



Annual Comprehensive Financial Report

For the Year Ended June 30, 2021

MULTNOMAH EDUCATION SERVICE DISTRICT

Multnomah County, Oregon

Multnomah Education Service District

Multnomah County, Oregon

Annual Comprehensive Financial Report

For the Year Ended June 30, 2021

Prepared by the Business Services Department

11611 NE Ainsworth Circle
Portland, OR 97220
www.mesd.k12.or.us

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INTRODUCTORY SECTION

December 3, 2021

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, 2021 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, 2021. 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.

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 2020-21, 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
Centennial SD 28J	12	5,710
Corbett SD 39	2	1,083
David Douglas SD 40	17	9,209
Gresham-Barlow SD 10J	24	11,694
Parkrose SD 3	7	2,977
Portland SD 1J	108	46,924
Reynolds SD 7	20	10,443
Riverdale SD 51J	3	601
All Districts	193	88,641

Source: ODE Fall Membership Report 2020/21,
<http://www.oregon.gov/ode/reports-and-data/students>.

Counts include students attending district and school institutions.

Within these districts are 193 schools with nearly 89,000 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 832,000 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 they or a 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
- Support Services
- Enterprise & Community Services
- Facilities Acquisitions & Construction
- Debt Service
- Other Uses (Transit Payments)
- Fund Transfers
- 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 (refer to 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.

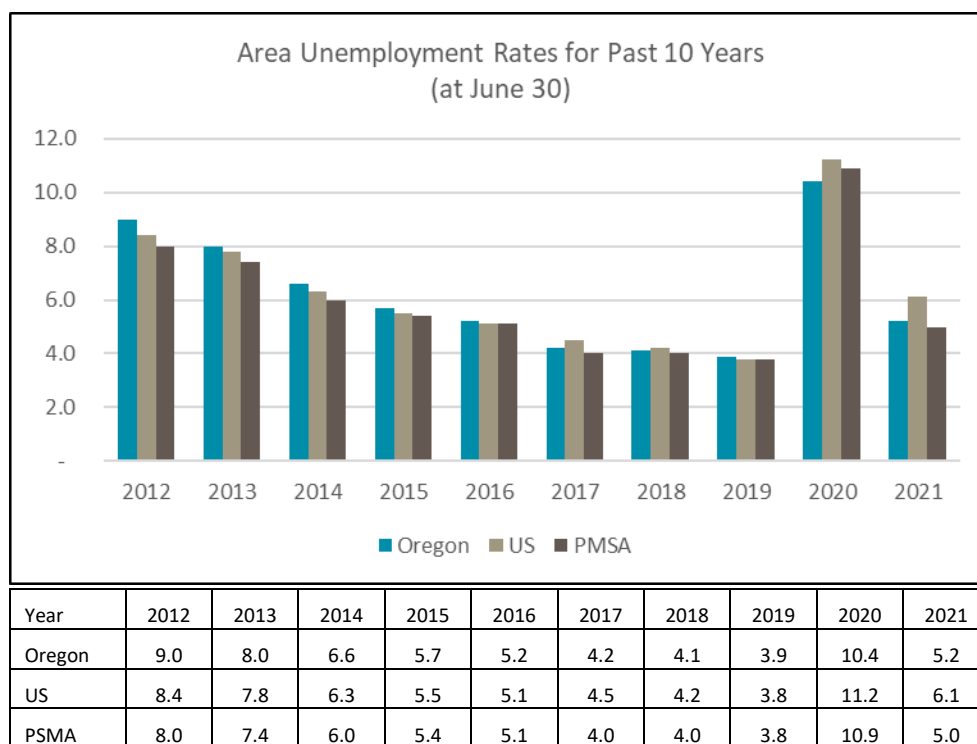
The Portland metropolitan area is the financial, trade, transportation and service center for Oregon, southwest Washington State and the Columbia River basin. Its manufacturing base includes electronics, machinery, transportation equipment, and fabricated metals. Between June 2020 and June 2021, area employment increased by 57,800 jobs, or 5.2 percent.

Portland-Vancouver-Hillsboro, OR-WA MSA 2021 ¹ Nonfarm Employment (not seasonally adjusted) Official Oregon Series				
Nonfarm Employment	June 2021	June 2020	Change	Percent
Private				
Mining and logging	1,300	1,200	100	8.3%
Construction	80,300	76,700	3,600	4.7%
Manufacturing	121,800	121,500	300	0.2%
Trade, transportation, and utilities	221,600	207,500	14,100	6.8%
Information	25,900	25,100	800	3.2%
Financial activities	72,900	68,600	4,300	6.3%
Professional and business services	187,500	179,600	7,900	4.4%
Education and health services	177,900	169,400	8,500	5.0%
Leisure and hospitality	98,400	83,100	15,300	18.4%
Other services	40,600	39,600	1,000	2.5%
Government	147,700	145,800	1,900	1.3%
Total nonfarm employment	<u>1,175,900</u>	<u>1,118,100</u>	<u>57,800</u>	<u>5.2%</u>

Source: Oregon Employment Department QualityInfo.org downloaded September 14, 2021.

¹ The Portland-Vancouver-Hillsboro MSA (PMSA) includes all of Clackamas, Columbia, Multnomah, Washington and Yamhill counties in Oregon, and Clark and Skamania counties in Washington State.

Since 2012, the area's unemployment rate gradual decreased every year; 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, 2021 the Portland-Vancouver-Hillsboro MSA unemployment rate was 5%, down from 10.9% a year ago but still not at the pre-COVID level of 3.8%. The unemployment rate for the area is about even with the State of Oregon (5.2%) and lower than the national average (6.1%). The following chart shows the 10-year rate history.



Source: Oregon Employment Department QualityInfo.org downloaded September 14, 2021.

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

COVID-19 impacted our education programs and initiatives much longer than anticipated. The pivot from in-person learning to comprehensive distance learning changed our focus and the way we provided services. As

education goes back to in-person in the upcoming school year, the MESD will return to the plans in place for the second year of the Strategic Plan. Therefore, the 2019-2021 Strategic Plan continues to influence budgetary and expenditure decisions for the 2021-2022 fiscal year. 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, 2020. This was the sixth 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.

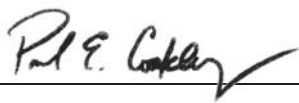
A Certificate of Achievement is valid for a period of one year only. We believe our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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, 2020. This was the sixth 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,



Dr. Paul Coakley
Superintendent



Doana Anderson
Director, Business and Operations

Multnomah Education Service District**BOARD OF DIRECTORS****JUNE 30, 2021**

<u>Position</u>	<u>Board Member</u>	<u>Represented Zone</u>	<u>Term Ends¹</u>
One	Susie Jones ² , Vice-Chair	East Multnomah County	6/30/2021
Two	Helen Ying	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, Chair	At Large	6/30/2023
Seven	Katrina Doughty	SE/SW Portland	6/30/2023

ADMINISTRATION**June 30, 2021**

<u>Administrator</u>	<u>Position</u>
Sam Breyer ³	Superintendent
Sascha Perrins	Assistant Superintendent
Doana Anderson	Director, Business Services and Operations
Laura Conroy	Director, Strategic Engagement
Todd Greaves	Director, Student Services
S. Liwaru ⁴	Director, Equity and Inclusion
Sean Woodard ⁵	Director, Human Resource Services

¹ All Board Members with terms ending June 30, 2021, were reelected for new 4-year terms in May 2021.

² Dr. Samuel Henry was appointed as MESD Position One Board Director, effective August 17, 2021.

³ Dr. Paul Coakley was selected as MESD Superintendent, effective July 1, 2021

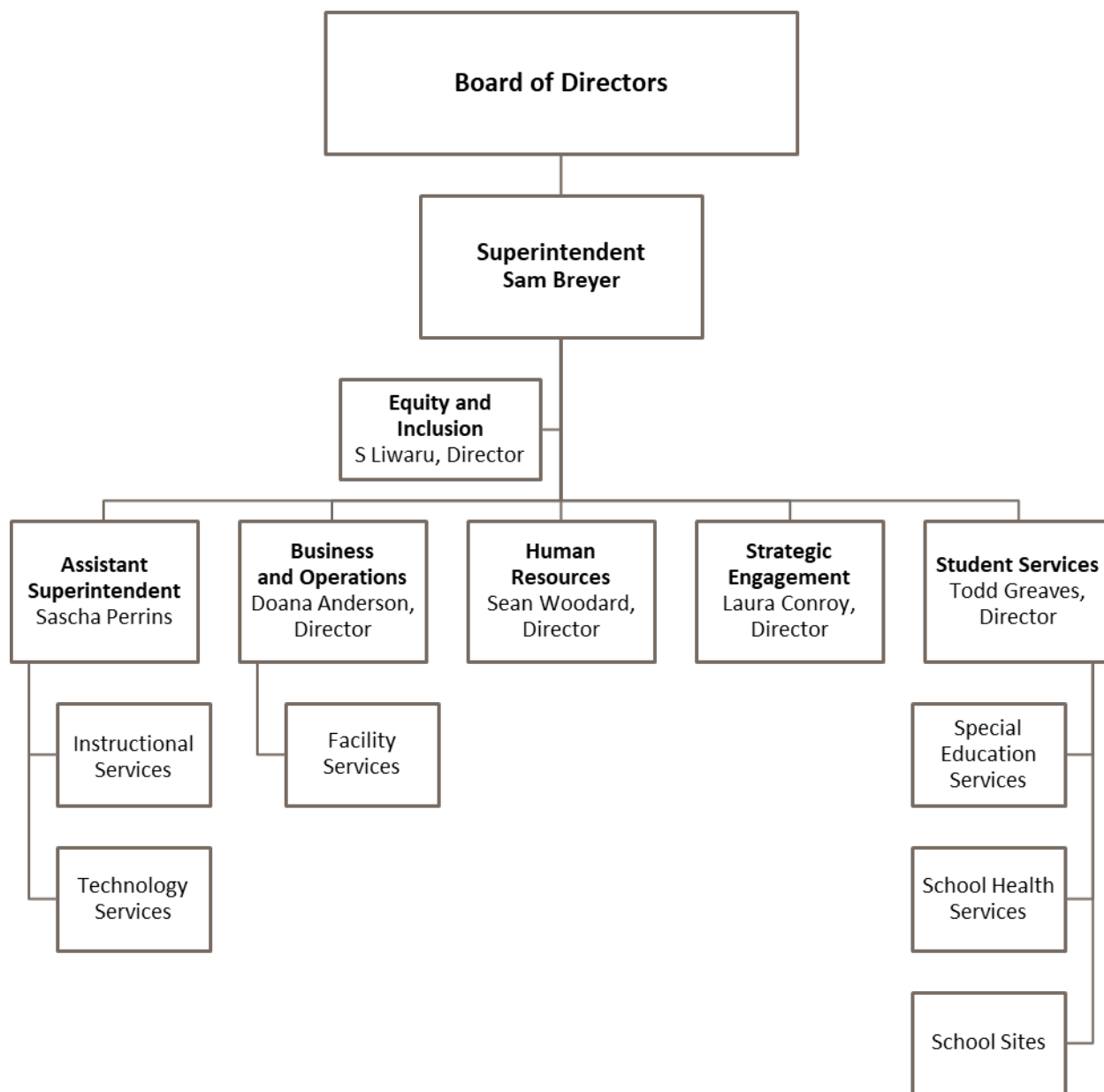
⁴ Ms. Reiko Williams was selected as MESD Director, Equity and Inclusion, effective July 22, 2021

⁵ Ms. Hollis (Holly) Lekas was selected as Interim MESD Director, Human Resource Services, effective August 17, 2021. Mr. Deon Logan was selected as MESD Director, Human Resource Services, effective December 1, 2021.

Multnomah Education Service District

ORGANIZATIONAL CHART

JUNE 30, 2021





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, 2020

Christopher P. Morill

Executive Director/CEO

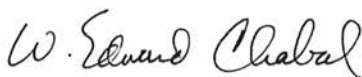


**The Certificate of Excellence in Financial Reporting
is presented to**

Multnomah Education Service District

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2020.**

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

A handwritten signature in black ink, reading 'W. Edward Chabal'.

**W. Edward Chabal
President**

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

**David J. Lewis
Executive Director**

FINANCIAL SECTION



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P 503.274.2849 F 503.274.2853 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, 2021, 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 the 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.

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, 2021, 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.

INDEPENDENT AUDITOR'S REPORT (Continued)

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 (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.

INDEPENDENT AUDITOR'S REPORT (Continued)

OTHER MATTERS (Continued)

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

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.

REPORT 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 December 3, 2021 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

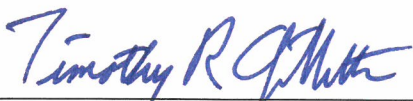
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Other Information as Required by the Oregon Department of Education, as listed in the Table of Contents, is not a required part 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.

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 December 3, 2021, 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
December 3, 2021

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, 2021.

Financial Highlights

- In the government-wide statements, the liabilities and deferred inflows of the District exceeded its assets and deferred outflows at June 30, 2021 by \$25 million. Of this amount, \$8 million represents the District's net investment in capital assets, \$11 million is restricted, and the remainder is an unrestricted net deficit of \$43 million.
- The District's ending net position decreased by \$3 million.
- The District's governmental funds report combined ending fund balance of \$18.6 million, an increase of \$1.7 million. Approximately 8 percent of this total amount, \$1.6 million, is assigned to help support future program services provided to school districts and approximately 17 percent, \$3.2 million, is available for the District's operating needs. The remaining amount is either restricted by grants and resolution funding, is committed for risk aversion, 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 30 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 32 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 36 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 38 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 68 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 78 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 \$25 million at the close of the most recent fiscal year.

Multnomah Education Service District's Comparative Statement of Net Position

Governmental Activities	June 30, 2021	June 30, 2020	Increase (Decrease)
Assets			
Cash & Cash Equivalents	\$ 14,081,725	\$ 12,416,021	\$ 1,665,704
Receivables	14,086,014	11,875,754	2,210,260
Prepaid Items and Deposits	497,817	446,148	51,669
Net OPEB asset	731,870	439,291	292,579
Capital assets	7,598,055	7,928,546	(330,491)
Total assets	36,995,481	33,105,760	3,889,721
Deferred outflows of resources			
OPEB	333,096	315,024	18,072
Pension	17,886,929	10,135,643	7,751,286
Total deferred outflows	18,220,025	10,450,667	7,769,358
Liabilities			
Current liabilities	11,848,530	9,260,449	2,588,081
Non-current liabilities due in > 1 year:			
Total OPEB liability	1,824,974	2,188,390	(363,416)
Net pension liability	42,335,258	27,491,959	14,843,299
Debt service	18,925,000	21,300,000	(2,375,000)
Total liabilities	74,933,762	60,240,798	14,692,964
Deferred inflows of resources			
OPEB	1,290,802	699,870	590,932
Pension	4,109,067	4,641,712	(532,645)
Total deferred outflows	5,399,869	5,341,582	58,287
Net position			
Net investment in capital assets	7,598,055	7,928,546	(330,491)
Restricted	10,733,958	8,839,506	1,894,452
Unrestricted	(43,450,138)	(38,794,005)	(4,656,133)
Total net position	<u>\$ (25,118,125)</u>	<u>\$ (22,025,953)</u>	<u>\$ (3,092,172)</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 \$43 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 \$3 million for the fiscal year 2020-2021.

