

# Budget Review 2025-26

## Corbett School District 39



### BUDGET HIGHLIGHTS

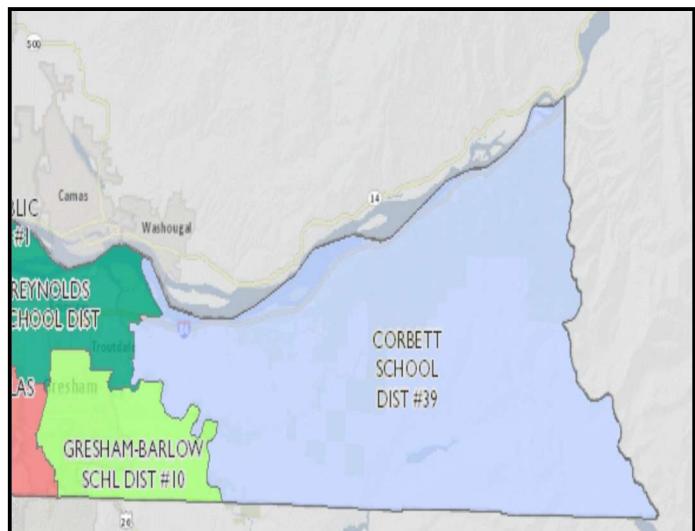
- The budget total is \$25.4 million, a \$5.4 million (26.9%) increase from the current year's revised budget, due to the increases in State School Fund grant for capital outlay and a grant for school-based mental health.
- The State School Fund (SSF) grant is budgeted at the Governor's budget level of \$11.3 billion for the biennial 2025-27. This is the first year of the biennium, and funding is 49% for the year, or \$5.20 billion. Corbett's share from the SSF general support is estimated to be \$13.8 million for FY26.
- Enrollment is estimated to be 1,224 students; an increase of 135 as a result of opening slots to allow students outside the district to enroll. This is expected to increase class size by 4-5 students per classroom.
- The beginning fund balance decreased from \$1.0 million to \$209 thousand, due to the discovery in FY25 of accounting errors over the past few years. This resulted in expenditures being higher than revenue and fund balance being spent down but district leadership remaining unaware. The district has corrected the errors and has an accurate accounting of costs informing decisions in this budget. The district has received a \$2 million operating loan from Multnomah Education Service district (MESD) to be repaid over the next 8 years to help alleviate the gap in the short term.
- The district has implemented a new accounting system for 2025-26. Grants that were previously accounted for in the General Fund will now be reported in the Special Revenue Fund. There are additional changes to designate the correct functions to ensure compliance with ODE accounting.
- Federal Revenue increases by almost \$180 thousand to \$1.5 million from various grants, including a \$950 thousand grant for School-Based Mental Health. Prior to submitting their budget, the district has learned they will not receive the school-based mental health grant. Federal funding for the same purpose was also cut for MESD and Portland Public Schools.
- The district projects capital spending at \$4.1 million to remodel and update some of the school buildings. A portion of this (\$2.5 million) will come from a Seismic Grant to upgrade the Multiple Purpose Building.

### INTRODUCTION & BACKGROUND

Corbett School District is a K-12 public school district located 20 miles east of Portland. In 2020, it became a charter district. It covers approximately 134 square miles of the eastern-most section of Multnomah County from the Columbia River to the county's southern border, an unincorporated area.

The district operates on a four-day-a-week schedule. It has seven elected directors on its board. They are elected at large to four-year terms and serve without compensation.

The district operates one elementary school, one middle school, one high school, and one magnet school concentrating on Spanish and the arts.



