



# Comprehensive Annual Financial Report

For the Year Ended June 30, 2020

**MULTNOMAH EDUCATION SERVICE DISTRICT**

Multnomah County, Oregon



# Multnomah Education Service District

Multnomah County, Oregon

## Comprehensive Annual Financial Report

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For the Year Ended June 30, 2020

Prepared by the Business Services Department

11611 NE Ainsworth Circle  
Portland, OR 97220  
[www.mesd.k12.or.us](http://www.mesd.k12.or.us)

### Non-Discrimination Notice

Multnomah Education Service District prohibits discrimination and harassment on any basis protected by law, including but not limited to race, color, religion, sex, national or ethnic origin, sexual orientation, mental or physical disability or perceived disability, pregnancy, familial status, economic status, veterans' status, parental or marital status or age, or because of the perceived or actual race, color, religion, sex, sexual orientation, national or ethnic origin, mental or physical disability or perceived disability, pregnancy, familial status, economic status, veterans' status, parental or marital status or age of any other persons with whom the individual associates.

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## Table of Contents

### INTRODUCTORY SECTION

Letter of Transmittal .....	i
Board of Directors and Administration .....	ix
Organizational Structure .....	x
GFOA Certificate of Achievement for Excellence in Financial Reporting.....	xi
ASBO Certificate of Excellence in Financial Reporting.....	xii

### FINANCIAL SECTION

Independent Auditor's Report .....	1
Management's Discussion and Analysis.....	5
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position .....	13
Statement of Activities .....	14
Governmental Fund Financial Statements	
Balance Sheet – Governmental Funds.....	15
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	16
Statement of Revenue, Expenditures, Other Financing Sources (Uses), and Changes in Fund	
Balance - Governmental Funds .....	17
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, Other Financing	
Sources (Uses), and Changes in Fund Balances to the Statement of Activities.....	18
Fiduciary Financial Statement	
Statement of Fiduciary Assets and Liabilities .....	19
Notes to the Basic Financial Statements .....	21
Required Supplementary Information	
Schedules of Revenues, Expenditures, Other Financing Sources (Uses), and Changes in Fund Balance –	
Budget and Actual	
Operating Fund.....	55
Resolution Services Fund.....	56
Contracted Services Fund.....	57
Schedules of Changes in SERHB OPEB Liability and Related Ratios .....	58
Schedule of the District's Proportionate Share of the Net OPEB Asset and Liability – PERS OPEB Plan.....	59
Schedule of the District's Contributions - PERS OPEB Plan .....	60
Schedule of the District's Proportionate Share of the Net Pension Asset and Liability .....	61
Schedule of the District's Contributions .....	62
Notes to the Required Supplementary Information.....	63
Other Supplementary Information	
Schedule of Revenues, Expenditures, Other Financing Sources (Uses), and Changes in Fund Balance –	
Budget and Actual	
Debt Service Fund .....	67
Combining Balance Sheet - General Fund .....	68
Combining Statement of Revenues, Expenditures, Other Financing Sources (Uses), and Changes in	
Fund Balance - General Fund.....	69
Schedules of Revenues, Expenditures, Other Financing Sources (Uses) and Changes in Fund Balance –	
Budget and Actual	
Risk Management Reserve Fund .....	70

## Table of Contents (continued)

Facilities and Equipment Reserve Fund .....	71
Statement of Changes in Assets and Liabilities – Agency Fund .....	72
 <b>OTHER INFORMATION AS REQUIRED BY THE OREGON DEPARTMENT OF EDUCATION</b>	
Supplemental Information as Required by ODE.....	75
ODE District Audit Summary – Revenues and Other Resources .....	76
ODE District Audit Summary – Expenditures and Other Uses .....	78
 <b>STATISTICAL SECTION</b>	
Financial Trend Information	
Statement of Net Position – Last Ten Years .....	86
Changes in Net Position - Last Ten Years .....	88
Statement of Revenues, Expenditures, Other Financing Sources (Uses), and Changes in Fund Balance - Governmental Funds - Last Ten Years.....	90
Fund Balances of Governmental Funds - Last Ten Years.....	92
Revenue Capacity Information	
Assessed Values of Taxable Property Within District Boundaries – Last Ten Fiscal Years.....	93
Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years.....	94
Principal Property Taxpayers in Multnomah County – Taxing District: 304 Multnomah ESD – Current Year and Nine Years Prior .....	95
Property Tax Levies and Collections by County – Last Ten Years .....	96
Debt Capacity Information	
Ratios of Outstanding Debt - Last Ten Fiscal Years .....	97
Direct and Overlapping Debt .....	98
Demographic and Economic Information	
Demographic and Economic Statistics – Last Ten Years.....	99
Principal Employers, Portland Metro Area - Current and Nine Years Prior .....	100
Operating Information	
Licensed, Classified and Administrative Employees – Last Ten Fiscal Years.....	101
School District Participation in MESD Programs and Services – Last Ten Fiscal Years .....	102
Schools, Sites, and Offices .....	103
 <b>SINGLE AUDIT SECTION</b>	
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 <i>Governmental Auditing Standards</i> .....	107
Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance .....	109
Schedule of Expenditures of Federal Awards .....	111
Notes to the Schedule of Expenditures of Federal Awards .....	113
Schedule of Findings and Questioned Costs .....	114
Schedule of Prior Year Audit Findings .....	116
 <b>OTHER INFORMATION AS REQUIRED BY THE STATE OF OREGON</b>	
Independent Auditor’s Report on Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Oregon State Regulations .....	119

## **INTRODUCTORY SECTION**

**mesd**



November 17, 2020

To the Board of Directors of the Multnomah Education Service District and  
Residents of Multnomah County, Oregon:

Oregon Municipal Law requires that an independent audit be made of all District funds within six months following the close of the fiscal year. Pursuant to this requirement, the Comprehensive Annual Financial Report of Multnomah Education Service District (the District or Multnomah ESD or MESD) for the fiscal year ended June 30, 2020 is hereby submitted.

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

The District's management has established a comprehensive internal control framework that is designed both to protect the assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Since the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

### ***Independent Audit***

The provisions of Oregon Revised Statutes require an independent audit of the financial records and fiscal affairs of the District. The auditors selected by the Board of Education, Talbot, Korvola & Warwick, LLP, have completed their audit of the financial statements and, accordingly, have issued an unmodified ("clean") opinion on the MESD's financial statements for the year ended June 30, 2020. The independent auditor's report is located at the front of the financial section of this report.

The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards require state and local governments that expend \$750,000 or more in federal assistance in a year have a special form of audit conducted for that year. MESD has issued a report on these requirements. Talbot, Korvola & Warwick, LLP have also provided various required reports. These reports are located in the Single Audit Section of this report.

### ***Management's Discussion and Analysis***

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

**Superintendent** *Sam Breyer*

**Board of Directors** *Jessica Arzate ♦ Mary Botkin ♦ Kristin Cornuelle ♦ Siobhan Burke ♦ Susie Jones ♦ Denyse Peterson ♦ Helen Ying*

11611 NE Ainsworth Circle ♦ Portland, Oregon 97220 ♦ 503-255-1841 ♦ fax 503-257-1519 ♦ [www.mesd.k12.or.us](http://www.mesd.k12.or.us)

**PROFILE OF THE DISTRICT**

*Mission Statement: We support all students to achieve excellence.*

***General Background***

Education Service Districts (ESDs) originated in Oregon's first laws establishing a general system of common schools. The Multnomah ESD evolved from the county school superintendent's office, first established in 1854. Responsibilities of that office were transferred from county government to an independent district in 1957. The state legislature formally established the ESD in 1963. In 1978, the name of the district was changed from Intermediate Education District to Multnomah Education Service District.

Throughout the history of Oregon's regional services system, local governance and state statutes concerning the mission of ESDs has remained somewhat constant: "Education Service Districts assist school districts and the State of Oregon achieving Oregon's education goals by providing excellent and equitable educational opportunities for all Oregon public school students." Today, each ESD provides regional services to its component school districts, primarily in areas that the school districts alone would not be able to adequately and equitably provide. Currently there are 19 ESDs in Oregon serving 36 counties.

Local district programs and services are provided by two means. Non-resolution programs are funded via grants or fee for service contracts. Resolution programs are those that, through a resolution, are authorized by at least two-thirds of the school boards representing a majority of total county students. Resolution programs are funded from property taxes and state school fund revenue. The State allocates support by granting ESDs a percentage of the total amount available for K-12 school funding, with each ESD receiving a fixed share of that total based on the total state education revenues of its component school districts.

Senate Bill 250, adopted in the 2011 Legislative Session, substantially changed how ESDs operate. The bill allows component school districts in specific Education Service Districts, including MESD, to opt out of ESD services and provides for school districts to receive funding for ESD services directly from the state. In 2019-20, none of the MESD's local districts chose to opt out.

***Component Units and Charter Schools***

The District does not have component units or charter schools.

***District Structure***

Multnomah ESD is governed by an elected seven-member board consisting of five directors representing specific geographic zones in Multnomah County and two at-large. The Board of Directors establishes and oversees policies, employs staff and dedicates resources. It is the chief governing body and is exclusively responsible for its public policies and accountable for fiscal oversight. Board members serve four-year terms without compensation and can be re-elected. The chief administrative officer of the District is the superintendent who is appointed by the Board.

### ***Geography and Population***

The Multnomah ESD serves the second-largest student population in Oregon. The eight school districts (referred to as “component districts”) in MESD's region are diverse and include inner city, suburban and rural schools.

#### **MESD Component Districts**



District	Total Schools	Total Enrollment	District	Total Schools	Total Enrollment
Centennial SD 28J	12	6,099	Parkrose SD 3	7	3,068
Corbett SD 39	1	1,186	Portland SD 1J	109	48,559
David Douglas SD 40	18	9,719	Reynolds SD 7	20	10,940
Gresham-Barlow SD 10J	24	11,979	Riverdale SD 51J	2	648

Source: ODE Fall Membership Report 2019/20, <http://www.oregon.gov/ode/reports-and-data/students>

Within these districts are 193 schools with nearly 92,000 students over a geographic area that stretches from Portland's west hills to the foothills of the Cascades, and from the Columbia River on the north to the Clackamas County line on the south. An estimated population of 824,000 live within the Multnomah ESD boundary which includes Multnomah County and extends into Clackamas and Washington counties along school district boundaries.

### ***Services Provided (Local Service Plan)***

Every Oregon ESD, working with their component school districts, must annually develop a Local Service Plan which determines how the State School Funds (SSF) will be used. Ninety percent of the SSF revenue received by an ESD is subject to this process. The Local Service Plan determines programs and services that the ESD will offer its component districts for the following fiscal year. In accordance with Oregon Revised Statute 334.177, the remaining ten percent of the SSF revenue is used for the general operating costs of the ESD.

The Local Service Plan must include services from at least the following categories: special education, technology, school improvement, and administrative support. The plan may also include any "entrepreneurial services" that the ESD intends to offer to any entity that is not a component school district either outside of the ESD boundary or inside the ESD boundary.

Under the Resolution Process, at least two-thirds of the school districts in an ESD, representing more than one-half of the student population, must approve the Local Service Plan.

MESD provides the following services to its component school districts:

**Special Education Services** provides services to the component districts as well as to districts outside of Multnomah County. Special education partners with community organizations and the component districts to ensure that every child with a disability is provided the best educational opportunities available.

**School Health Services** provides and coordinates specialized services that support the educational experience for students enrolled in our component districts as well as some Clackamas County districts. The department works to ensure that all areas of health are supported for our students' physical, emotional and mental well-being. Together a connection is formed between health and education.

**Instructional Services** provides instruction for students enrolled in regional programs, instructional support for schools, and professional development for educators on a variety of topics. These programs offer a variety of enrichment and enhancement opportunities which complement instruction within the component districts as well as to several districts in Clackamas County. Students in the District's educational programs receive comprehensive educational support, social services, career training, college assistance, environmental education, and specialized education services. These programs emphasize compassion for others, nonviolent ways of settling disputes, resiliency to handle life's challenges, and preparation for college, work, parenthood and civic responsibility.

**Technology Services** provides services both to the component districts through resolution and contracted services as well as internally to the District. The goal of Technology Services is to deliver administrative computer technology and support designed to increase the component district's efficiency and improve internal and external communications. The MESD's Technology Department has agreed to work together with three other ESDs (Columbia Gorge ESD, Northwest Regional ESD, and Willamette ESD) to provide services regionally at a lower cost. The name of this cooperative relationship is the Cascade Technology Alliance. The services fall into four categories: Student Information Services, Business Systems Support, Network Services, and Internal Agency Support.

**Administrative and Support Services** provides services for component school districts, including but not limited to services designed to consolidate component school district business functions, liaison services between the Department of Education and component school districts, registration of children being taught by private teachers, parents or legal guardians pursuant to ORS 339.035, and substitute teacher registration and administration. Other support services include home school registration and courier services.

### ***Age of Buildings***

The District owns one administration building and two school buildings. A significant amount of services; for example, school nursing, are provided at our component district's school sites.

**Ainsworth Building** (b.1989) is the MESD administrative headquarters. Services housed here include Administration, Business Services, Human Resources, Strategic Engagement, and Technology Services. Facilities, Student Services, and Instructional Services supervisory and operational staff are based in the



building. There is one Transitional classroom for students aged 18-21. The main building includes a range of meeting spaces, wellness rooms, employee break rooms, storage areas, and a small cafeteria.

**Arata Creek School** (b. 2000) is attended by children whose educational performance is adversely affected by serious emotional and behavioral challenges. The 16,000 square foot building contains 6 classrooms, activity room, gym and administrative areas with an enrollment of approximately 60 students ranging from 6th grade to 21 years of age.

**Burlingame Creek School** (b. 1999) is attended by children whose educational performance is adversely affected by serious emotional and behavioral challenges. The 16,000 square foot building contains 5 classrooms and administrative areas with an enrollment of approximately 35 students ranging from 6th grade to 21 years of age.

### ***Budget Process and Budgetary Level of Control***

The District is required by the State of Oregon to adopt an annual budget for all funds subject to the requirements of Local Budget Law as outlined in Oregon Revised Statutes 297.405 to 297.555 and 297.990. The budget for each individual fund is a plan for the financial operations to be conducted during the coming fiscal year and is adopted annually, prior to July 1, by the Board after certification by the Multnomah County Tax Supervising and Conservation Commission (TSCC). The budget also provides the authority to levy property taxes. After adoption, the budget may be amended through procedures specified in State statute and Board policy.

The Budget Committee consists of the seven members of the MESD Board, along with an equal number of representatives, plus one, who are appointed by the MESD Board from among members of component district boards or designees of component district boards. The Superintendent is designated as budget officer and he/she or designee prepares the budget document and submits it to the Budget Committee for approval before presentation to the TSCC and the Board. Activities for all governmental funds are included in the annual appropriated budget. For each fund, the expenditures are appropriated by the following major functions:

- Instruction
- Enterprise & Community Services
- Debt Service
- Fund Transfers
- Support Services
- Facilities Acquisitions & Construction
- Other Uses (Transit Payments)
- Contingencies

District management may realign appropriation within a major function; however, transfers between major functions, even within the same fund, require Board approval. More information about the budgetary process can be found in the notes to the basic financial statements (see note I.F).

### ***Cash Management***

Through the year, cash not required for current operations is invested in the State of Oregon Local Government Investment Pool, U.S. Treasury securities and demand deposits.

## FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the District operates.

### *Local Economy*

The District is primarily encompassed within Multnomah County. It is located in northwestern Oregon at the confluence of the Columbia and Willamette rivers, approximately 110 river miles and 80 highway miles from the Pacific Ocean. The County covers 465 square miles, and serves a population of 803,000 residents. The cities of Portland and Gresham are the largest incorporated cities in the County.

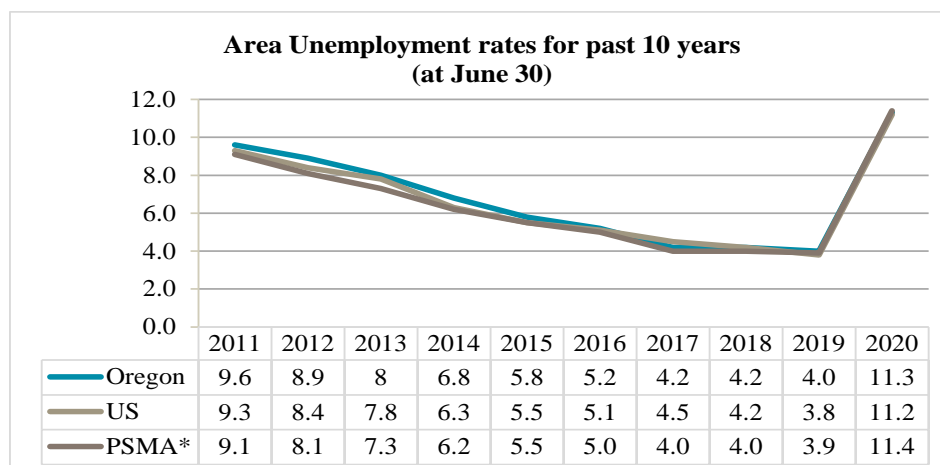
The Portland metropolitan area is the financial, trade, transportation and service center for Oregon, southwest Washington State and the Columbia River basin. Its manufacturing base includes electronics, machinery, transportation equipment, and fabricated metals. Between June 2019 and June 2020, area employment increased by 123,300 jobs, or 10.1 percent.

Portland-Vancouver-Hillsboro, OR-WA MSA  
Summary History - Official Oregon Series  
Nonfarm Payroll Employment (not seasonally adjusted)

	June 2020	June 2019	Change	Percent
Private				
Mining and logging	1,200	1,400	(200)	-14.3%
Construction	76,700	76,600	100	0.1%
Manufacturing	121,500	130,900	(9,400)	-7.2%
Trade, transportation, and utilities	207,500	217,800	(10,300)	-4.7%
Information	25,100	25,600	(500)	-2.0%
Financial activities	68,600	73,500	(4,900)	-6.7%
Professional and business services	179,600	189,900	(10,300)	-5.4%
Education and health services	169,400	179,600	(10,200)	-5.7%
Leisure and hospitality	148,700	130,900	17,800	13.6%
Other services	61,400	42,100	19,300	45.8%
Government	287,100	155,200	131,900	85.0%
Total Nonfarm Payroll	1,346,800	1,223,500	123,300	10.1%

Source: Oregon Employment Department ([qualityinfo.org](http://qualityinfo.org)) as of July 29, 2020

During the past nine years, the area's unemployment rate has made a gradual decrease; however, due to COVID-19 the unemployment rate for the area as well as the state and nation have been significantly impacted. As of June 30, 2020 the Portland-Vancouver-Hillsboro MSA unemployment rate was 11.4%, up from 3.9% a year ago. The unemployment rate for the area is about even with the State of Oregon (11.3%) and the national average (11.2%). The following chart shows the 10-year rate history.



\* The Portland metro area includes all of Clackamas, Columbia, Multnomah, Washington and Yamhill counties in Oregon and Clark and Skamania counties in Washington State.

Source: Oregon Employment Department ([qualityinfo.org](http://qualityinfo.org)) as of July 29, 2020

### ***Long-Term Financial Planning***

The Multnomah ESD is funded primarily through local property taxes and by the State of Oregon based on the state school formula. State funding is heavily dependent on personal income tax collections, and is subject to fluctuation based on the overall economic status of the state.

### **MAJOR INITIATIVES**

#### ***District Accreditation***

In July 2019, the MESD was granted accreditation from the Advanced Accreditation Commission, the national commission that confers the North Central Association Commission on Accreditation and School Improvement (NCA CASI) accreditation seal. Offering accredited education assists in reducing barriers for students, provides exceptional criterion for feedback, increases transparency to stakeholders and promotes regional leadership for quality education.

#### ***Strategic Plan 2019-2021***

In August 2019, the MESD launched its second biennial strategic plan evolving from its initial 2017-2019 Strategic Plan that ended in June 2019. The 2019-2021 Strategic Plan will influence budgetary and expenditure decisions for the next biennium. The four goals are:

- Improve outcomes for students
- Become an acknowledged leader and convener for improving educational outcomes
- Increase district, student and community participation and satisfaction with our services
- Attract, develop, and retain high-quality staff

### **AWARDS**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Multnomah Education Service District for its Comprehensive

Financial Report for the year ended June 30, 2019. This was the fifth year that the District received this prestigious award. In order to be awarded a Certificate of Achievement, the District published an easily readable and efficiently organized Comprehensive Annual Financial Report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

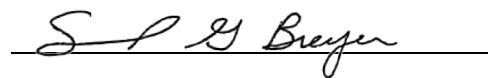
A Certificate of Achievement is valid for a period of one year only. We believe our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the Association of School Business Officials International (ASBO) awarded its Certificate of Excellence in Financial Reporting to Multnomah Education Service District for its Comprehensive Annual Financial Report for the year ended June 30, 2019. This was the fifth year that the District received this prestigious award. Receiving this Award is recognition that the District has met the highest standards of excellence in school financial reporting as adopted by ASBO. The District believes that the current Comprehensive Annual Financial Report, which will be submitted to ASBO for review, will also conform to these standards.


#### **ACKNOWLEDGEMENTS**

We would like to express our appreciation to the staff of the Business Services Department and members of other MESD departments who assisted in the preparation of this Comprehensive Annual Financial Report. We further extend our appreciation to the members of the Board of Directors, employees of the District, and the citizens of Multnomah County whose continued cooperation, support, and assistance have contributed greatly to the achievements of the Multnomah Education Service District.

Respectfully submitted,



Sam Breyer  
Superintendent



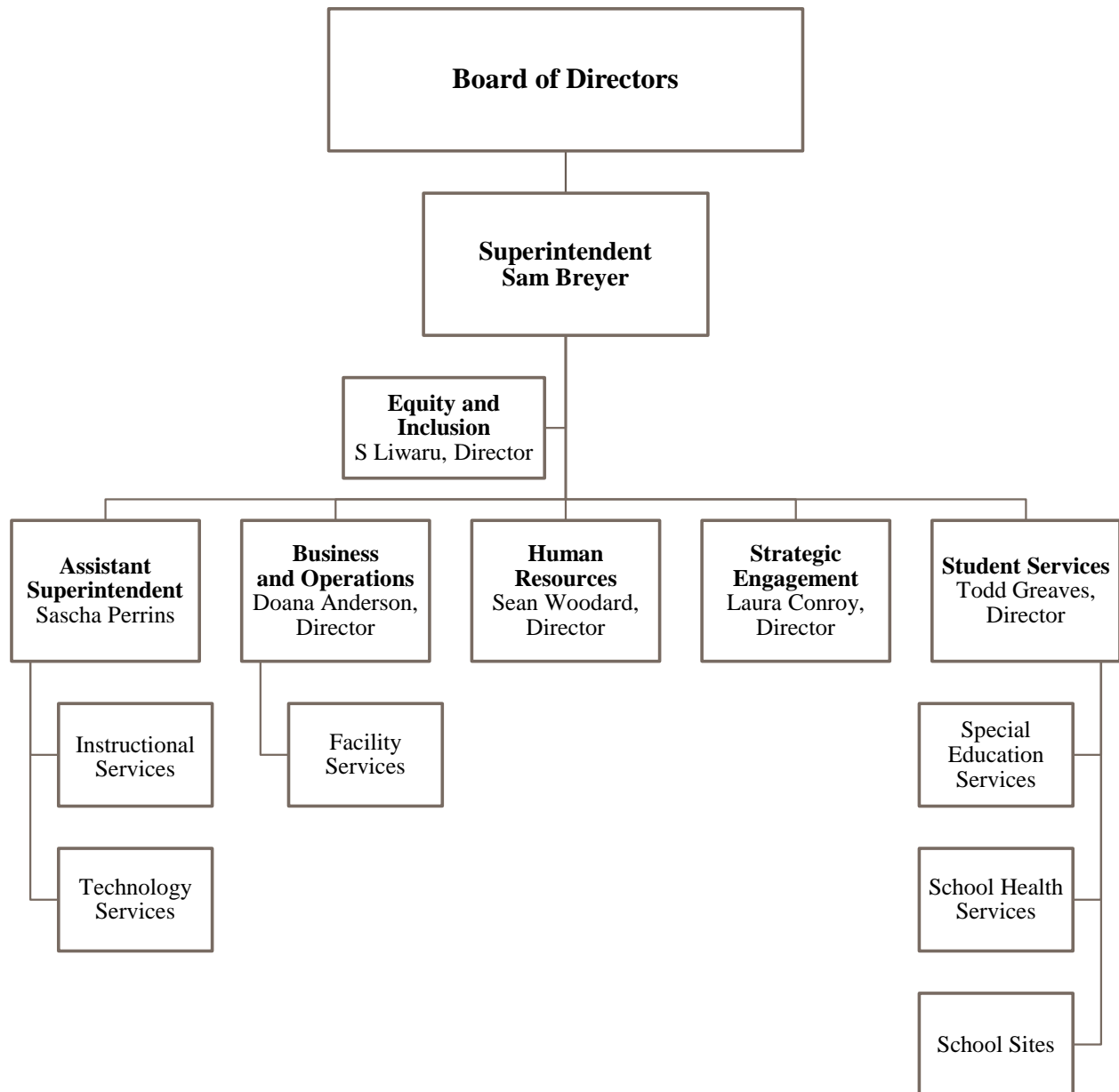
Doana Anderson  
Director of Business and Operations

**Multnomah Education Service District****BOARD OF DIRECTORS****June 30, 2020**

<u>Position</u>	<u>Board Member</u>	<u>Represented Zone</u>	<u>Term Ends</u>
One	Susie Jones	East Multnomah County	6/30/2021
Two	Helen Ying, Chair	At Large	6/30/2021
Three	Mary Botkin	Central Portland	6/30/2021
Four	Jessica Arzate	Mid-Multnomah County	6/30/2021
Five	Denyse Peterson	N/NE Portland	6/30/2023
Six	Kristine Cornuelle, Vice-Chair	At Large	6/30/2023
Seven	Katrina Doughty	SE/SW Portland	6/30/2023

**ADMINISTRATION****June 30, 2020**

Sam Breyer	Superintendent
Sascha Perrins	Assistant Superintendent
Doana Anderson	Director, Business Services and Operations
Laura Conroy	Director, Strategic Engagement
Todd Greaves	Director, Student Services
S. Liwaru	Director, Equity and Inclusion
Sean Woodard	Director, Human Resource Services

**Multnomah Education Service District****ORGANIZATIONAL STRUCTURE****JUNE 30, 2020**



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Multnomah Education Service District  
Oregon**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2019

*Christopher P. Morill*

Executive Director/CEO



The Certificate of Excellence in Financial Reporting  
is presented to

**Multnomah Education Service District**

**for its Comprehensive Annual Financial Report (CAFR)  
for the Fiscal Year Ended June 30, 2019.**

The CAFR meets the criteria established for  
ASBO International's Certificate of Excellence.



