.5%
Private Equity	17.5%	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%

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic</u>	<u>20-Year Annualized</u>	<u>Annual Standard</u>
Global Equity	27.50%	8.57%	7.07%	17.99%
Private Equities	25.50%	12.89%	8.83%	30.00%
Core Fix Income	25.00%	4.59%	4.50%	4.22%
Real Estate	12.25%	6.90%	5.83%	15.13%
Master Limited Partnerships	75.00%	9.41%	6.02%	27.04%
Infrastructure	1.50%	7.88%	6.51%	17.11%
Hedge Fund of Funds - Multistrategy	1.25%	6.81%	6.27%	9.04%
Hedge Fund of Equity - Hedge	0.63%	7.39%	6.48%	12.04%
Hedge Fund - Macro	5.62%	5.44%	4.83%	7.49%
Total	100%			

Assumed Inflation - Mean	2.35%	1.41%
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Depletion Date Projection

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

6. PENSION PLAN (Cont'd)

The following circumstances justify an alternative evaluation of sufficiency for PERS:

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.

Depletion Date Projection

- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is our independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

Discount Rate

The discount rate used to measure the total pension liability was 6.9 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the 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 6.9 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 1-percentage-point lower (5.9 percent) or 1-percentage-point higher (7.9 percent) than the current rate:

	<u>1% Decrease (5.9%)</u>	<u>Discount Rate (6.9%)</u>	<u>1% Increase (7.9%)</u>
District's proportionate share of the net pension liability (asset)	\$ 42,779,146	\$ 25,898,318	\$ 11,770,855

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

6. PENSION PLAN (Cont'd)

Changes in Plan Provisions During the Measurement Period

The Oregon Supreme Court on April 30, 2015, ruled that the provisions of Senate Bill 861, signed into law in October 2013, that limited the post-retirement COLA on benefits accrued prior to the signing of the law was unconstitutional. Benefits could be modified prospectively, but not retrospectively. As a result, those who retired before the bills were passed will continue to receive a COLA tied to the Consumer Price Index that normally results in a 2% increase annually. OPERS will make restoration payments to those benefit recipients.

OPERS members who have accrued benefits before and after the effective periods of the 2013 legislation will have a blended COLA rate when they retire.

This change in benefit terms were reflected in the current valuation.

Changes in Plan Provisions Subsequent to Measurement Date (GASB 68)

Subsequent to the June 30, 2022 measurement date, Oregon Senate Bill 1049 was passed. The bill re-amortized Tier 1 and Tier 2 Unfunded Accrued Liabilities, on a one-time basis, from 22-years after which point the amortization schedule for these two benefit plans revert to 20-years on January 2, 2020.

6a. OTHER POST EMPLOYMENT BENEFITS RHIA (GASB 75)

Plan Description:

As a member of Oregon Public 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 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.

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6a. OTHER POST EMPLOYMENT BENEFITS RHIA (GASB 75) (Cont'd)

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

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

Year ending June 30	Amount
1st Fiscal Year	\$ (134,267)
2nd Fiscal Year	5,562
3rd Fiscal Year	7,392
4th Fiscal Year	1,577
5th Fiscal Year	-
Thereafter	-
Total	<u>\$ (119,737)</u>

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS Retirement Health Insurance Account Cost-Sharing Multiple-Employer Other Postemployment Benefit (OPEB) Plan Schedules of Employer Allocations and OPEB Amounts by Employer report, as of and for the Year Ended June 30, 2024. That independently audited report was dated November 27, 2024 and can be found at: <https://www.oregon.gov/pers/Documents/Financials/ACFR/2024-ACFR.pdf>.

Actuarial Methods and Assumptions

Valuation Date, Measurement Date	December 31, 2022 rolled forward to June 30, 2024
Experience Study Report	2021, Published July 20, 2022
Actuarial Assumptions:	
Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.40%
Long Term Expected Rate of Return	6.90%
Investment Rate of Return	6.90%
Projected Salary Increases	3.4
Retiree Healthcare Participation	Healthy Retirees 27.5%, Disabled Retirees 15.0%
Mortality	Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

6a. OTHER POST EMPLOYMENT BENEFITS RHIA (GASB 75) (Cont'd)

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 in the 2021 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 was 6.9 percent. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments for the RHIA plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumption 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.

<u>Asset Class/Strategy</u>	<u>Assumed Asset Allocation</u>		
	<u>Low Range</u>	<u>High Range</u>	<u>Target</u>
Debt Securities	20.0%	30.0%	25.0%
Public Equity	22.5%	32.5%	27.5%
Real Estate	9.0%	16.5%	12.5%
Private Equity	17.5%	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%

6a. OTHER POST EMPLOYMENT BENEFITS RHIA (GASB 75) (Cont'd)

<u>Long-Term Expected Rate of Return</u> ¹				
Asset Class	Target Allocation	Annual Arithmetic Return ²	20-Year Annualized Geometric Mean	Annual Standard Deviation
Global Equity	27.50 %	8.57 %	7.07 %	17.99 %
Private Equity	25.50	12.89	8.83	30.00
Core Fixed Income	25.00	4.59	4.50	4.22
Real Estate	12.25	6.90	5.83	15.13
Master Limited Partnerships	0.75	9.41	6.02	27.04
Infrastructure	1.50	7.88	6.51	17.11
Hedge Fund of Funds - Multistrategy	1.25	6.81	6.27	9.04
Hedge Fund Equity - Hedge	0.63	7.39	6.48	12.04
Hedge Fund - Macro	5.62	5.44	4.83	7.49
Assumed Inflation - Mean			2.35 %	1.41 %

¹ Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, including revisions adopted at the OIC meeting on January 25, 2023.

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

Sensitivity of the District's proportionate share of the net OPEB liability/(asset) to changes in the discount rate - The following presents the District's proportionate share of the net OPEB liability/(asset) calculated using the discount rate of 6.9 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 1-percentage-point lower (5.9 percent) or 1-percentage-point higher (7.9 percent) than the current rate.

	1% Decrease (5.9%)	Discount Rate (6.9%)	1% increase (7.9%)
District's proportionate share of the net RHIA liability (asset)	\$ (447,935)	\$ (483,890)	\$ (514,848)

Changes Subsequent to the Measurement Date

The current assumed rate is 6.9 percent and has been in effect since January 1, 2022.

7. OTHER POST-EMPLOYMENT BENEFITS (OPEBs)

Early Retirement

Funding Policy - The benefits from this program are fully paid by the District and, consequently, no contributions by employees are required. The Early Retirement Fund also accounts for resources and payment of post-employment health care benefits for early retirees.

7. OTHER POST-EMPLOYMENT BENEFITS (OPEBs) (Cont'd)

Post-Employment Health Care Benefits

Plan Description - The District, as a result of collective bargaining agreements, offers post-employment health care benefits for all employees who have completed 10 years of continuous service and are between age 58 and 65, are eligible for full PERS benefits, and elected to retire prior to December 31, 2005.

For these retirees, benefits are fully paid by the District and are available until the retiree is eligible for Medicare.

Effective January 1, 2006, the District's retiree insurance became \$300 per month for major medical coverage. The amount contributed by the District increased by the same percentage as the District's contribution toward regular bargaining unit employees' insurance premiums, up to a maximum of 5% on each insurance anniversary date.