Corbett SD 39	2021-22	2022-23	2023-24	2024-25
Assessed Value in Millions	\$448.0	\$464.5	\$468.0	\$485.3
Real Market Value (M-5) in Millions	\$782.1	\$920.5	\$919.9	\$899.3
Property Tax Rate Extended:				
Operations	\$4.5941	\$4.5941	\$4.5941	\$4.5941
Debt Services	\$0.8268	\$0.8618	\$1.0641	\$1.4152
Total Property Tax Rate	\$5.4209	\$5.4559	\$5.6582	\$6.0093
Measure 5 Impact	\$-19,115	\$-20,465	\$-16,155	\$-13,565
Number of Employees (FTE's)	133	107	113	124
Average Daily Enrollment – ADMr*	1,033	1,031	1,048	1,065
Weighted Enrollment ADMw*	1,210	1,220	1,234	1,252
Latest May estimates from ODE website				

## BUDGET OVERVIEW

The combined budget total for all funds increased 27% (\$5,393,191) to \$25.4 million, mainly due to the increase in the SSF, property taxes, and increased enrollment. The budget includes \$350,000 for contingency and \$33,763 for the ending fund. This fund balance level is not financially stable and the district has a three-year plan to increase this reserve to ensure long-term viability. The district is struggling with a General Fund shortfall. From the District's budget:

"In September of 2024, the district began to find accounting errors that had occurred over the past three years. Over projections of revenue, under projections of expenditures, and unreconciled accounts resulted in a \$3M shortfall. Reduction of staff by three administrators, 1.5 teachers, and three classified staff, along with a loan from Multnomah Education Service District (MESD) provided for a minimally positive projected General Fund Ending Fund Balance for the 2024-25 fiscal Year." <sup>1</sup>

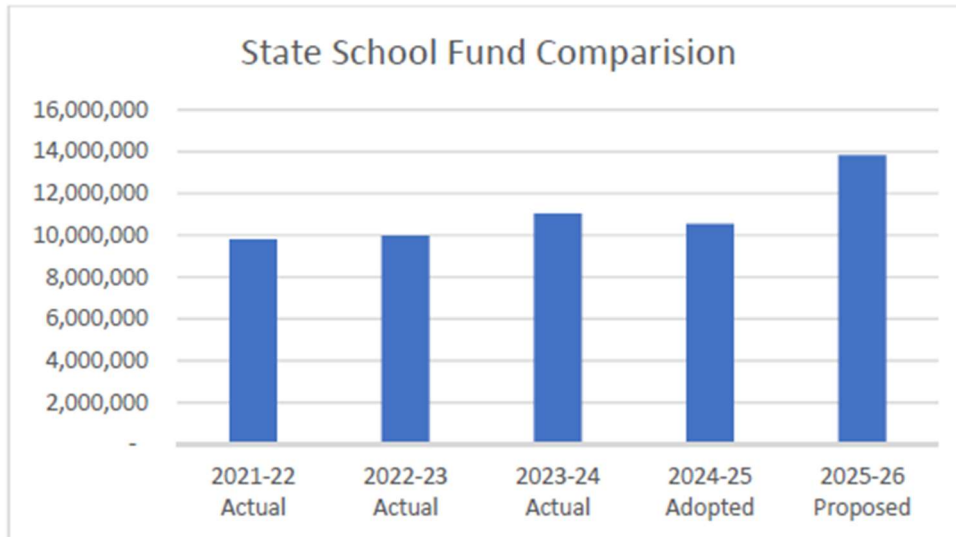
This budget was developed using the \$11.3 billion biennial State School Fund which is the Governor's proposed budget for 2025-27. With this being the first half of the biennium, the distribution is 49% this fiscal year and 51% the next fiscal year. For FY26, the district is budgeting for increased federal poverty estimates, resulting in higher SSF poverty weight funding, and also an increase in enrollment due to opening an additional 142 slots for students. This will result in approximately \$13.8 million for the 2025-26 fiscal year.

The Corbett School Board of Directors instructed the district to use the following priorities to develop the 2025-26 Budget:

- Ensure a Fund Balance, Emergency Reserve, and Debt Management. The financial impact is \$1.05 million.
- Maintain and Improve Facilities. The financial impact is \$4 million which includes anticipated grants not yet awarded.