A handwritten signature in black ink, reading 'Claire Hertz'.

**Claire Hertz, SFO**  
President

A handwritten signature in black ink, reading 'David J. Lewis'.

**David J. Lewis**  
Executive Director



## **FINANCIAL SECTION**

**mesd**



Talbot, Korvola & Warwick, LLP 14945 SW Sequoia Parkway, Suite 150, Portland, Oregon 97224  
P 503.274.2849 F 503.274.2853 [www.tkw.com](http://www.tkw.com)

## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Multnomah Education Service District  
Portland, Oregon

### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Multnomah Education Service District (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

### **MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### **AUDITOR'S RESPONSIBILITY**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and those standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

## **INDEPENDENT AUDITOR'S REPORT (Continued)**

Board of Directors  
Multnomah Education Service District

### **AUDITOR'S RESPONSIBILITY (CONTINUED)**

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **OPINIONS**

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 District as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **OTHER MATTERS**

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the required supplementary information, Management's Discussion and Analysis, Schedule of Changes in SERHB OPEB Liability and Related Ratios, Schedule of the District's Proportionate Share of the Net OPEB Asset and Liability-PERS OPEB Plan, Schedule of the District's Contributions-PERS OPEB Plan, Schedule of the District's Proportionate Share of the Net Pension Asset and Liability, Schedule of the District's Contributions, and Notes to Required Supplementary Information, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, 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.

The accompanying budgetary comparison information for the Operating Fund, Resolution Services Fund, and Contracted Services Fund, as listed in the Table of Contents as Required Supplementary Information, although not a part of the basic financial statements, is presented for purposes of additional analysis and is required by the Governmental Accounting Standards Board, who considers it to be an essential part of basic financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the required budgetary comparison for the Operating Fund, Resolution Services Fund, and Contracted Services Fund are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### ***Other Supplementary Information and the Schedule of Expenditures of Federal Awards***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other schedules and statements, listed in the Table of Contents as Other Supplementary Information, and the Schedule of Expenditures of Federal Awards

## **INDEPENDENT AUDITOR'S REPORT (Continued)**

Board of Directors  
Multnomah Education Service District

### **OTHER MATTERS (CONTINUED)**

#### ***Other Supplementary Information and the Schedule of Expenditures of Federal Awards (Continued)***

(SEFA) 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. The Other Supplementary Information and SEFA are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplementary Information and the SEFA are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory and Statistical Sections, as listed in the Table of Contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

### **REPORTS ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2020, on our consideration of the 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 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 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 the District's internal control over financial reporting and compliance.

#### ***Other Information as Required by the Oregon Department of Education***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Other Information as Required by the Oregon Department of Education, as listed in the Table of Contents, is not a required part of the basic financial statements and is presented for the purposes of additional analysis, as required by the Oregon Department of Education. We have applied certain limited procedures to this other 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.

**INDEPENDENT AUDITOR'S REPORT (Continued)**

Board of Directors  
Multnomah Education Service District

**REPORTS ON OTHER LEGAL AND REGULATORY REQUIREMENTS (CONTINUED)**

***Other Reporting Required by Oregon Minimum Standards***

In accordance with *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated November 17, 2020, on our consideration of the District's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance.

**TALBOT, KORVOLA & WARWICK, LLP**

By   
Timothy R. Gillette, Partner

Portland, Oregon  
November 17, 2020

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Multnomah Education Service 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, 2020.

### Financial Highlights

- In the government-wide statements, the liabilities and deferred inflows of the District exceeded its assets and deferred outflows at June 30, 2019 by \$22 million. Of this amount, \$8 million represents the District's net investment in capital assets, \$9 million is restricted, and the remainder is an unrestricted net deficit of \$39 million.
- The District's ending net position decreased by \$0.6 million.
- The District's governmental funds report combined ending fund balance of \$17 million, an increase of \$1.3 million. Approximately 12 percent of this total amount, \$1.9 million, is assigned to help support future program services provided to school districts and approximately 21 percent, \$3.5 million, is available for the District's operating needs. The remaining amount is either restricted by grants and resolution funding, is committed for future facilities and technology projects, assigned for next year's budget, or is nonspendable.

### Overview of the Financial Statements

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

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

The *Statement of Net Position* presents information on all of the assets and deferred outflows of resources and liabilities and deferred inflows of resources of the District at year-end, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* presents information showing how the net position of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods.

In both statements, the District's activities are shown in one category as *governmental activities*. The governmental activities of the District include services related to K-12 education. These activities are primarily supported through property taxes, the Oregon's State School Fund, and other intergovernmental revenues.

The government-wide financial statements begin on page 13 of this report.



**Fund financial statements.** 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 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 fiduciary funds.

**Governmental funds.** *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 government's near-term financing decisions. The Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The MESD maintains six individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, the Resolution Services Fund, and the Contracted Services Fund which are all considered major funds and in the Debt Service Fund which is considered a nonmajor fund. For reporting purposes, the General Fund is a combination of the operating fund, the risk management reserve fund, and the facilities and equipment reserve fund. Individual fund data for the General Fund in the form of *combining statements* is presented elsewhere in this report.

The MESD adopts an annual appropriated budget for each of its governmental funds. A budgetary comparison statement has been provided for each fund individually in either required or supplementary information to demonstrate compliance with the fund level budgets.

The basic governmental fund financial statements begin on page 15 of this report.

**Fiduciary Funds.** *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the MESD's own programs. The MESD maintains one fiduciary fund which reports resources temporarily held by the District in a custodial capacity for component districts.

The basic fiduciary fund financial statement is on page 19 of this report.

**Notes to the basic 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 begin on page 21 of this report.

**Other information.** *Required Supplementary Information (RSI)* is located directly after the notes to the basic financial statements and represents the required comparison of the budget and actual results on the



District's budgetary basis for the Operating Fund, the Resolution Services Fund and the Contracted Services Fund. This section also includes schedules disclosing the District's PERS net pension liability and PERS contributions; and, the District's other post-employment benefits obligations (OPEB). This information begins on page 53 of this report.

*Other Supplementary Information (OSI)* includes combining statements for the general governmental funds, budgetary comparison schedules for the general and nonmajor governmental funds, and other financial schedules. Other supplementary information begins on page 65 of this report.

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the MESD, liabilities and deferred inflows exceeded assets and deferred outflows by \$22 million at the close of the most recent fiscal year.

#### Multnomah Education Service District's Comparative Statement of Net Position

	June 30, 2020	June 30, 2019	Increase (Decrease)
<b>Assets</b>			
Current and other assets	\$ 24,737,923	\$ 21,865,066	\$ 2,872,857
Net OPEB asset	439,291	242,512	196,779
Net capital assets	7,928,546	8,345,190	(416,644)
Total assets	33,105,760	30,452,768	2,652,992
<b>Deferred Outflows</b>			
OPEB contributions after measurement date	25,650	112,671	(87,021)
Deferred OPEB differences	289,374	507	288,867
Pension contributions after measurement date	2,651,739	1,278,227	1,373,512
Deferred pension differences	7,483,904	9,982,326	(2,498,422)
Total deferred outflows	10,450,667	11,373,731	(923,064)
<b>Liabilities</b>			
Current liabilities	7,165,449	5,580,697	1,584,752
Non-current liabilities:			
Total OPEB liability	2,188,390	1,694,164	494,226
Net pension liability	27,491,959	25,773,904	1,718,055
Debt service due within one year	2,095,000	1,835,000	260,000
Debt service due in more than one year	21,300,000	23,395,000	(2,095,000)
Total liabilities	60,240,798	58,278,765	1,962,033
<b>Deferred Inflows</b>			
Deferred OPEB differences	699,870	777,815	(77,945)
Deferred pension differences	4,641,712	4,148,348	493,364
Total deferred inflows	5,341,582	4,926,163	415,419
<b>Net position:</b>			
Invested in capital assets	7,928,546	8,345,190	(416,644)
Restricted	8,839,506	8,449,159	390,347
Unrestricted	(38,794,005)	(38,172,778)	(621,227)
Total net position	<u>\$ (22,025,953)</u>	<u>\$ (21,378,429)</u>	<u>\$ (647,524)</u>

A significant portion of the MESD's net position reflects its net investment in capital assets (e.g. buildings, vehicles, and equipment.) The MESD uses the capital assets to provide services to students and other District residents; consequently, these assets are not available for future spending.

The next category of the MESD's net position represents resources that are subject to external restrictions on how they may be used. Restricted assets are mostly composed of remaining resolution dollars held for component districts and grant funding. The remaining deficit of \$39 million is unrestricted.

The increase in current and other assets is from accounts receivable for expanded special education programs and for Oregon Department of Education contracts that are on a reimbursement basis. Increases in deferred outflows, liabilities, and deferred inflows are attributable to changes in the District's proportionate share of the Oregon Public Employees Retirement System (PERS) and Other Post-Employment Benefit (OPEB) liabilities.

**Changes in net position.** Governmental activities decreased the MESD's net position by \$0.6 million for the fiscal year 2019-2020.

#### Multnomah Education Service District's Comparative Statement of Activities

	June 30, 2020	June 30, 2019	Increase (Decrease)
<b>Revenues</b>			
Program revenues			
Charges for services	\$ 17,021,755	\$ 14,500,205	\$ 2,521,550
Operating grants & contributions	10,628,033	11,381,028	(752,995)
General revenues			
Property taxes	34,762,352	33,885,897	876,455
State School Fund	9,504,952	8,993,013	511,939
Earnings on investments	385,234	385,778	(544)
Miscellaneous revenues	797,781	450,608	347,173
Total revenues	73,100,107	69,596,529	3,503,578
<b>Expenses</b>			
Instruction	21,835,972	20,262,351	1,573,621
Support services	35,605,418	32,418,485	3,186,933
Enterprise and community services	648,895	1,141,953	(493,058)
Facilities repairs and maintenance	-	1,358	(1,358)
Apportionment of funds by the ESD	13,989,719	12,016,370	1,973,349
Unallocated depreciation	279,798	273,591	6,207
Interest on long-term debt	1,387,829	1,472,786	(84,957)
Total expenses	73,747,631	67,586,894	6,160,737
Change in Net Position	(647,524)	2,009,635	(2,657,159)
Net Position - beginning	(21,378,429)	(23,388,064)	2,009,635
Net Position - ending	<u>\$ (22,025,953)</u>	<u>\$ (21,378,429)</u>	<u>\$ (647,524)</u>

Fluctuations in instruction and support services are primarily from payroll expenses in special programs such as special education, hospitalized student education programs, and youth corrections education to meet the specific needs of students referred to the District.

## Financial Analysis of the District's Major Funds

As noted earlier, the MESD uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the MESD's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the MESD's financial requirements. In particular, unassigned fund balance may serve as a useful measure of the MESD's net resources available for spending at the end of the fiscal year.

**General Fund.** The General Fund is composed of the Operating Fund and two reserve funds. The Operating Fund is principally supported by transfers from the Resolution Services Fund. The reserve funds are supported by internal transfers or payroll allocations. During the 2019-20 fiscal year, the fund balance increased by \$382 thousand, or 6%. This is due in part to increased cost containment measures enacted in the spring due to COVID-19 and uncertainty of future state revenues.

**Resolution Services Fund.** The Resolution Services Fund accounts for the revenues from property taxes and State School Fund (which together constitute "local revenues".) In accordance with Oregon statutes, 90% of these proceeds remain in the fund and are restricted for use by the MESD's eight component school districts while the remaining 10% are transferred to the Operating Fund to be used to fund supporting operations. During the 2019-20 fiscal year, the fund balance increased by \$375 thousand. These funds are carried over for component districts to use for future services.

**Contracted Services Fund.** The Contracted Services Fund accounts for revenues from grants, state contracts, and revenues from local school districts for additional services beyond those purchased through the resolution services fund. During the 2019-20 fiscal year, the fund balance increased by \$624 thousand. A significant portion of this increase is a result of less than expected costs for the Social & Emotional/Behavioral Health Skills and Functional Living Skills – Alternative Behavior programs. Contributing factors to these costs are actual student enrollment versus classroom capacity, the need for high cost related services specific to individual students, and the use of staffing agencies for hard to fill positions.

## Operating Fund Budgetary Highlights

The Operating Fund original budget increased by \$216 thousand due in part to revenue from Clackamas ESD and Northwest Regional ESD to support a shared Equity Director. The MESD continues to encourage increased efficiencies and cost-cutting measures to reduce the operating expenses of the District. This resulted in a \$438 thousand positive change in fund balance.

## Capital Asset and Debt Administration

**Capital Assets.** The District's investment in capital assets includes buildings and improvements, site improvements, and vehicles and equipment. As of June 30, 2020 the District had invested \$8 million in capital assets, net of depreciation. Additional information on the District's capital assets can be found in Note III -D to the financial statements.

**Long-Term Debt.** The District has one bond issue, the OSBA Limited Tax Pension Obligations, Series 2004 bonds with a remaining balance of \$23,395,000 at June 30, 2020. These bonds were sold to fund the District's Public Employees Retirement System unfunded actuarial liability. The source of funding to repay this debt is derived from charges to payroll which reduces the District's PERS contributions.

Further information on the District's long-term debt can be found in Note III -J to the Financial Statements.

### **Economic Factors and Next Year's Budgets and Rates**

A significant factor affecting the District is Property Taxes and State School Fund which make up 57% of its total revenues.

The District's PERS rates are calculated for a biennium. The fiscal year 2019-20 was the second year of the biennium and rates were the same as in prior year. As shown in the following table, PERS rates for the 2015-17 biennium were significantly lower than previous years as a result of PERS reforms at the state level. However, due to the Moro decision to reverse some of those reforms and low investment returns, PERS rates have increased in subsequent bienniums.

PERS Rate	Net Employer Contribution PERS Rate		
	PERS (Tier I/II)	OPSRP General	OPSRP Police & Fire
7-1-19 to 6-30-21	14.56%	9.11%	13.74%
7-1-17 to 6-30-19	9.23%	3.90%	8.67%
7-1-15 to 6-30-17	5.55%	0.86%	4.97%
7-1-13 to 6-30-15	13.85%	11.85%	14.58%
7-1-11 to 6-30-13	11.72%	10.21%	12.92%
7-1-09 to 6-30-11	3.79%	4.31%	7.02%

### **Request for Information**

This financial report is designed to provide a general overview of the Multnomah Education Service District's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to:

Director of Business Services  
Multnomah Education Service District  
11611 NE Ainsworth Circle  
Portland, OR 97220

## **Basic Financial Statements**



**Multnomah Education Service District**  
**Statement of Net Position**  
**June 30, 2020**

	<b><u>Governmental</u></b>
<b>Assets</b>	
Cash and Cash Equivalents	\$ 12,416,021
Property Taxes Receivable	1,217,256
Accounts Receivable	10,658,498
Prepaid Items	446,148
Net OPEB Asset	439,291
Capital Assets, Not Depreciated (Land)	1,935,748
Capital Assets, Net of Depreciation	<u>5,992,798</u>
<b>Total Assets</b>	<u>33,105,760</u>
<b>Deferred Outflows of Resources</b>	
OPEB Contributions After Measurement Date	25,650
Deferred OPEB Differences	289,374
Pension Contributions After Measurement Date	2,651,739
Deferred Pension Differences	<u>7,483,904</u>
<b>Total Deferred Outflows of Resources</b>	<u>10,450,667</u>
<b>Liabilities</b>	
Accounts Payable	2,618,564
Accrued Payroll & Withholdings	4,360,866
Accrued Compensated Absences	186,019
Non-Current Liabilities:	
Debt Service Due Within One Year	2,095,000
Debt Service Due in More Than One Year	21,300,000
Total OPEB Liability Due in More Than One Year	2,188,390
Net Pension Liability Due in More Than One Year	<u>27,491,959</u>
<b>Total Liabilities</b>	<u>60,240,798</u>
<b>Deferred Inflows of Resources</b>	
Deferred OPEB Differences	699,870
Deferred Pension Differences	<u>4,641,712</u>
<b>Total Deferred Inflows of Resources</b>	<u>5,341,582</u>
<b>Net Position</b>	
Invested in Capital Assets	7,928,546
Restricted for	
Net OPEB Asset	439,291
Local Service Plan Services	8,325,729
Grants & Contributions	74,486
Unrestricted	<u>(38,794,005)</u>
<b>Total Net Position</b>	<u><u>\$ (22,025,953)</u></u>

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

**Multnomah Education Service District**  
**Statement of Activities**  
**For the Year Ended June 30, 2020**

<b>Functions / Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		<b>Net (Expense) Revenue and Changes in Net Position</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	
Instruction				
Regular Programs	\$ 983,858	\$ 454,650	\$ 566,229	\$ 37,021
Special Programs	20,852,114	10,202,822	5,788,809	(4,860,483)
Support Services				
Student Services	19,666,384	5,036,429	1,524,957	(13,104,998)
Instructional Staff Services	380,642	12,322	68,141	(300,179)
General Administration	1,112,784	49,070	14,000	(1,049,714)
School Administration	2,063,317	62,463	1,674,136	(326,718)
Business Services	4,617,101	617,901	56,615	(3,942,585)
Central Activities	7,765,190	516,110	355,414	(6,893,666)
Enterprise and Community Services				
Food Services	648,704	69,988	579,732	1,016
Community Services	191	-	-	(191)
Facilities Repairs and Maintenance	-	-	-	-
Apportionment of Funds	13,989,719	-	-	(13,989,719)
Unallocated Depreciation*	279,798	-	-	(279,798)
Interest on Long-Term Debt	1,387,829	-	-	(1,387,829)
<b>Total Governmental Activities</b>	<b>\$ 73,747,631</b>	<b>\$ 17,021,755</b>	<b>\$ 10,628,033</b>	<b>(46,097,843)</b>

**General Revenues**

Property Taxes, Levied for General Purposes	34,762,352
State School Fund- General Support	9,504,952
Earnings on Investments	385,234
Miscellaneous Revenues	797,781

**45,450,319**

**(647,524)**

**(21,378,429)**

**\$ (22,025,953)**

\*Unallocated depreciation excludes direct depreciation expenses of the various programs.