Multnomah Education Service District's Comparative Statement of Activities

Governmental Activities	June 30, 2021	June 30, 2020	Increase (Decrease)
Revenues			
Program revenues			
Charges for services	\$ 13,267,124	\$ 17,021,755	\$ (3,754,631)
Operating grants and contributions	15,687,153	10,628,033	5,059,120
General Revenues			
Property taxes	36,432,400	34,762,352	1,670,048
State School Fund	10,065,829	9,504,952	560,877
Other revenues	467,100	1,183,015	(715,915)
Total revenues	<u>75,919,606</u>	<u>73,100,107</u>	<u>2,819,499</u>
Expenses			
Instruction	22,967,726	21,835,972	1,131,754
Support services	41,479,654	35,605,418	5,874,236
Enterprise and community services	126,830	648,895	(522,065)
Apportionment of funds	12,868,000	13,989,719	(1,121,719)
Other expenses	1,569,568	1,667,627	(98,059)
Total expenses	<u>79,011,778</u>	<u>73,747,631</u>	<u>5,264,147</u>
Change in net position	(3,092,172)	(647,524)	(2,444,648)
Net position - beginning	(22,025,953)	(21,378,429)	(647,524)
Net position - ending	<u>\$ (25,118,125)</u>	<u>\$ (22,025,953)</u>	<u>\$ (3,092,172)</u>

Fluctuations in instruction and support services are normally 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. The transition to remote learning and school closures affected these services particularly in special education. Conversely, the district received Student Success Act funding to provide technical support to our districts, as well as additional grants and state contracts for regional student and educator programs such as: Bars to Bridges, East Metro STEAM Partnership, CTE, and Grow Your Own programs.

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 2020-21 fiscal year, the fund balance increased by \$1.2 million, or 19%. This is primarily due to increased reserves for a network fiber project postponed to fiscal year 2021-2022.

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 2020-21 fiscal year, the fund balance increased by \$0.4 million. 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 2020-21 fiscal year, the fund balance increased by \$83 thousand.

Operating Fund Budgetary Highlights

The Operating Fund original budget increased by \$159 thousand primarily from higher than projected beginning fund balance. The MESD continues to encourage increased efficiencies to reduce the operating expenses of the District. During the 2020-21 fiscal year, the fund balance increased by \$134 thousand, primarily from higher than expected administrative fees charged to grants and contracts.

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, 2021 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 \$21,300,000 at June 30, 2021. 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 the revenue received from the Oregon Department of Education (ODE) as the State School Fund (SSF) allocation and as contracts for student education and district support. This funding makes up approximately 80% of its total external revenues.

External Revenue Source	Revenue Amount June 30, 2021	% of Total Revenue	Revenue Composition
ODE SSF allocation	\$ 46,551,711	61%	Property taxes and state school fund general grant
Local	13,133,605	17	Contracts with other districts and local agencies
State	13,250,381	17	Contracts with ODE & other state agencies
Federal	2,232,975	3	Federal Grants and Medicare revenue
Other	804,182	1	Interest on investments, sales, other
Total external revenues	<u>\$75,972,854</u>		Excludes services to other funds & internal overhead charges

The District's PERS rates are calculated for a biennium. The fiscal year 2020-21 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. The following table shows the combined PERS rate for pension and OPEB contributions.

Net MESD Contribution Pension Rate	PERS (Tier I/II)	OPSRP General	OPSRP Police & Fire
7-1-21 to 6-30-23	13.38%	10.32%	14.68%
7-1-19 to 6-30-21	14.56%	9.11%	13.74%
7-1-17 to 6-30-19	8.73%	3.47%	8.24%
7-1-15 to 6-30-17	5.02%	0.41%	4.52%
7-1-13 to 6-30-15	13.26%	11.36%	14.09%
7-1-11 to 6-30-13	11.13%	9.71%	12.42%
7-1-09 to 6-30-11	3.50%	4.12%	6.83%

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, 2021

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 14,081,725
Property taxes receivable	1,090,457
Accounts receivable	12,995,557
Prepaid items and deposits	497,817
Net OPEB asset	731,870
Capital assets, not depreciated (land & CIP)	2,072,637
Capital assets, net of depreciation	5,525,418
Total assets	36,995,481
Deferred outflows of resources	
OPEB contributions after measurement date	3,850
Deferred OPEB differences	329,246
Pension contributions after measurement date	3,206,776
Deferred pension differences	14,680,153
Total deferred outflows of resources	18,220,025
Liabilities	
Accounts payable	4,614,084
Accrued payroll & withholdings	4,633,251
Accrued compensated absences	226,195
Debt services due within 1 Year	2,375,000
Non-current liabilities:	
Debt service due > 1 Year	18,925,000
Total OPEB liability due > 1 Year	1,824,974
Net pension liability due > 1 Year	42,335,258
Total liabilities	74,933,762
Deferred inflows of resources	
Deferred OPEB differences	1,290,802
Deferred pension differences	4,109,067
Total deferred inflows of resources	5,399,869
Net position	
Net investment in capital assets	7,598,055
Restricted For	
Net OPEB asset	731,870
Local service plan services	9,444,109
Grants and contributions	557,979
Unrestricted	(43,450,138)
Total net position	\$ (25,118,125)

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, 2021

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Instruction				
Regular instruction	\$ 1,107,883	\$ 1,422	\$ 2,863,695	\$ 1,757,234
Special programs	21,859,843	9,829,011	6,296,295	(5,734,537)
Support services				
Student services	20,151,058	2,888,939	1,847,158	(15,414,961)
Instructional staff support	1,568,251	-	1,410,632	(157,619)
General administration	1,296,955	47,038	-	(1,249,917)
School administration	3,612,926	-	321,476	(3,291,450)
Business services support	4,564,440	-	30,896	(4,533,544)
Central support	10,286,024	500,714	2,909,799	(6,875,511)
Enterprise and community services				
Food service	126,830	-	5,547	(121,283)
Community services	-	-	1,655	1,655
Apportionment of funds	12,868,000	-	-	(12,868,000)
Unallocated depreciation ¹	279,798	-	-	(279,798)
Interest on long-term debt	1,289,770	-	-	(1,289,770)
Total governmental activities	\$ 79,011,778	\$ 13,267,124	\$ 15,687,153	(50,057,501)
		General Revenues		
		Property taxes – general		36,432,400
		State School Fund – general		10,065,829
		Earnings on investments		177,819
		Miscellaneous revenues		289,281
		Total general revenues		46,965,329
		Change in net position		(3,092,172)
		Net position – beginning		(22,025,953)
		Net position – ending		\$ (25,118,125)

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

¹ Unallocated depreciation excludes direct depreciation expenses of the various programs

Multnomah Education Service District
Balance Sheet
Governmental Funds
June 30, 2021

	General Fund	Resolution Services Fund	Contracted Services Fund	Non-major Fund: Debt Service Fund	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 6,288,206	\$ 7,784,193	\$ -	\$ 9,326	\$ 14,081,725
Property taxes receivable	-	1,090,457	-	-	1,090,457
Accounts receivable	393,443	2,157,650	10,444,464	-	12,995,557
Due from other funds	5,790,948	-	-	-	5,790,948
Prepaid items and deposits	312,817	-	185,000	-	497,817
Total assets	\$ 12,785,414	\$ 11,032,300	\$ 10,629,464	\$ 9,326	\$ 34,456,504
Liabilities					
Accounts payable	\$ 564,943	\$ 1,503,730	\$ 2,545,411	\$ -	\$ 4,614,084
Due to other funds	-	-	5,790,948	-	5,790,948
Accrued payroll & withholdings	4,633,251	-	-	-	4,633,251
Total liabilities	5,198,194	1,503,730	8,336,359	-	15,038,283
Deferred inflows of resources					
Unavailable tax revenue	-	844,613	-	-	844,613
Total deferred inflows of resources	-	844,613	-	-	844,613
Fund balances					
Nonspendable					
Prepaid items	312,817	-	185,000	-	497,817
Restricted					
Local service plan services	-	8,683,957	-	-	8,683,957
Grants and donations	-	-	557,979	-	557,979
Debt service	-	-	-	9,326	9,326
Committed					
Risk aversion	1,036,053	-	-	-	1,036,053
Facilities and equipment	2,022,410	-	-	-	2,022,410
Assigned					
Student program services	-	-	1,550,126	-	1,550,126
Next year budget use	970,000	-	-	-	970,000
Unassigned	3,245,940	-	-	-	3,245,940
Total fund balances	7,587,220	8,683,957	2,293,105	9,326	18,573,608
Total liabilities, deferred inflows of resources, and fund balances	\$ 12,785,414	\$ 11,032,300	\$ 10,629,464	\$ 9,326	\$ 34,456,504

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, 2021

	Governmental Funds
Total fund balances - governmental funds	\$ 18,573,608
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Assets and deferred outflows not available to pay for current period expenditures are not reported in the governmental funds. These assets and deferred outflows consist of:	
Net OPEB asset	731,870
Capital assets	7,598,055
Deferred outflow of OPEB contributions after measurement date	3,850
Deferred outflow of OPEB changes in proportionate share	329,246
Deferred outflow of pension contributions after measurement date	3,206,776
Deferred pension differences	14,680,153
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.	
	844,613
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 bond payable	(21,300,000)
Net pension liability	(42,335,258)
Deferred inflow of pension investment income differences & differences in proportionate share	(4,109,067)
Total OPEB liability	(1,824,974)
Deferred inflow of OPEB differences	(1,290,802)
Accrued compensated absences	(226,195)
Net position	<u><u>\$ (25,118,125)</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, 2021

	General Fund	Resolution Services Fund	Contracted Services Fund	Non-major Fund: Debt Service Fund	Total Governmental Funds
Revenues					
Property taxes	\$ -	\$ 36,485,882	\$ -	\$ -	\$ 36,485,882
State School Fund	-	10,065,829	-	-	10,065,829
Local sources	115,186	9,102	13,009,317	-	13,133,605
State sources	500	1,701,811	11,548,070	-	13,250,381
Federal sources	10,182	18,502	2,204,291	-	2,232,975
Investment earnings	165,353	-	98	12,368	177,819
Sales of goods & services	-	-	46	-	46
Other revenues	293,696	12,706	319,915	-	626,317
Service to other funds	966,387	-	-	3,432,227	4,398,614
Overhead revenues	875,092	-	-	-	875,092
Total revenues	2,426,396	48,293,832	27,081,737	3,444,595	81,246,560
Expenditures					
Current					
Instruction	-	9,828,860	12,863,157	-	22,692,017
Support services	6,551,545	19,695,382	14,077,917	-	40,324,844
Enterprise & community svcs.	-	71,482	55,348	-	126,830
Apportionment of funds	-	12,868,000	-	-	12,868,000
Debt service					
Principal	-	-	-	2,095,000	2,095,000
Interest	-	-	-	1,289,770	1,289,770
Capital outlay					
Support services	-	136,889	-	-	136,889
Total expenditures	6,551,545	42,600,613	26,996,422	3,384,770	79,533,350
Excess of revenues over (under) expenditures	(4,125,149)	5,693,219	85,315	59,825	1,713,210
Other financing sources (Uses)					
Transfers in	5,334,991	-	-	-	5,334,991
Transfers out	-	(5,334,991)	-	-	(5,334,991)
Total other financing sources (uses)	5,334,991	(5,334,991)	-	-	-
Net change in fund balance	1,209,842	358,228	85,315	59,825	1,713,210
Beginning fund balances	6,377,378	8,325,729	2,207,790	(50,499)	16,860,398
Ending fund balances	\$ 7,587,220	\$ 8,683,957	\$ 2,293,105	\$ 9,326	\$ 18,573,608

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, 2021

	Governmental Funds
Total net changes in fund balances - governmental funds	\$ 1,713,210
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	136,889
Depreciation expense	(467,380)
The repayment of debt principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position	2,095,000
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	(21,800)
Change in net OPEB asset	292,579
Change in total OPEB liability	363,416
Change in assumptions	(213,704)
Change in proportionate share	(131,125)
Net difference between projected and actual earnings on investments	108,505
Difference between expected and actual experience, and net differences between district contributions and district's proportionate share of system contributions.	(314,736)
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	555,037
Change in net pension liability	(14,843,299)
Change in assumptions	(1,537,205)
Change in proportionate share	3,947,942
Net difference between projected and actual earnings on investments	5,757,445
Difference between expected and actual experience, and net differences between district contributions and district's proportionate share of system contributions.	(439,288)
Revenues that do not meet the measurable and available criteria are not recognized in the current year in the governmental funds. In the State of Activities revenues are recognized when earned.	
Property taxes	(53,482)
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.	
	(40,176)
Change in net position	<u>\$ (3,092,172)</u>

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

Multnomah Education Service District
Statement of Fiduciary Net Position
Custodial Fund
June 30, 2021

	Agency Pass- Through Fund
Assets	
Cash and cash equivalents	\$ 329,771
Accounts receivable	49
Total assets	<u>329,820</u>
Liabilities	
Accounts payable	300,637
Total liabilities	<u>300,637</u>
Net Position	
Restricted for other governments	29,183
Total net position	<u>\$ 29,183</u>

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

Multnomah Education Service District
Statement of Changes in Fiduciary Net Position
Custodial Fund
For the Year Ended June 30, 2021

	Agency Pass- Through Fund
Additions	
E-rate reimbursements	\$ 299,935
TSPC application fees	7,960
Local grant award	95,000
Total additions	402,895
Deductions	
Distribution to other governments	412,895
Total deductions	412,895
Net decrease in fiduciary position	(10,000)
Net position – beginning, as reported	-
Restatement due to GASB 84 implementation	39,183
Net position – beginning, as restated	39,183
Net position – ending	\$ 29,183

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

Notes to the Basic Financial Statements

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 custodial 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 for property tax revenue, 90 days for other revenue). 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, 2021, 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:

Asset Type	Useful Life
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's deferred outflows are the *OPEB and pension differences and contributions after measurement date* 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. Two types of deferred items are the *OPEB and pension 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. The District charges the same fund that incurs the final salary expenditure to liquidate the liability. Typically, this impacts the General Fund, the Resolution Fund, and the Contracted Services Fund.