Contributions - Contributions are financed by a transfer from the General Fund. Transfers from the General Fund in fiscal years 2025 and 2024 were \$0 and \$0, respectively. Expenditures are recorded on the pay-as-you-go basis. The cost of these benefits in fiscal years 2025 and 2024 amounted to approximately \$36,446 and \$39,431, respectively.

Post-Employment Health Insurance Subsidy

The District implemented GASB Statement 45, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions (OPEB) for the fiscal year ended June 30, 2010. This implementation allows the District to report its liability for other post-Employment benefits consistent with established generally accepted accounting principles and to reflect an actuarially determined liability for the present value of projected future benefits for retired and active employees on the financial statements.

Plan Description - The District operates a single-employer retiree benefit plan that provides post-employment health, dental vision and life insurance benefits to eligible employees and their spouses.

There are 15 total active members in the plan. Benefits and eligibility for members are established through the collective bargaining agreements.

The District's post-retirement healthcare plan was established in accordance with Oregon Revised Statutes (ORS) 243.303. ORS stipulate that for the purpose of establishing healthcare premiums, the rate must be based on all plan members, including both active employees and retirees. The difference between retiree claims costs, which because of the effect of age is generally higher in comparison to all plan members, and the amount of retiree healthcare premiums represents the District's implicit employer contribution.

Funding Policy - The benefits from this program are paid by the retired employees on a self-pay basis and the required contribution is based on projected pay-as-you go financing requirements. There is no obligation on the part of the District to fund these benefits in advance.

Annual OPEB Cost and Net OPEB Asset - The District's annual other post-employment benefit cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance within the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any

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7. OTHER POST-EMPLOYMENT BENEFITS (OPEBs) (Cont'd)

unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the OPEB obligation at the end of the year:

	2025	2024	2023	2022
Actual Contribution	\$ -	\$ -	\$ -	\$ -
Actual Expense	(33,704)	(37,943)	(26,319)	(16,440)
Excess Contribution	(33,704)	(37,943)	(26,319)	(16,440)
Annual Required Contribution	36,446	39,431	37,942	6,832
Actual Expense	(33,704)	(37,943)	(26,319)	(16,440)
Net Annual OPEB (ARC-Actual Expense)	(2,742)	(1,488)	11,623	9,608
Net Increase in OPEB Asset	(36,446)	(39,431)	(37,942)	(6,832)
Net Assets at Beginning of Year	113,771	153,202	191,144	197,976
	<u>\$ 77,325</u>	<u>\$ 113,771</u>	<u>\$ 153,202</u>	<u>\$ 191,144</u>

The District's annual OPEB cost, the contribution, the percentage of annual OPEB cost contributed to the plans, and the net OPEB obligation for 2025 and 2024, were as follows:

Fiscal Year Ended June 30	Annual OPEB Cost	Prior Year and Current Year Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Asset
2017	\$ 4,353	\$ -	0%	\$ 208,686
2018	\$ 1,369	\$ -	0%	\$ 207,317
2019	\$ 2,257	\$ -	0%	\$ 205,060
2020	\$ 2,194	\$ -	0%	\$ 202,866
2021	\$ 4,890	\$ -	0%	\$ 197,976
2022	\$ 6,832	\$ -	0%	\$ 191,144
2023	\$ 37,942	\$ -	0%	\$ 153,202
2024	\$ 39,431	\$ -	0%	\$ 113,771
2025	\$ 36,446	\$ -	0%	\$ 77,325

Actuarial Methods and Assumptions. The actuarial cost method used to determine the cost and liabilities for this plan was the aggregate cost method. Under this method, the unfunded value of all benefits expected to be paid from the plan is spread over the expected working career of all participants in such a way that annual costs are expected to remain level.

In the June 30, 2024 actuarial valuation, (the last actuarial valuation performed) the entry age actuarial cost method was used. It is not deemed necessary to continue to have the actuarial valuation completed each year due to the cost to benefit valuation of the information it would provide compared to the current method of having the District's CFO perform the calculation. The original actuarial assumptions included a discount rate of 1% and a 100% assumption of participants who elect medical coverage at retirement. They also assume medical and prescription drug costs would increase at 5% inflation for the current year, and future years. The demographic assumptions, such as mortality rates, disability incidence rates, retirement rates, and withdrawal rates, are the same as those used by Oregon PERS for School Districts.

8. CLAIMS AND LITIGATION

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

Management has represented that here are no contingent liabilities that require disclosure or recognition in accordance with FASB Statement No. 5. Such contingent liabilities would include, but would not be confined to: notes or accounts receivable which have been discounted; pending suits; proceedings, hearings, or negotiations possibly involving retroactive adjustments; unsatisfied judgments or claims; taxes in dispute; endorsements or guarantees; and options.

9. RISK

To reduce the risk of loss from liability, fire, theft, accident, medical costs, errors and omissions, the District maintains various commercial insurance. No settlements exceeded insurance coverage in each of the three preceding years.

10. INTERFUND TRANSFERS

The transfers between funds were operational in nature. The following is a summary of interfund transfers reported in the fund financial statements:

	<u>INTERFUND</u>	
	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 50,000	\$ 70,000
Grants Project Fund	-	155,575
Early Intervention Fund	-	-
Facility Maintenance Fund	15,000	622,585
FF&C Series Fund	622,585	-
Capital Improvement Fund	-	-
Computer Replacement Fund	105,575	-
Telephone maintenacne Fund	50,000	
Vehicle Fund	5,000	
Facility Reserve Fund	-	-
	<u>\$ 848,160</u>	<u>\$ 848,160</u>

11. GASB STATEMENT NO. 54

GASB Statement 54 requires analysis and presentation of fund balance in five categories. The fund balance categories are:

- Non-Spendable – Includes items not immediately converted to cash, such as prepaid items and inventory.
- Restricted – Includes items that are restricted by external creditors, grantors or contributors, or restricted by legal constitutional provisions.
- Committed – Includes items committed by the District's Board of Education, by formal board action.
- Assigned – Includes items assigned for specific uses, authorized by the District's

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11. GASB STATEMENT NO. 54 (Cont'd)

Superintendent and/or Director of Finance Operations.

- Unassigned – This is the residual classification used for those balances not assigned to another company.

Below is a schedule of ending fund balance, based on GASB Statement No. 54

	General Fund	Grant Fund	Early Learning Fund	FF & C Series Fund	State Funds	Debt Service Fund	Facility Maintenance Fund	Total Governmental Funds
Fund Balances:								
<u>Restricted:</u>								
Federal Sourced Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grant Fund	-	2,581,933	-	-	-	-	-	2,581,933
Early Intervention	-	-	-	-	-	-	-	0
Early Learning	-	-	605,781	-	-	-	-	605,781
Reimbursement	-	-	-	-	-	-	-	-
Capital Improvement Fund	-	-	-	-	-	-	-	-
Debt Service Fund	-	-	-	623	-	-	-	623
LGBTQ	-	-	-	-	352,136	-	-	352,136
Capital Improvement Fund	-	-	-	-	-	-	-	-
Student Investment Fund	-	-	-	-	-	-	-	-
High School Success	-	-	-	-	-	-	-	-
	-	2,581,933	605,781	623	352,136	-	-	3,540,473
<u>Assigned to:</u>								
Debt Service Fund	-	-	-	-	-	339,274	-	339,274
Facility Maintenance Fund	-	-	-	-	-	-	391,211	391,211
	-	-	-	-	-	339,274	391,211	730,485
<u>Unassigned:</u>	3,517,806	-	-	-	-	-	-	3,517,806
Total Fund Balances	\$ 3,517,806	\$ 2,581,933	\$ 605,781	\$ 623	\$ 352,136	\$ 339,274	\$ 391,211	\$ 7,788,764

GASB 54 implementation required Board approved action to authorize commitments of fund balance. There were no commitments made for the last fiscal year.