<sup>1</sup> From the Corbett FY26 Approved Budget page 5

- Retain Qualified Teachers for core subjects & Educational Assistants for Intervention, Behavior & Mental Health Supports including Special Education. The financial impact is \$11.4 million.
- Maintain Student Safety. The financial impact is \$334 thousand.
- Maintain CTE & Extra Curricular Programs. The financial impact is \$1.5 million.



To meet board financial requirements, the approved budget will be increasing all class sizes due to additional student enrollment and decreasing FTE by 10.68. The following table indicates the changes in staffing for FY26 compared to the current staffing levels.

	2024-2025 Adopted Budget	2025-2026 Budget	Change
All Funds			
ODE Enrollment as of Dec, XXXX	1,077	1,219	142
Certified FTE	67.20	64.70	(2.50)
Classified FTE	37.82	33.64	(4.18)
Confidential/Supervisor FTE	10.00	8.00	(2.00)
Administrator FTE	9.00	7.00	(2.00)
Total Staff	124.02	113.34	(10.68)

This budget includes athletic program funding at the same level for high school students but middle school athletics will be supported by the Corbett Youth Sports program.

#### RESOURCES:

The largest sources of revenue are the state sources totaling 18.28 million or 72% of all sources. Local sources add another \$4 million or 16% including property taxes, while federal sources contribute 8% or \$2.0 million. Tuition and fees in the Student Activity Fund are budgeted at \$220,000, 27% less than the current year due to a reduction in co-curricular activities. The beginning fund balance is down 80% when compared to the current year. This decline from \$1,023,230 to \$209,000 is because in September 2024 the district became aware of accounting errors over the past few years resulting in over-estimating revenue and under-estimated

expenditures and other unreconciled accounts. Subsequently, the district has a shortfall of \$3 million in the current year. The district is working towards building up future fund balances in three years with scrutinized spending, increased enrollment, and staffing reductions.

<b>CORBETT SCHOOL DISTRICT RESOURCES</b>				
	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>
	<b>Actual</b>	<b>Actual</b>	<b>Revised</b>	<b>Approved</b>
Beginning Fund Balance	4,882,031	3,554,927	1,023,230	209,000
Property Taxes	2,430,428	2,533,349	2,548,945	2,526,072
Federal	706,454	1,630,053	1,537,024	2,003,158
State School Fund General Support	9,980,478	11,049,723	11,985,569	13,838,257
Other State Revenue	4,673,551	2,714,773	1,711,244	4,439,288
Other Intergovernmental Revenue	201,786	424,048	201,200	290,000
Fees and Charges	325,976	278,272	375,885	387,798
Other Income	457,255	1,127,348	548,261	1,083,899
Debt Proceeds	429,683	922,843	0	0
Transfers In	53,340	15,000	121,268	668,345
<b>Total Resources</b>	<b>24,140,982</b>	<b>24,250,336</b>	<b>20,052,626</b>	<b>25,445,817</b>

#### REQUIREMENTS:

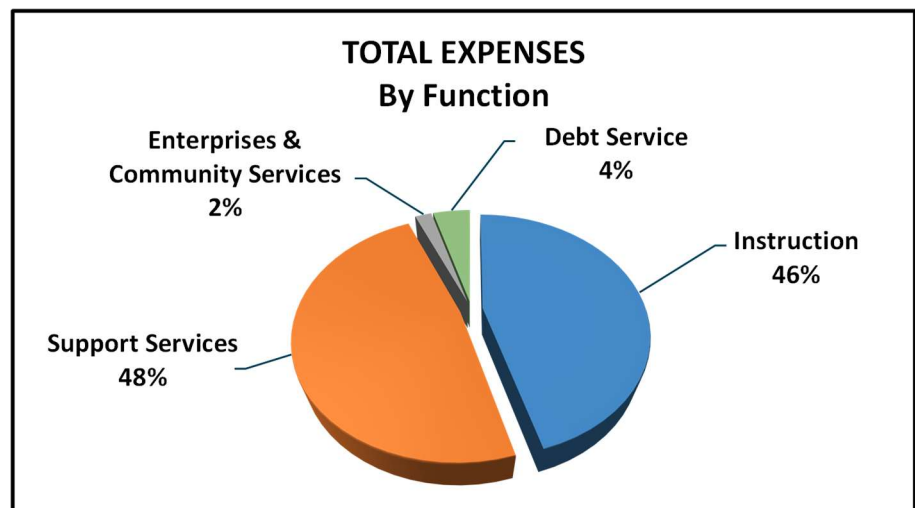
Instructional Service is increasing by 9% from \$10.2 million to \$11.1 million. Corbett School District will continue to fund the high school program Advanced Placement for All. Corbett has received recognition for being among the top 10 in the nation regarding participation levels for this program.