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



**Multnomah Education Service District**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2020**

	<b>General</b>	<b>Resolution Services</b>	<b>Contracted Services</b>	<b>Non-major Fund Debt Service</b>	<b>Total Governmental Funds</b>
<b>Assets</b>					
Cash and Cash Equivalents	\$ 4,613,436	\$ 7,802,585	\$ -	\$ -	\$ 12,416,021
Property Taxes Receivable	-	1,217,256	-	-	1,217,256
Accounts Receivable	273,857	1,879,705	8,504,936	-	10,658,498
Due from Other Funds	5,777,490	-	-	-	5,777,490
Prepaid Items	261,148	-	185,000	-	446,148
<b>Total Assets</b>	<b>\$ 10,925,931</b>	<b>\$ 10,899,546</b>	<b>\$ 8,689,936</b>	<b>\$ -</b>	<b>\$ 30,515,413</b>
<b>Liabilities</b>					
Accounts Payable	\$ 187,687	\$ 1,675,722	\$ 755,155	\$ -	\$ 2,618,564
Due to Other Funds	-	-	5,726,991	50,499	5,777,490
Accrued Payroll & Withholdings	4,360,866	-	-	-	4,360,866
<b>Total Liabilities</b>	<b>4,548,553</b>	<b>1,675,722</b>	<b>6,482,146</b>	<b>50,499</b>	<b>12,756,920</b>
<b>Deferred Inflows of Resources</b>					
Unavailable Tax Revenue	-	898,095	-	-	898,095
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>898,095</b>	<b>-</b>	<b>-</b>	<b>898,095</b>
<b>Fund Balances</b>					
Nonspendable					
Prepaid Items	261,148	-	185,000	-	446,148
Restricted					
Local Service Plan Services	-	8,325,729	-	-	8,325,729
Grants & Donations	-	-	74,486	-	74,486
Debt Service	-	-	-	-	-
Committed					
Risk Aversion	793,542	-	-	-	793,542
Facilities & Equipment	1,159,440	-	-	-	1,159,440
Assigned					
Student Program Services	-	-	1,948,304	-	1,948,304
Next Year Budget Use	620,000	-	-	-	620,000
Unassigned	3,543,248	-	-	(50,499)	3,492,749
<b>Total Fund Balances</b>	<b>6,377,378</b>	<b>8,325,729</b>	<b>2,207,790</b>	<b>(50,499)</b>	<b>16,860,398</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 10,925,931</b>	<b>\$ 10,899,546</b>	<b>\$ 8,689,936</b>	<b>\$ -</b>	<b>\$ 30,515,413</b>

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

**Multnomah Education Service District**  
**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position**  
**June 30, 2020**

Total Fund Balances - Governmental Funds	\$ 16,860,398
Amounts reported for governmental activities in the Statement of Net Position are different because:	
OPEB assets are not financial resources and therefore are not reported in the governmental funds.	439,291
Capital assets are not financial resources and therefore are not reported in the governmental funds.	7,928,546
Deferred outflows not available to pay for current period expenditures and therefore not reported in the governmental funds:	
Deferred outflow of OPEB contributions after measurement date	25,650
Deferred outflow of OPEB changes in proportionate share	289,374
Deferred outflow of pension contributions after measurement date	2,651,739
Deferred pension differences	7,483,904
A portion of the District's property taxes are collected after year-end but are not available soon enough to pay for the current year's operations, and therefore is not reported as revenue in the governmental funds.	898,095
Liabilities not payable in the current year and deferred inflows not realized in the current year are not reported as governmental fund liabilities.	
These liabilities and deferred inflows consist of:	
Limited Tax Pension Bonds Payable	(23,395,000)
Net pension liability	(27,491,959)
Deferred inflow of pension investment income differences and differences in proportionate share	(4,641,712)
Total OPEB liability	(2,188,390)
Deferred inflow of OPEB differences	(699,870)
Accrued compensated absences	(186,019)
Net Position	<u><u>\$ (22,025,953)</u></u>

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

**Multnomah Education Service District**  
**Statement of Revenue, Expenditures, Other Financing Sources (Uses),**  
**and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2020**

	<b>General</b>	<b>Resolution Services</b>	<b>Contracted Services</b>	<b>Non-major Fund Debt Service</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>					
Property Taxes	\$ -	\$ 34,770,992	\$ -	\$ -	\$ 34,770,992
State School Fund	-	9,504,952	-	-	9,504,952
Local Sources	493,819	20,865	16,675,021	-	17,189,705
State Sources	500	1,576,114	7,472,929	-	9,049,543
Federal Sources	-	-	1,397,196	-	1,397,196
Investment Earnings	352,159	-	116	32,959	385,234
Sales of Goods & Services	-	-	13	-	13
Other Revenues	474,804	38,068	299,545	-	812,417
Services to Other Funds	876,692	-	-	3,131,958	4,008,650
Charges for Services	666,110	-	-	-	666,110
<b>Total Revenues</b>	<b>2,864,084</b>	<b>45,910,991</b>	<b>25,844,820</b>	<b>3,164,917</b>	<b>77,784,812</b>
<b>Expenditures</b>					
Current					
Instruction	-	6,861,973	15,732,178	-	22,594,151
Support Services	7,024,332	19,815,450	9,084,817	-	35,924,599
Enterprise and Community Svcs.	-	296,392	359,007	-	655,399
Facilities Acquisitions/Constr.	-	-	-	-	-
Apportionment of Funds	-	13,989,719	-	-	13,989,719
Debt Service					
Principal	-	-	-	1,835,000	1,835,000
Interest	-	-	-	1,387,829	1,387,829
Capital Outlay					
Support Services	63,543	-	10,940	-	74,483
<b>Total Expenditures</b>	<b>7,087,875</b>	<b>40,963,534</b>	<b>25,186,942</b>	<b>3,222,829</b>	<b>76,461,180</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(4,223,791)</b>	<b>4,947,457</b>	<b>657,878</b>	<b>(57,912)</b>	<b>1,323,632</b>
<b>Other Financing Sources (Uses)</b>					
Transfers In	4,606,135	-	-	-	4,606,135
Transfers Out	-	(4,572,594)	(33,541)	-	(4,606,135)
<b>Total Other Financing Sources (Uses)</b>	<b>4,606,135</b>	<b>(4,572,594)</b>	<b>(33,541)</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>382,344</b>	<b>374,863</b>	<b>624,337</b>	<b>(57,912)</b>	<b>1,323,632</b>
<b>Beginning Fund Balances</b>	<b>5,995,034</b>	<b>7,950,866</b>	<b>1,583,453</b>	<b>7,413</b>	<b>15,536,766</b>
<b>Ending Fund Balances</b>	<b>\$ 6,377,378</b>	<b>\$ 8,325,729</b>	<b>\$ 2,207,790</b>	<b>\$ (50,499)</b>	<b>\$ 16,860,398</b>

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

**Multnomah Education Service District**  
**Reconciliation of the Statement of Revenues, Expenditures, Other Financing Sources (Uses), and**  
**Changes in Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2020**

Total Net Changes in Fund Balances – Governmental Funds	\$ 1,323,632
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital asset additions as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Purchases of Capital Assets	74,482
Depreciation Expense	(491,126)

The repayment of debt principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position	1,835,000
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Changes in deferred inflows/outflows related to OPEB liability and the net OPEB liability are not recognized in the governmental funds.

Change in OPEB contributions after the measurement date	(87,021)
Change in net OPEB asset	196,779
Change in total OPEB liability	(494,226)
Changes in assumptions	342,373
Changes in proportionate share	(4,935)
Net difference between projected and actual earnings on investments	25,170
Difference between expected and actual experience, and net differences between district contributions and district's proportionate share of system contributions.	4,204

Changes in deferred inflows/outflows related to pension liability and pension liability are not recognized in the governmental funds.

Change in pension contributions after the measurement date	1,373,512
Change in net pension liability	(1,718,055)
Changes in assumptions	(2,262,786)
Changes in proportionate share	(1,030,605)
Net difference between projected and actual earnings on investments	365,138
Difference between expected and actual experience, and net differences between district contributions and district's proportionate share of system contributions.	(63,533)

Revenues that do not meet the measurable and available criteria are not recognized in the current year in the governmental funds. In the Statement of Activities revenues are recognized when earned.

Property Taxes	(8,640)
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Compensated absences are recognized as an expenditure in the governmental funds when they are paid. In the Statement of Activities compensated absences are recognized as an expense when incurred.

	(26,887)
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Change in Position of Governmental Activities	\$ (647,524)
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The notes to the basic financial statements are an integral part of this statement.

**Multnomah Education Service District**  
**Statement of Fiduciary Assets and Liabilities**  
**Fiduciary Fund**  
**June 30, 2020**

<b>Assets</b>	
Cash and Cash Equivalents	\$ 39,836
Accounts Receivable	<u>335,177</u>
<b>Total Assets</b>	<u><u>\$ 375,013</u></u>
<b>Liabilities</b>	
Due to Others	<u>\$ 375,013</u>
<b>Total Liabilities</b>	<u><u>\$ 375,013</u></u>

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

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## **Notes to the Basic Financial Statements**

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**Multnomah Education Service District**  
**Notes to the Basic Financial Statements**  
**Section Outline**

**NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- A. Description of the government-wide financial statements
- B. Reporting entity
- C. Basis of presentation - government-wide financial statements
- D. Basis of presentation - fund financial statements
- E. Measurement focus and basis of accounting
- F. Budgetary information
  - 1. Budget process
  - 2. Budgetary basis of accounting
  - 3. Excess of expenditures over appropriations
- G. Estimates
- H. Assets, deferred outflows, liabilities, deferred inflows, and net position/fund balance
  - 1. Cash and cash equivalents
  - 2. Investments
  - 3. Prepaid items
  - 4. Capital assets
  - 5. Long-term obligations
  - 6. Deferred outflows/inflows of resources
  - 7. Pensions
  - 8. Other postemployment benefits (OPEB)
  - 9. Net position flow assumptions
  - 10. Fund balance flow assumptions
  - 11. Fund balance policies
- I. Revenues and expenditures/expenses
  - 1. Program revenues
  - 2. Property taxes
  - 3. Grants
  - 4. Compensated absences

**NOTE II - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

- A. Violations of legal and contractual provisions

**NOTE III - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS**

- A. Cash deposits and cash equivalents
- B. Investments
- C. Receivables
- D. Capital assets
- E. Pension obligations
- F. Other postemployment benefit (OPEB) obligations
- G. Risk management
- H. Lease obligations
- I. Commitments
- J. Long-Term liabilities
- K. Interfund receivables and payables
- L. Interfund transfers
- M. Fund balance classifications
- N. Property tax limitations
- O. Tax abatements
- P. Contingencies

**NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****A. Description of the government-wide financial statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) display information on all of the governmental activities of the Multnomah Education Service District as a whole. Fiduciary activities are not included in the government-wide financial statements. All fiduciary activities are reported only in the fund financial statements.

**B. Reporting entity**

Multnomah Education Service District (the District) is a municipal corporation governed by an elected seven-member Board of Directors (the Board). Administration 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 these 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. There are various governmental agencies and special service districts which provide services within the District's boundaries. However, the District is not financially accountable for any of these entities, and therefore, none of them are considered component units or included in these basic financial statements.

**C. Basis of presentation – government-wide financial statements**

While separate government-wide and fund financial statements are presented, they are interrelated. For the most part, the effect of interfund activity has been removed from these statements in the process of consolidation.

**D. Basis of presentation – fund financial statements**

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

The District reports the following major governmental funds:

**General Fund** - accounts for the general operating costs of the District and provides supports services to other funds. The principal revenue source comes from the 10% transfer from the Resolution Services Fund. Risk Management Reserves and Facilities and Equipment Reserves are also included in this fund.

**Special Revenue Funds** – these funds are used to account for and report the proceeds of specific revenue sources that are restricted, committed, or assigned to expenditure for specified purposes other than debt service or capital projects. The District has two special revenue funds and both are separately reported as major funds in the governmental financial statements:

***Resolution Services Fund*** - provides for those programs and services authorized by component districts through the resolution process. The sources of revenues for this fund come exclusively from local property taxes and the State School Fund. In accordance with Oregon Revised Statute (ORS) 334.177, a maximum of 10% of these revenues are transferred to the General Fund and used to pay for the general

operating costs of the District. The remaining 90% is apportioned to the component school districts according to average daily membership weighted (ADMw).

***Contracted Services Fund*** – accounts only for revenues from grants, state and local contracts, and revenues from the District’s component school districts for additional services beyond those purchased through the Resolution Fund. The lesser of 10% or the maximum allowable by the specific grant or contract is charged as overhead expenditures and revenue to the General Fund. Expenditures in this fund are solely for services funded by the above mentioned revenue sources.

In addition, the District maintains the following funds:

**Debt Service Fund** - This fund accounts for the payment and interest on the Limited Tax Pension Obligation bonds.

**Fiduciary Fund** - The MESD maintains one agency fund which reports resources held by the District in a temporary custodial capacity for component districts.

Certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported as transfers in/out. While reported in fund financial statements, interfund transfers are not included in government-wide financial statements.

#### **E. Measurement focus and basis of accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

Government-wide fund financial statements are reported using *the economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. On the accrual basis of accounting, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are “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 (60 days). Expenditures are recorded when the liability is incurred, except for unmatured interest on long-term debt which is recognized when due, other post-employment benefits, claims and judgments and compensated absences, which are recognized when expended.

Revenues susceptible to accrual are interest, state, county and local shared revenue and federal and state grants. Expenditure-driven grants are recognized as revenue when qualifying expenditures have been incurred and all other grant requirements have been met.

Fiduciary fund financial statements report only assets and liabilities and therefore, have no measurement focus. However, the accrual basis of accounting is used to recognize receivables and payables.

## **F. Budgetary information**

### *1. Budget process*

The District begins its budgeting process by appointing Budget Committee members. Budget recommendations are developed by management and the Board Finance Committee throughout the Spring. The Budget Committee meets and approves the budget in March. Public notices of the budget hearing are generally published in April, and the hearing is held in May. The budget is adopted, appropriations are made and the tax levy is declared no later than June 30.

Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. Supplemental budgets less than 10% of the fund's current budget may be adopted by the Board at a regular meeting. A supplemental budget greater than 10% of the fund's current budget requires hearings before the public, publication in newspapers and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control (major function levels). Such transfers require approval by the Board.

### *2. Budgetary basis of accounting*

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

Expenditure budgets are appropriated at the major function level (instruction, support services, community services, facilities, apportionment of funds (transit), debt service, contingency, and transfers) for each fund. Appropriations may not legally be over-expended, except in the case of grant receipts which could not be reasonably estimated at the time the budget was adopted.

Budget amounts shown in the financial statements include the original budget amounts and any appropriation transfers approved by the Board. Appropriations lapse at the end of each fiscal year.

### *3. Excess of expenditures over appropriations*

For the year ended June 30, 2020, there are no expenditures over appropriations in any of the District's funds.

## **G. Estimates**

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

**H. Assets, deferred outflows, liabilities, deferred inflows, and net position/fund balance***1. Cash and cash equivalents*

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and all highly liquid investments with a maturity of three months or less from the date of acquisition.

*2. Investments*

Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. There is no material difference between the fair value of the District's position in the State Treasurer's Local Government Investment Pool and the value of the pool shares at June 30, 2020.

*3. Prepaid items*

Prepaid items are charged to expenditure/expense at the time the items are used (consumption method).

*4. Capital assets*

Capital assets, which include land, buildings, equipment and construction in progress, are defined as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at the acquisition value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

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

Buildings and improvements	40 years
Equipment	5 to 20 years
Vehicles	5 to 10 years
Site improvements	15 years

*5. Long-term obligations*

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

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.

*6. Deferred outflows/inflows of resources*

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow

of resources (expense/expenditure) until then. The District has three types of items which qualify for reporting in this category. They are the *deferred OPEB differences*, *pension contributions after measurement date*, and *deferred pension differences* reported in the Government-wide Statement of Net Position.

In addition to liabilities, the Statement of Net Position and the Balance Sheet report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has three types of items which qualify for reporting in deferred outflows of resources. The first two types of item are the *deferred pension differences* and *deferred OPEB differences* reported in the Government-wide Statement of Net Position. The third type of item which qualifies for reporting in deferred outflows of resources arises only under a modified accrual basis of accounting. Accordingly, the item, *unavailable revenues*, is reported only in the governmental funds Balance Sheet. The governmental funds report unavailable revenues from one source: property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

#### 7. *Pensions*

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (PERS) and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS.

#### 8. *Other postemployment benefits (OPEB)*

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of Subsidized Early Retirement Health Benefits (SERHB) and additions to/deductions from SERHB's fiduciary net position have been determined by actuarial reports.

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Retiree Health Insurance Account (RHIA) and additions to/deductions from RHIA's fiduciary net position have been determined on the same basis as they are reported by the Oregon Public Employees Retirement System (PERS).

#### 9. *Net position flow assumptions*

Net position is classified into the following categories:

***Net investment in capital assets*** – consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

***Restricted net position*** – consists of net position with constraints placed on use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

***Unrestricted net position*** – consists of all other net position that is not included in the other categories previously mentioned.

When both restricted and unrestricted resources are available for use in a specific program or for a specific purpose, the District's normal policy is to use restricted resources first to finance its activities.

#### *10. Fund balance flow assumptions*

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). The District does not have a formal policy regarding fund balance flow assumptions. When fund balance resources are available for a specific purpose in multiple classifications, the District uses the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

#### *11. Fund balance policies*

Governmental fund equity is classified as fund balance. GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions* provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on purpose for which resources can be used:

***Nonspendable:*** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Management has classified prepaid items as being non-spendable as they are not expected to be converted to cash.

***Restricted:*** This classification includes amounts for which constraints have been placed on the use of resources which are either:

1. Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
2. Imposed by law through constitutional provisions or enabling legislation.

***Committed:*** This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the District's Board of Directors, which is the District's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed.

***Assigned:*** This classification includes spendable amounts for a specific purpose. The Board has authorized the Superintendent and/or the Director of Business and Operations to make assignments at their discretion. The Board clarified this authorization with the approval of Resolution 20-041: Compliance with GASB Statement 54 Fund Balance Reporting and Governmental Fund Definitions on October 20, 2020.

***Unassigned:*** This classification is the residual fund balance for the General Fund. It represents fund balance that has not been assigned, committed, or restricted. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the



General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

## I. Revenues and expenditures/expenses

### 1. Program revenues

Amounts reported as *program revenues* include 1) charges to customers who purchase or use goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

### 2. Property taxes

Uncollected real and personal property taxes are reflected on the Statement of Net Position and the Balance Sheet as receivables. Uncollected taxes are deemed to be substantially collectible or recoverable through liens, therefore no allowance for uncollectible taxes has been established. All property taxes receivable are due from property owners within the District.

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

### 3. Grants

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

### 4. Compensated absences

**Vacation:** The District's policy permits employees to accumulate earned but unused vacation benefits during the year. Accrued vacation may be used by the employee during the year earned and must be used by the employee during the following year or be forfeited. Eligible balances are paid upon separation from District service. The liability for such leave is reported as incurred in the government-wide statements as a current liability. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements.

**Sick Leave:** There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District.



**NOTE II - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY****A. Violations of legal or contractual provisions**

The District had no violations of legal or contractual provisions in the fiscal year 2019-2020.

**NOTE III - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS****A. Cash deposits and cash equivalents**

*Custodial credit risk – deposits.* Deposits with financial institutions are comprised of bank demand deposits. The combined total bank balance at June 30, 2020 was \$5,421,590 (carrying amount \$3,855,064). As required by ORS, deposits were held at a qualified depository for public funds. All qualified depositories for public funds are included in the multiple financial institution collateral pool that is maintained by and in the name of the Office of the State Treasurer.

Cash and cash equivalents at June 30, 2020, (recorded at fair value) consisted of:

Cash on Hand	\$ 3,317
Demand Deposits	3,855,064
Local Government Investment Pool	8,597,476
	<u>12,455,857</u>
less Fiduciary Fund	(39,836)
Total	<u>\$ 12,416,021</u>

**B. Investments**

State statutes govern the District's cash management policies because the District does not have an official investment policy. Statutes authorize the District to invest in obligations of the U.S. Treasury, agencies and instrumentalities of the United States, commercial paper, bankers acceptances guaranteed by a qualified financial institution, repurchase agreements, interest bearing bonds of any city, county, port or school district in Oregon (subject to specific standards), and the Oregon State Treasurer's Local Government Investment Pool (LGIP), among others.

The LGIP is considered as cash and cash equivalents and is not registered with the U.S. Securities and Exchange Commission as an investment company. The ORS and the Oregon Investment Council (OIC) govern the State's investment policies. The State Treasurer is the investment officer for the OIC and is responsible for all funds in the State Treasury. These funds must be invested, and the investments managed, as a prudent investor would, exercising reasonable care, skill and caution. Investments in the Fund are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board (OSTFB), which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements.

*Interest rate risk.* ORS require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB. The District does not have any investments that have a maturity date greater than 18 months.

*Credit risk.* The District has not adopted an investment policy and all investment activity has been limited to the LGIP.

### C. Receivables

Amounts are aggregated into a single account receivable line in the Statement of Net Position and Balance Sheet. Below is the detail of receivables for the governmental funds:

Receivables	General	Resolution Services	Contracted Services	Total
Accounts	\$ 11,074	\$ 1,018	\$ 699,159	\$ 711,251
Contracts	262,783	1,878,687	7,336,393	9,477,863
Grants	-	-	469,384	469,384
Total Receivables	<u>\$ 273,857</u>	<u>\$ 1,879,705</u>	<u>\$ 8,504,936</u>	<u>\$10,658,498</u>

### D. Capital assets

The changes in capital assets for the year ended June 30, 2020 are as follows:

	Balance June 30, 2019	Additions	Balance June 30, 2020
Non-depreciable capital assets			
Land	\$ 1,935,748	\$ -	\$ 1,935,748
Depreciable capital assets			
Buildings & improvements	10,777,767	-	10,777,767
Site improvements	1,395,998	-	1,395,998
Equipment and furniture	1,522,948	41,408	1,564,356
Vehicles	421,442	33,075	454,517
	<u>14,118,155</u>	<u>74,483</u>	<u>14,192,638</u>
Less: accumulated depreciation			
Buildings & improvements	5,545,989	292,576	5,838,565
Site improvements	597,575	66,154	663,729
Equipment and furniture	1,201,419	106,708	1,308,127
Vehicles	363,730	25,688	389,418
	<u>7,708,713</u>	<u>491,126</u>	<u>8,199,839</u>
Total depreciable capital assets, net	<u>6,409,442</u>	<u>(416,643)</u>	<u>5,992,799</u>
Total capital assets, net	<u>\$ 8,345,190</u>	<u>\$ (416,643)</u>	<u>\$ 7,928,547</u>

Depreciation expense for the year ended June 30, 2020 was allocated to the functions as follows:

Special programs	\$ 7,249
Student services	36,021
Instructional staff services	396
General administration	1,540
Business services	80,473
Central activities	85,649
Unallocated depreciation	279,798
	<u>\$ 491,126</u>

## E. Pension obligations

The District contributes to the Oregon Public Employees Retirement System (PERS), established pursuant to ORS Chapters 238, Defined Benefit Pension Plan (PERS Tier I/Tier II) and 238A, Oregon Public Service Retirement Pension (OPSRP) Program (collectively the Plan). Both are administered by the Oregon Public Employees Retirement System (PERS) Board of Trustees with authority granted by the Oregon Legislature. PERS acts as a common investment and administrative agent for state government, political subdivisions, community colleges and school districts in the State of Oregon and provides retirement, death, and disability benefits to members; administers retiree health insurance programs; and oversees the state-sponsored deferred compensation program.

Copies of the PERS' Comprehensive Annual Financial Reports and Actuarial Valuations may be obtained at <http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>.

### 1. Plan Description

**PERS Tier I/Tier II** is a cost-sharing multiple employer defined benefit pension plan. The 1995 Oregon Legislature established a different level of benefits for employees who began their six month waiting period on or before January 1, 1996 called Tier II. The plan is closed to new members hired on or after August 29, 2003.

**OPSRP Pension Program** is a hybrid retirement plan with two components: the Pension Program (defined benefit) and the Individual Account Program, which is reported as a separate pension plan in the PERS financial statements. The 2003 Oregon Legislature established OPSRP. Public employees hired on or after August 29, 2003, become part of OPSRP. Beginning January 1, 2004, PERS active Tier One and Tier Two members became members of the Individual Account Program (IAP) of OPSRP. PERS members retain their existing Plan accounts, but member contributions are now deposited into the member's IAP account, not into the member's Defined Benefit Plan account. Accounts are credited with earnings and losses net of administrative expenses. OPSRP is part of PERS and administered by the Board. The PERS Board is directed to adopt any rules necessary to administer OPSRP, and such rules are to be considered part of the plan for IRS purposes.

<b>Pension Benefits</b>	<b>PERS Tier I/Tier II</b> <i>(closed to new members)</i>		<b>OPSRP Pension Program</b>	
	<b>General Services</b>	<b>Police &amp; Fire</b>	<b>General Services</b>	<b>Police &amp; Fire</b>
	Retirement allowance		Payable monthly for life with multiple benefit options; including, survivorship and lump-sum refunds.	
	Basic benefit		Life pension funded by employer contributions.	
			A percentage multiplied by the number of years of service and the final average salary. PERS Tier I have other options available if greater benefit results.	
	1.67%		2.00%	
			1.50%	
			1.80%	
	Vested		Contribution in each of five calendar years before ceasing employment with a participating employer, or has reached:	
			Earliest of the following: 1) completes 600 hours of service in each of 5 calendar years	

	50 years of age	45 years of age	2) reaches normal retirement age 3) the pension program is terminated	
Minimum retirement age	55	50	65 or 58 w/ 30 years	60 or 53 w/ 25 years
Reduced Benefits: Tier I	prior to age 58 with < 30 years of service	prior to age 55 with < 25 years of service		
Reduced Benefits: Tier II	prior to age 60			
Death Benefits	Beneficiary receives lump sum refund of member's account balance, plus lump-sum payment from employer funds equal to the account balance provided certain conditions are met.		Beneficiary receives 50% of the pension that would otherwise be paid to member	
Disability Benefits				
Eligibility (non-job related cause)	10 or more years of creditable service		10 or more years of retirement credits	
Eligibility (job related cause)	automatic		automatic	
Amount	Basic pension benefit member would have been entitled to had they worked to...		45% of member's salary determined as of the last full month of employment prior to disability	
	58 years of age	55 years of age		
Benefit Changes After Retirement	Under ORS 238.360 (PERS) and ORS 238A.210 (OPSRP) monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on COLA in fiscal year 2015 and beyond will vary based on 1.25% on the first \$60,000 of annual benefit and 0.15% on annual benefits above \$60,000. PERS Tier I/II members may choose to continue participation in a variable equities investment account after retiring.			

### ***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.

### 2. Contributions

The contribution requirements for plan members and the District are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature. The rate of employer contributions to PERS is determined periodically by PERS based on actuarial valuations performed at least every two years. Members of PERS Tier I/Tier II and OPSRP are required to contribute 6% of their salary covered under the plan. The District is required by ORS 238.225 to contribute at an actuarially determined rate. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The District multiplies the employee's PERS eligible salary by the appropriate contribution rate and charges the same fund that incurs the salary expenditure. Typically, this impacts the General Fund, the Resolution Fund, and/or the Contracted Services Fund. In 2004, the District made a lump sum payment funded by a Limited Tax Pension Bond to establish a side account and contribution rates have been reduced. More information about the District's Limited Tax Pension Obligations, Series 2004, is on page 47 of this report. Contribution rates for the past five biennial periods are shown on the following table:

Net Employer Contribution PERS Rate			
	PERS	OPSRP	OPSRP
PERS Rate	(Tier I/II)	General	Police & Fire
7-1-19 to 6-30-21	14.56%	9.11%	13.74%
7-1-17 to 6-30-19	9.23%	3.90%	8.67%
7-1-15 to 6-30-17	5.55%	0.86%	4.97%
7-1-13 to 6-30-15	13.85%	11.85%	14.58%
7-1-11 to 6-30-13	11.72%	10.21%	12.92%

The District's contributions to the plan for the years ending June 30, 2020, 2019, and 2018 were approximately \$3.0 million, \$1.4 million, and \$1.4 million, respectively, and were equal to the required contributions for each year.