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 2020-2021.

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, 2021 was \$3,319,605 (carrying amount \$3,134,403). 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.

	Balance June 30, 2021
Cash and cash equivalents (recorded at fair value)	
Cash on hand	\$ 3,317
Demand deposits	3,134,403
Local Government Investment Pool	11,273,776
Total all funds	14,411,496
less funds held in custodial capacity	(329,771)
Total governmental funds	<u>\$ 14,081,725</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	\$ 11,226	\$ 1,018	\$ 831	\$ 13,075
Contracts	382,217	2,156,632	7,813,021	10,351,870
Grants	-	-	2,630,612	2,630,612
Total Receivables	<u>\$ 393,443</u>	<u>\$ 2,157,650</u>	<u>\$ 10,444,464</u>	<u>\$ 12,995,557</u>

D. Capital assets

Changes in Capital Assets	Balance as of June 30, 2020	Additions	Balance as of June 30, 2021
Non-depreciable capital assets			
Land	\$ 1,935,748	\$ -	\$ 1,935,748
Construction in progress	-	136,889	136,889
Total non-depreciable capital assets	1,935,748	136,889	2,072,637
Depreciable capital assets			
Buildings & improvements	10,777,767	-	10,777,767
Site improvements	1,395,998	-	1,395,998
Equipment and furniture	1,564,356	-	1,564,356
Vehicles	454,517	-	454,517
Total depreciable assets	14,192,638	-	14,192,638
Less: accumulated depreciation			
Buildings & improvements	5,838,565	290,430	6,128,995
Site improvements	663,729	65,719	729,448
Equipment and furniture	1,308,128	81,796	1,389,924
Vehicles	389,418	29,435	418,853
Total accumulated depreciation	8,199,840	467,380	8,667,220
Total depreciable capital assets, net	5,992,798	(467,380)	5,525,418
Total capital assets, net	\$ 7,928,546	\$ (330,491)	\$ 7,598,055
Depreciation Expense Allocated	Depreciation June 30, 2021		
Special programs	\$ 7,019		
Student services	36,113		
Instructional staff services	297		
General administration	1,540		
Business services	80,710		
Central activities	61,903		
Unallocated depreciation	279,798		
Total depreciation	\$ 467,380		

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 and Benefits

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.

Pension Benefits

Retirement allowance	Payable monthly for life with multiple benefit options; including, survivorship and lump-sum refunds.
Basic Benefit	A percentage (1.67 percent for General Service or 2.00 percent for Police & Fire) is multiplied by the number of years of service and the final average salary. PERS Tier I have other options available if greater benefit results.
Vested	Contribution in each of five calendar years before ceasing employment with a participating employer; or, has reached 50 years of age for General Service, or 45 years of age for Police & Fire.
Minimum retirement age	General Service employees may retire after reaching age 55. Police & Fire employees may retire after reaching age 50.
Reduced Benefits	PERS Tier I General Service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. PERS Tier I Police & Fire employee benefits are reduced if retirement occurs prior to age 55 with less than 25 years of service. PERS Tier II employees are eligible for full benefits at 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.

Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed until age 58 for General Service or 55 for Police & Fire when determining the monthly benefit.

Benefit Changes After Retirement

Under ORS 238.360 (PERS) 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 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 as part of PERS and administered by the Board. Public employees hired on or after August 29, 2003, become part of OPSRP. 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.

Pension Benefits

Retirement allowance	Life pension funded with employer contributions.
Basic Benefit	A percentage (1.50 percent for General Service or 1.80 percent for Police & Fire) is multiplied by the number of years of service and the final average salary.
Vested	A 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, and, if the pension program is terminated, the date on which the termination becomes effective.
Minimum retirement age	General Service employees may retire after reaching age 65 or age 58 with 30 years of retirement credit. Police & Fire employees may retire after reaching age 60 or 53 with 25 years of retirement credit.

Death Benefits

Beneficiary receives 50 percent of the pension that would otherwise be paid to the member.

Disability Benefits

A member with 10 or more years of retirement credits who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, the benefit is computed as 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

Benefit Changes After Retirement

Under ORS 238A.210 (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.

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. 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.

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, thus liquidating the net pension liability. 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 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 64 of this report. Pension contribution rates for the past five biennial periods are shown on the following table:

Employer Pension Contribution Rate ¹	PERS (Tier I/II)	OPSRP General	OPSRP Police & Fire
7-1-19 to 6-30-21	14.50%	9.11%	13.74%
7-1-17 to 6-30-19	8.73%	3.47%	8.24%
7-1-15 to 6-30-17	5.02%	0.41%	4.52%
7-1-13 to 6-30-15	13.26%	11.36%	14.09%
7-1-11 to 6-30-13	11.13%	9.71%	12.42%

¹ Does not include contribution rate for PERS Retiree Health Insurance Account OPEB Plan. Refer to Note III -F.2.

The District's contributions to the plan for the years ending June 30, 2021, 2020, and 2019 were approximately \$3.2 million, \$2.6 million, and \$1.3 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 \$1.8 million, \$1.7 million, and \$1.5 million for the years ended June 30, 2021, 2020 and 2019, respectively.

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

At June 30, 2021, the District reported a liability of \$42,335,258 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018 rolled forward to June 30, 2020. 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, 2021, the District's proportion was 0.19398985% which was an increase of 0.03505479% from its proportion as of June 30, 2020.

For the year ended June 30, 2021, the District recognized net pension expense of \$9,696,461. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Sources	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 1,863,263	\$ -
Changes of assumptions	2,271,999	79,606
Net difference between projected and actual earnings on investments	4,978,076	-
Changes in proportionate share	5,566,815	813,063
Differences between employer contributions and proportionate share of system contributions	-	3,216,398
Total (prior to post-MD contributions)	14,680,153	4,109,067
Contributions subsequent to the MD	3,206,776	
Total Deferred Outflow/(Inflow) of Resources	<u>\$ 17,886,929</u>	<u>\$ 4,109,067</u>
Net Deferred Outflow/(Inflow) of Resources		<u>\$ 13,777,862</u>

\$3,206,776 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, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Net Deferred Outflows/(Inflows) of Resources Related to Pensions by Fiscal Year (prior to post-measurement date contributions)						
For the year ending June 30,	Difference between expected and actual experience	Changes in assumptions	Difference between projected and actual investment earnings	Changes in proportionate share	Differences between employer contribution and proportionate share of contributions	Total
2022	\$ 640,193	\$ 1,250,572	\$ 148,967	\$ 1,439,963	\$ (1,085,998)	\$ 2,393,697
2023	515,194	817,248	1,362,572	1,305,826	(933,386)	3,067,454
2024	454,386	148,639	1,902,169	813,065	(680,992)	2,637,267
2025	208,839	(18,513)	1,564,368	907,435	(409,731)	2,252,398
2026	44,651	(5,553)	-	287,463	(106,291)	220,270
Total	\$ 1,863,263	\$ 2,192,393	\$ 4,978,076	\$ 4,753,752	\$ (3,216,398)	\$ 10,571,086

4. 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 in the following table are based on the 2018 Experience Study, which reviewed experience for the four-year period ended on December 31, 2018.

Actuarial Methods and Assumptions	PERS
Valuation Date	December 31, 2018 rolled forward to June 30, 2020
Experience Study Report	2018, published July 24, 2019
Actuarial assumptions:	
Actuarial cost method	Entry Age Normal
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> Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in valuation.</p> <p><i>Active members:</i> Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in valuation.</p>

Actuarial Methods and AssumptionsPERS*Disabled retirees:*

Pub-2010 Disable Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

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 23, 2021 meeting, the PERS Board gave preliminary approval to a new assumed rate 6.90% beginning with the 2020 valuation. The board will consider final adoption of the new rate during its next meeting on October 1, 2021. This change, which is estimated to cause payroll rates to increase by an average of 2.70%, will not affect rates until the 2023-25 biennium. 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, 2019. 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. Depletion Date Projection

GASB Statement No. 68 generally requires that a blended discount rate be used to measure the total pension liability (the actuarial accrued liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan’s fiduciary net position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the fiduciary net position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can be reliably made. Based on professional judgement, it is the PERS’ independent actuary’s opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the fiduciary net position is always projected to be sufficient to cover benefit payments and administrative expenses.

7. Long-term Expected Rate of Return¹

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in May 2019 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 ²	20-Year Annualized Geometric Mean	Annual Standard Deviation
Core Fixed Income	9.60%	4.14%	4.07%	3.90%
Short-Term Bonds	9.60%	3.70%	3.68%	2.10%
Bank/Leveraged Loans	3.60%	5.40%	5.19%	6.85%
High Yield Bonds	1.20%	6.13%	5.74%	9.35%
Large/Mid Cap US Equities	16.17%	7.35%	6.30%	15.50%
Small Cap US Equities	1.35%	8.35%	6.68%	19.75%
Micro Cap US Equities	1.35%	8.86%	6.79%	22.10%
Developed Foreign Equities	13.48%	8.30%	6.91%	17.95%
Emerging Market Equities	4.24%	10.35%	7.69%	25.35%
Non-US Small Cap Equities	1.93%	8.81%	7.25%	19.10%
Private Equity	17.50%	11.95%	8.33%	30.00%
Real Estate (Property)	10.00%	6.19%	5.55%	12.00%
Real Estate (REITS)	2.50%	8.29%	6.69%	21.00%
Hedge Fund of Funds - Diversified	1.50%	4.28%	4.06%	6.90%
Hedge Fund - Event-driven	0.38%	5.89%	5.59%	8.10%
Timber	1.13%	6.36%	5.61%	13.00%
Farmland	1.13%	6.87%	6.12%	13.00%
Infrastructure	2.25%	7.51%	6.67%	13.85%
Commodities	1.13%	5.34%	3.79%	18.70%
Assumed Inflation - Mean			2.50%	1.65%

8. 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 Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, revised as of April 24, 2019.

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

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
District's proportionate share of the net pension liability	\$ 62,864,361	\$ 42,335,258	\$ 25,120,653

9. *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 GASB 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, 2020 actuarial valuation includes 597 active participants (including 71 employees not currently participating in the District's medical plans) and 11 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.

Fiscal Year Ending	Retiree Claims Cost (A)	Retiree Premiums (B)	Implicit Rate Subsidy (A - B)
2021	\$ 119,622	\$ 74,582	\$ 45,040
2022	169,376	98,076	71,300
2023	209,388	118,460	90,928
2024	235,810	143,336	92,474
2025	245,057	148,471	96,586
2026	263,409	161,654	101,755
2027	255,000	155,253	99,747
2028	273,159	168,803	104,356
2029	287,215	180,344	106,871
2030	314,034	196,215	117,819

Total OPEB Liability (TOL)

The District’s TOL of \$1,824,974 was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2020. Data was collected as of September 2021, and benefits were valued as if the data was representative of data on July 1, 2020.

Actuarial Methods and Assumptions

The TOL in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial Methods and Assumptions	SERHB
Valuation date	July 1, 2020
Measurement date	June 30, 2021
Actuarial cost method	Entry Age Normal, level percent of salary
Actuarial Assumptions:	
Discount rate	2.25% per year, based on all years discounted at municipal bond rate.
General inflation	2.0% per year
Payroll growth	3.0% per year

Actuarial Methods and Assumptions
SERHB

Salary merit scale	Total payroll increase is overall payroll growth plus merit table starting at 0 duration and increasing in 5 year increments to 30+.
Annual premium increase	3.5% in 2020-21, increasing by 0.5% annually until 2025-26. Based in part on the 2019 Segal Health Plan Cost Trend Survey, tempered by the expectation of the impact of ORS 243.866, as amended in 2017. 6.0% in 2025-26, decreasing by 0.1% annually in subsequent years with minimum rate 4.50% in 2040 and beyond in accordance with prevalent actuarial practice.
Mortality rates	<i>Basic Table:</i> Pub-2010 Teachers table, separate Employee/Healthy Annuitant, sex distinct, generational, no setback. Mortality rates for active male participants are 120% of the above rates, and for active female participants are 100% of the above rates. <i>Beneficiaries:</i> Pub-2010 General Employees table, Healthy Annuitant, sex distinct, generational, set back 12 months for males, no set back for females. <i>Improvement Scale:</i> Unisex Social Security Data Scale (60 year average), with data through 2015.
Demographic assumptions	Match (as closely as possible) those developed in the most recent experience study for PERS.

Changes in the Total OPEB Liability (TOL)

	2021
Changes for the year	
Service costs	\$ 227,484
Interest	53,850
Differences between expected and actual experience	(389,515)
Changes in assumptions or other input	(210,195)
Benefit payments	(45,040)
Net changes in the Total OPEB Liability	(363,416)
Total OPEB Liability - beginning	2,188,390
Total OPEB Liability - end of year	\$ 1,824,974
Estimated covered payroll	\$ 30,633,414
Total OPEB liability as a percentage of covered payroll	5.96%

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	\$ 1,995,422	\$ 1,824,974	\$ 1,669,338

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 2.5%, trending up to 5.0%, then back down to 3.5%	Current Trend Rate 3.5%, trending up to 6.0%, then back down to 4.5%	1% Increase 4.5%, trending up to 7.0%, then back down to 5.5%
Total OPEB Liability	\$ 1,572,561	\$ 1,824,974	\$ 2,135,455

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$103,778. At June 30, 2021, The District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Sources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 588,185
Changes in Assumptions	247,856	451,301
Total (prior to post-MD contributions)	\$ 247,856	\$ 1,039,486
Net Deferred Outflows (Inflows) of Resources		\$ (791,360)

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:	2022	2023	2024	2025	2026	Thereafter	Total
SERHB Expense	\$ (126,606)	\$ (126,606)	\$ (126,606)	\$ (126,606)	\$ (126,606)	\$ (158,600)	\$ (791,630)

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. ORS 238.420 established this trust fund. RHIA pays a monthly contribution toward the cost of healthcare premiums of eligible retirees. 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>.

PERS System Employees Covered by Benefit Terms

As of the measurement date, the inactive RHIA plan participants receiving benefits totaled 43,797, and there were 47,611 active and 13,044 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 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 they (1) are receiving a retirement benefit or allowance from PERS or (2) were 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. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due, thus liquidating the net OPEB liability. 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 the Contracted Services Fund. 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.