The Board of Education also authorized the Superintendent and the Business Manager to make assignments of ending fund balance. Assignments of fund balance can be done at any time, including after the fiscal year-end date.

Finally, GASB 54 requires a spending policy, as it related to ending fund balance. The spending policy states in what order fund balance categories are spent. The Board of Education approved the following fund balance order of spending policy:

1. Restricted Fund Balance
2. Committed Fund Balance
3. Assigned Fund Balance
4. Unassigned Fund Balance

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June 30, 2025

12. TAX ABATEMENT (GASB 77)

Douglas County, Oregon has entered into tax abatement programs with businesses that operate and/or own property within the country. These programs reduce the amount of property taxes assessed and it results in Douglas Education Service District not receiving \$28,207 in property tax revenue for 2024-2025. However, the District's tax decrease from property tax abatement is offset with an increase from state school support effectively making a zero-net effect in funding.

13. SUBSEQUENT EVENTS

Management of the District has evaluated events and transactions occurring after June 30, 2025 through the date the financial statements were available for issuance, for recognition auditor disclosure in the financial statements. As of February 2, 2026 there no reportable subsequent events.

Required Supplementary Information

DOUGLAS EDUCATION SERVICE DISTRICT**Budgetary Comparison Schedule for the General Fund****For the Year Ended June 30, 2025**

	<u>Actual</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Over (Under) Budget</u>
REVENUES:				
Local Sources:				
Tax Levy-Current Year & Offsets	\$ 5,534,105	\$ 5,415,000	\$ 5,415,000	\$ 119,105
Tax Levy-Prior Years	162,883	-	-	162,883
Payments in Lieu of Property Taxes	5,163	-	-	5,163
Earnings on Investments	420,035	100,000	100,000	320,035
Services Provided Other Districts	2,856,613	1,743,779	3,617,800	(761,187)
District Reimbursement	4,312	-	-	4,312
Recovery of Prior Year Expenditures	-	10,000	10,000	(10,000)
Services Provided to Other Funds	219,595	-	-	219,595
Fees Charged to Grants	2,096,488	1,700,000	\$ 1,700,000	396,488
Miscellaneous	21,544	15,000	15,000	6,544
Total Local Sources	<u>11,320,738</u>	<u>8,983,779</u>	<u>10,857,800</u>	<u>462,938</u>
State Sources:				
State School Fund-General Support	2,105,582	2,500,000	2,500,000	(394,418)
Other Restricted Grants-In-Aid	120,000	-	-	120,000
Total State Sources	<u>2,225,582</u>	<u>2,500,000</u>	<u>2,500,000</u>	<u>(274,418)</u>
Federal Sources				
Federal Forest Fees	13,908	-	-	13,908
Total Federal Sources	<u>13,908</u>	<u>-</u>	<u>-</u>	<u>13,908</u>
Total Revenues	<u>13,560,228</u>	<u>11,483,779</u>	<u>13,357,800</u>	<u>202,428</u>
EXPENDITURES: Schedule C-2	<u>13,983,180</u>	<u>14,192,244</u>	<u>16,066,265</u>	<u>(2,083,085)</u>
Excess of Revenues Over (Under) Expenditures	<u>(422,952)</u>	<u>(2,708,465)</u>	<u>(2,708,465)</u>	<u>2,285,513</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfer In	50,000	200,000	200,000	(150,000)
Total Other Financing Sources	<u>50,000</u>	<u>200,000</u>	<u>200,000</u>	<u>(150,000)</u>
Excess of Revenues Over (Under) Expenditures and Other Financing Sources	<u>(372,952)</u>	<u>(2,508,465)</u>	<u>(2,508,465)</u>	<u>2,135,513</u>
FUND BALANCE, June 30 2024	<u>3,779,256</u>	<u>2,508,465</u>	<u>2,508,465</u>	<u>1,270,791</u>
Equity Transfers from Reimbursement Fund	111,502	-	-	111,502
FUND BALANCE, June 30, 2025	<u>\$ 3,517,806</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,517,806</u>

DOUGLAS EDUCATION SERVICE DISTRICT

**Budgetary Comparison of General Fund Expenditures
For the Year Ended June 30, 2025**

	Salaries	Employees Benefits	Purchased Services	Supplies and Materials	Capital Outlay
INSTRUCTION:					
Regular Programs:					
Learning Centers - Complex Needs	\$ 224,720	\$ 143,739	\$ 16,757	\$ 930	\$ -
Treatment and Habilitation	391,485	244,371	6,184	10,492	-
Total Instruction	616,205	388,110	22,941	11,422	-
SUPPORT SERVICES:					
Students:					
Guidance Services	34,951	14,799	2,012	-	-
Nursing Services	403,637	269,674	94,778	2,417	-
Psychological Testing Services	284,118	181,150	13,977	1,375	-
Speech Pathology Services	1,211,957	735,032	1,704,505	28,564	-
Other Speech Pathology and Audiology Services	35,661	25,394	618	-	-
Other Student Treatment Services	759,793	478,593	29,549	5,981	-
Service Direction, Student Support Services	72,445	76,113	125,482	2,161	-
Total Students	2,802,562	1,780,755	1,970,921	40,498	-
Instructional Staff:					
Improvement of Instruction Services	-	-	6,551	11,606	-
Service Area Direction	175,248	85,688	7,220	28,635	-
Educational Services - Other	-	-	18,518	382	-
Educational Media Services	-	-	-	96	-
Media Library	64,075	44,792	855	-	-
Instructional Staff Development	-	-	23,007	9	-
Total Instructional Staff	239,323	130,480	56,151	40,728	-
General Administration:					
Board of Education Services	-	-	45,067	5,225	-
Office of the Superintendent	231,184	136,263	20,888	22,340	-
Total General Administration	231,184	136,263	65,955	27,565	-
School Administration:					
Other support Services-School Administration	-	-	-	-	-
Business:					
Fiscal Services	626,251	402,967	65,739	12,030	-
Operations and Maintenance of Plant Services	-	-	-	-	-
Warehousing and Distributing Services	14,805	6,627	1,731	3,642	-
Total Business	641,056	409,594	67,470	15,672	-
Central Activities:					
Information Technology	207,513	102,111	6,690	18,738	-
Staff Services	480,903	286,308	33,155	63,362	-
Technology Services	692,602	483,054	110,632	312,126	-
Total Central Activities	1,381,018	871,473	150,477	394,226	-
Total Supporting Services	5,295,143	3,328,565	2,310,974	518,689	-
ENTERPRISE & COMMUNITY SERVICES:					
Community Services	49,592	31,238	23,111	1,131	-
Total Enterprise and Community Services	49,592	31,238	23,111	1,131	-
Operating Transfer Out	-	-	-	-	-
Apportionment of Funds by ESD	-	-	-	-	-
Total Other Financing Sources and Uses	-	-	-	-	-
CONTINGENCIES:					
Operating Contingency	-	-	-	-	-
TOTAL EXPENDITURES	\$ 5,960,940	\$ 3,747,913	\$ 2,357,026	\$ 531,242	\$ -
(1) Level of Budget Appropriation					