The District pays the required member portion in accordance with bargaining agreements, which approximated \$1.7 million, \$1.5 million, and \$1.3 million for the years ended June 30, 2020, 2019 and 2018, respectively.

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

At June 30, 2020, the District reported a liability of \$27,491,959 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to June 30, 2019. 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 long-term contributions of all participating employers, actuarially determined.

At June 30, 2020, the District's proportion was 0.15893506% which was a decrease of 0.01120451% from its proportion as of June 30, 2019.

For the year ended June 30, 2020, the District recognized net pension expense of \$3,336,379. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 1,516,100	\$ -
Changes of assumptions	3,729,598	-
Net difference between projected and actual earnings on investments	-	779,369
Changes in proportionate share	2,182,693	1,376,883
Differences between employer contributions and proportionate share of system contributions	55,513	2,485,460
Total (prior to post-MD contributions)	7,483,904	4,641,712
Contributions subsequent to the MD	2,651,739	-
Total Deferred Outflow/(Inflow) of Resources	<u>\$ 10,135,643</u>	<u>\$ 4,641,712</u>
Net Deferred Outflow/(Inflow) of Resources		\$ 5,493,931

\$2,651,739 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the year ending June 30,	Deferred Outflows/(Inflows) of Resources (prior to post-measurement date contributions)						Differences between employer contribution and proportionate share of contributions		Total
	Difference between expected and actual experience	Changes in assumptions	Difference between projected and actual investment	Changes in proportionate share					
	\$		\$	\$	\$	\$	\$	\$	\$
2021	\$ 513,899	\$ 1,868,159	\$ 268,833	\$ 736,205	\$ (563,820)	\$ 55,513	\$ (792,545)	\$ 2,086,244	
2022	402,560	1,039,757	(1,159,630)	736,205	(254,458)	-	(731,700)	32,734	
2023	300,156	684,732	(165,332)	601,522	(253,912)	-	(579,088)	588,078	
2024	250,328	136,950	276,760	108,761	(253,912)	-	(326,694)	192,193	
2025	49,157	-	-	-	(50,781)	-	(55,433)	(57,057)	
Total	\$ 1,516,100	\$ 3,729,598	\$ (779,369)	\$ 2,182,693	\$ (1,376,883)	\$ 55,513	\$ (2,485,460)	\$ 2,842,192	

#### 4. Actuarial Methods and Assumptions

Valuation Date	December 31, 2017 rolled forward to June 30, 2019
Experience Study Report	2016, published July 26, 2017
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Inflation rate (CPI)	2.50%
Long-term expected rate of return	7.20%
Discount rate	7.20%
Projected salary increases	3.50%

Cost of living adjustments	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	<p><i>Healthy retirees and beneficiaries:</i> RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p><i>Active members:</i> RP-2014 Employees sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p><i>Disabled retirees:</i> RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.</p>

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 in the preceding table are based on the 2016 Experience Study, which reviewed experience for the four-year period ended on December 31, 2016.

The “assumed rate” – the rate of investment returns (including inflation) that the PERS Fund’s regular account is expected to earn over the long term – is reviewed by the PERS Board every two years when considering all the actuarial methods and assumptions that are used to assess the system’s financial position. At its July 26, 2019 meeting, the PERS Board voted to maintain the assumed rate of 7.20%. This decision is based on data from the investment forecasts and review of the guiding principles presented by the actuaries.

#### 5. *Discount Rate*

The discount rate used to measure the total pension liability was 7.20%, which was equal to the discount rate used to measure the total pension liability at June 30, 2018. 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 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 Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

#### 6. *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 2017 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 following table, originally presented in the PERS’ separately issued financial report, shows Milliman’s assumptions for each of the asset classes in which the plan was invested at the time based on the OIC long-term target asset allocation. The OIC’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are



not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation*	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Core Fixed Income	8.00 %	3.59 %	3.49 %	4.55 %
Short-Term Bonds	8.00	3.42	3.38	2.70
Bank/Leveraged Loans	3.00	5.34	5.09	7.50
High Yield Bonds	1.00	6.90	6.45	10.00
Large/Mid Cap US Equities	15.75	7.45	6.30	16.25
Small Cap US Equities	1.31	8.49	6.69	20.55
Micro Cap US Equities	1.31	9.01	6.80	22.90
Developed Foreign Equities	13.13	8.21	6.71	18.70
Emerging Market Equities	4.13	10.53	7.45	27.35
Non-US Small Cap Equities	1.88	8.67	7.01	19.75
Private Equity	17.50	11.45	7.82	30.00
Real Estate (Property)	10.00	6.15	5.51	12.00
Real Estate (REITS)	2.50	8.26	6.37	21.00
Hedge Fund of Funds - Diversified	2.50	4.36	4.09	7.80
Hedge Fund - Event-driven	0.63	6.21	5.86	8.90
Timber	1.88	6.37	5.62	13.00
Farmland	1.88	6.90	6.15	13.00
Infrastructure	3.75	7.54	6.60	14.65
Commodities	1.88	5.43	3.84	18.95
Assumed Inflation - Mean			2.50 %	1.85 %
*Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, revised as of June 7, 2017.				

*7. 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 7.20%, 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 (6.20%) or 1-percentage-point higher (8.20%) than the current rate:

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
District's proportionate share of the net pension liability	\$ 44,025,933	\$ 27,491,959	\$ 13,655,301

*8. Pension plan fiduciary net position.*

Detailed information about the Plan's fiduciary net position is available in the separately issued PERS financial report.



**F. Other postemployment benefit (OPEB) obligations**

The District participates in two OPEB plans.

*1. Subsidized Early Retirement Health Benefits (SERHB)****Plan Description***

The District does not have a formal post-employment benefits plan for early retirees; however, the District is subject to ORS 243.303, which requires local governments that offer health care insurance coverage to active employees to make available the same coverage to any retired employee who is eligible for PERS benefits and elects to continue coverage for their self and dependents within 60 days after the effective date of retirement. Coverage for retirees and dependents continues until Medicare eligibility for each individual (or until dependent children become ineligible.) The District is not required to pay any of the cost of providing coverage, nor is it allowed to create a separate group for retirees and their dependents in establishing a premium for health care insurance coverage.

The District's SERHB "plan" is not a stand-alone plan and therefore does not issue its own financial statements. For reporting purposes, the SERHB plan is considered a single-employer defined benefit plan. No assets are accumulated in a trust that meets the criteria of paragraph 4 of Statement 75.

***Benefits Provided***

The District participates in the Oregon Educators Benefit Board (OEBB), a division of the Oregon Health Authority, to provide health care benefits; including, medical, dental & vision plans, and optional coverages (i.e., life and AD&D) to its employees and retirees. Under authority provided by ORS 243.860 to 243.886, OEBB provides a comprehensive selection of benefit plan options for most of Oregon's K-12 school districts, education service districts and community colleges, as well as a number of charter schools and local governments across the state. In OEBB, the individual employer health plans are rated collectively, rather than individually by employer, and the same blended premium rate is charged to all active employees and non-Medicare-eligible retirees.

***Employees Covered by Benefit Terms***

For the purpose of calculating the total OPEB liability, the July 1, 2018 actuarial valuation includes 580 active participants and 16 inactive participants.

***Contributions***

Retirees electing to remain on the District-sponsored health plans must pay the entire premium for that coverage in order to maintain coverage. However, while the District does not directly contribute to the cost of the premiums for these retirees, the premium itself does not represent the full cost of covering these retirees. Since they are older than the active population, retirees can be expected to generate higher medical claims and therefore higher premiums for the active population. This additional cost is called the "implicit rate subsidy", and is required to be valued under GASB Statement 75.

The following projections are based on the census data, SERHB provisions, and actuarial assumptions. For purposes of GASB 75 accounting, this implicit rate subsidy is considered to be the District's "benefit payments" for SERHB.

**Projected Benefit Payments  
Implicit Benefit**

Fiscal Year End June 30	Total	Fiscal Year End June 30	Total
2020	\$ 74,278	2025	\$ 130,190
2021	77,845	2026	139,487
2022	94,330	2027	143,065
2023	118,811	2028	122,623
2024	131,068	2029	not available

***Total OPEB Liability (TOL)***

The District's TOL of \$2,188,390 was measured as of June 30, 2020, and was determined by an actuarial valuation as of July 1, 2018.

***Actuarial Methods and Assumptions***

The TOL in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial Cost Method	Entry Age Normal, level percent of salary.
General Inflation	2.5% per year.
Salary Scale	3.5% per year
Discount Rate per Year	2.25% per year (reduced from 4.00% per year), based on all years discounted at municipal bond rate.
Annual Premium Increase	7.0% for 2017-18, decreasing 0.1% per year to an ultimate rate of 5.0% for 2037-38 and later years.
Mortality Rates	Basic table: RP 2014, Employee/Healthy Annuitant, sex distinct, generational  Improvement Scale: Unisex Social Security Data Scale (60 year average)  Active employee/retiree adjustments: White collar adjustment, set back 12 months  Beneficiary adjustments: Blended 50% blue collar/50% white collar, set back 12 months for males, no setback for females.
Demographic Assumptions	Match (as closely as possible) those developed in the most recent experience study for PERS.

***Changes in the TOL***

	<b>2020</b>
Changes for the Year	
Service Costs	\$ 165,141
Interest	72,887
Changes in assumptions or other input	330,476
Benefit payments	(74,278)
Net changes in total OPEB liability	<u>494,226</u>
Total OPEB Liability - beginning	<u>1,694,164</u>
Total OPEB Liability - end of year	<u><u>\$ 2,188,390</u></u>
<b>Estimated</b> covered payroll	\$26,907,421
Total OPEB liability as a percentage of covered payroll	8.13%

***Sensitivity of the TOL to changes in the discount rate.***

The following presents the TOL of the District, as well as what the TOL would be if it were calculated using a discount rate one percentage point lower (1.25%) or one percentage point higher (3.25%) than the current rate:

	1% Decrease 1.25%	Discount Rate 2.25%	1% Increase 3.25%
Total OPEB Liability	\$ 2,409,040	\$ 2,188,390	\$ 1,993,817

***Sensitivity of the TOL to changes in the healthcare cost trend rates.***

The following presents the TOL of the District, as well as what the TOL would be if it were calculated using healthcare cost trend rates that are one percentage point lower (6.00% graded down to 4.00%) or one percentage point higher (8.00% graded down to 6.00%) than the current healthcare cost trend rates:

	1% Decrease 6.00% Graded Down to 4.00%	Current Trend Rate 7.00% Graded Down to 5.00%	1% Increase 8.00% Graded Down to 6.00%
Total OPEB Liability	\$ 1,873,863	\$ 2,188,390	\$ 2,577,898

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

For the year ended June 30, 2020, the District recognized OPEB expense of \$103,778. At June 30, 2020, The District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 290,338
Changes of assumptions or other input	289,166	317,354
Total Deferred Outflow (Inflow) of Resources	<u><u>\$ 289,166</u></u>	<u><u>\$ 607,692</u></u>
Net Deferred Outflow (Inflow) of Resources		<u><u>\$ (318,526)</u></u>

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

<b>Year ended June 30:</b>	
2021	\$ (59,972)
2022	(59,972)
2023	(59,972)
2024	(59,972)
2025	(59,972)
Thereafter	(18,666)
Total	<u><u>\$ (318,526)</u></u>

## *2. Retirement Health Insurance Account (RHIA)*

### ***Plan Description***

Oregon Public Employees Retirement System (PERS) administers a Retirement Health Insurance Account (RHIA) cost-sharing, multiple-employer defined benefit OPEB plan for units of state government, political subdivisions, community colleges, and school districts, containing multiple actuarial pools. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. ORS 238.420 established this trust fund. Authority to establish and amend the benefit provision of RHIA reside with the Oregon Legislature. The plan is closed to new entrants hired on or after August 29, 2003. Copies of the PERS' Comprehensive Annual Financial Reports and Actuarial Valuations may be obtained at <http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>.

### ***Employees Covered by Benefit Terms***

As of the measurement date, the inactive RHIA plan participants receiving benefits totaled 44,208, and there were 45,598 active and 11,347 inactive members who meet the requirements to receive RHIA benefits when they retire.

### ***Contributions***

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 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 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 PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan.

A surviving spouse or dependent of a deceased PERS 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 PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Oregon school districts are contractually required to contribute to RHIA at a rate assessed each year by PERS. The District currently contributes 0.06% for PERS and 0.00% for OPSRP of annual covered payroll. The PERS Board of Trustees sets the employer contribution rates based on an actuarially determined amount and they are combined with the PERS retirement rates.

<b><u>Employer Contribution RHIA Rate</u></b>			
	PERS	OPSRP	OPSRP
PERS Rate	(Tier I/II)	General	Police & Fire
7-1-19 to 6-30-21	0.06%	0.00%	0.00%
7-1-17 to 6-30-19	0.50%	0.43%	0.43%
7-1-15 to 6-30-17	0.53%	0.45%	0.45%
7-1-13 to 6-30-15	0.59%	0.49%	0.49%
7-1-11 to 6-30-13	0.59%	0.50%	0.50%

***OPEB Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs.***

At June 30, 2020, the District reported an asset of \$439,291 for its proportion share of the net OPEB liability (NOL). The NOL was measured as of June 30, 2019, and the total OPEB liability used to calculate the NOL was determined by an actuarial valuation as of December 31, 2017 rolled forward to the measurement date. The District's proportion of the NOL was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2020, the District's proportion was 0.22733376%, which is an increase of 0.01008200% from its proportion as of June 30, 2019.

For the year ended June 30, 2020, the District recognized OPEB income of \$173,143. At June 30, 2020, The District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ -	\$ 57,929
Changes of assumptions	-	455
Net difference between projected and actual earnings on investments	-	27,115
Changes in proportionate share	208	6,679
Total (prior to post-MD contributions)	208	92,178
Contributions Subsequent to the MD	25,650	
Total Deferred Outflow (Inflow) of Resources	<u>\$ 25,858</u>	<u>\$ 92,178</u>
Net Deferred Outflow (Inflow) of Resources		\$ (66,320)

\$25,650 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as an addition to the net OPEB

asset in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year ended June 30:</b>	
2021	\$ (47,259)
2022	(42,224)
2023	(5,281)
2024	2,794
Total	<u>\$ (91,970)</u>

### ***Actuarial Methods and 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 below are based on the 2016 Experience Study, which reviewed experience for the four-year period ended on December 31, 2016.

Valuation date	December 31, 2017
Measurement date	June 30, 2019
Experience Study	2016, published July 26, 2017
Actuarial Assumptions:	
Actuarial cost method	Entry Age Normal
Inflation rate	2.50%
Long-term expected rate of return	7.20%
Discount Rate	7.20%
Projected salary increases	3.50%
Retiree healthcare participation	Healthy retirees: 38%; Disabled retirees: 20%
Healthcare cost trend rate	None. Statute stipulates \$60 monthly payment for healthcare insurance.
Mortality Rates	Healthy retirees and beneficiaries: RP 2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation.  Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.  Disabled retirees: Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table.

### ***Long-term Expected Rate of Return***

Oregon Revised Statute (ORS) 293.706 established the Oregon Investment Council (OIC), which consists of five voting members. ORS 293.701 defines the investment funds over which OIC has responsibility. Included are the Oregon Public Employees Retirement Fund (OPERF), which is comprised of the Defined Benefit Pension Plan, the Individual Account Program, and the Other Postemployment Benefit plans, and the Deferred Compensation Fund. For information on OPERF long-term expected rate of returns, see Note III.E. Pension obligations in this report.

***Discount Rate***

The discount rate used to measure the TOL at June 30, 2019 was 7.20%, which was equal to the discount rate used to measure the TOL at June 30, 2018. 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 TOL.

***Sensitivity of the District's proportionate share of the NOL to changes in the discount rate.***

The following presented the District's proportionate share of the NOL, as well as what the District's proportionate share of the NOL would be if it were calculated using a discount rate that is one percentage point lower (6.20%) or one percentage point higher (8.20%) than the current discount rate:

	1% Decrease 6.50%	Discount Rate 7.20%	1% Increase 8.50%
District's proportionate share of system NOL/(A)	\$ (340,564)	\$ (439,291)	\$ (523,413)

***OPEB plan fiduciary net position***

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

## 3. Combined Schedules of OPEB Plans

	SERHB	RHIA	Net OPEB
<b>Change in OPEB liability/asset</b>			
Net OPEB expense for measurement period			
Service costs and interest	\$ 238,028	\$ -	\$ 238,028
Changes of assumptions	(11,583)	-	(11,583)
Share of system OPEB expense/(income)	(48,389)	(57,131)	(105,520)
Changes in proportionate share	-	(3,219)	(3,219)
Total OPEB expense/(income) for measurement period	178,056	(60,350)	117,706
Contributions during measurement period	(74,278)	(112,793)	(187,071)
Net OPEB expense/(income) for measurement period	103,778	(173,143)	(69,365)
Deferred outflows/(inflow) of resources			
Differences in experience	48,389	(44,185)	4,204
Changes of assumptions	342,059	314	342,373
Changes in investment differences	-	25,170	25,170
Changes in proportionate share	-	(4,935)	(4,935)
Change in deferred outflow/(inflow)	390,448	(23,636)	366,812
<b>Total change in OPEB liability/(asset)</b>	<b>494,226</b>	<b>(196,779)</b>	
Beginning OPEB liability/(asset)	1,694,164	(242,512)	
<b>Proportion of net OPEB liability/(asset)</b>		<b>\$ (439,291)</b>	
<b>Total OPEB liability</b>	<b>\$ 2,188,390</b>		
Net deferred outflows/(inflow) of resources			
Change in deferred outflow/(inflow)	390,448	(23,636)	366,812
Beginning deferred outflows/(inflow)	(708,974)	(68,334)	(777,308)
Total (prior to post-MD contributions)	(318,526)	(91,970)	(410,496)
Contributions subsequent to the MD	-	25,650	25,650
<b>Net deferred outflows/(inflows) of resources</b>	<b>\$ (318,526)</b>	<b>\$ (66,320)</b>	<b>\$ (384,846)</b>

\$25,650 reported for the RHIA plan as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as an addition to the net OPEB asset in the year ended June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	SERHB	RHIA	Net OPEB
2021	\$ (59,972)	\$ (47,259)	\$ (107,231)
2022	(59,972)	(42,224)	(102,196)
2023	(59,972)	(5,281)	(65,253)
2024	(59,972)	2,794	(57,178)
2025	(59,972)	-	(59,972)
Thereafter	(18,666)	-	(18,666)
Total	\$ (318,526)	\$ (91,970)	\$ (410,496)



## G. Risk management

The District is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the District carries commercial insurance. The District uses the General Fund's risk management reserve fund to account for the payment of workers' compensation, general liability, and property damage insurance premiums. Settled claims have not exceeded this commercial coverage for any of the past three years.

## H. Lease obligations

### 1. Capital lease

The District has no capital lease obligations.

### 2. Operating lease

The District leases building space at various locations. Total payments in 2019-20 were \$792,807.

The table below includes the estimated payments through June 2027.

For the Year Ending June 30,	Facilities
2021	\$ 817,579
2022	608,301
2023	634,257
2024	477,369
2025	286,734
2026-2027	608,186
Total minimum future lease payments	<u>\$ 3,432,426</u>

All leases are cancellable if funding is not available.

## I. Commitments

The District renegotiated its service agreement with Pacific Office Automation beginning July 2019 and ending June 2024 for all copier and printer services. Pacific Office Automation provides all machines, toner, and maintenance to the District. The District is responsible for paper and per image charges. Future minimum commitment equals \$50,523 annually plus printed images paid as a per click charge. The agreement is cancellable if funding is not available.

## J. Long-Term liabilities

In February 2004, the District participated as one of twenty Oregon school districts and education service districts in issuing limited tax pension bonds. The proceeds were used to finance a portion of the estimated unfunded actuarial liability of each participating school district with the PERS. The Oregon School Boards Association (OSBA) sponsored this pooled limited tax pension bond program. The OSBA does not have a financial obligation in connection with the bonds issued under the program. Except for the payment of its pension bond payments and additional charges when due, each participating school district has no obligation or liability to any other participating school district's pension bonds or liabilities to PERS. The debt service activity is reflected as "employee benefit" expense in all funds with wages and as revenue for services to other funds in the Debt Service Fund. The actual debt service payments are then recorded as a

debt service expenditure of the Debt Service Fund. The District anticipates the total costs of financing the District's actuarial obligation in this manner will result in a significant savings to the District when compared to paying for such costs as additional contribution rates to PERS.

The Limited Tax Pension Obligations, Series 2004 bonds had a remaining balance of \$23,395,000 at June 30, 2020. For the year ended June 30, 2020, the District's annual debt service for the limited tax pension bonds included \$1,835,000 of principal, and \$1,388,364 of interest. Total debt service payments for the years 2020, 2019 and 2018 were \$3.2 million, \$3.1 million, and \$2.9 million, respectively.

The series 2004 bonds maturing in the years 2015 through 2028 are subject to optional prepayment, in whole or in part, on any date after June 30, 2010. The series 2004 bonds maturing on June 30, 2028 are subject to mandatory prepayment beginning June 30, 2023.

The changes in long-term debt, for the year ended June 30, 2020 are as follows:

	OSBA Pension Bonds
Original Amount	<u>\$ 33,140,000</u>
Balance at June 30, 2019	\$ 25,230,000
Payments	<u>(1,835,000)</u>
Balance at June 30, 2020	<u>\$ 23,395,000</u>

The future principal and interest payments on long-term debt are as follows:

Beginning July 1,	Ending June 30,	OSBA Pension Bond	Interest
2020	2021	\$ 2,095,000	\$ 1,289,770
2021	2022	2,375,000	1,176,158
2022	2023	2,680,000	1,046,174
2023	2024	3,015,000	898,024
2024	2025	3,370,000	731,354
2025	2028	9,860,000	989,512
TOTAL		<u>\$ 23,395,000</u>	<u>\$ 6,130,992</u>

#### K. Interfund receivables and payables

The District has two interfund balances as of June 30, 2020:

*Due to/from other funds:*

Receivable Fund	Payable Fund	Amount
General Fund	Contracted Services	\$5,726,991
General Fund	Debt Service	50,499

The Contracted Services balance is principally due to the timing of reimbursable expenditures for grants and contracts. The Debt Service Fund is primarily funded by a rate charged against payroll. The rate used for 2019-20 did not produce sufficient internal revenues to offset the annual debt payment.

#### **L. Interfund transfers**

Interfund transfers are used to fund operations in the various accounts. The District transferred \$4,572,594 from the Resolution Services Fund and \$33,541 from the Contracted Services Fund to the General Fund during the year ended June 30, 2020. The composition is as follows:

- The Resolution Services Fund transferred \$4,427,594 to the General Fund in order to fund the District's indirect and support service functions.
- The Resolution Services Fund transferred \$145,000 to the General Fund to fund capital expenditures.
- The Contracted Services Fund transferred \$33,541 to the General Fund to purchase a van for Outdoor School.

#### **M. Fund balance classifications**

##### *1. General Fund*

*Operating Fund* revenues are classified as Unassigned by default, unless it is clear that revenues should be assigned, or committed. In the case that there is a budgeted deficit for the following year, the portion of fund balance budgeted to be used is considered Assigned in the current year's statement.

The *Risk Management Fund* is committed by Board Resolution to hold a reserve to help offset future PERS costs and to fund risk management activities. All remaining fund balance is considered Committed.

The *Facilities and Equipment Reserve Fund* is committed by Board Resolution to hold a reserve for facility & technology equipment maintenance, improvements, and acquisitions. Individual expenditures do not require specific Board approval, but the funds are "earmarked" for a purpose. Thus, the remaining balance is considered Committed.