Employer Contribution RHIA Rates	PERS (Tier I/II)	OPSRP General	OPSRP 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, 2021, the District reported an asset of \$731,870 for its proportion share of the net OPEB liability (NOL). The NOL was measured as of June 30, 2020, and the total OPEB liability used to calculate the NOL was

determined by an actuarial valuation as of December 31, 2018 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, 2021, the District's proportion was 0.35918183%, which is an increase of 0.13184807% from its proportion as of June 30, 2020.

For the year ended June 30, 2021, the District recognized OPEB income of \$191,779. At June 30, 2021, The District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Sources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 74,818
Changes in assumptions or other input	-	38,902
Net differences between projected and actual earnings on investments	81,390	-
Changes in employer proportionate share	-	137,596
Total (prior to post-MD contributions)	81,390	251,316
Contributions subsequent to the MD	3,850	-
Total Deferred Outflows (Inflows) of Resources	<u>\$ 85,240</u>	<u>\$ 251,316</u>
Net Deferred Outflows (Inflows) of Resources		<u>\$ (166,076)</u>

\$3,850 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, 2022. 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:	2022	2023	2024	2025	Total
RHIA Expense	\$ (146,627)	\$ (79,060)	\$ 30,086	\$ 25,675	\$ (169,926)

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 2018 Experience Study, which reviewed experience for the four-year period ended on December 31, 2018.

Actuarial Methods and Assumptions	RHIA
Valuation date	December 31, 2018
Measurement date	June 30, 2020
Experience Study	2018, published July 24, 2019

Actuarial Methods and Assumptions	RHIA
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: 32%; Disabled retirees: 20%
Healthcare cost trend rate	Not applicable
Mortality	<p><i>Healthy retirees and beneficiaries:</i> Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in valuation.</p> <p><i>Active members:</i> Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in valuation.</p> <p><i>Disabled retirees:</i> Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in valuation.</p>

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, refer to Note II.E.7. *Long-term Expected Rate of Return* in this report.

Discount Rate

The discount rate used to measure the TOL at June 30, 2020 was 7.20%, which was equal to the discount rate used to measure the TOL at June 30, 2019. 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 6.20%	Discount Rate 7.20%	1% Increase 8.20%
District's proportionate share of system NOL/(A)	\$ (590,862)	\$ (731,870)	\$ (852,437)

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

Reconciliation of OPEB Liability, Deferred Outflows of Resources, Asset, and Deferred Inflows of Resources	SERHB	RHIA	Net OPEB
Change in OPEB liability/asset			
Net OPEB expense for measurement period			
Service costs and interest	\$ 281,334	\$ -	\$ 281,334
Differences in experience	(91,668)	-	(91,668)
Changes of assumptions	(34,938)	-	(34,938)
Share of system OPEB expense/(income)	-	(117,714)	(117,714)
Changes in proportionate share	-	(74,065)	(74,065)
Total OPEB expense/(income) for measurement period	154,728	(191,779)	(37,051)
Contributions during measurement period	(45,040)	(22,844)	(67,884)
Net OPEB expense/(income) for measurement period	109,688	(214,623)	(104,935)
Deferred outflows/(inflow) of resources			
Differences in experience	(297,847)	(16,889)	(314,736)
Changes of assumptions	(175,257)	(38,447)	(213,704)
Changes in investment differences	-	108,505	108,505
Changes in proportionate share	-	(131,125)	(131,125)
Change in deferred outflow/(inflow)	(473,104)	(77,956)	(551,060)
Total change in OPEB liability/(asset)	(363,416)	(292,579)	
Beginning OPEB liability/(asset)	2,188,390	(439,291)	
Proportion of net OPEB liability/(asset)		<u>\$ (731,870)</u>	
Total OPEB liability	<u>\$ 1,824,974</u>		
Net deferred outflows/(inflow) of resources			
Change in deferred outflow/(inflow)	(473,104)	(77,956)	(551,060)
Beginning deferred outflows/(inflow)	(318,526)	(91,970)	(410,496)
Total (prior to post-MD contributions)	(791,630)	(169,926)	(961,556)
Contributions subsequent to the MD	-	3,850	3,850
Net deferred outflows/(inflows) of resources	<u>\$ (791,630)</u>	<u>\$ (166,076)</u>	<u>\$ (957,706)</u>

\$3,850 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, 2022.

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
2022	\$ (126,606)	\$ (146,627)	\$ (273,233)
2023	(126,606)	(79,060)	(205,666)
2024	(126,606)	30,086	(96,520)
2025	(126,606)	25,675	(100,931)
2026	(126,606)	-	(126,606)
Thereafter	(158,600)	-	(158,600)
Total	<u>\$ (791,630)</u>	<u>\$ (169,926)</u>	<u>\$ (961,556)</u>

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 2020-21 were \$825,360.

The following table includes the estimated payments through June 2029.

For the Year Ending June 30,	Facilities Lease Payments
2022	\$ 905,749
2023	1,020,429
2024	952,776
2025	785,911
2026	822,291
2027-2029	2,044,987
Total minimum future lease payments	<u>\$ 6,532,143</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 \$21,300,000 at June 30, 2021. The interest rate for the remaining balance is 5.49%. For the year ended June 30, 2021, the District's annual debt service for the limited tax pension bonds included \$2,095,000 of principal, and \$1,289,770 of interest. Total debt service payments for the years 2020, 2019 and 2018 were \$3.4 million, \$3.2 million, and \$3.1 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, 2021 are as follows:

	OSBA Pension Bonds
Original Amount	<u>\$ 33,140,000</u>
Balance at June 30, 2020	\$ 23,395,000
Payments	(2,095,000)
Balance at June 30, 2021	<u>\$ 21,300,000</u>

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

Ending June 30,	OSBA Pension Bond	Interest
2022	\$ 2,375,000	\$ 1,176,158
2023	2,680,000	1,046,174
2024	3,015,000	898,024
2025	3,370,000	731,354
2026	3,755,000	545,061
2028	6,105,000	444,451
Total	<u>\$ 21,300,000</u>	<u>\$ 4,841,222</u>

K. Interfund receivables and payables

The District has one interfund balance as of June 30, 2021:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Contracted Services	\$ 5,790,948

The Contracted Services balance is principally due to the timing of reimbursable expenditures for grants and contracts.

L. Interfund transfers

Interfund transfers are used to fund operations in the various accounts. The District transferred \$5,334,991 from the Resolution Services Fund to the General Fund during the year ended June 30, 2021. The composition is as follows:

- The Resolution Services Fund transferred \$4,655,171 to the General Fund in order to fund the District's indirect and support service functions.
- The Resolution Services Fund transferred \$679,820 to the General Fund to fund technology expenditures for student information systems and network fiber projects.

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

The District has not entered into any tax abatement agreements.

Multnomah County, Oregon, Tax Abatements

District property taxes were reduced by \$809,229 under agreements entered into by Multnomah County. The following table shows Multnomah County property exemption data for tax year 2020-2021. More information can be found at <https://multco.us/finance/gasb-77-tax-abatements-implementation-information>.

Exemption Code	Exemption Type Description	Tax Abatement Estimate
37	New Housing HBO	\$ 44,440
44	Cop Low Income Rental Housing	299,033
45	Enterprise Zone	319,751
46	Cancelled Assessment Enterprise Zone	29,107
55	Transit Oriented Devel PDX	108,498
59	Food Processor	8,400
	Grand Total	<u>\$ 809,229</u>

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.

Required Supplementary Information

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, 2021

	Original Budget	Final Budget	Actual	Variance to Final Budget Positive (Negative)
Revenues				
Local sources	\$ 145,811	\$ 150,500	\$ 115,186	\$ (35,314)
State sources	-	-	500	500
Investment earnings	115,000	159,070	165,353	6,283
Other revenues	393,940	196,434	207,262	10,828
Overhead revenues	780,000	915,000	875,092	(39,908)
Total revenues	1,434,751	1,421,004	1,363,393	(57,611)
Expenditures¹				
Current				
Support services	6,204,676	6,170,304	5,618,639	551,665
Contingencies	199,457	483,093	-	483,093
Total expenditures	6,404,133	6,653,397	5,618,639	1,034,758
Excess of revenues over (under) expenditures	(4,969,382)	(5,232,393)	(4,255,246)	977,147
Other financing sources (uses)				
Transfers in	4,614,482	4,661,183	4,655,171	(6,012)
Transfers out	(265,100)	(355,100)	(265,100)	90,000
Total other financing sources (uses)	4,349,382	4,306,083	4,390,071	83,988
Net change in fund balance	(620,000)	(926,310)	134,825	1,061,135
Beginning fund balances	3,860,000	4,166,310	4,166,310	-
Ending fund balances	<u>\$ 3,240,000</u>	<u>\$ 3,240,000</u>	<u>\$ 4,301,135</u>	<u>\$ 1,061,135</u>

Reconciliation to financial statement – General Fund Ending Fund Balance

	Actual
Operating Fund	\$ 4,301,135
Risk Management Reserve Fund	1,263,675
Facilities and Equipment Reserve Fund	2,022,410
Total General Fund	<u>\$ 7,587,220</u>

See the notes to the required supplementary information

¹ Amounts shown at appropriation level.

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, 2021

	Original Budget	Final Budget	Actual	Variance to Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 36,346,000	\$ 36,546,000	\$ 36,485,882	\$ (60,118)
State School Fund	9,798,818	10,065,828	10,065,829	1
Local sources	17,500	17,500	9,102	(8,398)
State sources	2,169,193	2,165,172	1,701,811	(463,361)
Federal sources	25,530	-	18,502	18,502
Other revenues	104,057	90,387	12,706	(77,681)
Total revenues	48,461,098	48,884,887	48,293,832	(591,055)
Expenditures¹				
Current				
Instruction	9,779,059	9,863,422	9,828,860	34,562
Support services	22,941,416	21,892,031	19,695,382	2,196,649
Enterprise & community services	530,567	87,273	71,482	15,791
Apportionment of funds	12,568,000	12,868,000	12,868,000	-
Capital outlay				
Support services	-	136,889	136,889	-
Contingencies	3,682,574	7,016,818	-	7,016,818
Total expenditures	49,501,616	51,864,433	42,600,613	9,263,820
Excess of revenues over (under) expenditures	(1,040,518)	(2,979,546)	5,693,219	8,672,765
Other financing sources (uses)				
Transfers out	(4,759,482)	(5,346,183)	(5,334,991)	11,192
Total other financing sources (uses)	(4,759,482)	(5,346,183)	(5,334,991)	11,192
Net change in fund balance	(5,800,000)	(8,325,729)	358,228	8,683,957
Beginning fund balances	5,800,000	8,325,729	8,325,729	-
Ending fund balances	\$ -	\$ -	\$ 8,683,957	\$ 8,683,957

¹ Amounts shown at appropriation level.

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, 2021

	Original Budget	Final Budget	Actual	Variance to Final Budget Positive (Negative)
Revenues				
Local sources	\$ 18,027,655	\$ 13,474,060	\$ 13,009,317	\$ (464,743)
State sources	9,423,741	12,158,698	11,548,070	(610,628)
Federal sources	1,763,354	2,757,724	2,204,291	(553,433)
Investment earnings	-	-	98	98
Sales of goods & services	10,320	10,320	46	(10,274)
Other revenues	674,415	619,836	319,915	(299,921)
Total revenues	29,899,485	29,020,638	27,081,737	(1,938,901)
Expenditures¹				
Current				
Instruction	16,124,711	15,606,322	12,863,157	2,743,165
Support services	13,076,249	14,216,955	14,077,917	139,038
Enterprise & community services	735,525	112,278	55,348	56,930
Contingencies	2,863,000	1,292,873	-	1,292,873
Total expenditures	32,799,485	31,228,428	26,996,422	4,232,006
Excess of revenues over (under) expenditures	(2,900,000)	(2,207,790)	85,315	2,293,105
Net change in fund balance	(2,900,000)	(2,207,790)	85,315	2,293,105
Beginning fund balances	2,900,000	2,207,790	2,207,790	-
Ending fund balances	\$ -	\$ -	\$ 2,293,105	\$ 2,293,105

¹ Amounts shown at appropriation level.

Multnomah Education Service District
Schedule of Changes in SERHB OPEB Liability and Related Ratios
Last 10 Fiscal Years¹

Subsidized Early Retirement Health Benefits

Fiscal Year	Beginning total OPEB liability	Service costs	Interest	Differences between expected and actual experience	Changes in assumptions or other input	Benefit payments	Ending total OPEB liability	Covered-employee payroll	Total OPEB liability as a percentage of covered payroll
2021	\$ 2,188,390	\$ 227,484	\$ 53,850	\$ (389,515)	\$ (210,195)	\$ (45,040)	\$ 1,824,974	\$ 30,633,414	5.96%
2020	1,694,164	165,141	72,887	-	330,476	(74,278)	2,188,390	27,962,247	8.13%
2019	2,341,060	147,205	85,869	(387,116)	(423,140)	(69,714)	1,694,164	25,383,864	10.01%
2018	2,297,176	142,917	79,773	-	-	(178,806)	2,341,060	22,966,737	10.48%

Notes to Schedule

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

¹ 10-year trend information required by GASB Statement 75 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 10 Fiscal Years¹

Fiscal Year ²	Proportion of the net OPEB liability (asset)	Proportionate share of the net OPEB liability (asset)	Covered payroll	Proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2021	0.35918183%	\$ (731,870)	\$ 27,962,247	(2.62%)	150.07%
2020	0.22733376%	(439,291)	25,383,864	(1.73%)	144.36%
2019	0.21725176%	(242,512)	22,966,737	(1.09%)	123.99%
2018	0.20417249%	(85,210)	21,174,389	(0.40%)	108.88%
2017	0.20010172%	54,340	19,403,174	0.28%	94.15%

¹ 10-year trend information required by GASB Statement 75 will be presented as it becomes available.

² Measurement date is one year in arrears.