Other	Transfers	Total Actual	Original Budget	Final Budget	Over (Under) Budget
\$ -	\$ -	\$ 386,146	\$ 384,259		
-	-	652,532	713,455		
-	-	1,038,678	\$ 1,097,714	\$ 1,471,735 (1)	\$ (433,057)
-	-	51,762			
842	-	771,348			
695	-	481,315			
1,167	-	3,681,225			
-	-	61,673			
-	-	1,273,916			
895	-	277,096			
3,599	-	6,598,335			
-	-	18,157			
-	-	296,791			
-	-	18,900			
-	-	96			
-	-	109,722			
-	-	23,016			
-	-	466,682			
26,696	-	76,988			
26,432	-	437,107			
53,128	-	514,095			
-	-	-			
28,314	-	1,135,301			
-	-	-			
-	-	26,805			
28,314	-	1,162,106			
410	-	335,462			
2,115	-	865,843			
-	-	1,598,414			
2,525	-	2,799,719			
87,566	-	11,540,937	10,648,289	12,148,289 (1)	(607,352)
299	-	105,371	108,045	108,045 (1)	(2,674)
299	-	105,371	108,045	108,045	(2,674)
-	70,000	70,000		-	
-	1,228,194	1,228,194			
-	1,298,194	1,298,194	1,338,196	1,338,196	(40,002)
-	-	-	1,000,000	1,000,000	(1,000,000)
\$ 87,865	\$ 1,298,194	\$ 13,983,180	\$ 14,192,244	\$ 16,066,265	\$ (2,083,085)

DOUGLAS EDUCATION SERVICE DISTRICT

**Budgetary Comparison Schedule for the Special Revenue Funds
Special Revenue Funds**

June 30, 2025

	Federal Sourced Funds 201	Grants Project Fund 205	Early Intervention Fund 207	Early Learning Fund 208	Reimbursement Fund 230	Facility Maintenance Fund 296
REVENUES:						
Services Provided Others		\$ 774,027				\$ 983,008
Fees Charged		75,816		\$ 13,990		
Contributions from Private Sources		578,641		40,000		
Miscellaneous		50,843				
Intermediate Sources	-	1,626,769	-	56,935	-	-
State Sources	-	15,592,687	\$ 7,199,659	2,220,772	-	-
Federal Sources	\$ 6,317,389	313,233	-	-	-	-
Total Revenues	6,317,389	19,011,816	7,199,659	2,331,697	-	983,008
EXPENDITURES:						
Instruction						
Special Programs	1,554,094	16,007,273	-	-	-	-
Youth Correction Education						
Total Instruction	1,554,094	16,007,273	-	-	-	-
Supporting Services						
Students	2,153,682	1,177,733	-	-	-	-
Instructional Staff	606,752	1,673,864	291,970	-	-	-
General Administration	-	-	-	-	-	-
Business Services	-	127,285	-	-	-	410,852
Central Activities	354,400	292,066	-	-	-	-
Total Support Services	3,114,834	3,270,948	291,970	-	-	410,852
Community Services	880,915	1,660,712	-	2,235,847	-	-
	-	-	-	-	-	-
Apportionment of Funds ESD	811,165	37,000	6,996,544	-	-	-
Total Expenditures	5,549,843	20,938,933	291,970	2,235,847	-	410,852
Excess (Deficiency) of Revenues Over Expenditures	767,546	(1,927,117)	6,907,689	95,850	-	572,156
OTHER FINANCING SOURCES and (USES):						
Sale of Fixed Assets		10,250	-	-	-	-
Operating Transfers In		-	-	-	-	15,000
Operating Transfers Out		(155,575)	-	-	-	(622,585)
Sources (Uses)	-	(145,325)	-	-	-	(607,585)
Excess of Revenues Over (Under) Expenditures & Other Financing Sources	767,546	(2,072,442)	6,907,689	95,850	-	(35,429)
CONTINGENCIES:						
Operating Contingency	-	-	-	-	-	-
BEGINNING FUND BALANCE	27,146	1,891,062	1,269,980	509,931	111,502	426,640
EQUITY TRANSFER TO INTERNAL SERVICE FUNDS		(34,658)	-	-	-	-
ENDING FUND BALANCE						
Equity Transfers	16,473	2,834,971	(1,181,125)		(111,502)	
Restricted	-	2,581,933	-	605,781	-	-
Assigned	-	-	-	-	-	391,211
Unassigned	-	-	-	-	-	-
FUND BALANCE, June 30, 2025	\$ 811,165	\$ 2,618,933	\$ 6,996,544	\$ 605,781	\$ -	\$ 391,211

(1) Level of Budget Appropriation

State Grants Fund	Student Investment Fund	High School Success Fund	Total Actual	Original & Final Budget	Over (Under) Budget
250	251	252			
			\$ 1,757,035		
			89,806		
\$ 463,380			1,082,021		
			50,643		
-	-	-	1,683,704		
246,217	\$ 568,983	\$ 20,113	25,848,431		
-	-	-	6,630,622		
709,597	568,983	20,113	37,142,262	38,406,648	1,264,386
-	49,036	-	17,610,403		
		6,955	6,955		
-	49,036	6,955	17,617,358	18,555,624	(1) (938,266)
-	-	-	3,331,415		
370,993	581,234	14,831	3,539,644		
-	-	-	-		
-	-	-	538,137		
-	-	-	646,466		
370,993	581,234	14,831	8,055,662	10,702,809	(1) (2,647,147)
-	-	-	4,777,474	5,184,111	(1) (406,637)
-	-	-	-		
-	-	-	7,844,709	7,256,263	(1) 588,446
370,993	630,270	21,786	30,450,494	41,698,807	(11,248,313)
338,604	(61,287)	(1,673)	6,691,768	(3,292,159)	9,983,927
-	-	-	10,250	-	10,250
-	-	-	15,000	16,174,008	(16,159,008)
-	-	-	(778,160)	(17,087,166)	(1) 16,309,006
-	-	-	(752,910)	(913,160)	160,250
338,604	(61,287)	(1,673)	5,938,858	(4,205,319)	10,144,177
-	-	-	-	377,963	(377,963)
1,210,316	534,824	1,673	5,983,074	4,583,281	1,399,793
			(34,658)		(34,658)
(1,196,784)	(473,537)		(111,502)		(111,502)
352,136	-	-	3,539,850		3,539,850
-	-	-	391,211		391,211
-	-	-	-		
\$ 352,136	\$ -	\$ -	\$ 3,931,061	\$ -	\$ 3,931,061