##### *2. Resolution Services Fund*

The Resolution Fund is used to account for 90% of the dollars received from the State School Fund Grant and local property taxes and is required to be allocated to the component districts to purchases services approved by board resolution on the Local Service Plan or taken as transit. Thus, all balances are considered Restricted.

##### *3. Contracted Services Fund*

Per definition of a special revenue fund, all revenues are considered assigned unless restricted by an external source (grantors, legislation) or committed by the Board. This fund uses a combination of assigned and restricted funds. Restricted balances are the remaining amounts of grants, donations, or other revenues restricted for specific purposes. The remaining balance of the fund is considered Assigned by District management to support student and program services and innovation.

#### 4. Debt Service Fund

The Debt Service Fund is used to account for the District's long-term debt and the funds are restricted to only be used for debt service payments. Thus, the remaining balance is considered Restricted.

### N. Property tax limitations

The state of Oregon imposes a constitutional limit on property taxes for schools and non-school government operations. School operations include community colleges, local school districts, and education service districts. The limitation provides that property taxes for school operations are limited to \$5.00 for each \$1,000 of property market value. This limitation does not apply to taxes levied for principal and interest on general obligation bonded debt. The result of this requirement has been that school districts have become more dependent upon state funding and less dependent upon property tax revenues as their major source of operating revenue.

The State further reduced property taxes by replacing the previous constitutional limits on tax bases with a rate and value limit in 1997. This reduction was accomplished by rolling property values back to their 1995-96 values less 10% and limiting future tax value growth of each property to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempted from the reductions. The State Constitution sets restrictive voter approval requirements for most tax and many fee increases and new bond issues, and requires the State to minimize the impact to school districts from the impact of the tax cuts.

### O. Tax abatements

#### *Multnomah County, Oregon, Tax Abatements*

District property taxes were reduced by \$755,190 under agreements entered into by Multnomah County.

**Multnomah County Property Exemption Data for Tax Year 2019-2020**

<b>Exemption Code</b>	<b>Exemption Type Description</b>	<b>Tax Abatement Estimate</b>
22	Core Area Multi-Unit	\$ 25,745
37	New Housing HBO	43,899
44	Cop Low Income Rental Housing	275,335
45	Enterprise Zone	319,521
46	Cancelled Assessment Enterprise Zone	33,753
49	Vertical Housing Development	1,042
55	Transit Oriented Devel PDX	46,348
59	Food Processor	9,547
	<b>Grand Total</b>	<b>\$ 755,190</b>

Source:

<https://multco.us/finance/gasb-77-tax-abatements-implementation-information>

### P. Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by these agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the district. The amount, if any, of costs which may be disallowed by the grantor

cannot be determined at this time, although district management expects such amounts, if any, to be immaterial.

On November 26, 2012, the District received notification from the Substance Abuse and Mental Health Services Administration (SAMHSA) of a potential liability resulting from MESD's audit for the year ended June 30, 2011. The District is contesting the action and provided documentation to SAMHSA that supports MESD's position. The District is continuing to work with SAMHSA for a resolution. The potential liability is indeterminable at this time, but the District believes the amount will be substantially less than SAMHSA's estimate. If the District is required to pay back any grant funds already collected the amount will come from the General Fund.

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## **Required Supplementary Information**

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**Multnomah Education Service District**  
**Schedule of Revenues, Expenditures, Other Financing Sources (Uses),**  
**and Changes in Fund Balance – Budget and Actual**  
**Operating Fund**  
**For the Year Ended June 30, 2020**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance to Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Local Sources	\$ 5,945	\$ 120,586	\$ 188,516	\$ 67,930
State Sources	-	-	500	500
Investment Earnings	280,000	280,000	352,159	72,159
Other Revenues	334,940	319,940	401,568	81,628
Charges for Services	730,000	725,000	666,110	(58,890)
<b>Total Revenues</b>	<b>1,350,885</b>	<b>1,445,526</b>	<b>1,608,853</b>	<b>163,327</b>
<b>Expenditures</b>				
Current				
Support Services	5,886,939	6,006,164	5,339,679	666,485
Capital Outlay				
Support Services	-	33,075	33,075	-
Contingencies	101,429	165,599	-	165,599
<b>Total Expenditures</b>	<b>5,988,368</b>	<b>6,204,838</b>	<b>5,372,754</b>	<b>832,084</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(4,637,483)</b>	<b>(4,759,312)</b>	<b>(3,763,901)</b>	<b>995,411</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	4,446,683	4,490,236	4,461,135	(29,101)
Transfers Out	(259,200)	(259,200)	(259,200)	-
<b>Total Other Financing Sources (Uses)</b>	<b>4,187,483</b>	<b>4,231,036</b>	<b>4,201,935</b>	<b>(29,101)</b>
<b>Net Change in Fund Balance</b>	<b>(450,000)</b>	<b>(528,276)</b>	<b>438,034</b>	<b>966,310</b>
<b>Beginning Fund Balances</b>	<b>3,650,000</b>	<b>3,728,276</b>	<b>3,728,276</b>	<b>-</b>
<b>Ending Fund Balances</b>	<b>\$ 3,200,000</b>	<b>\$ 3,200,000</b>	<b>\$ 4,166,310</b>	<b>\$ 966,310</b>

Reconciliation to financial statements - General Fund Ending Fund Balance:

Operating Fund	\$ 4,166,310
Risk Management Reserve Fund	1,051,628
Facilities and Equipment Reserve Fund	1,159,440
<b>Total General Fund Ending Fund Balance</b>	<b>\$ 6,377,378</b>

See the notes to the required supplementary information.

**Multnomah Education Service District**  
**Schedule of Revenues, Expenditures, Other Financing Sources (Uses),**  
**and Changes in Fund Balance – Budget and Actual**  
**Resolution Services Fund**  
**For the Year Ended June 30, 2020**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance to Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Property Taxes	\$ 34,300,000	\$ 35,062,000	\$ 34,770,992	\$ (291,008)
State School Fund	10,166,833	9,504,952	9,504,952	-
Local Sources	17,500	17,500	20,865	3,365
State Sources	2,075,356	1,794,784	1,576,114	(218,670)
Other Revenues	280,775	276,361	38,068	(238,293)
<b>Total Revenues</b>	<b>46,840,464</b>	<b>46,655,597</b>	<b>45,910,991</b>	<b>(744,606)</b>
<b>Expenditures</b>				
Current				
Instruction	8,954,193	9,257,725	6,861,973	2,395,752
Support Services	20,104,888	20,328,312	19,815,450	512,862
Enterprise and Community Svcs.	504,295	526,261	296,392	229,869
Apportionment of Funds	13,452,000	13,990,000	13,989,719	281
Contingencies	4,233,405	5,902,470	-	5,902,470
<b>Total Expenditures</b>	<b>47,248,781</b>	<b>50,004,768</b>	<b>40,963,534</b>	<b>9,041,234</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(408,317)</b>	<b>(3,349,171)</b>	<b>4,947,457</b>	<b>8,296,628</b>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(4,591,683)	(4,601,695)	(4,572,594)	29,101
<b>Total Other Financing Sources (Uses)</b>	<b>(4,591,683)</b>	<b>(4,601,695)</b>	<b>(4,572,594)</b>	<b>29,101</b>
<b>Net Change in Fund Balance</b>	<b>(5,000,000)</b>	<b>(7,950,866)</b>	<b>374,863</b>	<b>8,325,729</b>
<b>Beginning Fund Balances</b>	<b>5,000,000</b>	<b>7,950,866</b>	<b>7,950,866</b>	<b>-</b>
<b>Ending Fund Balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,325,729</b>	<b>\$ 8,325,729</b>

**Multnomah Education Service District**  
**Schedule of Revenues, Expenditures, Other Financing Sources (Uses),**  
**and Changes in Fund Balance – Budget and Actual**  
**Contracted Services Fund**  
**For the Year Ended June 30, 2020**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance to Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Local Sources	\$ 17,523,814	\$ 19,486,223	\$ 16,675,021	\$ (2,811,202)
State Sources	6,522,893	7,854,818	7,472,929	(381,889)
Federal Sources	1,303,237	1,925,001	1,397,196	(527,805)
Investment Earnings	-	-	116	116
Sales of Goods & Services	9,122	9,122	13	(9,109)
Other Revenues	458,891	797,344	299,545	(497,799)
<b>Total Revenues</b>	<b>25,817,957</b>	<b>30,072,508</b>	<b>25,844,820</b>	<b>(4,227,688)</b>
<b>Expenditures</b>				
Current				
Instruction	14,608,713	16,733,105	15,732,178	1,000,927
Support Services	10,519,429	12,316,524	9,084,817	3,231,707
Enterprise and Community Svcs.	789,440	833,003	359,007	473,996
Capital Outlay				
Support Services	-	10,940	10,940	-
Contingencies	1,400,375	1,728,848	-	1,728,848
<b>Total Expenditures</b>	<b>27,317,957</b>	<b>31,622,420</b>	<b>25,186,942</b>	<b>6,435,478</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(1,500,000)</b>	<b>(1,549,912)</b>	<b>657,878</b>	<b>2,207,790</b>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	-	(33,541)	(33,541)	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(33,541)</b>	<b>(33,541)</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>(1,500,000)</b>	<b>(1,583,453)</b>	<b>624,337</b>	<b>2,207,790</b>
<b>Beginning Fund Balances</b>	<b>1,500,000</b>	<b>1,583,453</b>	<b>1,583,453</b>	<b>-</b>
<b>Ending Fund Balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,207,790</b>	<b>\$ 2,207,790</b>

**Multnomah Education Service District**  
**Schedule of Changes in SERHB OPEB Liability and Related Ratios**  
**Last 3 Fiscal Years<sup>1</sup>**

**Subsidized Early Retirement Health Benefits**

	<u><b>2020</b></u>	<u><b>2019</b></u>	<u><b>2018</b></u>
Total OPEB Liability - beginning	\$ 1,694,164	\$ 2,341,060	\$ 2,297,176
Changes for the Year			
Service Costs	165,141	147,205	142,917
Interest	72,887	85,869	79,773
Differences between expected and actual experience	-	(387,116)	-
Changes in assumptions or other input	330,476	(423,140)	-
Benefit payments	<u>(74,278)</u>	<u>(69,714)</u>	<u>(178,806)</u>
Net changes in total OPEB liability	494,226	(646,896)	43,884
Total OPEB Liability - end of year	<u><u>\$ 2,188,390</u></u>	<u><u>\$ 1,694,164</u></u>	<u><u>\$ 2,341,060</u></u>
District's covered payroll	\$ 26,907,421	\$ 25,383,864	\$ 22,341,720
Total OPEB liability as a percentage of covered payroll	8.13%	6.67%	10.48%

Notes to Schedule

- I. The District does not hold assets in a trust that meets the criteria of GASB Statement 77, paragraph 4, to pay related benefits.

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<sup>1</sup> 10-year trend information will be presented as it becomes available.

**Multnomah Education Service District**  
**Schedule of the District's Proportionate Share of the Net OPEB Asset and Liability**  
**Oregon Public Employees Retirement System OPEB Plan**  
**Last 4 Fiscal Years<sup>1</sup>**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability (asset)	0.22733376%	0.21725176%	0.20417249%	0.20010172%
District's proportionate share of the net OPEB liability (asset)	\$ (439,291)	\$ (242,512)	\$ (85,210)	\$ 54,340
District's covered payroll	\$ 25,383,864	\$ 22,341,720	\$ 21,174,389	\$ 19,403,174
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	(1.73%)	(1.09%)	(0.40%)	0.28%
Plan fiduciary net position as a percentage of the total OPEB liability	144.36%	123.99%	108.88%	94.15%

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<sup>1</sup> 10-year trend information will be presented as it becomes available

**Multnomah Education Service District**  
**Schedule of the District's Contributions**  
**Oregon Public Employees Retirement System OPEB Plan**  
**Last 6 Fiscal Years<sup>1</sup>**

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Contractually required contribution	\$ 25,650	\$ 112,671	\$ 101,648	\$ 89,221	\$ 93,988
Contribution in relation to the contractually required contribution	(25,650)	(112,671)	(101,648)	(89,221)	(93,988)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 26,907,421	\$ 25,383,864	\$ 22,341,720	\$ 21,174,389	\$ 19,403,174
Contributions as a percentage of covered payroll	0.10%	0.44%	0.45%	0.42%	0.48%
	<b>2015</b>				
Contractually required contribution	<u>\$ 96,397</u>				
Contribution in relation to the	(96,397)				
Contribution deficiency (excess)	<u>\$ -</u>				
District's covered payroll	\$ 17,575,292				
Contributions as a percentage of covered	0.55%				

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<sup>1</sup> 10-year trend information will be presented as it becomes available

**Multnomah Education Service District**  
**Schedule of the District's Proportionate Share of the Net Pension Asset and Liability**  
**Oregon Public Employees Retirement System**  
**Last 6 Fiscal Years<sup>1</sup>**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
District's proportion of the net pension liability (asset)	0.15893506%	0.17013957%	0.14250332%	0.13028804%	0.13043388%
District's proportionate share of the net pension liability (asset)	\$ 27,491,959	\$ 25,773,904	\$ 19,209,501	\$ 19,559,260	\$ 7,488,811
District's covered payroll	\$ 25,383,864	\$ 22,341,720	\$ 21,174,389	\$ 19,403,174	\$ 17,575,292
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	108.30%	115.36%	90.72%	100.80%	42.61%
Plan fiduciary net position as a percentage of the total pension liability	80.23%	82.07%	83.12%	80.53%	91.88%
	<u>2015</u>				
District's proportion of the net pension liability (asset)	0.32781628%				
District's proportionate share of the net pension liability (asset)	\$ (7,430,660)				
District's covered payroll	\$ 18,069,074				
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(41.12%)				
Plan fiduciary net position as a percentage of the total pension liability	103.59%				

<sup>1</sup> 10-year trend information will be presented as it becomes available.

**Multnomah Education Service District**  
**Schedule of the District's Contributions**  
**Oregon Public Employees Retirement System**  
**Last 6 Fiscal Years<sup>1</sup>**

	<u><b>2020</b></u>	<u><b>2019</b></u>	<u><b>2018</b></u>	<u><b>2017</b></u>	<u><b>2016</b></u>
Contractually required contribution	\$ 2,651,739	\$ 1,278,227	\$ 1,081,917	\$ 489,713	\$ 801,756
Contribution in relation to the contractually required contribution	(2,651,739)	(1,278,227)	(1,081,917)	(489,713)	(801,756)
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
District's covered payroll	\$ 26,907,421	\$ 25,383,864	\$ 22,341,720	\$ 21,174,389	\$ 19,403,174
Contributions as a percentage of covered payroll	9.86%	5.04%	4.84%	2.31%	4.13%
	<u><b>2015</b></u>				
Contractually required contribution	\$ 2,176,580				
Contribution in relation to the contractually required contribution	(2,176,580)				
Contribution deficiency (excess)	<u><u>\$ -</u></u>				
District's covered payroll	\$ 17,575,292				
Contributions as a percentage of covered payroll	12.38%				

<sup>1</sup> 10-year trend information will be presented as it becomes available.



**Multnomah Education Service District**  
**Notes to the Required Supplementary Information**  
**Year Ended June 30, 2020**

**NOTE I – GENERAL FUND BUDGETARY SCHEDULE**

The District budgets the Operating Fund, which is considered the main portion of the General Fund. For GAAP purposes the General Fund is considered as a consolidation of the Operating Fund and the Risk Management Reserve and the Facilities and Equipment Reserve Funds. Combining Schedules for these funds are shown on pages 68 and 69.

**NOTE II - SIGNIFICANT FACTORS AFFECTING PERS AS OF JUNE 30, 2020**

**Changes in Plan Provisions Subsequent to Measurement Date**

Paragraph 80f of GASB 68 requires employers to briefly describe any changes between the Measurement Date and the employer's reporting date that are expected to have a significant effect on the employer's share of the collective Net Pension Liability, along with an estimate of the resulting change, if available.

A legislative change that occurred after the December 31, 2017 valuation date affected the plan provisions reflected for financial reporting purposes. Senate Bill 1049, signed into law in June 2019, introduced a limit on the amount of annual salary included for the calculation of benefits. Beginning in 2020, annual salary in excess of \$195,000 (as indexed in future years) will be excluded when determining member benefits. As a result, future Tier 1/Tier 2 and OPSRP benefits for certain active members are now projected to be lower than prior to the legislation.

For GASB 67 and GASB 68, the benefits valued in the Total Pension Liability are required to be in accordance with the benefit terms legally in effect as of the relevant fiscal year-end for the plan. As a result, Senate Bill 1049 was reflected in the June 30, 2019 Total Pension Liability. The decrease in the System's Total Pension Liability resulting from Senate Bill 1049, measured as of June 30, 2019 was \$50,583,529 during the measurement period. The change in the District's Net Pension Liability is a result of a change in the District's proportionate share of the collective Net Pension Liability. While Senate Bill 1049 also made changes to certain aspects of the System's funding and administration, the salary limit is the only change that affects the measured Total Pension Liability. As a result, the salary limit provision is the only difference in the valuation basis used to determine the Total Pension Liability between June 30, 2018 and June 30, 2019.

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## **Other Supplementary Information**

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**Multnomah Education Service District**  
**Schedule of Revenues, Expenditures, Other Financing Sources (Uses),**  
**and Changes in Fund Balance – Budget and Actual**  
**Debt Service Fund**  
**For the Year Ended June 30, 2020**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance to Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Investment Earnings	\$ 30,000	\$ 30,000	\$ 32,959	\$ 2,959
Services to Other Funds	3,193,364	3,185,951	3,131,958	(53,993)
<b>Total Revenues</b>	<u>3,223,364</u>	<u>3,215,951</u>	<u>3,164,917</u>	<u>(51,034)</u>
<b>Expenditures</b>				
Debt Service				
Principal	1,835,000	1,835,000	1,835,000	-
Interest	1,388,364	1,388,364	1,387,829	535
<b>Total Expenditures</b>	<u>3,223,364</u>	<u>3,223,364</u>	<u>3,222,829</u>	<u>535</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>(7,413)</u>	<u>(57,912)</u>	<u>(50,499)</u>
<b>Net Change in Fund Balance</b>	-	(7,413)	(57,912)	(50,499)
<b>Beginning Fund Balances</b>	<u>-</u>	<u>7,413</u>	<u>7,413</u>	<u>-</u>
<b>Ending Fund Balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (50,499)</u>	<u>\$ (50,499)</u>

**Multnomah Education Service District**  
**Combining Balance Sheet**  
**General Fund**  
**June 30, 2020**

	<b>Operating</b>	<b>Risk Management Reserve</b>	<b>Facilities &amp; Equipment Reserve</b>	<b>Total</b>
<b>Assets</b>				
Cash and Cash Equivalents	\$ 2,654,756	\$ 797,426	\$ 1,161,254	\$ 4,613,436
Accounts Receivable	273,857	-	-	273,857
Due from Other Funds	5,777,490	-	-	5,777,490
Prepaid Items	3,062	258,086	-	261,148
<b>Total Assets</b>	<b>\$ 8,709,165</b>	<b>\$ 1,055,512</b>	<b>\$ 1,161,254</b>	<b>\$10,925,931</b>
<b>Liabilities</b>				
Accounts Payable	\$ 182,178	\$ 3,695	\$ 1,814	\$ 187,687
Accrued Payroll & Withholdings	4,360,677	189	-	4,360,866
<b>Total Liabilities</b>	<b>4,542,855</b>	<b>3,884</b>	<b>1,814</b>	<b>4,548,553</b>
<b>Fund Balances</b>				
Nonspendable				
Prepaid Items	3,062	258,086	-	261,148
Committed				
Risk Aversion	-	793,542	-	793,542
Facilities & Equipment	-	-	1,159,440	1,159,440
Assigned				
Next Year Budget Use	620,000	-	-	620,000
Unassigned	3,543,248	-	-	3,543,248
<b>Total Fund Balances</b>	<b>4,166,310</b>	<b>1,051,628</b>	<b>1,159,440</b>	<b>6,377,378</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 8,709,165</b>	<b>\$ 1,055,512</b>	<b>\$ 1,161,254</b>	<b>\$10,925,931</b>

**Multnomah Education Service District**  
**Combining Statement of Revenues, Expenditures, Other Financing Sources (Uses),**  
**and Changes in Fund Balance**  
**General Fund**  
**For the Year Ended June 30, 2020**

	<b>Operating</b>	<b>Risk Management Reserve</b>	<b>Facilities &amp; Equipment Reserve</b>	<b>Eliminations *</b>	<b>Total</b>
<b>Revenues</b>					
Local Sources	\$ 188,516	\$ -	\$ 305,303	\$ -	\$ 493,819
State Sources	500	-	-	-	500
Investment Earnings	352,159	-	-	-	352,159
Other Revenues	401,568	73,236	-	-	474,804
Services to Other Funds	-	876,692	-	-	876,692
Charges for Services	666,110	-	-	-	666,110
<b>Total Revenues</b>	<b>1,608,853</b>	<b>949,928</b>	<b>305,303</b>	<b>-</b>	<b>2,864,084</b>
<b>Expenditures</b>					
Current					
Support Services	5,339,679	821,832	862,821	-	7,024,332
Capital Outlay					
Support Services	33,075	-	30,468	-	63,543
<b>Total Expenditures</b>	<b>5,372,754</b>	<b>821,832</b>	<b>893,289</b>	<b>-</b>	<b>7,087,875</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(3,763,901)</b>	<b>128,096</b>	<b>(587,986)</b>	<b>-</b>	<b>(4,223,791)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers In	4,461,135	-	404,200	(259,200)	4,606,135
Transfers Out	(259,200)	-	-	259,200	-
<b>Total Other Financing Sources (Uses)</b>	<b>4,201,935</b>	<b>-</b>	<b>404,200</b>	<b>-</b>	<b>4,606,135</b>
<b>Net Change in Fund Balance</b>	<b>438,034</b>	<b>128,096</b>	<b>(183,786)</b>	<b>-</b>	<b>382,344</b>
<b>Beginning Fund Balances</b>	<b>3,728,276</b>	<b>923,532</b>	<b>1,343,226</b>	<b>-</b>	<b>5,995,034</b>
<b>Ending Fund Balances</b>	<b>\$4,166,310</b>	<b>\$ 1,051,628</b>	<b>\$1,159,440</b>	<b>\$ -</b>	<b>\$ 6,377,378</b>

\* Transfers within the General Fund have been excluded

**Multnomah Education Service District**  
**Schedule of Revenues, Expenditures, Other Financing Sources (Uses),**  
**and Changes in Fund Balance – Budget and Actual**  
**Risk Management Reserve Fund**  
**For the Year Ended June 30, 2020**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance to Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Other Revenues	\$ -	\$ 46,913	\$ 73,236	\$ 26,323
Services to Other Funds	897,990	897,990	876,692	(21,298)
<b>Total Revenues</b>	<u>897,990</u>	<u>944,903</u>	<u>949,928</u>	<u>5,025</u>
<b>Expenditures</b>				
Current				
Support Services	918,290	938,290	821,832	116,458
Contingencies	254,700	430,145	-	430,145
<b>Total Expenditures</b>	<u>1,172,990</u>	<u>1,368,435</u>	<u>821,832</u>	<u>546,603</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(275,000)</u>	<u>(423,532)</u>	<u>128,096</u>	<u>551,628</u>
<b>Net Change in Fund Balance</b>	(275,000)	(423,532)	128,096	551,628
<b>Beginning Fund Balances</b>	<u>775,000</u>	<u>923,532</u>	<u>923,532</u>	<u>-</u>
<b>Ending Fund Balances</b>	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 1,051,628</u>	<u>\$ 551,628</u>



**Multnomah Education Service District**  
**Schedule of Revenues, Expenditures, Other Financing Sources (Uses),**  
**and Changes in Fund Balance – Budget and Actual**  
**Facilities and Equipment Reserve Fund**  
**For the Year Ended June 30, 2020**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance to Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Local Sources	\$ 25,000	\$ 95,000	\$ 305,303	\$ 210,303
<b>Total Revenues</b>	25,000	95,000	305,303	210,303
<b>Expenditures</b>				
Current				
Support Services	915,200	1,136,740	862,821	273,919
Facilities Acquisitions/Constr.	5,000	5,000	-	5,000
Capital Outlay				
Support Services	-	30,468	30,468	-
Contingencies	422,000	470,218	-	470,218
<b>Total Expenditures</b>	1,342,200	1,642,426	893,289	749,137
<b>Excess of Revenues Over (Under) Expenditures</b>	(1,317,200)	(1,547,426)	(587,986)	959,440
<b>Other Financing Sources (Uses)</b>				
Transfers In	404,200	404,200	404,200	-
<b>Total Other Financing Sources (Uses)</b>	404,200	404,200	404,200	-
<b>Net Change in Fund Balance</b>	(913,000)	(1,143,226)	(183,786)	959,440
<b>Beginning Fund Balances</b>	1,113,000	1,343,226	1,343,226	-
<b>Ending Fund Balances</b>	\$ 200,000	\$ 200,000	\$ 1,159,440	\$ 959,440

**Multnomah Education Service District**  
**Statement of Changes in Assets and Liabilities**  
**Fiduciary Fund**  
**For the Year Ended June 30, 2020**

	<b>Balance</b> <b>June 30, 2019</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance</b> <b>June 30, 2020</b>
<b>Assets</b>				
Cash and Cash Equivalents	\$ 31,967	\$ 1,288,179	\$ 1,280,310	\$ 39,836
Accounts Receivable	570,060	335,128	570,011	335,177
<b>Total Assets</b>	<b>\$ 602,027</b>	<b>\$ 1,623,307</b>	<b>\$ 1,850,321</b>	<b>\$ 375,013</b>
<b>Liabilities</b>				
Due to Others	\$ 602,027	\$ 2,025,198	\$ 2,252,212	\$ 375,013
<b>Total Liabilities</b>	<b>\$ 602,027</b>	<b>\$ 2,025,198</b>	<b>\$ 2,252,212</b>	<b>\$ 375,013</b>

**OTHER INFORMATION AS REQUIRED BY THE  
OREGON DEPARTMENT OF EDUCATION**

**mesd**

SUPPLEMENTAL INFORMATION, 2019-2020

This page is a required part of the annual audited financial statements.