Multnomah Education Service District
Schedule of the District's Contributions
Oregon Public Employees Retirement System OPEB Plan
Last 10 Fiscal Years¹

Fiscal Year	Contractually required contributions	Contribution in relation to the contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2021	\$ 3,850	\$ (3,850)	\$ -	\$ 30,633,414	0.01%
2020	25,650	(25,650)	-	27,962,247	0.10%
2019	112,671	(112,671)	-	25,383,864	0.44%
2018	101,648	(101,648)	-	22,966,737	0.45%
2017	89,221	(89,221)	-	21,174,389	0.42%
2016	93,988	(93,988)	-	19,403,174	0.48%
2015	96,397	(96,397)	-	17,802,343	0.55%

¹ 10-year trend information required by GASB Statement 75 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 10 Fiscal Years¹

Fiscal Year ²	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.19398985%	\$42,335,258	\$ 27,962,247	151.40%	75.79%
2020	0.15893506%	27,491,959	25,383,864	108.30%	80.23%
2019	0.17013957%	25,773,904	22,966,737	115.36%	82.07%
2018	0.14250332%	19,209,501	21,174,389	90.72%	83.12%
2017	0.13028804%	19,559,260	19,403,174	100.80%	80.53%
2016	0.13043388%	7,488,811	17,802,343	42.61%	91.88%
2015	0.32781628%	(7,430,660)	18,071,677	-41.12%	103.59%

¹ 10-year trend information required by GASB Statement 68 will be presented as it becomes available.

² Measurement date is one year in arrears.

**Multnomah Education Service District
Schedule of the District's Contributions
Oregon Public Employees Retirement System
Last 10 Fiscal Years¹**

Fiscal Year	Contractually required contributions	Contribution in relation to the contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2021	\$2,582,056	\$(2,582,056)	\$ -	\$ 30,633,414	8.43%
2020	2,651,739	(2,651,739)	-	27,962,247	9.86%
2019	1,278,227	(1,278,227)	-	25,383,864	5.04%
2018	1,081,917	(1,081,917)	-	22,966,737	4.84%
2017	489,713	(489,713)	-	21,174,389	2.31%
2016	801,756	(801,756)	-	19,403,174	4.13%
2015	2,176,580	(2,176,580)	-	17,802,343	12.38%

¹ 10-year trend information required by GASB Statement 68 will be presented as it becomes available.

Multnomah Education Service District
Notes to the Required Supplementary Information
For the Year Ended June 30, 2021

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 80 and 81.

NOTE II - SIGNIFICANT FACTORS AFFECTING PERS AS OF JUNE 30, 2021**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.

Senate Bill 1049, signed into law in June 2019, made a number of changes to the PERS system, including:

- Effective with calendar year 2020, annual salary included in the calculation of Final Average Salary will be limited to \$195,000 (as indexed for inflation in future years).
- The PERS Board was required to implement a one-time re-amortization of Tier 1/Tier 2 UAL over a closed 22 year period at the December 31, 2019 rate-setting actuarial valuation, which set actuarially determined contribution rates for the 2021-2023 biennium.
- For years 2020 through 2024, the limitation on the hours that can be worked by a rehired retiree is eliminated. Effective January 1, 2020, contributions will also be charged on the payroll of rehired retirees.
- Effective July 1, 2020, a portion of the 6% of salary member contribution to the Individual Account Program (IAP) will be redirected to Employee Pension Stability Accounts, which will help fund the defined benefits provided under Tier 1/Tier 2 and OPSRP. For Tier 1/Tier 2 members, the prospectively redirected amount will be 2.50% of salary, and for OPSRP members the amount will be 0.75% of salary. The redirection will only apply to members earning \$2,500 per month or more (indexed for inflation).

The projected benefits in the 2018 valuation reflect the limit on annual salary starting in 2020, which reduced the actuarial accrued liability. The actuary's understanding is that redirected member contributions are expected to help pay the total collared contribution rates adopted for the 2021-2023 biennium and will serve as an offset to employer contributions.

Other Supplementary Information

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, 2021

	Original Budget	Final Budget	Actual	Variance to Final Budget Positive (Negative)
Revenues				
Investment earnings	\$ 10,000	\$ 10,000	\$ 12,368	\$ 2,368
Services to other funds	3,374,770	3,425,269	3,432,227	6,958
Total revenues	3,384,770	3,435,269	3,444,595	9,326
Expenditures¹				
Current				
Debt service	3,384,770	3,384,770	3,384,770	-
Total expenditures	3,384,770	3,384,770	3,384,770	-
Excess of revenues over (under) expenditures	-	50,499	59,825	9,326
Net change in fund balance	-	50,499	59,825	9,326
Beginning fund balances (deficits)	-	(50,499)	(50,499)	-
Ending fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,326</u>	<u>\$ 9,326</u>

¹ Amounts shown at appropriation level.

Multnomah Education Service District

Combining Balance Sheet

General Fund

June 30, 2021

	Operating Fund	Risk Management Reserve Fund	Facilities & Equipment Reserve Fund	Total General Fund
Assets				
Cash and cash equivalents	\$ 3,229,469	\$ 1,036,053	\$ 2,022,684	\$ 6,288,206
Accounts receivable	393,443	-	-	393,443
Due from other funds	5,790,948	-	-	5,790,948
Prepaid items and deposits	85,195	227,622	-	312,817
Total assets	<u>\$ 9,499,055</u>	<u>\$ 1,263,675</u>	<u>\$ 2,022,684</u>	<u>\$ 12,785,414</u>
Liabilities				
Accounts payable	\$ 564,669	\$ -	\$ 274	\$ 564,943
Accrued payroll & withholdings	4,633,251	-	-	4,633,251
Total liabilities	<u>5,197,920</u>	<u>-</u>	<u>274</u>	<u>5,198,194</u>
Fund Balances				
Nonspendable				
Prepaid items	85,195	227,622	-	312,817
Committed				
Risk aversion	-	1,036,053	-	1,036,053
Facilities and equipment	-	-	2,022,410	2,022,410
Assigned				
Next year budget use	970,000	-	-	970,000
Unassigned	3,245,940	-	-	3,245,940
Total fund balances	<u>4,301,135</u>	<u>1,263,675</u>	<u>2,022,410</u>	<u>7,587,220</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,499,055</u>	<u>\$ 1,263,675</u>	<u>\$ 2,022,684</u>	<u>\$ 12,785,414</u>

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, 2021

	Operating Fund	Risk Management Reserve Fund	Facilities & Equipment Reserve Fund	Eliminations ¹	Total General Fund
Revenues					
Local sources	\$ 115,186	\$ -	\$ -	\$ -	\$ 115,186
State sources	500	-	-	-	500
Federal sources	-	10,182	-	-	10,182
Investment earnings	165,353	-	-	-	165,353
Other revenues	207,262	86,434	-	-	293,696
Service to other funds	-	966,387	-	-	966,387
Overhead revenues	875,092	-	-	-	875,092
Total revenues	1,363,393	1,063,003	-	-	2,426,396
Expenditures²					
Current					
Support services	5,618,639	850,956	81,950	-	6,551,545
Total expenditures	5,618,639	850,956	81,950	-	6,551,545
Excess of revenues over (under) expenditures	(4,255,246)	212,047	(81,950)	-	(4,125,149)
Other financing sources (uses)					
Transfers in	4,655,171	-	944,920	(265,100)	5,334,991
Transfers out	(265,100)	-	-	265,100	-
Total other financing sources (uses)	4,390,071	-	944,920	-	5,334,991
Net change in fund balance	134,825	212,047	862,970	-	1,209,842
Beginning fund balances	4,166,310	1,051,628	1,159,440	-	6,377,378
Ending fund balances	<u>\$ 4,301,135</u>	<u>\$ 1,263,675</u>	<u>\$ 2,022,410</u>	<u>\$ -</u>	<u>\$ 7,587,220</u>

¹ Transfers within the General Fund have been excluded.

² Amounts shown at appropriation level

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, 2021

	Original Budget	Final Budget	Actual	Variance to Final Budget Positive (Negative)
Revenues				
Federal sources	\$ -	\$ -	\$ 10,182	\$ 10,182
Other revenues	-	80,558	86,434	5,876
Services to other funds	911,406	911,406	966,387	54,981
Total revenues	911,406	991,964	1,063,003	71,039
Expenditures¹				
Current				
Support services	934,466	1,024,466	850,956	173,510
Contingencies	356,940	559,126	-	559,126
Total expenditures	1,291,406	1,583,592	850,956	732,636
Excess of revenues over (under) expenditures	(380,000)	(591,628)	212,047	803,675
Other financing sources (uses)				
Transfers in	-	90,000	-	(90,000)
Total other financing sources (uses)	-	90,000	-	(90,000)
Net change in fund balance	(380,000)	(501,628)	212,047	713,675
Beginning fund balances	930,000	1,051,628	1,051,628	-
Ending fund balances	<u>\$ 550,000</u>	<u>\$ 550,000</u>	<u>\$ 1,263,675</u>	<u>\$ 713,675</u>

¹ Amounts shown at appropriation level.

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, 2021

	Original Budget	Final Budget	Actual	Variance to Final Budget Positive (Negative)
Revenues				
Local sources	\$ 375,000	\$ 25,000	\$ -	\$ (25,000)
Total revenues	375,000	25,000	-	(25,000)
Expenditures¹				
Current				
Support services	467,500	985,500	81,950	903,550
Facilities acquisition/construction	5,000	5,000	-	5,000
Contingencies	585,600	759,040	-	759,040
Total expenditures	1,058,100	1,749,540	81,950	1,667,590
Excess of revenues over (under) expenditures	(683,100)	(1,724,540)	(81,950)	1,642,590
Other financing sources (uses)				
Transfers in	410,100	950,100	944,920	(5,180)
Total other financing sources (uses)	410,100	950,100	944,920	(5,180)
Net change in fund balance	(273,000)	(774,440)	862,970	1,637,410
Beginning fund balances	658,000	1,159,440	1,159,440	-
Ending fund balances	<u>\$ 385,000</u>	<u>385,000</u>	<u>\$ 2,022,410</u>	<u>\$ 1,637,410</u>

¹ Amounts shown at appropriation level.

STATISTICAL SECTION

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.

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Financial Trends	86
These schedules contain trend information to help the reader understand how the MESD's financial performance and well-being have changed over time	
Revenue Capacity	90
These schedules contain information to help the reader assess the MESD's most significant local revenue source, the property tax.	
Debt Capacity	94
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.	
Demographic and Economic Information	96
These schedules offer demographic and economic indicators to help the reader understand the environment within which the MESD's financial activities take place.	
Operating Information	98
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

	2012	2013	2014 as restated	2015	2016	2017 as restated	2018	2019	2020	2021
Assets										
Cash and cash equivalents	\$ 17,456,964	\$ 12,253,325	\$ 8,593,537	\$ 11,352,584	\$ 6,336,374	\$ 4,439,028	\$ 7,417,545	\$ 7,757,754	\$ 12,416,021	\$ 14,081,725
Property taxes receivable	1,817,881	1,826,573	1,903,843	1,991,612	2,086,019	2,211,265	1,609,460	1,185,272	1,217,256	1,090,457
Accounts receivable	6,911,998	9,222,522	8,653,141	9,042,203	8,556,654	11,303,077	8,497,360	12,450,201	10,658,498	12,995,557
Inventory	58,630	24,600	21,597	-	-	-	-	-	-	-
Prepaid items and deposits	57,644	19,944	34,334	19,944	1,062	1,062	3,062	471,839	446,148	497,817
Prepaid pension costs, net amortization	21,124,520	19,716,219	-	-	-	-	-	-	-	-
Bond issuance costs, net amortization	155,446	145,082	-	-	-	-	-	-	-	-
Net OPEB asset	-	-	-	-	-	-	85,210	242,512	439,291	731,870
Net Pension asset	-	-	-	7,430,660	-	-	-	-	-	-
Capital assets, net of depreciation	10,079,616	9,651,813	9,214,678	8,795,898	8,493,062	8,304,254	8,196,742	8,345,190	7,928,546	7,598,055
Total assets	57,662,699	52,860,078	28,421,130	38,632,901	25,473,171	26,258,686	25,809,379	30,452,768	33,105,760	36,995,481
Deferred outflows of resources										
OPEB contributions after md	-	-	-	-	-	-	-	112,671	25,650	3,850
Deferred OPEB differences	-	-	-	-	-	-	806	507	289,374	329,246
Pension contributions after md	-	-	2,337,728	2,308,486	801,756	489,713	1,081,917	1,278,277	2,651,739	3,206,776
Deferred pension differences	-	-	-	-	1,014,468	9,154,568	5,788,842	9,982,326	7,483,904	14,680,153
Total deferred outflows of resources	-	-	2,337,728	2,308,486	1,816,224	9,644,281	6,871,565	11,373,781	10,450,667	18,,220,025
Liabilities										
Accounts payable	3,818,050	2,821,681	1,294,112	6,278,389	1,319,153	3,576,346	815,287	1,389,748	2,618,564	4,614,084
Accrued payroll & withholdings	3,925,315	3,945,178	3,013,825	3,255,290	2,865,051	3,175,770	3,558,510	4,031,817	4,360,866	4,633,251
Accrued compensated absences	129,957	151,029	154,983	141,446	147,778	135,523	136,080	159,132	186,019	226,196
Non-current liabilities										
Debt service due within one year	1,011,101	1,125,000	1,300,000	1,485,000	1,670,000	1,375,000	1,595,000	1,835,000	2,095,000	2,375,000
Debt service due > 1 year	33,880,015	32,655,000	31,355,000	29,870,000	28,200,000	26,825,000	25,230,000	23,395,000	21,300,000	18,925,000
Other post-employment benefits	708,047	887,291	1,053,097	1,155,845	1,245,062	-	-	-	-	-
Net OPEB liability	-	-	-	-	-	54,340	-	-	-	-
Total OPEB liability due > 1 year	-	-	-	-	-	2,297,176	2,341,060	1,694,164	2,188,390	1,824,974
Net Pension Liability Due > 1 Year	-	-	16,728,945	-	7,488,811	19,559,260	19,209,501	25,773,904	27,491,959	42,335,258
Total liabilities	43,472,485	41,585,179	54,899,962	42,185,970	42,935,855	56,998,415	52,885,438	58,278,765	60,240,798	74,933,763
Deferred inflows of resources										
Deferred OPEB differences	-	-	-	-	-	-	39,464	777,815	699,870	1,290,802
Deferred pension differences	-	-	-	14,986,419	5,466,050	3,366,717	3,144,106	4,148,348	4,641,712	4,109,067
Total deferred inflows of resources	-	-	-	14,986,419	5,466,050	3,366,717	3,183,570	4,926,163	5,341,582	5,399,869
Net position										
Net investment in capital assets	7,518,499	7,691,813	7,724,678	7,795,898	7,993,062	8,304,254	8,196,742	8,345,190	7,928,546	7,598,055
Restricted	1,410,941	2,102,018	1,984,374	2,359,871	3,426,471	3,281,560	5,647,345	8,449,159	8,839,506	10,733,958
Unrestricted	5,260,774	1,481,068	(33,850,156)	(26,386,771)	(32,532,043)	(36,047,979)	(37,232,151)	(38,172,728)	(38,794,005)	(43,450,138)
Total net position	\$ 14,190,214	\$ 11,274,899	\$(24,141,104)	\$(16,231,002)	\$(21,112,510)	\$(24,462,165)	\$(23,388,064)	\$(21,378,379)	\$(22,025,953)	\$(25,118,125)