Student Support Services are increasing by \$4.4 million or 60%. This increase is due mainly to the repair of the Multi-Purpose Building. (\$2,525,000). This will only happen if

the district receives a seismic grant to bring the building to seismic safety standards. Included in support service expenditures are targeted spending for mental health (\$912,038) and technology upgrades (\$395,000).

Community Service will increase by \$92,498, from \$393K to \$486K as the food preparation and distribution services increase 15% to \$444,993.

The combined Contingency and Ending Fund Balance is \$383,763 for FY26. This is a 69% decrease over the current year. The contingency and ending fund balance is 1.5% of the requirements, which is well below the board's request to carry at least 5% of the operating revenue.



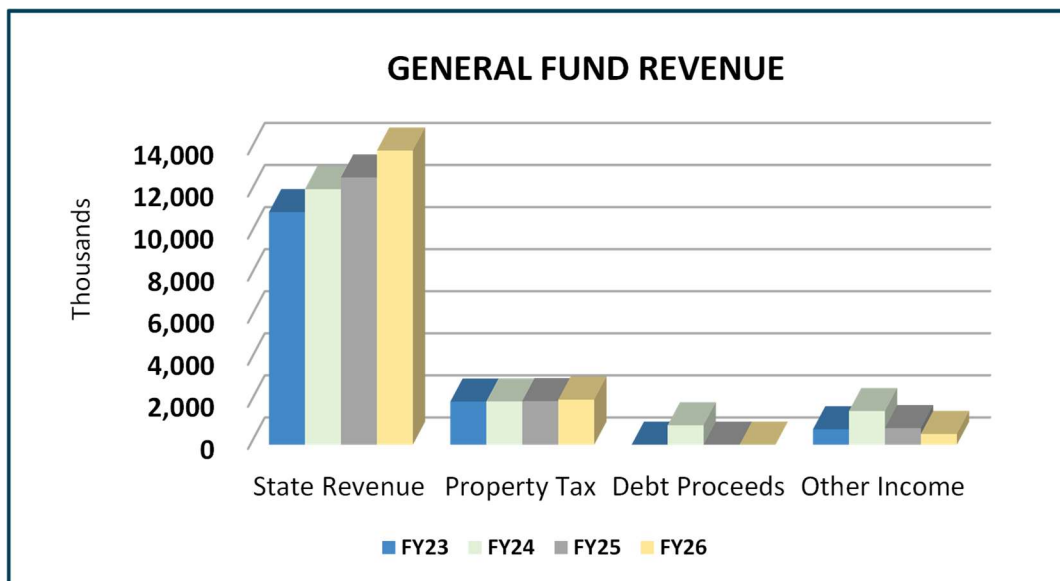
The district will make two transfers in the FY26 budget, all from the General Fund. They will send \$250K to support capital improvements (Capital Fund); \$418,345 to Special Funds to meet the food service state-required match (\$318,245) and \$100,000 to the Risk Management Reserve.

## GENERAL FUND

The General Fund has \$16,631,055 for the district's FY26 daily operations. This is an increase of \$198,661 or 1.2% compared to the current year's Adopted budget numbers. The increases are found in the instruction (5%), debt service (+\$306,971), and transfers (+\$547,077). These increases are in contrast to the decrease in support services (-\$408,677) and ending fund balance (-\$779,618). Revenue comes from two main sources; state funding and local property taxes. State revenue and local property taxes are components of the State School Fund. The SSF is allocated through a school equalization formula that includes the number of students plus extra "weightings" for students eligible for additional services. The district is budgeting for students who qualify for additional weighting due to increased federal poverty estimates.