Part A is needed for computing Oregon's full allocation of ESSA, Title I & other Federal Funds for Education.

**A. Energy Bill for Heating – All Funds:**

Please enter your expenditures for electricity, heating fuel, and water & sewage for these Functions & Objects.

	Objects 325, 326, 327
Function 2540	\$212,267
Function 2550	\$0

**B. Replacement of Equipment – General Fund:**

Include all General Fund expenditures in object 542, except for the following exclusions:

\$0
-----

Exclude these functions:

1113,1122 & 1132	Co-curricular Activities	4150	Construction
1140	Pre-Kindergarten	2550	Pupil Transportation
1300	Continuing Education	3100	Food Service
1400	Summer School	3300	Community Services

**Multnomah Education Service District**  
**Oregon Department of Education**  
**District Audit Summary – Revenues and Other Resources**  
**For the Year Ended June 30, 2020**

ODE Major Object MESD Resource/ODE Resource	100	200	300	Total
	General Fund	Special Revenue Funds	Debt Service Funds	
<b>1000 - Local Sources</b>				
<b>Property Taxes</b>				
1110 - Ad Valorem Taxes	\$ 34,726,939	\$ -	\$ -	\$ 34,726,939
1190 - Penalties & Interest on Taxes	44,053	-	-	44,053
<b>Local Sources</b>				
1940 - Services to Local Ed Agencies	182,537	16,675,021	-	16,857,558
1990 - Miscellaneous	332,147	-	-	332,147
<b>Investment Earnings</b>				
1500 - Earnings on Investments	352,159	116	32,959	385,234
<b>Sales of Goods &amp; Services</b>				
1940 - Services to Local Ed Agencies	-	13	-	13
<b>Other Revenues</b>				
1800 - Community Service Activities	3,740	2,684	-	6,424
1920 - Private Contribution/Donations	15,300	38,872	-	54,172
1960 - Recover Prior Yrs Expenditures	1,199	3,127	-	4,326
1980 - Fees Charged to Grants	314,631	-	-	314,631
1990 - Miscellaneous	141,602	125,797	-	267,399
<b>Services to Other Funds</b>				
1970 - Services Provided Other Funds	876,692	-	3,131,959	4,008,651
<b>Overhead Revenues</b>				
1980 - Fees Charged to Grants	666,110	-	-	666,110
<b>Total 1000 - Local Sources</b>	<b>37,657,109</b>	<b>16,845,630</b>	<b>3,164,918</b>	<b>57,667,657</b>
<b>2000 - Intermediate Sources</b>				
<b>Other Revenues</b>				
2200 - Restricted Revenue	12,460	129,065	-	141,525
<b>3000 - State Sources</b>				
<b>State School Fund</b>				
3101 - SSF- General Support	9,504,952	-	-	9,504,952
<b>State Sources</b>				
3102 - SSF - School Lunch Match	(3,419)	3,419	-	-
3299 - Other Restricted Grants Aid	1,580,033	7,469,510	-	9,049,543
<b>Total 3000 - State Sources</b>	<b>11,081,566</b>	<b>7,472,929</b>	<b>-</b>	<b>18,554,495</b>

**Multnomah Education Service District**  
**Oregon Department of Education**  
**District Audit Summary – Revenues and Other Resources**  
**For the Year Ended June 30, 2020 (continued)**

ODE Major Object MESD Resource/ODE Resource	100	200	300	
	General Fund	Special Revenue Funds	Debt Service Funds	Total
<b>4000 - Federal Sources</b>				
<b>Federal Sources</b>				
1990 - Miscellaneous	-	14,402	-	14,402
4300 - Fed Restricted Revenue	-	268,936	-	268,936
4500 - Federal Restrict Rev Thru State	-	1,113,857	-	1,113,857
<b>Total 4000 - Federal Sources</b>	-	1,397,195	-	1,397,195
<b>5000 - Other Sources</b>				
<b>Other Revenues</b>				
1910 - Rentals	23,940	-	-	23,940
<b>Transfers In</b>				
From Resolution Services	4,572,594	-	-	4,572,594
From Contract Services	33,541	-	-	33,541
From Operating	259,200	-	-	259,200
<b>Fund Equity</b>				
5400 - Beginning Fund Balance	13,945,901	1,583,453	7,413	15,536,767
<b>Total 5000 - Other Sources</b>	18,835,176	1,583,453	7,413	20,426,042
<b>Grand Total</b>	<b>\$ 67,586,311</b>	<b>\$ 27,428,272</b>	<b>\$ 3,172,331</b>	<b>\$ 98,186,914</b>

**Notes:**

1. ODE General Fund includes the Resolution, Operating, Risk Management Reserve, and Facilities & Equipment Reserve Funds.
2. Transfers In includes transfers within the General Fund.
3. Slight differences from other financial statements and schedules may occur due to rounding.

**Multnomah Education Service District**  
**Oregon Department of Education**  
**District Audit Summary - Expenditures & Other Uses**  
**For the Year Ended June 30, 2020**

ODE Fund Major Function/ODE Function	100	200	300	400	500	600	700	Total
	Salaries	Employee Benefits	Purchased Services	Supplies & Materials	Capital Outlay	Other Objects	Transfers	

**ODE General Fund (Resolution Services, Operating, Risk Management and Facilities & Equipment Reserve Funds)**

<b>Instruction</b>								
1121 - Middle/Junior High Programs	\$ 92,645	\$ 44,608	\$ 161,498	\$ 18,441	\$ -	\$ 9	\$ -	\$ 317,201
1220 - Restrictive Prgrms- Disabilitie	2,699,819	2,309,429	179,235	180,759	-	4,729	-	5,373,971
1250 - Less Restrictive Programs	69,044	46,768	462	-	-	-	-	116,274
1280 - Alternative Education	347,242	241,075	6,498	47,417	-	4,124	-	646,355
1291 - English as a Second Language	-	-	-	-	-	-	-	-
1292 - Teen Parent Program	41,403	46,887	174	30	-	-	-	88,494
1294 - Youth Correction	200,435	114,943	2,063	1,883	-	355	-	319,677
<b>Total Instruction</b>	<b>3,450,588</b>	<b>2,803,709</b>	<b>349,930</b>	<b>248,530</b>	<b>-</b>	<b>9,217</b>	<b>-</b>	<b>6,861,973</b>

**Support Services**

0000 - Not Applicable	-	32	-	-	-	-	-	32
2110 - Attendance Services	442,644	287,034	9,316	2,477	-	48	-	741,519
2120 - Guidance Services	-	-	8	-	-	-	-	8
2130 - Health Services	5,829,469	3,430,459	58,608	149,368	-	397	-	9,468,300
2140 - Psychological Services	233,240	117,039	6,245	4,153	-	181	-	360,857
2150 - Speech Pathology & Audiology	379,267	226,850	181,462	7,933	-	1,110	-	796,622
2160 - Other Student Treatment	236,186	153,704	147,622	22,686	-	375	-	560,573
2190 - Director Student Services	600,024	347,564	28,994	15,561	-	2,042	-	994,185
2210 - Improvement of Instruction	168,880	81,290	41,799	9,807	-	485	-	302,260
2310 - Board of Education	-	-	87,989	2,735	-	48,517	-	139,241
2320 - Executive Administration	551,807	298,124	88,376	11,431	-	1,889	-	951,625
2410 - Office of the Principal	630,234	387,220	22,402	45,095	-	2,892	-	1,087,842
2490 - Other Administrative Support	430,973	277,780	69,739	2,224	-	814	-	781,530
2510 - Direction of Business	201,017	100,933	5,048	1,121	-	710	-	308,829
2520 - Fiscal Services	472,298	271,482	77,176	17,047	-	21,917	-	859,919
2540 - Plant Operations & Maintenance	481,878	311,151	898,041	71,701	-	7,205	-	1,769,977
2550 - Student Transportation	-	-	33,780	1,021	33,541	-	-	68,342
2570 - Internal Services	147,132	84,017	78,265	18,693	-	603,674	-	931,781



**Multnomah Education Service District**  
**Oregon Department of Education**  
**District Audit Summary - Expenditures & Other Uses (continued)**  
**For the Year Ended June 30, 2020**

ODE Fund Major Function/ODE Function	100	200	300	400	500	600	700	Total
	Salaries	Employee Benefits	Purchased Services	Supplies & Materials	Capital Outlay	Other Objects	Transfers	

**ODE General Fund (Resolution Services, Operating, Risk Management and Facilities & Equipment Reserve Funds)**

<b>Support Services</b>								
2610 - Central Support	-	-	951	29	-	-	-	980
2630 - Information Services	241,308	117,244	9,544	1,795	-	590	-	370,482
2640 - Staff Services	595,236	413,840	105,582	7,797	-	2,352	-	1,124,807
2660 - Technology Services	1,747,956	988,512	1,792,139	284,300	216,943	200	-	5,030,050
2690 - Other Support Systems	115,004	46,431	67,707	20,921	-	3,500	-	253,563
<b>Total Support Services</b>	<b>13,504,551</b>	<b>7,940,707</b>	<b>3,810,793</b>	<b>697,895</b>	<b>250,483</b>	<b>698,897</b>	<b>-</b>	<b>26,903,325</b>

**Enterprise & Community Service**

3100 - Food Services	41,378	6,461	90,509	157,579	-	465	-	296,392
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**Other Uses**

5300 - ESD Appropriation	-	-	-	-	-	-	13,989,719	13,989,719
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**Transfers Out**

5200 - Fund Transfer	-	-	-	-	-	-	4,831,794	4,831,794
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**Total ODE General Fund**

	\$ 16,996,517	\$ 10,750,876	\$ 4,251,232	\$ 1,104,003	\$ 250,483	\$ 708,580	\$ 18,821,513	\$ 52,883,204
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**ODE Special Revenue Fund (Contracted Services Fund)**

<b>Instruction</b>								
1111 - Primary, K-3	\$ 21,822	\$ 3,866	\$ 6,944	\$ 104	\$ -	\$ 1,230	\$ -	\$ 33,966
1121 - Middle/Junior High Programs	392,971	47,638	229,623	5,399	-	6	-	675,638
1220 - Restrictive Prgrms- Disability	7,427,636	4,127,946	76,297	36,680	-	250,402	-	11,918,961
1250 - Less Restrictive Programs	16,932	11,436	-	-	-	-	-	28,368
1260 - Treatment & Habilitation	-	-	64	-	-	6	-	71
1271 - Remediation	4,431	(3,838)	85	14,466	-	595	-	15,738
1280 - Alternative Education	125,072	52,790	215	4,258	-	-	-	182,334
1291 - English as a Second Language	-	-	-	-	-	-	-	-

**Multnomah Education Service District**  
**Oregon Department of Education**  
**District Audit Summary - Expenditures & Other Uses (continued)**  
**For the Year Ended June 30, 2020**

ODE Fund Major Function/ODE Function	100	200	300	400	500	600	700	Total
	Salaries	Employee Benefits	Purchased Services	Supplies & Materials	Capital Outlay	Other Objects	Transfers	
ODE Special Revenue Fund (Contracted Services Fund)								
Instruction								
1292 - Teen Parent Program	10,047	11,403	-	-	-	-	-	21,449
1293 - Migrant Education	339,561	209,401	78,393	34,689	-	59,959	-	722,004
1294 - Youth Correction	1,110,399	613,168	104,147	134,220	-	171,713	-	2,133,648
Total Instruction	9,448,871	5,073,809	495,770	229,816	-	483,912	-	15,732,178
Support Services								
2110 - Attendance Services	355,891	229,570	16,903	3,261	-	6,377	-	612,003
2120 - Guidance Services	502,643	256,238	101,216	38,918	-	64,850	-	963,865
2130 - Health Services	1,408,922	907,676	163,181	82,095	-	1,109	-	2,562,983
2140 - Psychological Services	106,715	51,585	1,245	8	-	3,403	-	162,955
2150 - Speech Pathology & Audiology	164,625	104,950	(12,396)	-	10,940	2,071	-	270,190
2160 - Other Student Treatment	141,211	90,400	146,631	638	-	3,410	-	382,290
2190 - Director Student Services	436,331	264,341	6,450	16,100	-	31,376	-	754,598
2210 - Improvement of Instruction	14,030	10,559	4,105	-	-	2,213	-	30,907
2230 - Assessment & Testing	-	-	76	1,951	-	182	-	2,210
2240 - Instructional Staff Dvlpmnt	18,689	14,582	3,709	-	-	2,149	-	39,130
2320 - Executive Administration	23,437	-	(4,720)	-	-	-	-	18,717
2410 - Office of the Principal	643,315	372,481	32,907	971	-	27,156	-	1,076,830
2490 - Other Administrative Support	298,818	196,536	53,081	4,263	-	996	-	553,694
2540 - Plant Operations & Maintenance	71,996	53,794	518,155	-	-	2,344	-	646,289
2550 - Student Transportation	-	-	345	-	-	-	-	345
2620 - Plan/Develop/Evaluate	166,505	72,216	74,360	4,894	-	15,924	-	333,898
2630 - Information Services	3,688	2,505	1,712	-	-	711	-	8,616
2640 - Staff Services	-	-	-	2,531	-	75	-	2,606
2660 - Technology Services	449,667	238,909	6,618	11,173	-	36,986	-	743,352
2690 - Other Support Systems	-	-	(69,722)	-	-	-	-	(69,722)
Total Support Services	4,806,482	2,866,341	1,043,858	166,802	10,940	201,333	-	9,095,756

**Multnomah Education Service District**  
**Oregon Department of Education**  
**District Audit Summary - Expenditures & Other Uses (continued)**  
**For the Year Ended June 30, 2020**

ODE Fund Major Function/ODE Function	100	200	300	400	500	600	700	Total
	Salaries	Employee Benefits	Purchased Services	Supplies & Materials	Capital Outlay	Other Objects	Transfers	
<b>Enterprise &amp; Community Service</b>								
3100 - Food Services	41,377	6,460	126,309	182,675	-	1,995	-	358,816
3300 - Community Services	-	-	191	-	-	-	-	191
<b>Total Enterprise &amp; Community Service</b>	<b>41,377</b>	<b>6,460</b>	<b>126,500</b>	<b>182,675</b>	<b>-</b>	<b>1,995</b>	<b>-</b>	<b>359,007</b>
<b>Transfers Out</b>								
5200 - Fund Transfer	-	-	-	-	-	-	33,541	33,541
<b>Total ODE Special Revenue Fund</b>	<b>\$ 14,296,730</b>	<b>\$ 7,946,610</b>	<b>\$ 1,666,128</b>	<b>\$ 579,293</b>	<b>\$ 10,940</b>	<b>\$ 687,240</b>	<b>\$ 33,541</b>	<b>\$ 25,220,481</b>
<b>Debt Service Fund</b>								
<b>Debt Service</b>								
5100 - Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,222,829	\$ -	\$ 3,222,829
<b>Grand Total All Funds</b>	<b>\$ 31,293,247</b>	<b>\$ 18,697,486</b>	<b>\$ 5,917,359</b>	<b>\$ 1,683,296</b>	<b>\$ 261,423</b>	<b>\$ 4,618,648</b>	<b>\$ 18,855,054</b>	<b>\$ 81,326,515</b>

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## STATISTICAL SECTION

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**Multnomah Education Service District  
Statistical Section  
Table of Contents**

This part of the Multnomah ESD's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required and other supplementary information says about the ESD's overall financial health.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b>	<b>86</b>
These schedules contain trend information to help the reader understand how the MESD's financial performance and well-being have changed over time	
<b>Revenue Capacity</b>	<b>93</b>
These schedules contain information to help the reader assess the MESD's most significant local revenue source, the property tax.	
<b>Debt Capacity</b>	<b>97</b>
These schedules present information to help the reader assess the affordability of the MESD's current levels of outstanding debt and the MESD's ability to issue additional debt in the future.	
<b>Demographic and Economic Information</b>	<b>99</b>
These schedules offer demographic and economic indicators to help the reader understand the environment within which the MESD's financial activities take place.	
<b>Operating Information</b>	<b>101</b>
These schedules contain services and infrastructure data to help the reader understand how the information in the MESD's financial report relates to the services it provides and the activities it performs.	

**Multnomah Education Service District**  
**Statement of Net Position**  
**Last 10 Years**

	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014 as restated</b>
<b>Assets</b>				
Cash and Cash Equivalents	\$ 20,546,394	\$ 17,456,964	\$ 12,253,325	\$ 8,593,537
Property Tax Receivable	1,335,975	1,817,881	1,826,573	1,903,843
Accounts Receivable	8,760,115	6,911,998	9,222,522	8,653,141
Inventory	788,838	58,630	24,600	21,597
Prepaid Items	28,883	57,644	19,944	34,334
Prepaid Pension Cost, Net of Amortization	22,532,822	21,124,520	19,716,219	-
Bond Issuance Costs, Net of Amortization	165,809	155,446	145,082	-
Net OPEB Asset	-	-	-	-
Net Pension Asset	-	-	-	-
Capital Assets, Net of Depreciation	10,562,297	10,079,616	9,651,813	9,214,678
<b>Total Assets</b>	<b>64,721,133</b>	<b>57,662,699</b>	<b>52,860,078</b>	<b>28,421,130</b>
<b>Deferred Outflows of Resources</b>				
OPEB Contributions After Measurement Date	-	-	-	-
Deferred OPEB Differences	-	-	-	-
Pension Contributions After Measurement Date	-	-	-	2,337,728
Deferred Pension Differences	-	-	-	-
<b>Total Deferred Outflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,337,728</b>
<b>Liabilities</b>				
Accounts Payable	5,304,091	3,818,050	2,821,681	1,294,112
Accrued Payroll and Withholdings	3,588,748	3,925,315	3,945,178	3,013,825
Accrued Compensated Absences	144,726	129,957	151,029	154,983
Non-Current Liabilities:				
Debt Service Due Within One Year	858,679	1,011,101	1,125,000	1,300,000
Debt Service Due > 1 Year	34,891,116	33,880,015	32,655,000	31,355,000
Other Post-Employment Benefits	527,550	708,047	887,291	1,053,097
Net OPEB Liability	-	-	-	-
Total OPEB Liability Due > 1 Year	-	-	-	-
Net Pension Liability Due > 1 Year	-	-	-	16,728,945
<b>Total Liabilities</b>	<b>45,314,910</b>	<b>43,472,485</b>	<b>41,585,179</b>	<b>54,899,962</b>
<b>Deferred Inflows of Resources</b>				
Deferred OPEB Differences	-	-	-	-
Deferred Pension Differences	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net position:</b>				
Net Investment in Capital Assets	7,517,473	7,518,499	7,691,813	7,724,678
Restricted	3,664,511	1,410,941	2,102,018	1,984,374
Unrestricted	8,224,239	5,260,774	1,481,068	(33,850,156)
<b>TOTAL NET POSITION</b>	<b>\$ 19,406,223</b>	<b>\$ 14,190,214</b>	<b>\$ 11,274,899</b>	<b>\$ (24,141,104)</b>



**Multnomah Education Service District**  
**Statement of Net Position (continued)**  
**Last 10 Years**

<b>2015</b>	<b>2016</b>	<b>2017 as restated</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
\$ 11,352,584	\$ 6,336,374	\$ 4,439,028	\$ 7,417,545	\$ 7,757,754	\$ 12,416,021
1,991,612	2,086,019	2,211,265	1,609,460	1,185,272	1,217,256
9,042,203	8,556,654	11,303,077	8,497,360	12,450,201	10,658,498
-	-	-	-	-	-
19,944	1,062	1,062	3,062	471,839	446,148
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	85,210	242,512	439,291
7,430,660	-	-	-	-	-
8,795,898	8,493,062	8,304,254	8,196,742	8,345,190	7,928,546
<u>38,632,901</u>	<u>25,473,171</u>	<u>26,258,686</u>	<u>25,809,379</u>	<u>30,452,768</u>	<u>33,105,760</u>
-	-	-	-	112,671	25,650
-	-	-	806	507	289,374
2,308,486	801,756	489,713	1,081,917	1,278,277	2,651,739
-	1,014,468	9,154,568	5,788,842	9,982,326	7,483,904
<u>2,308,486</u>	<u>1,816,224</u>	<u>9,644,281</u>	<u>6,871,565</u>	<u>11,373,781</u>	<u>10,450,667</u>
6,278,389	1,319,153	3,576,346	815,287	1,389,748	2,618,564
3,255,290	2,865,051	3,175,770	3,558,510	4,031,817	4,360,866
141,446	147,778	135,523	136,080	159,132	186,019
1,485,000	1,670,000	1,375,000	1,595,000	1,835,000	2,095,000
29,870,000	28,200,000	26,825,000	25,230,000	23,395,000	21,300,000
1,155,845	1,245,062	-	-	-	-
-	-	54,340	-	-	-
-	-	2,297,176	2,341,060	1,694,164	2,188,390
-	7,488,811	19,559,260	19,209,501	25,773,904	27,491,959
<u>42,185,970</u>	<u>42,935,855</u>	<u>56,998,415</u>	<u>52,885,438</u>	<u>58,278,765</u>	<u>60,240,798</u>
-	-	-	39,464	777,815	699,870
14,986,419	5,466,050	3,366,717	3,144,106	4,148,348	4,641,712
<u>14,986,419</u>	<u>5,466,050</u>	<u>3,366,717</u>	<u>3,183,570</u>	<u>4,926,163</u>	<u>5,341,582</u>
7,795,898	7,993,062	8,304,254	8,196,742	8,345,190	7,928,546
2,359,871	3,426,471	3,281,560	5,647,345	8,449,159	8,839,506
(26,386,771)	(32,532,043)	(36,047,979)	(37,232,151)	(38,172,778)	(38,794,005)
<u>\$ (16,231,002)</u>	<u>\$ (21,112,510)</u>	<u>\$ (24,462,165)</u>	<u>\$ (23,388,064)</u>	<u>\$ (21,378,429)</u>	<u>\$ (22,025,953)</u>