Multnomah Education Service District
Changes in Net Position
Last 10 Years

	2012	2013	2014	2015 ¹	2016	2017	2018	2019	2020	2021
Revenues										
Program revenues										
Charges for services										
Instructional services	\$ 4,564,193	\$ 5,516,874	\$ 4,474,736	\$ 4,800,988	\$ 3,073,301	\$ 3,021,135	\$ 5,981,662	\$ 7,705,601	\$ 10,657,472	\$ 9,830,433
Support services	5,704,694	5,259,883	4,992,200	4,702,564	5,579,700	5,618,428	5,421,202	6,612,382	6,294,295	3,436,691
Enterprise & community services	-	-	216,243	150	241,335	542,250	251,149	182,222	69,988	-
Operating grants & contributions										
Instructional services	8,898,048	8,852,876	3,189,288	4,469,224	4,983,536	6,331,282	6,944,131	7,476,663	6,355,038	9,159,990
Support services	7,923,777	9,200,310	1,648,437	1,535,838	1,717,438	2,227,010	2,334,967	3,024,315	3,693,263	6,519,961
Enterprise & community services	1,778,611	4,447,829	5,092,321	5,287,805	4,472,870	2,278,818	372,126	556,830	579,732	7,202
Facilities repairs & maintenance	-	-	-	-	1,000	-	2,216	323,220	-	-
Apportionment of funds	1,465,613	1,517,984	-	-	-	-	-	-	-	-
General revenues										
Property taxes – general	25,980,967	26,195,536	27,098,503	28,507,647	29,800,797	30,967,342	31,584,011	33,885,897	34,762,352	36,432,400
State School Fund – general	4,657,196	5,315,956	6,850,158	6,307,067	8,594,610	8,028,445	9,493,746	8,993,013	9,504,952	10,065,829
Earnings on investments	100,886	79,693	79,432	81,783	82,524	140,582	221,230	385,778	385,234	177,819
Federal stimulus	895,484	299,974	6,500	-	-	-	-	-	-	-
Miscellaneous	3,055,618	3,079,530	2,774,348	3,345,660	923,217	407,205	385,042	450,608	797,781	289,281
Total revenues	65,025,087	69,766,445	56,422,166	59,038,726	59,470,328	59,562,497	62,991,482	69,596,529	73,100,107	75,919,606
Expenses										
Instructional services	19,126,964	17,718,338	12,030,218	9,280,858	14,303,404	15,463,643	16,966,332	20,262,351	21,835,972	22,967,726
Support services	35,744,950	35,535,887	26,226,125	20,364,171	28,690,506	27,070,464	28,623,926	32,418,485	35,605,418	41,479,654
Enterprise & community services	3,086,517	3,624,992	5,241,283	6,121,464	5,074,232	3,031,475	971,495	1,141,953	648,895	126,830
Facilities repairs & maintenance	45,672	110,488	235,065	-	-	-	3,908	1,358	-	-
Apportionment of funds	10,065,731	13,555,146	13,321,333	13,288,421	14,322,082	14,429,052	13,540,000	12,016,370	13,989,719	12,868,000
Unallocated depreciation	293,828	294,277	282,651	322,716	268,615	265,352	266,696	273,591	279,798	279,798
Interest on long-term debt	1,877,434	1,842,632	1,802,360	1,750,994	1,692,997	1,624,520	1,545,024	1,472,786	1,387,829	1,289,770
Total expenses	70,241,096	72,681,760	59,139,035	51,128,624	64,351,836	61,884,506	61,917,381	67,586,894	73,747,631	79,011,778
Total net (expense) / revenue	(5,216,009)	(2,915,315)	(2,716,869)	7,910,102	(4,881,508)	(2,322,009)	1,074,101	2,009,635	(647,524)	(3,092,172)
Net position, beginning	19,406,223	14,190,214	11,274,899	(24,141,104)	(16,231,002)	(21,112,510)	(24,462,165) ²	(23,388,064)	(21,378,429)	(22,025,953)
Net position, ending	\$ 14,190,214	\$ 11,274,899	\$ 8,558,030	\$(16,231,002)	\$(21,112,510)	\$(23,434,519)	\$(23,388,064)	\$(21,378,429)	\$(22,025,953)	\$(25,118,125)

¹ The restated beginning net position in the 2014-2015 fiscal year reflects the change in the District's proportionate share of the PERS net pension liability as of June 30, 2014.

² Restated

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

	2012	2013	2014 ¹	2015	2016	2017	2018	2019	2020	2021
General fund										
Nonspendable	\$ 116,274	\$ 44,544	\$ 45,981	\$ 19,944	\$ 1,062	\$ 1,062	\$ 3,062	\$ 286,839	\$ 261,148	\$ 312,817
Committed	613,018	777,333	2,364,622	2,076,354	1,645,219	1,575,471	2,018,897	1,982,981	1,952,982	3,058,463
Assigned	260,487	877,867	767,025	393,277	-	-	-	450,000	620,000	970,000
Unassigned	3,403,712	3,127,231	3,295,146	2,495,530	3,049,638	3,076,539	3,186,326	3,275,214	3,543,248	3,245,940
Total general fund	<u>\$ 4,393,491</u>	<u>\$ 4,826,975</u>	<u>\$ 6,472,774</u>	<u>\$ 4,985,105</u>	<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>	<u>\$ 7,587,220</u>
Special revenue funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 185,000	\$ 185,000	\$ 185,000
Restricted	1,294,656	2,057,454	1,892,922	2,333,937	3,417,852	3,200,288	5,582,864	8,199,234	8,400,215	9,241,936
Assigned	9,424,922	5,860,121	4,365,998	3,826,870	2,887,293	1,330,219	1,010,914	1,150,085	1,948,304	1,550,126
Total special revenue funds	<u>\$10,719,578</u>	<u>\$ 7,917,575</u>	<u>\$ 6,258,920</u>	<u>\$ 6,160,807</u>	<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>	<u>\$10,977,062</u>
All other governmental funds										
Restricted	\$ 11	\$ 20	\$ 35,521	\$ 5,990	\$ 8,619	\$ 81,272	\$ 64,481	\$ 7,413	\$ -	\$ 9,326
Assigned	1,931,704	1,799,934	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	(50,499)	-
Total all other governmental funds	<u>\$ 1,931,715</u>	<u>\$ 1,799,954</u>	<u>\$ 35,521</u>	<u>\$ 5,990</u>	<u>\$ 8,619</u>	<u>\$ 81,272</u>	<u>\$ 64,481</u>	<u>\$ 7,413</u>	<u>\$ (50,499)</u>	<u>\$ 9,326</u>

¹ Beginning fiscal year 2013-2014, Facilities & Equipment Reserve Fund classified with General Fund.

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Property taxes	\$25,504,874	\$26,181,577	\$27,001,138	\$28,425,261	\$29,673,252	\$30,858,755	\$32,234,389	\$34,266,248	\$34,770,992	\$36,485,882
State School Fund	4,657,196	5,315,956	6,850,158	6,307,067	8,594,610	8,028,445	9,493,746	8,993,013	9,504,952	10,065,829
Local sources	7,566,113	8,315,530	8,338,421	8,399,582	7,235,200	8,050,999	10,474,445	13,626,210	17,189,704	13,133,605
State sources	15,750,967	19,079,846	7,553,606	8,824,079	8,864,457	8,886,988	7,973,594	9,575,246	9,049,543	13,250,381
Federal sources	6,138,984	6,699,687	2,079,394	2,846,792	2,335,938	2,090,988	2,338,604	2,011,068	1,397,196	2,232,975
Investment earnings	100,886	79,693	79,432	81,783	82,524	140,582	221,230	385,778	385,234	177,819
Sales of goods & services	1,221,129	22,903	7,025	8,700	6,149	1,116	2,085	1,337	13	46
Other revenues	3,608,845	3,423,410	4,427,242	4,546,300	4,974,520	4,936,066	4,600,786	4,948,069	4,821,067	5,024,931
Overhead revenues	2,101,237	2,557,141	1,087,745	993,228	1,152,251	897,565	651,127	713,313	666,110	875,092
Total revenues	66,650,231	71,675,743	57,424,161	60,432,792	62,918,901	63,891,504	67,990,006	74,520,282	77,784,812	81,246,560
Expenditures										
Instruction	20,028,735	18,670,959	12,397,171	12,636,274	13,587,713	16,546,796	18,053,235	21,141,695	22,594,151	22,692,017
Support services	35,109,951	35,341,092	24,996,696	26,485,320	26,571,402	28,149,481	29,765,325	33,138,842	35,999,082	40,461,733
Enterprise & community	3,151,329	3,690,706	5,313,875	6,597,046	5,365,144	3,216,487	984,888	1,152,753	655,399	126,830
Facilities repairs & maintenance	85,759	110,488	235,065	-	36,782	-	124,841	332,614	-	-
Apportionment of funds	10,065,731	13,555,146	13,321,333	13,288,421	14,322,082	14,429,052	13,540,000	12,016,370	13,989,719	12,868,000
Debt service										
Principal	815,000	965,000	1,125,000	1,300,000	1,485,000	1,670,000	1,375,000	1,595,000	1,835,000	2,095,000
Interest	1,877,434	1,842,632	1,802,360	1,750,994	1,692,997	1,624,520	1,545,024	1,472,786	1,387,829	1,289,770
Total expenditures	71,133,939	74,176,023	59,191,500	62,058,055	63,061,120	65,636,336	65,388,313	70,850,060	76,461,180	79,533,350
Excess of revenues over (under) expenditures	(4,483,708)	(2,500,280)	(1,767,339)	(1,625,263)	(142,219)	(1,744,832)	2,601,693	3,670,222	1,323,632	1,713,210
Other financing sources (uses)										
Transfers in	4,375,229	5,194,204	4,782,716	4,433,821	4,801,312	4,975,845	4,675,643	4,530,926	4,606,135	5,334,991
Transfers out	(4,375,229)	(5,194,204)	(4,782,716)	(4,433,821)	(4,801,312)	(4,975,845)	(4,675,643)	(4,530,926)	(4,606,135)	(5,334,991)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Net change in fund balance	(4,483,708)	(2,500,280)	(1,767,339)	(1,625,263)	(142,219)	(1,744,832)	2,601,693	3,670,222	1,323,632	1,713,210
Beginning fund balances	21,528,492	17,044,784	14,544,504	12,777,165	11,151,902	11,009,683	9,264,851	11,866,544	15,536,766	16,860,398
Ending fund balances	\$17,044,784	\$14,544,504	\$12,777,165	\$11,151,902	\$11,009,683	\$ 9,264,851	\$11,866,544	\$15,536,766	\$16,860,398	\$18,573,608
Debt service as a percentage of noncapital expenditures	3.79%	3.79%	4.95%	4.93%	5.05%	5.04%	4.49%	4.37%	4.22%	4.26%

Multnomah Education Service District
Assessed Values of Taxable Property Within District Boundaries
Last Ten Fiscal Years

Fiscal Year Ending June 30,	Assessed Value (not including exempt property)				Total Assessed Value	Add: Non-Profit Housing	Less: Urban Renewal Excess	Total Net Assessed Value	Total Direct Tax Rate	Total Imposed (Net Levy)
	Real Property	Personal Property	Manufactured Structures	Public Utility						
2012	\$ 58,201,602	\$ 2,270,495	\$ 173,117	\$ 2,902,392	\$ 63,547,607	\$ 31,340	\$ 5,151,161	\$ 58,427,786	0.4576	\$ 26,334
2013	59,740,638	2,282,583	91,700	2,858,576	64,973,497	32,280	5,323,183	59,682,594	0.4576	26,794
2014	61,787,971	2,311,740	90,338	2,990,200	67,180,249	33,249	5,552,060	61,661,438	0.4576	27,716
2015	64,489,837	2,399,479	94,908	3,294,513	70,278,737	31,707	5,690,908	64,619,536	0.4576	29,229
2016	67,307,111	2,499,958	118,063	3,405,335	73,330,467	34,940	6,080,697	67,284,710	0.4576	30,509
2017	70,174,063	2,627,602	128,002	3,802,234	76,731,901	35,895	6,804,942	69,962,854	0.4576	31,763
2018	73,737,051	2,743,658	127,723	4,136,946	80,745,378	27,861	7,438,667	73,334,572	0.4576	33,341
2019	75,936,522	3,008,851	133,863	4,485,270	83,564,506	28,700	7,939,556	75,653,650	0.4576	34,402
2020	79,404,679	3,263,341	132,143	4,424,665	87,224,828	29,304	8,295,866	78,958,266	0.4576	35,892
2021	82,953,786	3,194,069	137,405	4,914,721	91,199,981	30,297	8,674,263	82,556,015	0.4576	37,513

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.