## GENERAL FUND RESOURCES

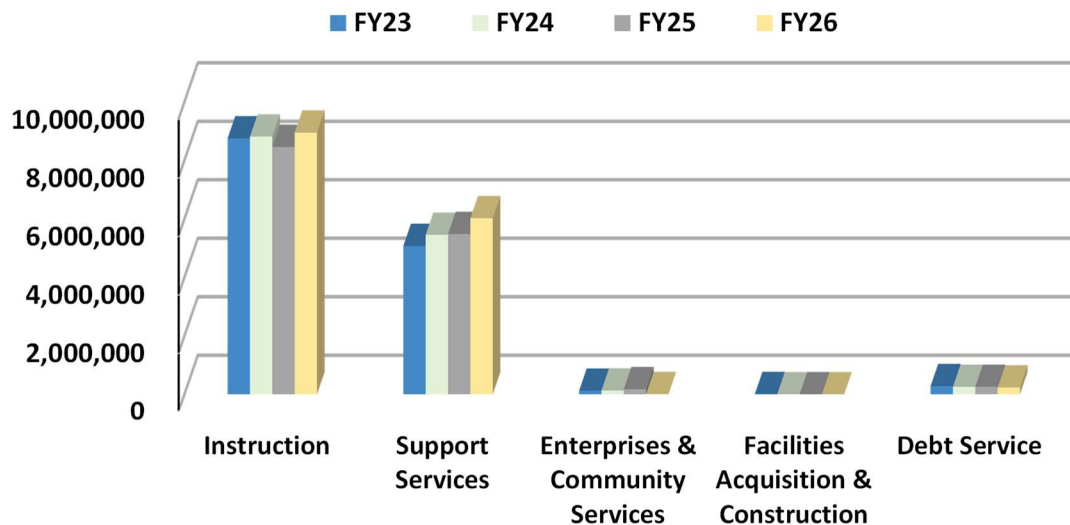
Support from state funding is budgeted 10% more than the current year. Property taxes and state revenue comprise 89% of the district's operating resources. Fees & Charges have increased over the current year's numbers from \$75,885 to \$167,798. The Fees and Charges line item represents fees charged to grants. The FY26 budget, as in the current year, does not include any revenue from tuition.



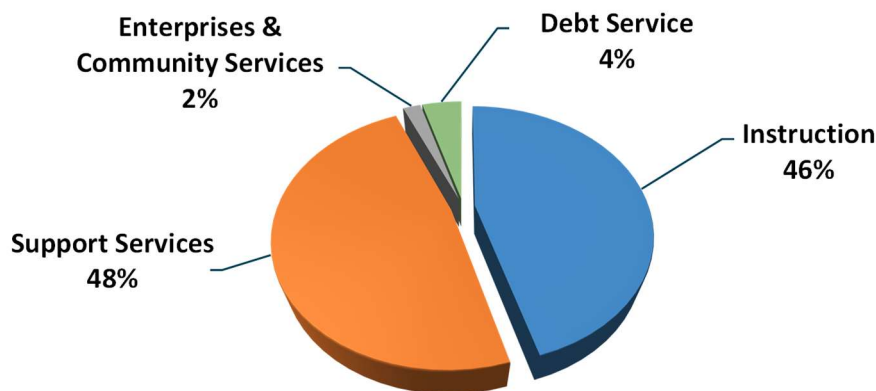
## GENERAL FUND REQUIREMENTS

The following graph gives a year-over-year picture of the district's expenditures by function, followed by a graph showing the percentage for each object classification and one showing the percentage by each function in the FY26 budget.

### GENERAL FUND EXPENDITURES By Function



### TOTAL EXPENSES By Function



Expenditures are categorized in a couple of different ways. One is by function and also by object classification. The graph above represents the expenditures by function for FY26. As expected, instruction will utilize the most significant portion of the General Fund dollars.