DOUGLAS EDUCATION SERVICE DISTRICT

Schedules of Required Supplementary Information
 Relating to the Oregon Public Employees Retirement System Net Pension Liability
 For the Fiscal Year Ended June 30, 2025

Schedule of Proportionate Share of Net Pension Liability

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
OPERS net pension liability (asset) - calculated	\$ 22,227,242,374	\$ 18,730,685,800	\$ 15,312,006,649	\$ 11,966,480,213	\$ 21,823,439,162	\$ 17,297,604,986	\$ 15,148,682,951	\$ 13,480,038,072	\$ 15,012,321,763	\$ 5,741,461,073
District's proportion of the net pension liability (asset)	0.13033027%	0.13826679%	0.12717245%	0.11831698%	0.11840406	0.12197299%	0.12231093%	0.11610577%	0.12406504%	0.13063936%
District's proportionate share of the net pension liability (asset)	\$ 28,968,825	\$ 25,898,318	\$ 19,472,654	\$ 14,158,378	\$ 25,839,838	\$ 21,098,406	\$ 18,528,495	\$ 15,651,102	\$ 18,625,043	\$ 7,500,608
District's PERS covered payroll	19,788,187	\$ 19,839,282	\$ 15,735,339	\$ 13,353,996	\$ 13,148,324	\$ 13,997,392	\$ 13,330,797	\$ 12,514,688	\$ 11,743,865	\$ 11,010,780
District's proportionate share of the net pension liability (asset) as a percentage of it's PERS covered payroll	146.39%	130.54%	123.75%	106.02%	196.53%	150.73%	138.99%	125.06%	158.59%	68.12%

Schedule of Contributions

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contributions	4961360	\$ 4,718,080	\$ 3,631,938	\$ 4,718,080	\$ 3,420,927	\$ 3,135,839	\$ 2,485,065	\$ 2,214,942	\$1,356,199	\$1,197,777
Contributions in relation to the contractually required contribution	-4961360	\$ (4,718,080)	\$ (3,631,938)	\$ (4,718,080)	\$ (3,420,927)	\$ (3,135,839)	\$ (2,485,065)	\$ (2,214,942)	\$ (1,356,199)	\$ (1,197,777)
Contribution deficiency (excess)				-		-	-	-	-	-
District's PERS covered payroll	19,788,187	\$ 19,839,282	\$ 15,735,339	\$ 13,353,996	\$ 13,148,324	\$ 13,997,392	\$ 13,330,797	\$ 12,514,688	\$ 8,350,527	\$ 11,010,780
Contributions as a percentage of PERS covered payroll	25.07%	23.78%	23.08%	35.33%	26.02%	22.40%	18.64%	17.70%	16.24%	\$0

Note: The amounts presented for each fiscal year were determined as of June 30. Additional years will be added to the schedule as information becomes available until a 10 year trend has been compiled.

DOUGLAS EDUCATION SERVICE DISTRICT
Required Supplementary Information

For the Fiscal Year Ended June 30, 2025

RHIA

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 the net pension liability (NPL)	(c) Employer's covered payroll	(b/c) NPL as a percentage of covered payroll
2025	0.11980180 %	(483,890)	\$ 19,788,187	(2.4) %
2024	0.05470109	(200,297)	\$ 19,839,282	(1.0)
2023	0.06194324	(220,106)	13,516,660	(1.6)
2022	0.04699773	(161,390)	13,353,996	(1.2)
2021	0.12197299	(242,215)	13,148,324	(1.8)
2020	0.11840406	(188,390)	13,997,392	(1.3)
2019	0.09419465	(105,147)	13,330,797	(0.8)
2018	0.09325436	(38,919)	12,514,688	(0.3)
2017	0.09125974	24,783	11,743,865	0.2

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.

Supplementary Information

DOUGLAS EDUCATION SERVICES DISTRICT

Schedule of Revenues, Expenditures and Changes in Fund Balance
Actual and Budget
FF & C Service Fund

For the Year Ended June 30, 2025

	<u>Other Objects</u>	<u>Actual</u>	<u>Original & Final Budget</u>	<u>Over (Under) Budget</u>
REVENUES:				
Local Sources				
Earnings on Investments		\$ -	\$ -	\$ -
Services Provided Other Funds		-	-	-
Total Revenues		<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:				
Debt Service				
Debt Service - Principal	\$ 520,000	520,000	-	
Debt Service - Interest	103,678	103,678	-	
Total Debt Service	<u>623,678</u>	<u>623,678</u>	<u>624,300</u>	<u>(1) (622)</u>
OTHER FINANCING SOURCES:				
Operating Transfers In		622,585	622,585	-
Total Other Financing Sources		<u>622,585</u>	<u>622,585</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures		(1,093)	(1,715)	-
FUND BALANCE, June 30 2024		<u>1,716</u>	<u>1,715</u>	<u>-</u>
FUND BALANCE, June 30, 2025		<u>\$ 623</u>	<u>\$ -</u>	<u>\$ -</u>

(1) Level of Budget Appropriation

DOUGLAS EDUCATION SERVICES DISTRICT

Schedule of Revenues, Expenditures and Changes in Fund Balance
Actual and Budget
Debt Service Fund

For the Year Ended June 30, 2025

	<u>Other Objects</u>	<u>Actual</u>	<u>Original & Final Budget</u>	<u>Over (Under) Budget</u>
REVENUES:				
Local Sources				
Earnings on Investments		\$ 3,410	\$ 1,500	\$ 1,910
Services Provided Other Funds		788,531	710,000	78,531
Total Revenues		<u>791,941</u>	<u>711,500</u>	<u>80,441</u>
EXPENDITURES:				
Debt Service				
Debt Service - Principal	\$ 510,000	510,000	510,000	
Debt Service - Interest	<u>113,884</u>	<u>113,884</u>	<u>113,884</u>	
Total Debt Service	<u>\$ 623,884</u>	<u>623,884</u>	<u>623,884</u>	(1) -
Excess of Revenues Over (Under) Expenditures		168,057	87,616	80,441
FUND BALANCE, June 30 2024		<u>171,217</u>	<u>165,000</u>	<u>6,217</u>
FUND BALANCE, June 30, 2025		<u>\$ 339,274</u>	<u>\$ 252,616</u>	<u>\$ 86,658</u>

(1) Level of Budget Appropriation

DOUGLAS EDUCATION SERVICE DISTRICT

Budgetary Comparison for the Capital Improvements Fund

For the Year Ended June 30, 2025

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>	<u>Supplies and Materials</u>	<u>Capital Outlay</u>	<u>Other Objects</u>
REVENUES:						
Local Sources:						
Contributions from Donations & Private Sources						
Services Other Districts Within State						
Total Local Sources						
TOTAL REVENUES						
EXPENDITURES:						
Facilities Acquisition and Construction						
Building Acquisitions & Construction	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL EXPENDITURES	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Excess of Revenues Over (Under) Expenditures						
OTHER FINANCING SOURCES:						
Operating Transfers Out						
Total Other Financing Sources						
Excess of Revenues Over (Under) Expenditures and Other Financing Sources						
FUND BALANCE, June 30 2024						
FUND BALANCE, June 30, 2025						
(1) Level of Budget Appropriation						