Source:

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

District	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
MESD Direct Rate	0.4576	0.4576	0.4576	0.4576	0.4576	0.4576	0.4576	0.4576	0.4576	0.4576
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	1.2200	1.2400	1.2000	1.1800	1.1800	1.1800	1.1800	1.1800	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	0.0750	0.0732
Average Rate	0.3123	0.3163	0.3083	0.3043	0.3043	0.3043	0.3043	0.3043	0.0854	0.0850
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	1.9500	1.8159	1.8159	1.9300	1.6190	1.3284	1.1482	1.7504	1.9500
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	3.4203	3.3979	3.3979	3.4169	3.3651	3.3167	3.2866	3.3870	3.4203
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	2.8527	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	1.7837	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	1.6658	1.7389	1.6243	1.6243	1.0546	1.0893	1.1339	1.2033	1.2380	1.0408
Average Rate	1.5023	1.5169	1.4940	1.4940	1.3801	1.3870	1.3959	1.4098	1.4168	1.3773
Total Direct and Average Overlapping Rate	15.5922	15.6108	15.5576	15.5536	15.4587	15.4138	15.3742	15.3239	15.2122	15.2056

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) and Multnomah County Department of Assessment and Taxation

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 2020-2021			Tax Year 2011-2012		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Portland General Electric Co	\$ 760,432,480	1	0.94%	\$ 398,246,922	2	0.70%
Port of Portland	652,404,620	2	0.81	495,881,660	1	0.87
Pacificorp (PP&L)	550,828,000	3	0.68	319,636,000	4	0.56
Alaska Airlines Inc	432,256,400	4	0.54	-		
Centurylink	350,157,000	5	0.43	-		
Boeing Company	343,713,400	6	0.43	163,001,200	10	0.29
Weston Investment Co LLC	290,995,450	7	0.36	248,199,200	5	0.43
Comcast Corporation	261,274,000	8	0.32	351,266,300	3	0.62
Delta Air Lines Inc	238,960,000	9	0.30	-		
Southwest Airlines Co	227,000,000	10	0.28	-		
Qwest Wireless				220,168,700	6	0.39
LC Portland LLC				173,395,750	7	0.30
Evraz Inc NA				166,298,921	8	0.29
Fred Meyer Inc				163,368,968	9	0.29
All other taxpayers	<u>76,530,971,281</u>		94.91	<u>54,371,395,831</u>		95.27
Total net assessed value for Multnomah County	<u>\$ 80,638,992,631</u>			<u>\$ 57,070,859,452</u>		

Reconciliation to total net assessed value:

Multnomah county	\$ 80,638,992,631
Clackamas county	1,532,553,998
Washington county	<u>384,468,126</u>
Total net assessed value within MESD boundaries	<u>\$ 82,556,014,755</u>

Source: Multnomah County Department of Assessment and Taxation and TSCC Annual Reports

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	Amount Collected Within Fiscal Year of Levy	Percentage of Levy	Collections in Subsequent Years	Total Collections to Date	Percentage of Levy
Multnomah County						
2012	\$ 25,824,749	\$ 25,022,896	96.90%	\$ 756,751	\$ 25,779,647	99.83%
2013	26,275,966	25,557,305	97.26	715,528	26,272,833	99.99
2014	27,116,896	26,411,612	97.40	702,816	27,114,428	99.99
2015	28,582,154	27,909,538	97.65	669,853	28,579,391	99.99
2016	29,846,772	29,194,891	97.82	646,497	29,841,388	99.98
2017	31,092,239	30,493,392	98.07	588,187	31,081,579	99.97
2018	31,054,016	30,621,340	98.61	384,713	31,006,053	99.85
2019	33,630,028	33,124,099	98.50	392,353	33,516,452	99.66
2020	35,099,128	34,565,752	98.48	328,800	34,894,552	99.42
2021	36,677,980	36,186,349	98.66	-	36,186,349	98.66
Clackamas County						
2012	\$ 483,368	\$ 467,564	96.73%	\$ 15,712	\$ 483,276	99.98%
2013	482,300	468,043	97.04	14,142	482,185	99.98
2014	500,200	487,628	97.49	12,460	500,088	99.98
2015	532,312	519,897	97.67	12,269	532,166	99.97
2016	557,285	545,085	97.81	12,026	557,111	99.97
2017	580,627	569,536	98.09	10,851	580,387	99.96
2018	638,927	626,868	98.11	11,348	638,216	99.89
2019	632,460	623,269	98.55	7,446	630,715	99.72
2020	664,524	653,897	98.40	5,887	659,784	99.29
2021	698,574	687,972	98.48	-	687,972	98.48
Washington County						
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	2,651	133,926	100.00
2015	139,192	136,845	98.31	2,334	139,179	99.99
2016	143,996	141,587	98.33	2,393	143,980	99.99
2017	148,300	145,886	98.37	2,385	148,271	99.98
2018	154,122	152,510	98.95	1,521	154,031	99.94
2019	159,562	157,955	98.99	1,353	159,308	99.84
2020	164,753	163,040	98.96	1,162	164,202	99.67
2021	171,428	169,751	99.02	-	169,751	99.02

Note: Collections include discounts, adjustment, interest, and.

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

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

Fiscal Year Ending June 30	2004 G.O. Refunding COP Bonds	Limited Tax Pension Obligations	Capital Lease	Total Outstanding Debt	Percentage of Personal Income	Personal Income All Counties (thousands)	Per Capita	Population All Counties
2012	\$2,415,000	\$ 32,330,000	\$ 146,117	\$ 34,891,117	0.04%	\$ 77,618,634	\$ 21	1,691,796
2013	1,960,000	31,820,000	-	33,780,000	0.04	78,804,487	20	1,709,238
2014	1,490,000	31,165,000	-	32,655,000	0.04	84,725,905	19	1,734,124
2015	1,000,000	30,355,000	-	31,355,000	0.03	91,406,089	18	1,762,319
2016	500,000	29,370,000	-	29,870,000	0.03	95,938,342	17	1,794,747
2017	-	28,200,000	-	28,200,000	0.03	102,041,205	16	1,811,663
2018	-	26,825,000	-	26,825,000	0.02	109,215,378	15	1,821,392
2019	-	25,230,000	-	25,230,000	0.02	113,740,158	14	1,832,634
2020	-	23,395,000	-	23,395,000	N/A	N/A	12	1,876,155
2021	-	21,300,000	-	21,300,000	N/A	N/A	N/A	N/A

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.

N/A: Information not provided at this time.

**Multnomah Education Service District
Direct and Overlapping Debt
As of June 30, 2021**

Overlapping District Name	Outstanding Net Property Tax Backed Debt ¹	Percent Overlapping ²	Net Overlapping Debt ²
Burlington Water District	\$ 1,146,587	100.00%	\$ 1,146,587
City of Beaverton	33,173,396	1.62	537,376
City of Fairview	6,630,607	100.00	6,630,607
City of Gresham	51,438,377	100.00	51,438,377
City of Lake Oswego	85,700,000	4.59	3,932,087
City of Milwaukie	34,997,454	0.70	244,842
City of Portland	423,863,607	99.69	422,534,794
City of Troutdale	10,230,000	100.00	10,230,000
City of Wood Village	3,435,000	100.00	3,435,000
Clackamas Community College	84,925,428	0.00	2,463
Clackamas County	125,400,000	3.19	3,997,501
Clackamas Cty RFPD 1	26,735,165	5.67	1,514,627
Clackamas Cty SD 7J (Lake Oswego)	255,972,910	0.01	19,454
Clackamas Soil & Water Conservation	6,144,000	3.19	195,858
Corbett Water District	572,682	100.00	572,682
Lusted Water District	555,000	100.00	555,000
Metro	920,585,000	52.33	481,781,716
Mt Hood Community College	19,160,000	97.93	16,847,637
Multnomah County	690,660,604	99.57	687,718,389
Multnomah Cty RFPD 10	1,423,323	100.00	1,423,323
Multnomah Cty SD 10J (Gresham-Barlow)	322,924,553	100.00	322,924,553
Multnomah Cty SD 1J (Portland)	1,450,005,667	100.00	1,450,005,667
Multnomah Cty SD 28J (Centennial)	64,567,710	100.00	64,567,710
Multnomah Cty SD 3 (Parkrose)	68,335,714	100.00	68,335,714
Multnomah Cty SD 39 (Corbett)	5,654,378	100.00	5,654,378
Multnomah Cty SD 40 (David Douglas)	62,857,481	100.00	62,857,481
Multnomah Cty SD 51J (Riverdale)	15,411,034	100.00	15,411,034
Multnomah Cty SD 7 (Reynolds)	181,521,115	100.00	181,521,115
Pleasant Home Water District	1,305,000	94.13	1,228,380
Port of Portland	-	48.51	-
Portland Community College	545,535,000	50.06	273,0933,730
Tualatin Hills Park & Rec District	61,463,970	1.19	730,315
Tualatin Valley Fire & Rescue District	17,325,000	1.71	296,032
Valley View Water District	1,233,398	100.00	1,233,398
Washington County	196,818,344	0.58	1,142,924
Subtotal, overlapping debt ³	\$ 5,777,707,504		4,143,760,751
Direct District limited tax PERS pension bond			21,300,000
Total direct and overlapping debt			<u>\$ 4,165,060,751</u>

Source: Oregon State Treasury, Debt Management Division.

¹ "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.

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

³ District debt is net of unamortized premiums and discounts.

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

	Year	Population	Personal Income (thousands)	Per Capita Income	Unemployment Rate (June)
Multnomah County					
	2012	760,198	\$ 33,763,614	\$ 44,414	7.8%
	2013	766,532	34,784,699	45,379	7.0
	2014	778,430	37,330,023	47,956	5.9
	2015	790,008	40,248,776	50,947	5.1
	2016	803,212	41,900,565	52,166	4.7
	2017	807,885	44,595,249	55,200	3.8
	2018	809,072	47,505,650	58,716	3.8
	2019	812,855	49,399,774	60,773	3.5
	2020	829,560	N/A	N/A	12.6
	2021	N/A	N/A	N/A	5.5
Clackamas County					
	2012	383,074	\$ 18,066,635	\$ 47,162	8.3%
	2013	387,442	18,075,023	46,652	7.4
	2014	393,378	18,985,794	48,263	6.2
	2015	399,647	20,368,315	50,966	5.4
	2016	406,625	21,842,453	53,716	4.9
	2017	412,442	23,016,541	55,806	3.9
	2018	415,416	24,730,939	59,533	3.
	2019	418,187	25,812,808	61,726	3.7
	2020	426,515	N/A	N/A	10.0
	2021	N/A	N/A	N/A	4.9
Washington County					
	2012	548,524	\$ 25,788,385	\$ 47,014	7.4%
	2013	555,264	25,944,765	46,725	6.6
	2014	562,316	28,410,088	50,523	5.6
	2015	572,664	30,788,998	53,765	4.9
	2016	584,910	32,195,324	55,043	4.7
	2017	591,336	34,429,415	58,223	3.7
	2018	596,904	36,978,789	61,951	3.6
	2019	601,592	38,527,576	64,043	3.4
	2020	620,080	N/A	N/A	9.2
	2021	N/A	N/A	N/A	4.4

N/A Data unavailable at time of print.

Sources:

2012-2019 population: U.S. Bureau of Economic Analysis report CA1-3 (last updated November 17, 2020) www.bea.gov
 2020 population: Portland State University, Population & Research Center 2020 Annual Population Report - Table 4
 Income: U.S. Bureau of Economic Analysis report CAINC1 (last updated November 20, 2020) www.bea.gov
 Unemployment rates: Oregon Employment Department (qualityinfo.org) as of September 14, 2021

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

Top Ten Principal Employers	2021			2012		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Intel Corporation	21,000	1	1.8%	16,250	1	1.6%
Providence Health System	21,000	2	1.8	14,389	2	1.4
Oregon Health and Science University	18,048	3	1.5	13,733	4	1.3
Nike Inc.	13,964	4	1.2	7,000	10	0.7
Legacy Health System	13,120	5	1.1	9,662	6	0.9
Kaiser Permanente	11,163	6	0.9	9,195	7	0.9
Fred Meyers Stores	9,525	7	0.8	10,389	5	1.0
Portland Public Schools	6,847	8	0.6			
City of Portland	6,635	9	0.6	8,951	8	0.9
Multnomah County	5,096	10	0.4			
US Federal Government				13,900	3	1.4
State of Oregon				7,559	9	0.7
All other employers	1,049,502		89.3	915,672		89.2
Total Employment – PMSA ¹	<u>1,175,900</u>			<u>1,026,700</u>		

Sources:

Top Largest Employers: Portland Business Journal (portlandbizjournal.com) Published September 2021 & December 2012

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

¹ 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.

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

Fiscal Year Ending	Licensed	Classified	Administration	Total
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
2021	189	379	54	622

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

Fiscal Year Ending	Special Education Services	Instructional Services	Health & Social Services	Technology & Other Support Services ¹	Total
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
2021	21,432,479	17,984,699	11,828,263	18,351,594	69,597,035

Source: Multnomah ESD financial records, includes transits

¹ Includes payments to districts as transit.

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

Building Name	Square Footage	Owned or Leased	Programs/Services Offered
District Owned/Leased Sites			
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 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 14030 NE Sacramento St Portland, OR 97230	40,000	Leased	Provides post-secondary education for students with significant disabilities.
Additional Classroom Sites			
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

SINGLE AUDIT SECTION



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

Board of Directors
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, 2021, 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 December 3, 2021.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control described in the accompanying *Schedule of Findings and Questioned Costs* that we consider to be a material weakness as item 2021-001.

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

DISTRICT'S RESPONSE TO FINDINGS

The District's response to the finding identified in our audit is described in the accompanying *Schedule of Findings and Questioned Costs*. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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, Kowala & Warwick LLP

Portland, Oregon
December 3, 2021



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

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, 2021. 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.

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 each of its major federal programs for the year ended June 30, 2021.

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

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 each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 have not been identified. We did identify certain deficiencies in internal control over compliance, described in the accompanying *Schedule of Findings and Questioned Costs* that we consider to be a material weakness as item 2021-001.