**Multnomah Education Service District**  
**Changes in Net Position**  
**Last 10 Years**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>Revenues:</b>				
Program Revenues:				
Charges for Services	\$ 12,999,332	\$ 10,268,887	\$ 10,776,757	\$ 9,683,179
Operating Grants and Contributions	20,140,915	20,066,049	24,018,999	9,930,046
General Revenues:				
Property Taxes	25,075,966	25,980,967	26,195,536	27,098,503
State School Fund - General Support	4,222,969	4,657,196	5,315,956	6,850,158
Earnings on Investments	108,512	100,886	79,693	79,432
Federal Stimulus	2,550,138	895,484	299,974	6,500
Miscellaneous	3,314,562	3,055,618	3,079,530	2,774,348
<b>Total Revenues</b>	<u>68,412,394</u>	<u>65,025,087</u>	<u>69,766,445</u>	<u>56,422,166</u>
 <b>Expenses:</b>				
Instruction	17,569,453	19,126,964	17,718,338	12,030,218
Support Services	37,152,822	35,744,950	35,535,887	26,226,125
Enterprise and Community Services	3,524,849	3,086,517	3,624,992	5,241,283
Facilities Repairs and Maintenance	2,685	45,672	110,488	235,065
Apportionment of Funds	8,916,168	10,065,731	13,555,146	13,321,333
Unallocated Depreciation	286,200	293,828	294,277	282,651
Interest on Long-Term Debt	1,903,338	1,877,434	1,842,632	1,802,360
<b>Total Expenses</b>	<u>69,355,515</u>	<u>70,241,096</u>	<u>72,681,760</u>	<u>59,139,035</u>
 <b>CHANGE IN NET POSITION</b>	(943,121)	(5,216,009)	(2,915,315)	(2,716,869)
<b>NET POSITION, beginning of year</b>	<u>20,349,344</u>	<u>19,406,223</u>	<u>14,190,214</u>	<u>11,274,899</u>
<b>NET POSITION, end of year</b>	<u>\$ 19,406,223</u>	<u>\$ 14,190,214</u>	<u>\$ 11,274,899</u>	<u>\$ 8,558,030</u>

\* Restated

**Multnomah Education Service District**  
**Changes in Net Position (continued)**  
**Last 10 Years**

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 9,503,702	\$ 8,894,336	\$ 9,181,813	\$ 11,654,013	\$ 14,500,205	\$ 17,021,755
11,292,867	11,174,844	10,837,110	9,653,440	11,381,028	10,628,033
28,507,647	29,800,797	30,967,342	31,584,011	33,885,897	34,762,352
6,307,067	8,594,610	8,028,445	9,493,746	8,993,013	9,504,952
81,783	82,524	140,582	221,230	385,778	385,234
-	-	-	-	-	-
3,345,660	923,217	407,205	385,042	450,608	797,781
<u>59,038,726</u>	<u>59,470,328</u>	<u>59,562,497</u>	<u>62,991,482</u>	<u>69,596,529</u>	<u>73,100,107</u>
9,280,858	14,303,404	15,463,643	16,966,332	20,262,351	21,835,972
20,364,171	28,690,506	27,070,464	28,623,926	32,418,485	35,605,418
6,121,464	5,074,232	3,031,475	971,495	1,141,953	648,895
-	-	-	3,908	1,358	-
13,288,421	14,322,082	14,429,052	13,540,000	12,016,370	13,989,719
322,716	268,615	265,352	266,696	273,591	279,798
1,750,994	1,692,997	1,624,520	1,545,024	1,472,786	1,387,829
<u>51,128,624</u>	<u>64,351,836</u>	<u>61,884,506</u>	<u>61,917,381</u>	<u>67,586,894</u>	<u>73,747,631</u>
7,910,102	(4,881,508)	(2,322,009)	1,074,101	2,009,635	(647,524)
(24,141,104) *	(16,231,002)	(21,112,510)	(24,462,165) *	(23,388,064)	(21,378,429)
<u>\$ (16,231,002)</u>	<u>\$ (21,112,510)</u>	<u>\$ (23,434,519)</u>	<u>\$ (23,388,064)</u>	<u>\$ (21,378,429)</u>	<u>\$ (22,025,953)</u>

Note:

The beginning net position for 2014-15 fiscal year reflects the change in the District's proportionate share of the PERS net pension liability as of June 30, 2014.

**Multnomah Education Service District**  
**Statement of Revenues, Expenditures, Other Financing Sources (Uses),**  
**and Changes in Fund Balance**  
**Governmental Funds**  
**Last 10 Years**

	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>Revenues</b>				
Property Taxes	\$ 25,097,989	\$ 25,504,874	\$ 26,181,577	\$ 27,001,138
State School Fund	4,222,969	4,657,196	5,315,956	6,850,158
Local Sources	9,366,606	7,566,113	8,315,530	8,338,421
State Sources	14,543,993	15,750,967	19,079,846	7,553,606
Federal Sources	9,973,707	6,138,984	6,699,687	2,079,394
Investment Earnings	108,512	100,886	79,693	79,432
Sales of Goods & Services	1,472,190	1,221,129	22,903	7,025
Other Revenues	3,401,405	3,608,845	3,423,410	4,427,242
Overhead Revenues	2,205,840	2,101,237	2,557,141	1,087,745
<b>Total Revenues</b>	<b>70,393,211</b>	<b>66,650,231</b>	<b>71,675,743</b>	<b>57,424,161</b>
<b>Expenditures</b>				
Instruction	18,207,142	20,028,735	18,670,959	12,397,171
Support Services	36,388,922	35,109,951	35,341,092	24,996,696
Enterprise & Community Services	3,547,993	3,151,329	3,690,706	5,313,875
Facilities Repairs and Maintenance	145,903	85,759	110,488	235,065
Debt Service				
Principal	675,000	815,000	965,000	1,125,000
Interest & fiscal charges	1,903,338	1,877,434	1,842,632	1,802,360
Apportionment of Funds	8,916,168	10,065,731	13,555,146	13,321,333
<b>Total Expenditures</b>	<b>69,784,466</b>	<b>71,133,939</b>	<b>74,176,023</b>	<b>59,191,500</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>608,745</b>	<b>(4,483,708)</b>	<b>(2,500,280)</b>	<b>(1,767,339)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	5,036,526	4,375,229	5,194,204	4,782,716
Transfers Out	(5,036,526)	(4,375,229)	(5,194,204)	(4,782,716)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>608,745</b>	<b>(4,483,708)</b>	<b>(2,500,280)</b>	<b>(1,767,339)</b>
<b>Beginning Fund Balances</b>	<b>20,919,747</b>	<b>21,528,492</b>	<b>17,044,784</b>	<b>14,544,504</b>
<b>Ending Fund Balances</b>	<b>\$ 21,528,492</b>	<b>\$ 17,044,784</b>	<b>\$ 14,544,504</b>	<b>\$ 12,777,165</b>
<i>* Restated</i>				
Debt service as a percentage of noncapital expenditures	3.70%	3.79%	3.79%	4.95%

**Multnomah Education Service District**  
**Statement of Revenues, Expenditures, Other Financing Sources (Uses),**  
**and Changes in Fund Balance (continued)**  
**Governmental Funds**  
**Last 10 Years**

<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
\$ 28,425,261	\$ 29,673,252	\$ 30,858,755	\$ 32,234,389	\$ 34,266,248	\$ 34,770,992
6,307,067	8,594,610	8,028,445	9,493,746	8,993,013	9,504,952
8,399,582	7,235,200	8,050,999	10,474,445	13,626,210	17,189,704
8,824,079	8,864,457	8,886,988	7,973,594	9,575,246	9,049,543
2,846,792	2,335,938	2,090,988	2,338,604	2,011,068	1,397,196
81,783	82,524	140,582	221,230	385,778	385,234
8,700	6,149	1,116	2,085	1,337	13
4,546,300	4,974,520	4,936,066	4,600,786	4,948,069	4,821,067
993,228	1,152,251	897,565	651,127	713,313	666,110
60,432,792	62,918,901	63,891,504	67,990,006	74,520,282	77,784,812
12,636,274	13,587,713	16,546,796	18,053,235	21,141,695	22,594,151
26,485,320	26,571,402	28,149,481	29,765,325	33,138,842	35,999,082
6,597,046	5,365,144	3,216,487	984,888	1,152,753	655,399
-	36,782	-	124,841	332,614	-
1,300,000	1,485,000	1,670,000	1,375,000	1,595,000	1,835,000
1,750,994	1,692,997	1,624,520	1,545,024	1,472,786	1,387,829
13,288,421	14,322,082	14,429,052	13,540,000	12,016,370	13,989,719
62,058,055	63,061,120	65,636,336	65,388,313	70,850,060	76,461,180
(1,625,263)	(142,219)	(1,744,832)	2,601,693	3,670,222	1,323,632
4,433,821	4,801,312	4,975,845	4,675,643	4,530,926	4,606,135
(4,433,821)	(4,801,312)	(4,975,845)	(4,675,643)	(4,530,926)	(4,606,135)
-	-	-	-	-	-
(1,625,263)	(142,219)	(1,744,832)	2,601,693	3,670,222	1,323,632
12,777,165	11,151,902	11,009,683	9,264,851	11,866,544	15,536,766
<u>\$ 11,151,902</u>	<u>\$ 11,009,683</u>	<u>\$ 9,264,851</u>	<u>\$ 11,866,544</u>	<u>\$ 15,536,766</u>	<u>\$ 16,860,398</u>
4.93%	5.05%	5.04%	4.49%	4.37%	4.22%

**Multnomah Education Service District**  
**Fund Balances of Governmental Funds**  
**Last 10 Years**

	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>General Fund</b>					
Nonspendable	\$ 817,721	\$ 116,274	\$ 44,544	\$ 45,981	\$ 19,944
Committed	573,936	613,018	777,333	2,364,622	2,076,354
Assigned	-	260,487	877,867	767,025	393,277
Unassigned	5,690,736	3,403,712	3,127,231	3,295,146	2,495,530
Total general fund	<u>\$ 7,082,393</u>	<u>\$ 4,393,491</u>	<u>\$ 4,826,975</u>	<u>\$ 6,472,774</u>	<u>\$ 4,985,105</u>
<b>Special Revenue Funds</b>					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	8,221,211	1,294,656	2,057,454	1,892,922	2,333,937
Assigned	4,507,910	9,424,922	5,860,121	4,365,998	3,826,870
Unassigned	511,225	-	-	-	-
Total special revenue funds	<u>\$ 13,240,346</u>	<u>\$ 10,719,578</u>	<u>\$ 7,917,575</u>	<u>\$ 6,258,920</u>	<u>\$ 6,160,807</u>
<b>All other governmental funds</b>					
Restricted	\$ 3,028	\$ 11	\$ 20	\$ 35,521	\$ 5,990
Assigned	1,202,725	1,931,704	1,799,934 *	-	-
Unassigned	-	-	-	-	-
Total all other governmental funds	<u>\$ 1,205,753</u>	<u>\$ 1,931,715</u>	<u>\$ 1,799,954</u>	<u>\$ 35,521</u>	<u>\$ 5,990</u>

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>General Fund</b>					
Nonspendable	\$ 1,062	\$ 1,062	\$ 3,062	\$ 286,839	\$ 261,148
Committed	1,645,219	1,575,471	2,018,897	1,982,981	1,952,982
Assigned	-	-	-	450,000	620,000
Unassigned	3,049,638	3,076,539	3,186,326	3,275,214	3,543,248
Total general fund	<u>\$ 4,695,919</u>	<u>\$ 4,653,072</u>	<u>\$ 5,208,285</u>	<u>\$ 5,995,034</u>	<u>\$ 6,377,378</u>
<b>Special Revenue Funds</b>					
Nonspendable	\$ -	\$ -	\$ -	\$ 185,000	185,000
Restricted	3,417,852	3,200,288	5,582,864	8,199,234	\$ 8,400,215
Assigned	2,887,293	1,330,219	1,010,914	1,150,085	1,948,304
Unassigned	-	-	-	-	-
Total special revenue funds	<u>\$ 6,305,145</u>	<u>\$ 4,530,507</u>	<u>\$ 6,593,778</u>	<u>\$ 9,534,319</u>	<u>\$ 10,533,519</u>
<b>All other governmental funds</b>					
Restricted	\$ 8,619	\$ 81,272	\$ 64,481	\$ 7,413	\$ -
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	(50,499)
Total all other governmental funds	<u>\$ 8,619</u>	<u>\$ 81,272</u>	<u>\$ 64,481</u>	<u>\$ 7,413</u>	<u>\$ (50,499)</u>

\*Beginning FY2014, Facilities & Equipment Reserve Fund classified with General Fund

**Multnomah Education Service District**  
**Assessed Values of Taxable Property within District Boundaries (thousands of dollars)**  
**Last Ten Fiscal Years**

Fiscal Year Ending June 30,	Assessed Value (not including exempt property)							Total Direct Tax Rate	Total Net Assessed Value	Taxes Imposed (Net Levy)
	Real Property	Personal Property	Manufactured Structures	Public Utility	Total Assessed Value	Add: Non- Profit Housing	Less: Urban Renewal Excess			
2011	\$ 56,411,274	\$ 2,538,168	\$ 178,194	\$ 2,819,071	\$ 61,946,707	\$ 31,781	\$ 5,039,772	0.4576	\$ 56,938,716	\$ 25,799
2012	58,201,602	2,270,495	173,117	2,902,392	63,547,607	31,340	5,151,161	0.4576	58,427,786	26,334
2013	59,740,638	2,282,583	91,700	2,858,576	64,973,497	32,280	5,323,183	0.4576	59,682,594	26,794
2014	61,787,971	2,311,740	90,338	2,990,200	67,180,249	33,249	5,552,060	0.4576	61,661,438	27,716
2015	64,489,837	2,399,479	94,908	3,294,513	70,278,737	31,707	5,690,908	0.4576	64,619,536	29,229
2016	67,307,111	2,499,958	118,063	3,405,335	73,330,467	34,940	6,080,697	0.4576	67,284,710	30,509
2017	70,174,063	2,627,602	128,002	3,802,234	76,731,901	35,895	6,804,942	0.4576	69,962,854	31,763
2018	73,737,051	2,743,658	127,723	4,136,946	80,745,378	27,861	7,438,667	0.4576	73,334,572	33,341
2019	75,936,522	3,008,851	133,863	4,485,270	83,564,506	28,700	7,939,556	0.4576	75,653,650	34,402
2020	79,404,679	3,263,341	132,143	4,424,665	87,224,828	29,304	8,295,866	0.4576	78,958,266	35,892

**Notes:**

1. Property taxes are based on an assessed value which is defined as the lower of "maximum assessed value" or "real market value". Assessed values are limited to 3 percent annual increases.
2. The net levy is the actual imposed tax after adjustments and constitutional property tax limitations due to the passing of Measure 5 in 1990 and Measure 50 in 1997.

**Sources:**

Oregon Property Tax Statistics Supplement for the appropriate fiscal year. Values are the combined total for the taxing district, "Multnomah ESD", in Multnomah, Clackamas, and Washington counties.

**Multnomah Education Service District**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**

<b>District</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
MESD Direct Rate	0.4576	0.4576	0.4576	0.4576	0.4576	0.4576	0.4576	0.4576	0.4576	0.4576
<u>Overlapping Districts Property Tax Rates Extended (Operations)</u>										
Multnomah County	4.3434	4.3434	4.3434	4.3434	4.3434	4.3434	4.3434	4.3434	4.3434	4.3434
Regional Districts										
Multnomah Co. Library	1.2400	1.2000	1.1800	1.1800	1.1800	1.1800	1.1800	n/a	n/a	n/a
Metro	0.0966	0.0966	0.0966	0.0966	0.0966	0.0966	0.0966	0.0966	0.0966	0.0966
Port of Portland	0.0701	0.0701	0.0701	0.0701	0.0701	0.0701	0.0701	0.0701	0.0701	0.0701
East Multnomah SWCD	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
West Multnomah SWCD	0.0750	0.0750	0.0750	0.0750	0.0750	0.0750	0.0750	0.0750	0.0732	0.0469
Average Rate	0.3163	0.3083	0.3043	0.3043	0.3043	0.3043	0.3043	0.0854	0.0850	0.0784
Cities										
Portland	4.5770	4.5770	4.5770	4.5770	4.5770	4.5770	4.5770	4.5770	4.5770	4.5770
Fairview	3.4902	3.4902	3.4902	3.4902	3.4902	3.4902	3.4902	3.4902	3.4902	3.4902
Gresham	3.6129	3.6129	3.6129	3.6129	3.6129	3.6129	3.6129	3.6129	3.6129	3.6129
Maywood Park	1.9500	1.8159	1.8159	1.9300	1.6190	1.3284	1.1482	1.7504	1.9500	1.5055
Troutdale	3.7652	3.7652	3.7652	3.7652	3.7652	3.7652	3.7652	3.7652	3.7652	3.7652
Wood Village	3.1262	3.1262	3.1262	3.1262	3.1262	3.1262	3.1262	3.1262	3.1262	3.1262
Average Rate	3.4203	3.3979	3.3979	3.4169	3.3651	3.3167	3.2866	3.3870	3.4203	3.3462
Education Districts										
Centennial SD No. 28J	4.7448	4.7448	4.7448	4.7448	4.7448	4.7448	4.7448	4.7448	4.7448	4.7448
Corbett SD No. 39	4.5941	4.5941	4.5941	4.5941	4.5941	4.5941	4.5941	4.5941	4.5941	4.5941
David Douglas SD No. 40	4.6394	4.6394	4.6394	4.6394	4.6394	4.6394	4.6394	4.6394	4.6394	4.6394
GreshamBarlow SD No.10J	4.5268	4.5268	4.5268	4.5268	4.5268	4.5268	4.5268	4.5268	4.5268	4.5268
Parkrose SD No. 3	4.8906	4.8906	4.8906	4.8906	4.8906	4.8906	4.8906	4.8906	4.8906	4.8906
Portland SD No. 1J	5.2781	5.2781	5.2781	5.2781	5.2781	5.2781	5.2781	5.2781	5.2781	5.2781
Reynolds SD No. 7	4.4626	4.4626	4.4626	4.4626	4.4626	4.4626	4.4626	4.4626	4.4626	4.4626
Riverdale SD No. 51J	3.8149	3.8149	3.8149	3.8149	3.8149	3.8149	3.8149	3.8149	3.8149	3.8149
Mt. Hood Comm. College	0.4917	0.4917	0.4917	0.4917	0.4917	0.4917	0.4917	0.4917	0.4917	0.4917
Portland Comm. College	0.2828	0.2828	0.2828	0.2828	0.2828	0.2828	0.2828	0.2828	0.2828	0.2828
Average Rate	3.7726	3.7726	3.7726	3.7726	3.7726	3.7726	3.7726	3.7726	3.7726	3.7726
Rural Fire Protection Services										
Multnomah RFPD No. 10	2.8527	2.8527	2.8527	2.8527	2.8527	2.8527	2.7500	2.7500	2.7500	2.7500
Riverdale RFPD No. 11J	1.2361	1.2361	1.2361	1.2361	1.2361	1.2361	1.2361	1.2361	1.2361	1.2361
Multnomah RFPD No. 14	1.2624	1.2624	1.2624	1.2624	1.2624	1.2624	1.2624	1.2624	1.2624	1.2624
Average Rate	1.7837	1.7837	1.7837	1.7837	1.7837	1.7837	1.7495	1.7495	1.7495	1.7495
Water Districts										
Alto Park	1.5985	1.5985	1.5985	1.5985	1.5985	1.5985	1.5985	1.5985	1.5985	1.5985
Burlington	3.4269	3.4269	3.4269	3.4269	3.4269	3.4269	3.4269	3.4269	3.4269	3.4269
Corbett	0.5781	0.5781	0.5781	0.5781	0.5781	0.5781	0.5781	0.5781	0.5781	0.5781
Lusted	0.2423	0.2423	0.2423	0.2423	0.2423	0.2423	0.2423	0.2423	0.2423	0.2423
Valley View	1.7389	1.6243	1.6243	1.0546	1.0893	1.1339	1.2033	1.2380	1.0408	1.0243
Average Rate	1.5169	1.4940	1.4940	1.3801	1.3870	1.3959	1.4098	1.4168	1.3773	1.3740
Total Direct and Average Overlapping Rate	15.6108	15.5576	15.5536	15.4587	15.4138	15.3742	15.3239	15.2122	15.2056	15.1217

Notes:

Permanent tax rates are the primary factor in determining tax burdens. Districts can opt to extend rates lower than their permanent rate. This schedule reports the actual tax rate extended for operations.

Source: Tax Supervising & Conservation Commission (TSCC) Annual Reports (tscmultco.com)



**Multnomah Education Service District**  
**Principal Property Taxpayers in Multnomah County**  
**Taxing District: 304 Multnomah ESD**  
**Current Year and Nine Years Prior**

Ten Largest Taxpayers	Tax Year 2019-2020			Tax Year 2010-2011		
	Taxable Assessed	Rank	Percentage of Total Taxable	Taxable Assessed	Rank	Percentage of Total Taxable
	Value		Assessed Value	Value		Assessed Value
Port Of Portland	\$ 645,174,340	1	0.84 %	\$ 456,123,540	1	0.82 %
Portland General Electric Co	618,064,860	2	0.80	387,130,710	2	0.70
Alaska Airlines Inc	423,587,600	3	0.55			0.00
Pacificorp (PP&L)	386,148,000	4	0.50	315,637,000	4	0.57
Centurylink	331,808,000	5	0.43			0.00
Weston Investment Co LLC	281,109,780	6	0.36	236,682,230	5	0.43
Boeing Company	270,157,770	7	0.35	165,439,750	10	0.30
Comcast Corporation	254,198,000	8	0.33	338,520,300	3	0.61
AT&T Inc	237,285,000	9	0.31			0.00
Southwest Airlines Co	235,900,000	10	0.31			0.00
Qwest Corporation				217,348,200	6	0.39
Fred Meyer Stores Inc				181,523,750	7	0.33
EVRAZ Inc NA				175,714,460	8	0.32
LC Portland LLC				168,334,490	9	0.30
All Other Taxpayers	73,448,583,999		95.22	52,984,164,814		95.25
Total Net Assessed Value - <b>Multnomah County</b>	<u><u>\$ 77,132,017,349</u></u>			<u><u>\$ 55,626,619,244</u></u>		

Reconciliation to Total Net Assessed Value:

Multnomah county	77,132,017,349
Clackamas county	1,456,870,929
Washington county	<u>369,378,301</u>
Total Net Assessed Value within MESD boundaries	<u><u>78,958,266,579</u></u>

Source: Multnomah County Department of Assessment and Taxation

**Multnomah Education Service District**  
**Property Tax Levies and Collections by County**  
**Last Ten Years**

Fiscal Year Ending June 30	Net Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount Collected	Percentage of Levy		Amount	Percentage of Levy
Multnomah County						
2011	\$ 25,234,019	\$ 24,533,698	97.22 %	\$ 698,021	\$ 25,231,719	99.99 %
2012	25,824,749	25,022,896	96.90	756,551	25,779,447	99.82
2013	26,275,966	25,557,305	97.26	715,211	26,272,516	99.99
2014	27,116,896	26,411,612	97.40	702,311	27,113,923	99.99
2015	28,582,154	27,909,538	97.65	667,861	28,577,399	99.98
2016	29,846,772	29,194,891	97.82	641,977	29,836,868	99.97
2017	31,092,239	30,493,392	98.07	551,786	31,045,178	99.85
2018	31,054,016	30,621,340	98.61	317,459	30,938,799	99.63
2019	33,630,028	33,124,099	98.50	294,709	33,418,808	99.37
2020	35,099,128	34,565,752	98.48	-	34,565,752	98.48
Clackamas County						
2011	\$ 471,706	\$ 456,556	96.79 %	\$ 15,075	\$ 471,631	99.98 %
2012	483,368	467,564	96.73	15,702	483,266	99.98
2013	482,300	468,043	97.04	14,132	482,175	99.97
2014	500,200	487,628	97.49	12,446	500,074	99.97
2015	532,312	519,897	97.67	12,237	532,134	99.97
2016	557,285	545,085	97.81	11,954	557,039	99.96
2017	580,627	569,536	98.09	10,249	579,785	99.85
2018	638,927	626,868	98.11	9,922	636,790	99.67
2019	632,460	623,269	98.55	5,365	628,634	99.40
2020	664,524	653,897	98.40	-	653,897	98.40
Washington County						
2011	\$ 123,384	\$ 120,468	97.64 %	\$ 2,889	\$ 123,357	99.98 %
2012	126,167	123,030	97.51	3,087	126,117	99.96
2013	128,770	126,079	97.91	2,638	128,717	99.96
2014	133,931	131,275	98.02	2,650	133,925	100.00
2015	139,192	136,845	98.31	2,327	139,172	99.99
2016	143,996	141,587	98.33	2,386	143,973	99.98
2017	148,300	145,886	98.37	2,334	148,220	99.95
2018	154,122	152,510	98.95	1,368	153,878	99.84
2019	159,562	157,955	98.99	1,012	158,967	99.63
2020	164,753	163,040	98.96	-	163,040	98.96

Note: Collections include discounts, adjustment, interest, and reduction in tax collections resulting from Comcast settlement.