DOUGLAS EDUCATION SERVICE DISTRICT

Schedule of Revenues, Expenditures and Changes in Fund Balance
Actual and Budget
Production Services Fund

For the Year Ended June 30, 2025

	Salaries	Employee Benefits	Purchased Services	Supplies and Materials	Capital Outlay
REVENUES:					
Rental Income					
Services Provided Other Funds					
Total Revenues					
EXPENDITURES:					
Printing, Publishing and Duplicating Services	\$ 121,757	\$ 71,577	\$ 59,957	\$ 73,626	7,940
Total Expenditures	\$ 121,757	\$ 71,577	\$ 59,957	\$ 73,626	\$ 7,940
Excess of Revenues Over (Under) Expenditures					
FUND BALANCE, June 30 2024					
FUND BALANCE, June 30, 2025					
(1) Level of Budget Appropriation					
Adjustment from budgetary basis to generally accepted accounting basis:					
Net Change in fund balances per above				\$ (62,577)	
Add: Capital Outlay				-	
Contributed Capital				-	
Less: Depreciation and Amortization				-	
Net income as reported in Proprietary Statement of Revenues, Expenses and Changes in Fund Net Position				\$ (62,577)	

Other Objects	Actual	Original & Final Budget	Over (Under) Budget
	\$ -	\$ -	\$ -
	272,898	298,060	(25,162)
	<u>272,898</u>	<u>298,060</u>	<u>(25,162)</u>
\$ 618	335,475	458,550 (1)	(123,075)
<u>\$ 618</u>	<u>335,475</u>	<u>458,550</u>	<u>(123,075)</u>
	(62,577)	(160,490)	97,913
	<u>179,303</u>	<u>160,490</u>	<u>18,813</u>
	<u>\$ 116,726</u>	<u>\$ -</u>	<u>\$ 116,726</u>

DOUGLAS EDUCATION SERVICE DISTRICTCombining Statement of Net Position
Internal Service Funds-By Fund Type

June 30, 2025

	Unemployment Fund	Early Retirement Fund	Computer Replacement Fund	Software Replacement Fund	Vehicle Replacement Fund	Facility Reserve Fund	Total Internal Service Funds
ASSETS							
Cash in General Checking	\$ 289,582	\$ 243,605	\$ 157,412	\$ 33,565	\$ 49,470	\$ 594,081	\$ 1,367,715
Cash in State Pool	47,159	-	-			-	47,159
Account Receivable	-	502	-			-	502
Total Assets	\$ 336,741	\$ 244,107	\$ 157,412	\$ 33,565	\$ 49,470	\$ 594,081	\$ 1,415,376
LIABILITIES & NET POSITION							
LIABILITIES:							
Accounts Payable	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	-	-	-	-	-	-	-
NET POSITION:							
Total Net Position	336,741	244,107	157,412	33,565	49,470	594,081	1,415,376
Total Liabilities & Net Position	\$ 336,741	\$ 244,107	\$ 157,412	\$ 33,565	\$ 49,470	\$ 594,081	\$ 1,415,376

DOUGLAS EDUCATION SERVICE DISTRICTCombining Schedule of Revenues, Expenditures and Changes in Net Position
Internal Service Funds-By Fund Type

For the Year Ended June 30, 2025

	Unemployment Fund	Early Retirement Fund	Computer Replacement Fund	Telephone Maintenance Fund	Vehicle Replacement Fund	Facility Reserve Fund	Total Internal Service Funds
REVENUES:							
Local Sources	\$ 56,878	\$ -	\$ 124,266	\$ -	\$ -	\$ -	\$ 181,144
Total Revenues	<u>56,878</u>	<u>-</u>	<u>124,266</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>181,144</u>
EXPENDITURES:							
Fiscal Service	500	-	-	-	-	-	500
Internal Service	-	-	315,069	131,093	5,530	-	451,692
Other Fiscal Services	20,928	-	-	-	-	-	20,928
Supplemental Retirement Program	-	33,704	-	-	-	-	33,704
Total Expenditures	<u>21,428</u>	<u>33,704</u>	<u>315,069</u>	<u>131,093</u>	<u>5,530</u>	<u>-</u>	<u>506,824</u>
Excess of Receipts Over (Under) Expenditures	35,450	(33,704)	(190,803)	(131,093)	(5,530)	-	(325,680)
OTHER FINANCING SOURCES (USES):							
Operating Transfers In	-	-	105,575	50,000	5,000	-	160,575
Operating Transfer Out	-	-	-	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>105,575</u>	<u>50,000</u>	<u>5,000</u>	<u>-</u>	<u>160,575</u>
Excess of Revenues Over (Under) Expenditures and Other Financing Sources	35,450	(33,704)	(85,228)	(81,093)	(530)	-	(165,105)
NET POSITION,							
June 30, 2024	<u>301,291</u>	<u>277,811</u>	<u>242,640</u>	<u>80,000</u>	<u>50,000</u>	<u>594,081</u>	<u>1,545,823</u>
Equity Transfer In				34,658			34,658
NET POSITION,							
June 30, 2025	<u>\$ 336,741</u>	<u>\$ 244,107</u>	<u>\$ 157,412</u>	<u>\$ 33,565</u>	<u>\$ 49,470</u>	<u>\$ 594,081</u>	<u>\$ 1,415,376</u>

DOUGLAS EDUCATION SERVICE DISTRICT

Budgetary Comparison Schedule for the Unemployment Fund

For the Year Ended June 30, 2025

	<u>Employee Benefits</u>	<u>Purchased Services</u>	<u>Actual</u>	<u>Original & Final Budget</u>	<u>Over (Under) Budget</u>
REVENUES:					
Local Sources					
Services Provided Other Funds			\$ 56,878	\$ 125,000	\$ (68,122)
Total Revenues			<u>56,878</u>	<u>125,000</u>	<u>(68,122)</u>
EXPENDITURES:					
Internal Service					
Fiscal Services	\$ -	\$ 500	500		
Other Fiscal Services	20,928	-	20,928		
Total Expenditures	<u>\$ 20,928</u>	<u>\$ 500</u>	<u>21,428</u>	<u>415,000</u>	<u>(393,572)</u>
Excess of Revenues Over (Under) Expenditures			35,450	(290,000)	325,450
NET POSITION, June 30 2024			<u>301,291</u>	<u>290,000</u>	<u>11,291</u>
NET POSITION, June 30, 2025			<u>\$ 336,741</u>	<u>\$ -</u>	<u>\$ 336,741</u>

(1) Level of Budget Appropriation

DOUGLAS EDUCATION SERVICE DISTRICT

Budgetary Comparison Schedule for the Early Retirement Fund

For the Year Ended June 30, 2025

	Employee Benefits	Actual	Original & Final Budget	Over (Under) Budget
REVENUES:				
Local Sources				
Earnings on Investments		\$ -	\$ -	\$ -
Services Provided Other Funds		-	-	-
Total Revenues		<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:				
Support Services				
Supplemental Retirement Program	\$ 33,704	33,704	100,000	(66,296)
Total Expenditures	<u>\$ 33,704</u>	<u>33,704</u>	<u>100,000 (1)</u>	<u>(66,296)</u>
OPERATING CONTINGENCY				
Planned Reserve		-	178,000	(178,000)
Excess of Revenues Over (Under) Expenditures		(33,704)	(278,000)	244,296
NET POSITION, June 30 2024		<u>277,811</u>	<u>278,000</u>	<u>(189)</u>
NET POSITION, June 30, 2025		<u>\$ 244,107</u>	<u>\$ -</u>	<u>\$ 244,107</u>