The District's response to the internal control over compliance findings identified in our audit is described in the accompanying *Schedule of Findings and Questioned Costs*. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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
December 3, 2021

Multnomah Education Service District
Schedule of Expenditures of Federal Awards
For the For the Year Ended June 30, 2021

FEDERAL GRANTOR	Assistance Listing Number	Grantor or Pass-Through Number	Expenditures Year Ended June 30, 2021
Pass-Through Grantor			
Program Title / Cluster			
US DEPARTMENT OF AGRICULTURE			
Passed through Oregon Department of Education			
School Breakfast Program	10.553	CNP	\$ 2,142
National School Lunch Program	10.555	CNP	3,405
<i>Total Child Nutrition Cluster (10.553 & 10.555)</i>			<u>5,547</u>
TOTAL US DEPARTMENT OF AGRICULTURE			<u>5,547</u>
US DEPARTMENT OF EDUCATION			
Direct			
TRIO - Talent Search	84.044	P044A170443 - 19	280,181
TRIO - Talent Search	84.044	P044A170443 - 19A	11,013
<i>Total TRIO Cluster (84.044)</i>			<u>291,194</u>
Passed through Oregon Department of Education			
Migrant Education - State Grant Program	84.011	53724	5,533
Migrant Education - State Grant Program	84.011	53739	105,724
Migrant Education - State Grant Program	84.011	57317	23,082
Migrant Education - State Grant Program	84.011	58920	469,204
Migrant Education - State Grant Program	84.011	58938	96,571
Migrant Education - State Grant Program	84.011	66112	6,167
<i>Total Assistance Listing Number 84.011</i>			<u>706,281</u>
Title I State Agency Program for Neglected & Delinquent Children & Youth	84.013	12298	8,868
Title I State Agency Program for Neglected & Delinquent Children & Youth	84.013	12370	109,086
<i>Total Assistance Listing Number 84.013</i>			<u>117,954</u>
Special Education - Grants to States (IDEA, Part B)	84.027	12298	10,450
Special Education - Grants to States (IDEA, Part B)	84.027	12370	22,884
Special Education - Grants to States (IDEA, Part B)	84.027	12382	5,425
Special Education - Grants to States (IDEA, Part B)	84.027	12383	4,504
Special Education - Grants to States (IDEA, Part B)	84.027	12384	3,270
Special Education - Grants to States (IDEA, Part B)	84.027	12409	12,344
<i>Total Special Education (IDEA) Cluster (84.027)</i>			<u>58,877</u>
Career and Technical Education - Basic Grants to States (Perkins IV)	84.048	59994	538,015
Career and Technical Education - Basic Grants to States (Perkins IV)	84.048	60188	80,635
<i>Total Assistance Listing Number 84.048¹</i>			<u>618,650</u>
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	10202	115,521
Special Education - State Personnel Development	84.323	46079	77,737
Elementary and Secondary Education Emergency Relief Fund	84.425D	58431	175,604
TOTAL US DEPARTMENT OF EDUCATION			<u>2,161,818</u>

¹ Major Program

Multnomah Education Service District
Schedule of Expenditures of Federal Awards
For the For the Year Ended June 30, 2021 (continued)

FEDERAL GRANTOR	Assistance	Grantor or	Expenditures
Pass-Through Grantor	Listing	Pass-Through	Year Ended
Program Title / Cluster	Number	Number	June 30, 2021
US DEPARTMENT OF HEALTH & HUMAN SERVICES			
Passed through Oregon Department of Education			
CNP Improving Student Health - COVID	93.981	52558	9,250
TOTAL US DEPARTMENT OF HEALTH & HUMAN SERVICES			9,250
FEDERAL EMERGENCY MANAGEMENT AGENCY			
Passed through Oregon Office of Emergency Management			
Public Assistance Grant	97.036	DR-449-OR	10,182
TOTAL FEDERAL EMERGENCY MANAGEMENT AGENCY			10,182
GRAND TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 2,186,797
Reconciliation to financial statements			
Schedule of Expenditure of Federal Awards			\$ 2,186,797
Medicaid revenue			46,178
Total revenue from federal sources			\$ 2,232,975

See notes to the schedule of expenditure of federal awards

Multnomah Education Service District
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

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, 2021. 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
Schedule Of Findings and Questioned Costs
Year Ended June 30, 2021

SECTION I — SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes No X
- Noncompliance material to financial statements noted? Yes No X

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes No X

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

Unmodified

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

Yes X No

Identification of major federal programs:

<i>Assistance Listing Number(s)</i>	<i>Name of Federal Program or Cluster</i>
--	--

84.048	Career and Technical Education - Basic Grants to State
--------	--

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? Yes X No

Multnomah Education Service District
Schedule Of Findings and Questioned Costs
Year Ended June 30, 2021

SECTION II — FINANCIAL STATEMENT FINDINGS

Finding 2021-001

See Section III – Findings and Questioned Costs for Federal Awards.

SECTION III — FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2021-001

Federal program: Career and Technical Education - Basic Grants to State (Assistance Listing Number 84.048)

Criteria: Per Title 2, Subtitle A, Chapter II, Subpart D, Section 202.303 (a), a non Federal entity must "establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)." Additionally, the District has the responsibility for establishing and maintaining effective internal control over financial reporting.

Condition: A material weakness in controls over financial reporting and compliance was identified due to a lack of timely reconciliations and reviews of various account balances, including accounts receivable, accounts payable, and accrued payroll.

Cause: The cause appears to be the lack of timely reconciliations and reviews of accounts balances.

Effect or potential effect: There were two audit adjustments, one increasing accounts receivable by \$828,594 and another increasing accounts payable by \$521,412. Additionally, the lack of timely reconciliations and reviews of accounts balances has the potential to allow other material misstatements due to error or fraud.

Questioned Costs: No known or estimated questioned costs identified.

Context: The lack of timely reconciliations and reviews of various account balances was identified while obtaining an understanding of the District's controls over financial reporting and performing audit procedures over significant account balances.

Recommendation: The District should implement policies and procedures to ensure that reconciliations and reviews of account balances are performed in a timely manner.

Views of responsible officials: The District understands and concurs with this finding.

**Multnomah Education Service District
Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2021**

Finding 2020-00X:

Audit Finding:

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

Corrective Action Plan Taken:

Not applicable

OTHER INFORMATION AS REQUIRED BY THE OREGON DEPARTMENT OF EDUCATION

Oregon Department of Education
225 Capitol Street NE
Salem, Oregon 97310

Office of Finance and Administration
School Finance Unit

SUPPLEMENTAL INFORMATION, 2021-2022

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	\$ 175,593
Function 2550	\$ 0

B. Replacement of Equipment – General Fund:

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

Expenditures
\$ 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, 2021

ODE Resource	Totals	Fund 100 ¹	Fund 200	Fund 300
Revenue from local sources				
Ad valorem taxes	\$ 36,467,813	\$ 36,467,813	\$ -	\$ -
Penalties & interest on taxes	18,070	18,070	-	-
Earnings on investments	177,819	165,353	98	12,369
Community service activities	7,504	4,680	2,824	-
Rentals	23,940	23,940	-	-
Private contributions and donations	145,718	3,163	142,555	-
Services provided other local education agencies	13,133,649	124,288	13,009,361	-
Recovery of prior year's expenditures	(295)	2,617	(2,912)	-
Services provided other funds	4,398,613	966,387	-	3,432,227
Fees charged to grants	1,034,054	1,034,054	-	-
Miscellaneous	232,409	131,542	100,867	-
Total revenue from local sources	55,639,294	38,941,907	13,252,793	3,444,596
Revenue from intermediate sources				
Restricted revenue	104,256	-	104,256	-
Total revenue from intermediate sources	104,256	-	104,256	-
Revenue from state sources				
State school fund – general support	10,065,829	10,065,829	-	-
State school fund – school lunch match	-	(3,419)	3,419	-
Other restricted grants-in-aid	13,250,383	1,705,730	11,544,653	-
Total revenue from state sources	23,316,212	11,768,140	11,548,072	-
Revenue from federal sources				
Restricted revenue from the federal government	301,376	10,183	291,193	-
Federally restricted revenue through the state	1,885,422	-	1,885,422	-
Total revenue from federal sources	2,186,798	10,183	2,176,615	-
Other sources				
Interfund transfers ²	5,600,091	5,600,091	-	-
Beginning fund balance	16,860,398	14,703,106	2,207,792	(50,499)
Total other sources	22,460,489	20,303,197	2,207,792	(50,499)
Grand total	\$ 103,707,049	\$ 71,023,427	\$ 29,289,528	\$ 3,394,097

Note: Slight differences from other financial statements and schedules may occur due to rounding.

¹ ODE General Fund 100 includes MESD Resolution Fund

² Includes transfers within the General Fund

Multnomah Education Service District
Oregon Department of Education
District Audit Summary – Expenditures and Other Uses
For the Year Ended June 30, 2021

ODE Requirement	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
Fund: 100 General Fund¹								
Instruction expenditures								
1121 Middle/junior high programs	\$ 799,796	\$ 507,965	\$ 98,403	\$ 128,864	\$ 64,564	\$ -	\$ -	\$ -
1220 Restrictive programs – disabil.	7,676,576	4,544,927	2,927,894	41,973	161,315	-	467	-
1250 Less restrictive programs	226,380	144,015	81,663	702	-	-	-	-
1280 Alternative education	707,203	399,786	262,641	6,778	36,167	-	1,831	-
1292 Teen parent program	48,727	24,397	24,315	-	15	-	-	-
1294 Youth corrections education	370,178	224,412	142,352	1,119	2,295	-	-	-
Total instruction expenditures	9,828,860	5,845,502	3,537,268	179,436	264,356	-	2,298	-
Support service expenditures								
2110 Attendance and social work	549,365	310,713	228,040	9,671	941	-	-	-
2130 Health services	9,773,193	5,880,774	3,706,060	62,847	123,372	-	140	-
2140 Psychological services	290,599	177,394	106,499	1,234	5,472	-	-	-
2150 Speech pathology & audiology	710,300	373,017	223,238	105,419	7,726	-	900	-
2160 Other student treatment svcs.	577,916	296,587	181,293	75,793	23,919	-	324	-
2190 Service direction, student supp.	974,767	588,924	345,840	9,845	28,003	-	2,155	-
2210 Instruction services improve.	382,667	209,446	115,810	28,484	27,874	-	1,053	-
2310 Board of education services	317,108	-	-	270,813	-	-	46,295	-
2320 Executive administration svcs.	893,841	533,802	289,371	57,360	10,383	-	2,925	-
2410 Office of principal services	1,060,440	627,979	393,459	19,696	16,066	-	3,240	-
2490 Other school admini services	706,339	353,160	233,015	108,438	10,759	-	967	-
2510 Direction of business support	242,467	152,558	86,041	699	1,155	-	2,014	-
2520 Fiscal services	976,639	583,519	351,744	2,059	13,191	-	26,126	-
2540 Operations & maint. of plant	1,117,480	424,829	295,167	363,959	25,431	-	8,094	-
2550 Student transportation services	7,955	-	-	7,087	868	-	-	-
2570 Internal services	977,090	167,673	94,037	61,923	78,300	-	575,157	-
2610 Direction of central support	70	-	-	70	-	-	-	-
2630 Information services	342,043	219,231	113,291	5,488	3,071	-	962	-
2640 Staff services	1,158,970	595,158	422,320	120,015	20,617	-	860	-
2660 Technology services	5,131,046	1,917,847	1,089,558	1,571,088	413,135	136,889	2,529	-
2690 Other central support services	193,522	122,484	69,307	641	90	-	1,000	-
Total support svc. expenditures	26,383,817	13,535,095	8,344,090	2,882,629	810,373	136,889	674,741	-
Enterprise & community svc. exp.								
3100 Food service	71,482	-	-	71,192	-	-	290	-
Other uses								
5200 Transfers of Funds	5,600,091	-	-	-	-	-	-	5,600,091
5300 Apportionment of funds by ESD	12,868,000	-	-	-	-	-	-	12,868,000
Total other uses	18,468,091	-	-	-	-	-	-	18,468,091
Grand total 100 General Fund	\$ 54,752,250	\$ 19,380,597	\$ 11,881,358	\$ 3,133,257	\$ 1,074,729	\$ 136,889	\$ 677,329	\$ 18,468,091

Note: Slight differences from other financial statements and schedules may occur due to rounding.

¹ ODE General Fund 100 includes MESD Resolution Fund

Multnomah Education Service District
Oregon Department of Education
District Audit Summary – Expenditures and Other Uses
For the Year Ended June 30, 2021 (continued)

ODE Requirement	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
Fund: 200 Special Revenue Fund								
Instruction expenditures								
1121 Middle/junior high programs	\$ 312,161	\$ 149,015	\$ 41,563	\$ 83,294	\$ 38,281	\$ -	\$ 8	\$ -
1132 High school extracurricular	48,009	-	-	2,066	45,943	-	-	-
1220 Restrictive programs – disabil.	9,050,903	4,994,035	3,538,265	25,530	229,297	-	263,776	-
1250 Less restrictive programs	39,723	25,326	14,397	-	-	-	-	-
1271 Remediation	95,002	66,076	26,545	97	1,707	-	577	-
1280 Alternative education	249,047	108,232	59,779	400	80,636	-	-	-
1292 Teen parent program	37,071	17,310	19,761	-	-	-	-	-
1293 Migrant education	706,387	356,962	233,089	9,688	48,228	-	58,420	-
1294 Youth corrections education	2,324,854	1,006,463	554,115	128,274	449,448	-	186,554	-
Total instruction expenditures	12,863,157	6,723,419	4,487,514	249,349	893,540	-	509,335	-
Support service expenditures								
2110 Attendance and social work	600,287	338,383	201,601	53,394	1,028	-	5,881	-
2120 Guidance services	1,199,273	619,790	296,481	126,446	56,698	-	99,858	-
2130 Health services	2,763,448	1,649,088	983,176	55,288	73,699	-	2,197	-
2140 Psychological services	333,991	217,545	113,120	366	498	-	2,462	-
2150 Speech pathology & audiology	406,219	157,546	100,513	141,205	3,597	-	3,358	-
2160 Other student treatment svcs.	407,767	180,024	102,801	119,498	4,261	-	1,183	-
2190 Service direction, student sup.	956,442	575,173	342,099	2,846	3,823	-	32,501	-
2210 Instruction services improve.	960,020	163,662	79,793	207,649	462,633	-	46,283	-
2240 Instructional staff development	253,340	68,902	45,059	811	119,659	-	18,909	-
2320 Executive administration svcs.	20,871	14,908	5,963	-	-	-	-	-
2410 Office of principal services	1,031,685	625,295	372,909	7,558	510	-	25,413	-
2490 Other school admin services	701,639	409,468	269,370	21,293	1,503	-	5	-
2540 Operations & maint. Of plant	1,050,986	106,469	93,043	849,870	-	-	1,604	-
2620 Planning, research, develop.	2,504,022	440,583	199,016	298,206	1,408,960	-	157,257	-
2640 Staff services	240,084	9,158	2,431	214,506	5,126	-	8,863	-
2660 Technology services	627,229	395,761	194,124	259	7,457	-	29,628	-
2690 Other central support services	20,613	-	-	20,613	-	-	-	-
Total support svc. expenditures	14,077,916	5,971,755	3,401,499	2,119,808	2,149,452	-	435,402	-
Enterprise & community svc. exp.								
3100 Food service	55,347	-	-	45,516	9,331	-	500	-
Grand total 200 special rev.	\$ 26,996,420	\$ 12,695,174	\$ 7,889,013	\$ 2,414,673	\$ 3,052,323	\$ -	\$ 945,237	\$ -

ODE Requirement	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
Fund 300: Debt Service Fund								
5100 Debt service	3,384,770	-	-	-	-	-	3,384,770	-
Grand total 300 debt svc.	\$ 3,384,770	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,384,770	\$ -

Note: Slight differences from other financial statements and schedules may occur due to rounding.

OTHER INFORMATION AS REQUIRED BY THE STATE OF OREGON



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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, 2021, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 3, 2021. 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).

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*, except for the following:

- While notice was posted to the District's website, the required notice for regular meetings to adopt a supplement budget on November 17, 2020 was not published, as defined in ORS 294.311 (35), in accordance with ORS 294.471(3).

**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 (Continued)**

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. We did identify a certain deficiency in internal control described in the accompanying *Schedule of Findings and Questioned Costs* that we consider to be a material weakness as item 2021-001.

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, Kowala & Warwick LLP

Portland, Oregon
December 3, 2021