**Personnel Services** are budgeted at \$12.1 million, a 1.3% decrease over the current year. These

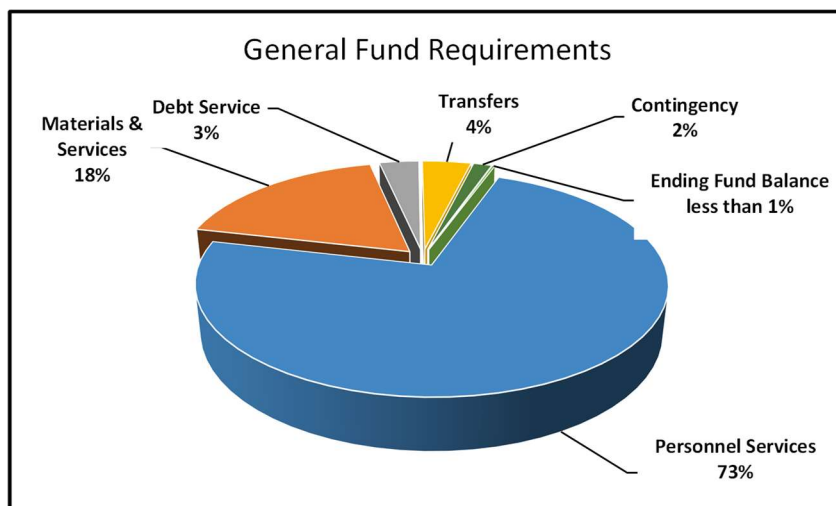
numbers are based on the reduction of four FTE in the General Fund necessary to balance the budget. Individual salary and benefit costs are increasing moderately across the board. PERS and health insurance will see an increase in FY26.

**Materials & Services** will increase from \$2.7 million to \$3.0 million. The cost for substitutes for education staff is estimated at \$402,850. Computer software expenditures will be \$140,025 in FY26. The district works closely

with information technology staff to determine the essential computer software and hardware needed to keep the district current. Also included in the materials and services category is the liability insurance for board members. It is projected to increase 17% to \$313,000.

There are no funds set aside for **Capital Expenditures** in the General Fund for FY26.

**Contingency** is set aside for unexpected expenditures. In FY26, the district will reserve \$250,000 in the General Fund for this purpose. **The Ending Fund Balance** is reserved to ensure the district has enough revenue to begin operations the following fiscal year. Corbett School District has budgeted an ending fund balance of \$33,763 for FY26. This amount is 1% of the total requirements in the operating fund, well below the desired 5%-7% of total operating requirements. The district is working hard to turn this around and bring the balance to the desired level in three years.



## OTHER SIGNIFICANT BUDGET AREAS

### SPECIAL REVENUE FUND - \$8,127,690

The Special Revenue Fund accounts for revenues and expenditures of grants that are generally restricted to specific educational projects. With this Approved Budget, several funds were reorganized and combined into the Special Revenue Fund to comply with the ODE chart of accounts. The principal revenue sources for FY26 are federal (\$2,003,158), state (\$4,295,288), fees (\$220,000), miscellaneous revenue (\$1,031,899), and transfers from the General Fund (\$418,345). These funds will be used for: Support Services, \$5.8 million; Instruction, \$1.7 million and \$486 thousand for Enterprise & Community Services. The increase in Support Service is due to a seismic grant the district has budgeted to receive and use to update the Multi-Purpose Building to meet seismic regulations. The district is expecting to use \$924,786 for school-based mental health and \$954,786 for increasing transportation. Also included is \$481,766 for the nutrition programs.

### CAPITAL PROJECTS FUND - \$250,000

This fund records activities related to the acquisition, construction, and equipping of facilities. In FY26 this fund will receive 100% of its support from transfers from the General Fund and will be used for repair of buildings.