(1) Level of Budget Appropriation

DOUGLAS EDUCATION SERVICE DISTRICT**Budgetary Comparison Schedule for the Computer Replacement Fund****For the Year Ended June 30, 2025**

	<u>Supplies and Materials</u>	<u>Actual</u>	<u>Original & Final Budget</u>	<u>Over (Under) Budget</u>
REVENUES:				
Local Sources				
Services Provided Other Funds		\$ 124,266	\$ 125,000	\$ (734)
Total Revenues		<u>124,266</u>	<u>125,000</u>	<u>(734)</u>
EXPENDITURES:				
Support Services				
Internal Service	\$ 315,069	315,069	473,215	(158,146)
Total Expenditures	<u>\$ 315,069</u>	<u>315,069</u>	<u>473,215</u> (1)	<u>(158,146)</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers in		<u>105,575</u>	<u>105,575</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures		(85,228)	(242,640)	157,412
NET POSITION, June 30 2024		<u>242,640</u>	<u>242,640</u>	<u>-</u>
NET POSITION, June 30, 2025		<u>\$ 157,412</u>	<u>\$ -</u>	<u>\$ 157,412</u>

(1) Level of Budget Appropriation

DOUGLAS EDUCATION SERVICE DISTRICT**Budgetary Comparison Schedule for the Telephone Maintenance Fund****For the Year Ended June 30, 2025**

	<u>Supplies and Materials</u>	<u>Actual</u>	<u>Original & Final Budget</u>	<u>Over (Under) Budget</u>
REVENUES:				
Local Sources				
Services Provided Other Funds		\$ -	\$ -	\$ -
Total Revenues		-	-	-
EXPENDITURES:				
Support Services				
Internal Service	131,093	131,093	130,000	1,093
Total Expenditures	<u>\$ 131,093</u>	<u>131,093</u>	<u>130,000 (1)</u>	<u>1,093</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers in		<u>50,000</u>	<u>50,000</u>	<u>-</u>
OPERATING CONTINGENCY				
Planned Reserve		<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures		(81,093)	(80,000)	(1,093)
NET POSITION, June 30 2024		<u>80,000</u>	<u>80,000</u>	<u>-</u>
Equity Transfer In		34,658		34,658
NET POSITION, June 30, 2025		<u>\$ 33,565</u>	<u>\$ -</u>	<u>\$ 33,565</u>

(1) Level of Budget Appropriation

DOUGLAS EDUCATION SERVICE DISTRICT**Budgetary Comparison Schedule for the Vehicle Replacement Fund**

For the Year Ended June 30, 2025

	<u>Capital Outlay</u>	<u>Actual</u>	<u>Original & Final Budget</u>	<u>Over (Under) Budget</u>
REVENUES:				
Local Sources				
Services Provided Other Funds		\$ -	\$ -	\$ -
Total Revenues		<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:				
Support Services				
Internal Service	5,530	5,530	65,000	(59,470)
Total Expenditures	<u>\$ 5,530</u>	<u>5,530</u>	<u>65,000</u>	<u>(59,470)</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers in		<u>5,000</u>	<u>15,000</u>	<u>(10,000)</u>
OPERATING CONTINGENCY				
Planned Reserve		<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures		(530)	(50,000)	49,470
NET POSITION, June 30 2024		<u>50,000</u>	<u>50,000</u>	<u>-</u>
NET POSITION, June 30, 2025		<u>\$ 49,470</u>	<u>\$ -</u>	<u>\$ 49,470</u>

(1) Level of Budget Appropriation

DOUGLAS EDUCATION SERVICE DISTRICT**Budgetary Comparison Schedule for the Facility Reserve Fund**

For the Year Ended June 30, 2025

	<u>Purchased Services</u>	<u>Supplies & Materials</u>	<u>Capital Outlay</u>	<u>Actual</u>	<u>Original & Final Budget</u>	<u>Over (Under) Budget</u>
REVENUES:						
Total Revenues				<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES:						
Purchased Services	\$ -	\$ -	\$ -	-	230,000	
Building, Acquisition, and Construction						
Capital Outlay	-	-	-	-	250,000	(250,000)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>480,000</u>	<u>(1) (250,000)</u>
Excess of Revenues Over (Under) Expenditures				-	(480,000)	480,000
OTHER FINANCING SOURCES (USES):						
Operating Transfers In				-	30,000	(30,000)
Total Other Financing Sources				<u>-</u>	<u>30,000</u>	<u>(1) (30,000)</u>
OPERATING CONTINGENCY						
Planned Reserve					144,080	(144,080)
Excess of Revenues Over (Under) Expenditures and Other Financing Sources				-	(594,080)	594,080
NET POSITION, June 30 2024				<u>594,081</u>	<u>594,080</u>	<u>1</u>
NET POSITION, June 30, 2025				<u>\$ 594,081</u>	<u>\$ -</u>	<u>\$ 594,081</u>

(1) Level of Budget Appropriation

INDEPENDENT AUDITOR'S REPORT

REQUIRED BY OREGON STATE REGULATIONS



INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS

Board of Directors
Douglas Education Service District
Roseburg, OR 97470

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the basic financial statements of Douglas Education Service District, as of and for the year ended June 30, 2025, and have issued our report thereon dated February 12, 2026.

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 162-010-000 through 162-010-320 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 statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

In connection with our testing nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-000 through 162-010-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

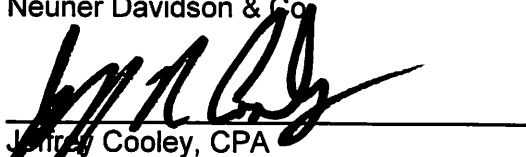
OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the District's internal control over financial reporting to determine the 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control. Deficiencies in internal control, if any, were communicated separately.

Restriction on Use

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

Neuner Davidson & Co.

A handwritten signature in black ink, appearing to read 'Jennifer Cooley', is written over a horizontal line.

Jennifer Cooley, CPA

Roseburg, Oregon

February 12, 2026

Auditor's Comments and Disclosures
Required by State Law



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

Board of Directors
Douglas Education Service District
1409 NE Diamond Lake Blvd #110
Roseburg, OR 97470

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Douglas Education Service District as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 2, 2026.

Internal Control over Financial Reporting

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

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

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

**Douglas Education Service District
GAS Report of Internal Control and Compliance**

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Douglas Education Service District's financial statements are free of material misstatement, we performed test 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 on other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion of 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.

Neuner Davidson & Co

A handwritten signature in black ink, appearing to read 'Jeffrey Cooley', is written over the printed name.