Source: Multnomah, Clackamas and Washington County's Departments of Assessment and Taxation

**Multnomah Education Service District**  
**Ratios of Outstanding Debt**  
**Last Ten Fiscal Years**

<b>Governmental Activities Debt</b>									
Fiscal Year Ending June 30	2004 G.O. Refunding COP Bonds	Limited Tax Pension Obligations	Capital Lease	Total Outstanding Debt	Percent- age of Personal Income	Personal Income All Counties (thousands)	Per Capita	Population All Counties	
2011	\$ 2,855,000	\$ 32,705,000	\$ 189,796	\$ 35,749,796	0.05 %	\$ 72,603,210	\$ 21	1,670,147	
2012	2,415,000	32,330,000	146,117	34,891,117	0.04	77,618,634	21	1,691,854	
2013	1,960,000	31,820,000	-	33,780,000	0.04	78,861,632	20	1,709,460	
2014	1,490,000	31,165,000	-	32,655,000	0.04	84,836,032	19	1,734,596	
2015	1,000,000	30,355,000	-	31,355,000	0.03	91,641,014	18	1,762,901	
2016	500,000	29,370,000	-	29,870,000	0.03	95,890,676	17	1,795,370	
2017	-	28,200,000	-	28,200,000	0.03	101,325,428	16	1,812,766	
2018	-	26,825,000	-	26,825,000	0.02	107,794,251	15	1,825,650	
2019	-	25,230,000	-	25,230,000	*	*	14	1,858,560	
2020	-	23,395,000	-	23,395,000	*	*	*	*	

\* Information not provided at this time.

Notes:

- 1) Details regarding the District's outstanding debt can be found in the notes to the basic financial statements
- 2) See the Demographics and Economic Statistics schedule for population and income data for Multnomah, Clackamas, and Washington counties.
- 3) The District does not hold any general bonded debt; therefore, Ratios of General Bonded Debt are not included in this document.

**Multnomah Education Service District**  
**Direct and Overlapping Debt**  
**As of June 30, 2020**

Overlapping District Name	Outstanding Net Property Tax Backed Debt <sup>1</sup>	Percent Overlapping <sup>2</sup>	Net Overlapping Debt <sup>2</sup>
Burlington Water District	\$ 1,203,474	100.00 %	\$ 1,203,474
City of Beaverton	34,857,325	1.61	562,458
City of Fairview	6,873,607	100.00	6,873,607
City of Gresham	42,165,297	100.00	42,165,297
City of Lake Oswego	88,550,000	4.79	4,242,253
City of Milwaukie	37,192,174	0.77	287,310
City of Portland	463,274,299	99.69	461,858,996
City of Troutdale	10,570,000	100.00	10,570,000
City of Wood Village	3,435,000	100.00	3,435,000
Clackamas Community College	88,668,913	0.00	2,749
Clackamas County	121,210,000	3.27	3,961,264
Clackamas Cty RFPD 1	28,155,960	5.78	1,627,668
Clackamas Cty SD 7J (Lake Oswego)	265,745,846	0.01	20,994
Clackamas Soil & Water Conservation	6,494,000	3.27	212,230
Corbett Water District	687,091	100.00	687,091
Lusted Water District	605,000	100.00	605,000
Metro	964,085,000	52.60	507,139,561
Mt Hood Community College	20,510,000	88.05	18,058,563
Multnomah County	322,191,877	99.95	320,750,068
Multnomah Cty Drainage District 1	9,641,000	100.00	9,641,000
Multnomah Cty RFPD 10	1,679,672	100.00	1,679,672
Multnomah Cty SD 10J (Gresham-Barlow)	334,402,433	100.00	334,402,433
Multnomah Cty SD 1J (Portland)	1,191,001,582	100.00	1,191,001,582
Multnomah Cty SD 28J (Centennial)	15,045,275	100.00	15,045,275
Multnomah Cty SD 3 (Parkrose)	73,403,571	100.00	73,403,571
Multnomah Cty SD 39 (Corbett)	4,626,957	100.00	4,626,957
Multnomah Cty SD 40 (David Douglas)	69,002,481	100.00	69,002,481
Multnomah Cty SD 51J (Riverdale)	17,076,044	100.00	17,076,044
Multnomah Cty SD 7 (Reynolds)	192,394,881	100.00	192,394,881
Pleasant Home Water District	1,400,000	93.83	1,313,599
Port of Portland	-	48.79	-
Portland Community College	575,107,061	50.41	289,899,392
Rockwood Water PUD	-	100.00	-
Tualatin Hills Park & Rec District	69,944,234	1.21	845,066
Tualatin Valley Fire & Rescue District	23,785,000	1.74	414,168
Valley View Water District	1,233,398	100.00	1,233,398
Washington County	213,232,118	0.59	1,265,959
Subtotal, overlapping debt	<u>\$ 5,299,450,570</u>		<u>3,587,509,061</u>
Direct District limited tax PERS pension bond			<u>23,395,000</u>
Total direct and overlapping debt			<u><u>\$ 3,610,904,061</u></u>

<sup>1</sup> "Net Property Tax Backed Debt" is Gross Property Tax Backed Debt less Self-supporting Unlimited Tax GO and less Self-Supporting Full Faith & Credit debt.

<sup>2</sup> Percent Overlapping and Net Overlapping Debt is calculated by the Oregon State Treasury, Debt Management Division.

<sup>3</sup> District debt is net of unamortized premiums and discounts.

Source: Oregon State Treasury, Debt Management Division

**Multnomah Education Service District  
Demographic and Economic Statistics  
Last Ten Years**

<u>Year</u>	<u>Population</u>	<u>Personal Income (thousands)</u>	<u>Per Capita Income</u>	<u>Unemployment Rate (June)</u>
<b><u>Multnomah County</u></b>				
2011	749,699	\$31,695,479	\$ 42,278	8.5 %
2012	760,235	33,763,614	44,412	7.7
2013	766,649	34,790,112	45,379	7.0
2014	778,604	37,338,532	47,956	6.0
2015	790,230	40,299,094	50,997	5.2
2016	803,741	41,838,667	52,055	4.6
2017	808,781	44,261,075	54,726	3.8
2018	811,880	46,966,887	57,850	3.8
2019	821,730	*	*	3.6
2020	*	*	*	13.4
<b><u>Clackamas County</u></b>				
2011	379,485	16,881,632	44,486	9.1 %
2012	383,021	18,066,635	47,169	8.2
2013	387,406	18,102,423	46,727	7.3
2014	393,453	19,050,533	48,419	6.3
2015	399,799	20,464,648	51,187	5.5
2016	406,794	21,876,119	53,777	4.8
2017	412,821	22,902,625	55,478	3.9
2018	416,075	24,385,155	58,608	3.8
2019	423,420	*	*	3.7
2020	*	*	*	10.7
<b><u>Washington County</u></b>				
2011	540,963	24,026,099	44,414	7.9 %
2012	548,598	25,788,385	47,008	7.3
2013	555,405	25,969,097	46,757	6.6
2014	562,539	28,446,967	50,569	5.8
2015	572,872	30,877,272	53,899	5.0
2016	584,835	32,175,890	55,017	4.6
2017	591,164	34,161,728	57,787	3.7
2018	597,695	36,442,209	60,971	3.6
2019	613,410	*	*	3.4
2020	*	*	*	9.9

\* Data unavailable at time of print.

Sources:

2011-2018 population: U.S. Bureau of Economic Analysis report CA1-3 (last updated November 14, 2019) [www.bea.gov](http://www.bea.gov)

2019 population: Portland State University, Population and Research Center 2019 Annual Population Report - Table 4

Income: U.S. Bureau of Economic Analysis report CA1-3 (last updated November 14, 2019) [www.bea.gov](http://www.bea.gov)

Unemployment rates: Oregon Employment Department ([qualityinfo.org](http://qualityinfo.org)) as of August 6, 2020

**Multnomah Education Service District  
Principal Employers  
Portland Metro Area  
Current Year and Nine Years Prior**

Top Ten Principal Employers	2020			2011		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Intel Corporation	21,394	1	1.9 %	15,228	1	1.6 %
Providence Health System	19,236	2	1.7	13,831	2	1.4
Oregon Health and Science University	17,441	3	1.6	13,283	3	1.4
Legacy Health System	12,896	4	1.2	6,000	8	0.6
Nike Inc.	12,000	5	1.1	8,250	6	0.8
Kaiser Permanente	11,910	6	1.1	9,204	5	0.9
Fred Meyers Stores	8,163	7	0.7	9,630	4	1.0
City of Portland	7,409	8	0.7	5,000	10	0.5
Portland Public Schools	7,005	9	0.6	5,101	9	0.5
Beaverton School District	5,646	10	0.5			
Multnomah County				6,310	7	0.6
All other employers	995,000		89.2	887,063		90.8
Total Employment - PMSA*	<u>1,118,100</u>			<u>978,900</u>		

\* The Portland-Vancouver-Hillsboro MSA includes all of Clackamas, Columbia, Multnomah, Washington and Yamhill counties in Oregon and Clark and Skamania counties in Washington State.

Sources:

Top Largest Employers: Portland Business Journal (portlandbizjournal.com) Published July 2019 and December 2010

Total Employment: Oregon Employment Department, WorkSource Oregon (qualityinfo.org)

**Multnomah Education Service District**  
**Licensed, Classified and Administrative Employees**  
**Last Ten Fiscal Years**

<u>Fiscal Year Ending</u>	<u>Licensed</u>	<u>Classified</u>	<u>Administration</u>	<u>Total</u>
2011	289	313	45	647
2012	288	292	44	624
2013	316	299	35	650
2014	150	242	31	423
2015	136	214	32	382
2016	142	209	30	381
2017	142	280	35	457
2018	162	349	37	548
2019	189	436	41	666
2020	185	439	42	666

Note: Number reflects total headcount of permanent full-time and part-time employees.

Source: Multnomah ESD Human Resources Department

**Multnomah Education Service District**  
**School District Participation in MESD Programs and Services**  
**Last Ten Fiscal Years**

<u>Fiscal Year Ending</u>	<u>Special Education Services</u>	<u>Instructional Services</u>	<u>Health &amp; Social Services</u>	<u>Technology &amp; Other Support Services*</u>	<u>Total</u>
2011	\$ 24,273,554	\$ 16,569,950	\$ 12,791,521	\$ 4,731,591	\$ 58,366,616
2012	25,092,644	9,531,676	11,230,808	16,924,301	62,779,429
2013	29,465,549	9,741,643	11,704,076	17,431,713	68,342,981
2014	12,669,290	8,537,013	9,009,457	20,063,312	50,279,072
2015	12,314,351	9,401,352	8,908,260	21,484,463	52,108,426
2016	11,101,359	11,473,649	9,274,226	21,736,597	53,585,831
2017	13,121,384	13,667,158	9,036,276	20,454,109	56,278,927
2018	15,758,283	13,377,688	10,173,098	17,746,986	57,056,055
2019	19,093,456	15,188,318	10,579,741	16,773,491	61,635,006
2020	22,099,518	14,150,689	11,326,986	18,573,318	66,150,511

\* Includes payments to Districts as transit

Source: Multnomah ESD Financial Records



## Multnomah Education Service District Schools, Sites, and Offices

<b>Building Name</b>	<b>Square Footage</b>	<b>Owned or Leased</b>	<b>Programs/Services Offered</b>
<b>District Owned/Leased Sites</b>			
Ainsworth Building 11611 NE Ainsworth Circle, Portland, OR 97220	60,000	Owned	Houses central administration, department and program offices; technology services; facilities services.
Arata Creek School Edgefield Regional Children's Campus 2408 SW Halsey St, Troutdale, OR 97060	14,000	Owned	Houses classrooms for students with social/emotional disabilities and students with developmental disabilities.
Burlingame Creek School 876 NE 8th St, Gresham, OR 97030	18,000	Owned	Houses classrooms for students with social/emotional disabilities and students with developmental disabilities.
Four Corners School 14513 SE Stark St, Portland, OR 97233	27,000	Leased	Houses classrooms for students with social/emotional disabilities and students with developmental disabilities.
Knott Creek School 11456 NE Knott St, Portland, OR 97220	25,000	Leased	Houses classrooms for students with social/emotional disabilities and students with developmental disabilities.
Helensview School 8678 NE Sumner St, Portland, OR 97220	40,000	Leased	Houses programs for students who are pregnant and/or parenting; who have left traditional education or are at risk for dropping out; for students on probation, parole or returning from juvenile or adult correctional facilities.
Wheatley School ( <i>formerly Thompson</i> ) 14030 NE Sacramento St, Portland, OR 97230	40,000	Leased	Provides post-secondary education for students with significant disabilities.
<b>Additional Classroom Sites</b>			
Donald E. Long Program 1401 NE 68th Ave, Portland, OR 97213			Provides educational and social skills for students awaiting trials and hearings.
Wynne Watts School 830 NE 162nd Ave, Portland, OR 97230			Provides educational programs for students with mental health and behavioral challenges.
Ocean Dunes High School 4859 S Jetty Road, Florence, OR 97439			Provides educational services to young men who are incarcerated.
Three Lakes & Riverside High Schools 4400 Lochner Road SE, Albany, OR 97322			Provides educational services to young women who are incarcerated.
Yamhill County Juvenile Detention 535 E Fifth St, McMinnville, OR 97128			Provides educational services to youth who are incarcerated.

Source: Multnomah ESD Facilities and Communications Departments

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## **SINGLE AUDIT SECTION**

**mesd**



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**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**

**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Multnomah Education Service District  
Portland, Oregon

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 the Multnomah Education Service District, Portland, Oregon (the District), as of and for the year ended June 30, 2020, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 17, 2020.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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.

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

**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 (Continued)**

**INDEPENDENT AUDITOR'S REPORT (Continued)**

**COMPLIANCE AND OTHER MATTERS**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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. The results of our tests disclosed no instances of noncompliance or 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 on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Talbot, Kovola & Warwick LLP*

Portland, Oregon  
November 17, 2020





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## REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

### INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Multnomah Education Service District  
Portland, Oregon

### REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited the Multnomah Education Service District, Portland, Oregon (the District's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2020. The District's major federal program is identified in the Summary of Independent Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

### MANAGEMENT'S RESPONSIBILITY

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on compliance for the District's major federal program based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the District's compliance.

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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE  
(Continued)**

**INDEPENDENT AUDITOR'S REPORT (Continued)**

**OPINION ON EACH MAJOR FEDERAL PROGRAM**

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

**REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be a material weakness. However, material weaknesses may exist that have not been identified.

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.

*Talbot, Kowala & Warwick LLP*

Portland, Oregon  
November 17, 2020



**Multnomah Education Service District**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2020**

<b>FEDERAL GRANTOR</b>	<b>Federal</b>	<b>Grantor or</b>			<b>Fiscal Year</b>
<b>Federal Program/cluster and Program Title</b>	<b>CFDA</b>	<b>Pass-thru</b>	<b>Grant Period</b>	<b>Grant Award</b>	<b>Expenditures</b>
	<b>Number</b>	<b>Number</b>			
<b>US DEPARTMENT OF AGRICULTURE</b>					
<i>Passed through Oregon Department of Education</i>					
<b>Child Nutrition Cluster</b>					
National School Breakfast Program	10.553	NA	07/01/19 - 06/30/20	\$ -	\$ 42,700
National School Lunch Program	10.555	NA	07/01/19 - 06/30/20	-	73,803
Cluster Total				-	116,503
<b>US DEPARTMENT OF AGRICULTURE Total</b>				<b>-</b>	<b>116,503</b>
<b>US DEPARTMENT OF EDUCATION</b>					
<i>Direct</i>					
<b>TRIO Cluster</b>					
TRIO - Talent Search	84.044	P044A170443.19	09/01/17 - 08/31/22	1,262,450	256,496
		P044A170443.19A	09/01/19 - 08/31/20	40,000	12,441
Cluster Total				1,302,450	268,937
<i>Passed through Oregon Department of Education</i>					
<b>Migrant Education - State Grant Program (I)</b>					
Migrant Education - State Grant Program	84.011	44986	07/01/17 - 09/30/19	428,840	53,787
		49214	07/01/18 - 09/30/20	492,761	47,714
		49233	07/01/18 - 09/30/19	25,528	16,527
		52522	03/15/19 - 09/30/19	169,563	131,817
		53724	07/01/19 - 09/30/20	578,827	433,390
		53739	07/01/19 - 09/30/20	30,112	23,426
		54449	10/07/19 - 11/30/19	7,826	7,826
		57317	03/14/20 - 09/30/20	180,104	5,147
Program Total				1,913,561	719,634
<b>Title I Program for Neglected and Delinquent Children</b>					
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	12298-TI	07/01/19 - 06/30/20	20,500	17,933
		12370-OC N&D	07/01/19 - 06/30/21	57,600	54,319
		12370-OD N&D	07/01/19 - 06/30/21	3,900	3,595
		12370-RS N&D	07/01/19 - 06/30/21	7,700	7,051
Program Total				89,700	82,898
<b>Special Education Cluster (IDEA)</b>					
Special Education - Grants to States (IDEA, Part B)	84.027	12298	07/01/19 - 06/30/20	5,100	1,306
		12370-RS IDEA	07/01/19 - 06/30/21	3,900	2,614
		12370-TL IDEA	07/01/19 - 06/30/21	19,400	9,210
		12382	07/01/19 - 06/30/20	7,200	6,476
		12384	07/01/19 - 06/30/21	5,800	3,783
		12409	07/01/19 - 06/30/21	15,354	1,798
		54707	07/01/19 - 09/30/20	3,297	2,210
Cluster Total				60,051	27,397

**Multnomah Education Service District**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2020 (continued)**

<b>FEDERAL GRANTOR</b>	<b>Federal</b>	<b>Grantor or</b>			<b>Fiscal Year</b>
<b>Federal Program/cluster and Program Title</b>	<b>CFDA</b>	<b>Pass-thru</b>	<b>Grant Period</b>	<b>Grant Award</b>	<b>Expenditures</b>
	<b>Number</b>	<b>Number</b>			
<b>Vocational Rehabilitation Cluster</b>					
Rehabilitation Services-Vocational					
Rehabilitation Grants to States	84.126	10202-F	07/01/15 - 06/30/21	\$ 31,257	\$ 31,257
Cluster Total				<u>31,257</u>	<u>31,257</u>
<b>Special Education - State Personnel Development</b>					
Special Education - State Personnel					
Development	84.323	11478	09/01/17 - 08/31/19	100,631	39,130
Program Total				<u>100,631</u>	<u>39,130</u>
<i>Passed through ODE via Linn-Benton Community College</i>					
<b>Career and Technical Education</b>					
Career and Technical Education - Basic Grants					
to States (Perkins IV)	84.048	LBCC.1	07/01/19 - 06/30/20	13,679	13,679
Program Total				<u>13,679</u>	<u>13,679</u>
<b>US DEPARTMENT OF EDUCATION TOTAL</b>				<b><u>3,511,329</u></b>	<b><u>1,182,932</u></b>
<b>US DEPARTMENT OF JUSTICE</b>					
<i>Passed through Oregon Department of Education</i>					
<b>Juvenile Justice and Delinquency Prevention_ Allocation to States</b>					
Juvenile Justice and Delinquency					
Prevention_Allocation to States	16.540	52450	02/01/19 - 03/31/20	98,625	57,318
	16.540	52783	02/01/19 - 03/31/20	44,972	17,426
Program Total				<u>143,598</u>	<u>74,743</u>
<b>US DEPARTMENT OF JUSTICE TOTAL</b>				<b><u>143,598</u></b>	<b><u>74,743</u></b>
<b>US DEPARTMENT OF HEALTH &amp; HUMAN SERVICES</b>					
<i>Passed through Oregon Department of Education</i>					
<b>CDC 1801 Healthy Schools Grant</b>					
CNP Improving Student Health	93.981	52558	06/30/19 - 06/29/21	12,500	8,616
Program Total				<u>12,500</u>	<u>8,616</u>
<b>US DEPARTMENT OF HEALTH &amp; HUMAN SERVICES TOTAL</b>				<b><u>12,500</u></b>	<b><u>8,616</u></b>
<b>FEDERAL FINANCIAL ASSISTANCE GRAND TOTAL</b>				<b><u>\$ 3,667,427</u></b>	<b><u>\$ 1,382,794</u></b>
<i>(1) Indicates a major program</i>					
Reconciliation to the financial statements					
Schedule of Expenditures of Federal Awards				\$	1,382,794
Medicaid Revenue					<u>14,402</u>
Total Revenue from Federal Sources				\$	<u><u>1,397,196</u></u>

See notes to the schedule of expenditure of federal awards.

**Multnomah Education Service District**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2020**

**NOTE I – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2020. 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). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net assets of the District.

**NOTE II – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE III – INDIRECT COST RATE**

The District has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE IV – SUBRECIPIENTS**

The District does not pass-through federal awards to any subrecipients.

**MULTNOMAH EDUCATION SERVICE DISTRICT**

Portland, Oregon

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED JUNE 30, 2020**

**SECTION I - SUMMARY OF INDEPENDENT AUDITOR'S RESULTS**

**Financial Statements:**

Type of auditor's report issued:	<u>Unmodified</u>	
Internal control over financial reporting:		
Material weakness(es) identified?	Yes _____	No <u>X</u>
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	Yes _____	No <u>X</u>
Noncompliance material to financial statements noted?	Yes _____	No <u>X</u>

**Federal Awards:**

Internal control over major programs:		
Material weakness(es) identified?	Yes _____	No <u>X</u>
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	Yes _____	No <u>X</u>
Type of auditor's report issued on compliance for major programs:	<u>Unmodified</u>	
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of <i>Uniform Guidance</i> ?	Yes _____	No <u>X</u>

Identification of major programs:

<b>CFDA NUMBER</b>	<b>NAME OF PROGRAM OR CLUSTER</b>
84.011	Migrant Education

Dollar threshold used to distinguish between type A and type B programs	\$ 750,000	
Auditee qualified as low-risk auditee?	Yes <u>X</u>	No _____

**MULTNOMAH EDUCATION SERVICE DISTRICT**

Portland, Oregon

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**

**YEAR ENDED JUNE 30, 2020**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

No financial statement findings for the year ended June 30, 2020.

**SECTION III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

No findings or questioned costs for federal awards for the year ended June 30, 2020.

**MULTNOMAH EDUCATION SERVICE DISTRICT**  
Portland, Oregon

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDING**

**YEAR ENDED JUNE 30, 2020**

No prior year findings required to be reported.

**OTHER INFORMATION AS REQUIRED BY THE  
STATE OF OREGON**

**mesd**





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**INDEPENDENT AUDITOR'S REPORT  
ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
OREGON STATE REGULATIONS**

Board of Directors  
Multnomah Education Service District Portland,  
Oregon

We have audited the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Multnomah Education Service District (the District) as of and for the year ended June 30, 2020, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 17, 2020. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statement audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the provisions of the *Minimum Standards of Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State.

**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 the Oregon Administrative Rules 162-10-000 through 162-10-330 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:

- Deposits 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, and 279C).

**INDEPENDENT AUDITOR'S REPORT  
ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
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Page 2

**COMPLIANCE (Continued)**

In connection with our testing, nothing came to our attention that caused us to believe that 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 the Oregon Administrative Rules 162-10-000 through 162-10-330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit of the financial statements, 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 opinions 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.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

**PURPOSE OF THIS REPORT**

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.

*Talbot, Korvola & Warwick LLP*

Portland, Oregon  
November 17, 2020



**mesd**