### GENERAL OBLIGATION BOND DEBT SERVICE FUND - \$535,640

The voters approved the \$4 million General Obligation Bond Measure in November 2020 for the renovation improvements and construction of the district's facilities. The GO Bond Debt Service Fund accounts for the property tax receipts and the debt service payment for this obligation. In FY26, the principal and interest payments total \$437,042.

## DEBT STATUS

The District's outstanding debt at the beginning of the fiscal year 2026 will be **\$6,421,671**, as shown:



- General Obligation Debt **\$2,662,000** for property and renovations
- Full Faith and Credit Obligations **\$225,896** for the purchase of buses from 2019 to 2023.
- Bonds for Springdale School purchase and renovations in 2012 **\$1,275,000**
- Lease purchase obligations of **\$83,906** to make energy-efficient updates throughout the district.
- Multnomah ESD loan of **\$2,000,000** in December of 2024 to support General operations.

The total debt service for the school district in FY26 will be \$1,093,257. The General Obligation Debt Service (\$437,072) will be supported using property tax revenue, and the other debt service obligations will receive funding from the General Fund resources (\$541,296) and the Special Revenue Fund (\$114,889).

## BUDGET PROCESS & COMPLIANCE

Yes	No	Compliance Issue
X		Did the district meet publication requirements?
X		Do resources equal requirements in every fund?
X		Are contingencies shown only in operating funds?
X		Did the budget committee approve the budget?
X		Did the budget committee set the levy?
X		Does the audit show the district was in compliance with Local Budget Law?

## LOCAL BUDGET LAW COMPLIANCE

The FY 2025-26 Budget is in substantial compliance with local budget law. Estimates were judged to be reasonable for the purposes shown. The district did budget dues and fees of \$350 in the General Obligation Bond fund; per budget law, only debt service can be budgeted. Given the size of the budgeted amount, and this being the first time this has occurred, we are not recommending any certification letter action. We have notified the district to make the change in the Adopted Budget or next year's budget.

The audit report for FY 2023-24 notes no exceptions.

## CERTIFICATION LETTER RECOMMENDATIONS & OBJECTIONS

TSCC staff notes no deficiencies in the district's FY 2025-26 budget development process and recommends that the Certification Letter contain no recommendations or objections.



## Corbett School District

### Budget Summary

	2022 - 2023	2023 - 2024	2024 - 2025	2025 - 2026	%
	Actual	Actual	Revised	Approved	Change
<b><u>SUMMARY OF ALL FUNDS</u></b>					
<b>PROPERTY TAX BREAKDOWN:</b>					
Permanent Rate Property Taxes	2,044,663	2,033,930	2,062,000	2,118,000	2.7%
GO Debt Property Taxes	383,049	476,136	479,945	387,072	-19.4%
Prior Years Property Taxes	2,716	23,283	7,000	21,000	200.0%
<b>TOTAL PROPERTY TAX</b>	<b>2,430,428</b>	<b>2,533,349</b>	<b>2,548,945</b>	<b>2,526,072</b>	<b>-0.9%</b>
<b>RESOURCES:</b>					
Beginning Fund Balance	4,882,031	3,554,927	1,023,230	209,000	-79.6%
Property Taxes	2,430,428	2,533,349	2,548,945	2,526,072	-0.9%
Intergovernmental Revenue	15,562,269	15,818,597	15,435,037	20,570,703	33.3%
Fees and Charges	325,976	278,272	375,885	387,798	3.2%
Other Income	457,255	1,127,348	548,261	1,083,899	97.7%
Debt Proceeds	429,683	922,843	0	0	0.0%
Transfers In	53,340	15,000	121,268	668,345	451.1%
<b>TOTAL RESOURCES</b>	<b>24,140,982</b>	<b>24,250,336</b>	<b>20,052,626</b>	<b>25,445,817</b>	<b>26.9%</b>
<b>REQUIREMENTS BY OBJECT:</b>					
Personnel Services	13,371,290	14,849,074	14,333,665	14,843,987	3.6%
Materials & Services	3,323,361	4,184,891	3,584,275	4,347,566	21.3%
Capital Outlay	3,364,202	4,437,028	0	4,108,899	0.0%
Debt Service	678,516	842,204	770,400	1,093,257	41.9%
Fund Transfers	53,340	15,000	121,268	668,345	451.1%
Contingencies	0	0	213,144	350,000	64.2%
Ending Fund Balance	3,350,273	(77,861)	1,029,874	33,763	-96.7%
<b>TOTAL REQUIREMENTS BY OBJECT</b>	<b>24,140,982</b>	<b>24,250,336</b>	<b>20,052,626</b>	<b>25,445,817</b>	<b>26.9%</b>
<b><u>SUMMARY OF BUDGET - BY FUND</u></b>					
General Fund	15,140,133	16,789,944	16,432,394	16,631,055	1.2%
Matching Grant Fund	2,705,767	653,243	0	0	0.0%
GO Bond Debt Service Fund	390,416	523,965	535,640	437,072	-18.4%
Full Faith & Credit Fund	2,374,167	2,233,285	0	0	0.0%
Special Revenue Fund	2,505,455	3,047,647	3,084,592	8,127,690	163.5%
GO Bond 2021	1,025,044	1,002,252	0	250,000	0.0%
<b>GRAND TOTAL ALL FUNDS</b>	<b>24,140,982</b>	<b>24,250,336</b>	<b>20,052,626</b>	<b>25,445,817</b>	<b>26.9%</b>