Jeffrey Cooley, CPA
Roseburg, Oregon
February 12, 2026



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

Board of Directors
Douglas Education Service District
1409 NE Diamond Lake Blvd #110
Roseburg, OR 97470

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Douglas Education Service 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 Douglas Education Service District's major federal programs for the year ended June 30, 2025. Douglas Education Service 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, Douglas Education Service District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Douglas Education Service District Independent Auditor's Report on Compliance

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 Douglas Education Service 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Douglas Education Service District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Douglas Education Service 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 Douglas Education Service 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 Douglas Education Service District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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.

**Douglas Education Service District
Independent Auditor's Report on Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

A handwritten signature in black ink, reading "Neuner Davidson & Co", written over a horizontal line.

Neuner Davidson & Co
Roseburg, Oregon
February 12, 2026

DOUGLAS EDUCATION SERVICE DISTRICT

Schedule of Federal Financial Assistance

For the Fiscal Year Ended June 30, 2025

Federal Grantor/Pass Through Grantor/Program Title	Pass Through Organization	Federal ALN (CFDA) Number	Grant Period Beginning Ending		ODE Grant #	Grant Amount	2024-25 Revenues	2024-25 Expenditures
SPECIAL EDUCATION CLUSTER (IDEA)								
<u>U.S. Department of Education</u>								
Services for Orthopedic Impaired	Oregon Dept of Education	84.027	7/1/23	6/30/25	21980	200,000	99,795	99,795
Oregon Technology Access Program	Oregon Dept of Education	84.027	7/1/23	6/30/25	21982	418,088	213,809	213,809
ESD Special Education Technical Assistance	Oregon Dept of Education	84.027	7/1/23	6/30/25	76363	142,683	71,342	71,342
Passed through Douglas ESD as contracts to other agencies:								
Special Education (Part B, 611)	Oregon Dept of Education	84.027	7/1/23	6/30/25	11112A12	2,592,806	1,206,094	1,206,094
Special Education-Preschool Grants (Part B, 619)	Oregon Dept of Education	84.173	7/1/23	6/30/25		553,115	274,223	274,223
Federal IDEA, Spec Purpose Funds, (Part C)	Oregon Dept of Education	84.181	7/1/23	6/30/25		1,529,328	744,173	744,173
Total Special Education Cluster (IDEA)							2,609,436	2,609,436
OTHER PROGRAMS								
<u>U.S. Department of Agriculture</u>								
Passed through Douglas County Federal Forest Fees		10.655	7/1/2024	6/30/25		13,908	13,908	13,908
Total U.S. Department of Agriculture							13,908	13,908
<u>U.S. Department of Education</u>								
TNF - Transition Network Facilitator Services	Oreon Dept of Education	84.126	7/1/23	6/30/25	35447	370,683	216,886	216,886
TNF ODHS - Peer to Peer	Oregon Dept of Human Service	84.126A	5/1/23	4/1/25	180341	152,170	36,960	36,960
							253,847	253,847
ESD TA Support Grants 23-25 (Title I, Part A)	Oregon Dept of Education	84.010	7/1/23	6/30/25	80360	10,500	5,250	5,250
							5,250	5,250
Perkins Reserve Fund 23-24	Oregon Dept of Education	84.048	7/1/23	9/30/24	79868	164,801	12,871	12,871
Perkins Basic Fund 23-24	Oregon Dept of Education	84.048	7/1/23	9/30/24	76396	133,204	5,920	5,920
Perkins Reserve/Small Rural Fund 24-25	Oregon Dept of Education	84.048	7/1/24	9/30/25	81381	163,736	138,434	138,434
Perkins Basic Fund 24-25	Oregon Dept of Education	84.048	7/1/24	9/30/25	81267	134,472	119,473	119,473
							276,698	276,698
ESSER III JDEP	Oregon Dept of Education	84.425D	3/24/22	9/30/24	75918	90,000	56,019	56,019
School Safety and Prevention	Oregon Dept of Education	84.425V	7/1/22	9/30/24	79866	133,802	12,244	12,244
Oreogn Early Childhood Inclusion	Oregon Dept of Education	84.425	4/13/23	9/30/24	76025	247,504	103,875	103,875
							172,138	172,138
Received Directly from U.S. Department of Education School Based Behavioral Health	US Dept of Education	84.184H	1/1/24	12/31/24		6,808,215	2,119,107	2,119,107
Total U.S. Department of Education							2,827,039	2,827,039
<u>U.S. Department of Treasury</u>								
Passed Trough Oregon Department of Education 2023-25 Future Ready	Oregon Dept of Education	21.027	7/1/23	6/30/25	78126	250,000	149,036	149,036
Total U.S. Department of Treasury							149,036	149,036
Passed Through State Department of Education:								
Child Care CCDF	Oregon Dept of Early Learning	93.596	7/1/23	6/30/25	32598	1,248,612	681,491	681,491
Title IV-B2 Family Pres & Support Hubs	Oregon Dept of Early Learning	93.556	10/1/23	9/30/25	23048	90,923	50,388	50,388
Total U.S. Department of Health and Human Services							731,879	731,879
Total Other Programs							3,721,862	3,721,862
TOTAL FEDERAL ASSISTANCE							\$ 6,331,297	\$ 6,331,297

Note: Total does not reflect \$313,233.41 Medicaid K-12 school based health service reimbursements coded as federal source in budgetary funds for state reporting requirements.

Douglas Education Service District

Notes to Schedule of Expenditures of Federal Awards
June 30, 2025

Note 1. **Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Douglas Education Service District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. **Sub-recipients**

Of the federal expenditures presented in the schedule, Douglas Education Service District provided no federal awards to sub-recipients.

Douglas Education Service District
Auditors Comments
For the Fiscal Year ended June 30, 2025

Summary of the Auditor's Results

The audit report issued February 12, 2026, on the general purpose financial statements of Douglas Education Service District as of and for the year ended June 30, 2025, was an unqualified opinion. The audit did not disclose any reportable conditions in internal control for either major or nonmajor programs, nor did the audit disclose any noncompliance which may be material to the financial statements. The audit report on compliance for major programs was an unqualified opinion. There were no audit findings required to be reported in accordance with 2 CFR section 200.216(a).

The major programs identified by Douglas Education Service District were:

Special Education – Cluster – Idea 84.027, 84.173, 84.181
School Based Behavior Health – 84.184H

The threshold used to distinguish between Type A and Type B programs was \$750,000. The District did qualify as a low-risk auditee under Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Findings required to be reported in accordance with generally accepted government auditing standards (GAGAS):

No Findings.

Findings and questioned costs for Federal awards:

Current Year:

No Findings or Questioned Costs.

Summary Schedule of Prior Audit Findings:

No Findings or Questioned Costs

SUPPLEMENTAL INFORMATION, 2024-2025

School District Business Managers and Auditors:

This page is a required part of your annual audited financial statements. Please make sure it is included.

Parts A is needed for computing Oregon's full allocation for ESEA, Title I & other Federal Funds for Education.

A. Energy Bill for Heating - All Funds:
Please enter your expenditures for electricity
& heating fuel for these Functions & Objects.

	Objects 325 & 326
Function 2540	\$ 66,182
Function 2550	\$ 0

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

\$ 0

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