### DETAIL OF GENERAL FUND

#### RESOURCES:

Beginning Fund Balance	1,305,723	53,545	872,694	0	-100.0%
Property Tax	2,047,379	2,057,213	2,069,000	2,139,000	3.4%
Federal Revenue	77,472	90,405	92,541	0	-100.0%
State Revenue	11,055,802	12,142,760	12,702,813	13,982,257	10.1%
Local Revenue	201,787	424,048	201,200	290,000	44.1%
Fees and Charges	140,953	108,568	75,885	167,798	121.1%
Other Income	311,017	975,562	418,261	52,000	-87.6%
Debt Proceeds	0	922,843	0	0	0.0%
Transfers In	0	15,000	0	0	0.0%
<b>TOTAL FUND RESOURCES</b>	<b>15,140,133</b>	<b>16,789,944</b>	<b>16,432,394</b>	<b>16,631,055</b>	<b>1.2%</b>

**REQUIREMENTS:**

Instruction	8,814,332	9,225,867	8,947,848	9,449,900	5.6%
Support Services	5,454,489	7,024,012	6,096,428	5,687,751	-6.7%
Enterprises and Community Services	129,228	11,431	6,000	0	-100.0%
Facilities Acquisition and Construction	0	426,181	0	0	0.0%
Debt Service	253,297	321,515	234,325	541,296	131.0%
Transfers Out	53,340	0	121,268	668,345	451.1%
Contingencies	0	0	213,144	250,000	17.3%
Ending Fund Balance	435,447	(219,062)	813,381	33,763	-95.8%
<b>TOTAL FUND REQUIREMENTS</b>	<b>15,140,133</b>	<b>16,789,944</b>	<b>16,432,394</b>	<b>16,631,055</b>	<b>1.2%</b>

**DETAIL OF GENERAL OBLIGATION DEBT SERVICE FUND**

**RESOURCES:**

Beginning Fund Balance	912	10,198	55,695	50,000	-10.2%
GO Debt Property Taxes	383,049	476,136	479,945	387,072	-19.4%
Interest on Investments	6,455	37,631	0	0	0.0%
<b>TOTAL FUND RESOURCES</b>	<b>390,416</b>	<b>523,965</b>	<b>535,640</b>	<b>437,072</b>	<b>-18.4%</b>

**REQUIREMENTS:**

Debt Services	380,219	411,339	423,988	437,072	3.1%
Transfers Out	0	15,000	0	0	
Ending Fund Balance	10,197	97,626	111,652	0	-100.0%
<b>TOTAL FUND RESOURCES</b>	<b>390,416</b>	<b>523,965</b>	<b>535,640</b>	<b>437,072</b>	<b>-18.4%</b>